

HALF-YEAR REPORT

H1/2022

01.01.2022-30.06.2022

hypefactors 

hypefactors

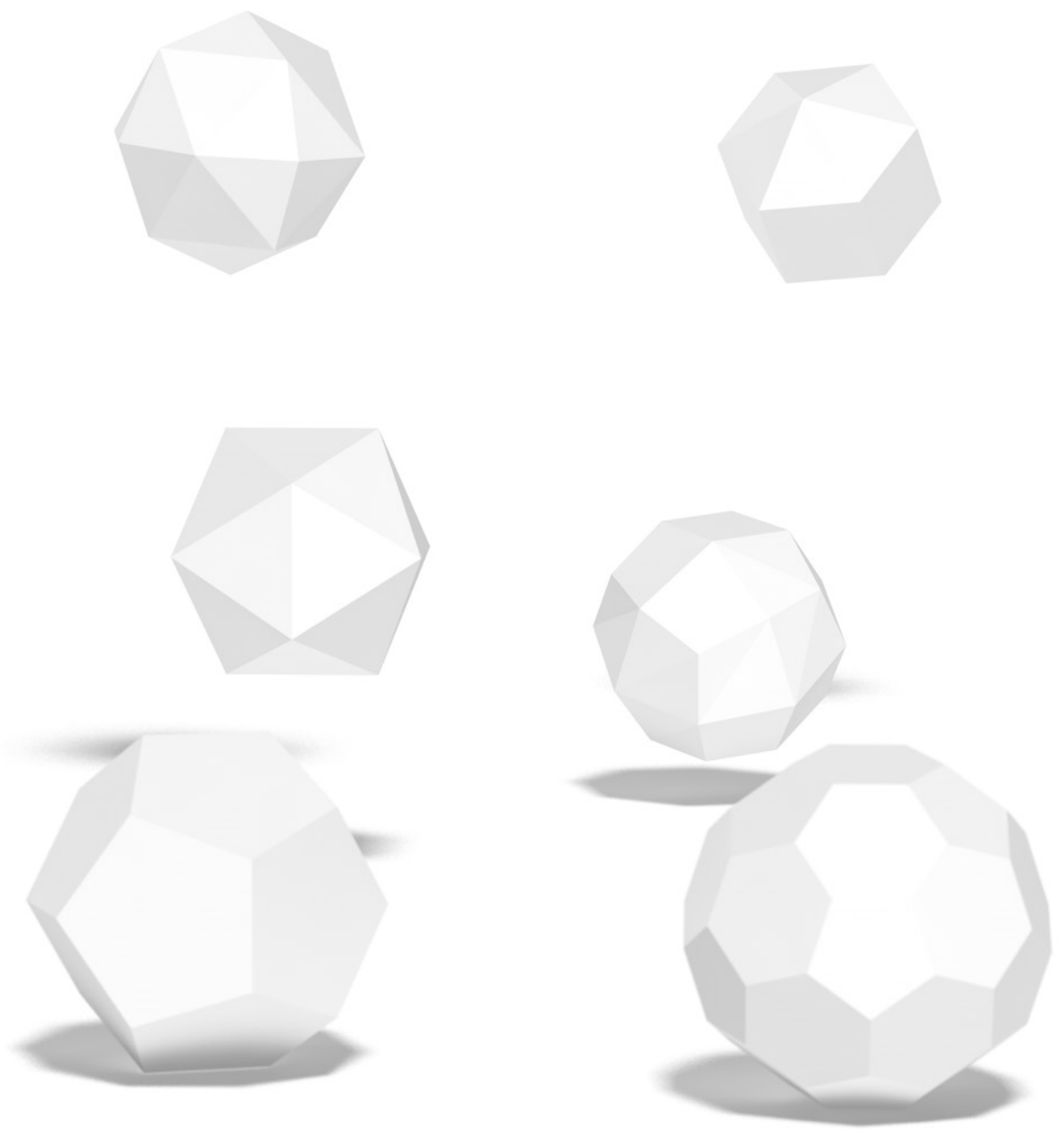
CONTENTS

Company Information

Company Information	5
Management's Review	8
Atlastic.ai	12

Financial Statements

Income Statement 1 January - 30 June 2022	15
Balance Sheet 30 June 2022	16
Statement of Changes in Equity	18
Notes to the Financial Statements	19



COMPANY INFORMATION

The Company

Hypefactors A/S
Kronprinsessegade 8 B, 4. sal
DK-1306 København K
CVR No: 36 68 26 04
Financial period: 1 January - 30 June
Incorporated: 12 March 2015
Municipality of reg. office: København
Telephone: + 45 31152424
E-mail: info@hypefactors.com
Website: www.hypefactors.com

Board of Directors

Pierre-André Montjovet, Chairman
Casper Janns
Martin Michael Hansen
Kasper Holten Hülsen

Executive Board

Casper Janns

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
(This report has not been subject to audit or review)

| 4,528,437

Revenue in DKK

01-01-2022 — 30-06-2022

| 9,930,000

ARR in DKK

30-06-2022

Management's Review

ABOUT THE FINANCIAL STATEMENT

The report for Hypefactors A/S, for the first half of 2022, has been prepared in accordance with the provisions of the Danish Financial Statements Act for companies in accounting class B with the option of individual rules in class C. The report has been prepared in accordance with the same accounting policies as before, including in the annual report for 2021. The report has not been subject to audit or review.

KEY ACTIVITIES

Hypefactors is a software company that delivers a media intelligence tech platform (SaaS), primarily used by management, marketing and communications specialists. The platform is used to ensure better media intelligence, reputation management and trust tracking. Through integrated solutions, the platform empowers clients to make more informed decisions and bridge the gap between communications, marketing and management when it comes to managing the increasingly important aspects of reputation and trust management.

Hypefactors is innovative media intelligence tech developed with artificial intelligence and machine learning for the purpose of making the effect of communication measurable, as well as optimizing workflows through automated and easy-to-use solutions. A combination of unique in-house crawler technology and partnership agreements makes it possible to monitor everything from print, online and broadcast media to review sites and social media platforms like Facebook, Instagram, Twitter, YouTube, Pinterest and TikTok.

Clients are provided with a complete overview of how their company, brands, competitors and industry are mentioned by third-party across editorial and social media. Hypefactors utilizes its artificial intelligence (AI) to turn big amounts of unstructured data into smart data and unique insights for its clients. Hypefactors combine data, analytics, technology and tools to provide a unified and easy-to-use experience, incl. advanced analytics. The Hypefactors' platform includes national and global media monitoring, analytics, media reporting, media database, digital newsrooms and news distribution. The artificial intelligence (AI) and machine learning driven solution helps organizations improve the performance, save time and reduce costs.

The company is listed on Nasdaq First North Growth Market in Denmark.

DEVELOPMENTS

Revenue for the period amounted to DKK 4.528m, compared to DKK 2.530m in H1/2021, corresponding to an increase of 79%. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to DKK -0.198m compared to H1/2021 which showed an EBITDA of DKK -2.231m. Hypefactors reached an annual recurring revenue (ARR) of DKK 9.9m per June 30, 2022, (June 30, 2021: 5.7m) which is an increase over the last twelve months of 74%. The main commercial focus was on direct sales to enterprise clients utilizing the full media intelligence platform. Also in H1/2022, the platform was expanded, improved, and refined, leaving the unique tech assets even stronger than ever before.

TECHNOLOGY ASSETS

The full Hypefactors SaaS solution, including platforms and enriched intelligence/reputation data, consists of these main parts:

Finding relevant media data: The most extensive crawling of worldwide media data. Property of Hypefactors. Helps users to always be on top of the relevant news stories.

User insights: Easy-to-access and ready-to-use data. Desktop platform, mobile app, email alerts. Making everyday life easier for the users.

Enriching media data: Readership, sentiment/reputation, media type, market and more. Unique AIs are property of Hypefactors. Turns 'big data' into 'smart data' and provides the users with real-time insights into relevant reputation and earned media performance metrics.

Workflow optimization: Automated media reports, newsrooms, news distribution and more. 100% integrated. Saves the users time and helps professionalize communications processes.

API SOLUTION

To further commercialize the data and AI assets, Hypefactors has a dedicated brand for API solutions that makes it possible to fuel Hypefactors' data into other IT solutions. The brand 'Atlastic.ai' widens the use of media intelligence tech to business segments beyond PR/communications. Atlastic.ai opens up the Hypefactors global media data set and data enrichment AIs for integration into other existing IT infrastructure and platforms typically found at large enterprises. The Atlastic.ai technology can help these enterprises get the full picture of important situations and make better-informed decisions. The company delivers machine-readable data feeds of relevant, structured and enriched media content for a wide range of applications and segments,

including market and competitor research, ESG topics, reputation and crisis management, supply chain issues and financial analysis. Atlastic.ai leverages the multi-year development of data and AI technology assets spurred by the Hypefactors solution. It expands the company's addressable market by delivering client benefits like:

A comprehensive, real-time global media database with millions of news stories made available in near real-time. Reputation and trust measurement metrics that correlate with other business's KPIs.

Data enrichments using state-of-the-art AI that can handle 100 languages in common use, such as the 4th generation

Reputation-AI, Presence-AI and Character-A

By actively commercializing the Atlastic.ai and Hypefactors solutions simultaneously, the core technology is made available for more use cases. More information can be found at www.atlastic.ai

INNOVATIONS

The company launched its Names of Interest (NOI) technology in June 2022. NOI tech is an implementation of Hypefactors' proprietary AI-based named entity recognition (NER), which is now taken to a new level of precision and scale with NOI. NOIs are the media equivalent of 'points of interests' used in global navigation tech. The AI underlying NOI automatically identifies and classifies names of products, services, companies, governments, foundations (or any legal body), countries, states, regions, cities, villages, landmarks, persons, sport events and special occasions that one may find useful or interesting.

By applying the NOI enrichments live and ongoingly on all global media data, Hypefactors lays a new technological foundation from which new levels of media monitoring precision can be

achieved, new PR/comms product solutions can be built using NOI's personalization and recommendations, and new solutions can be built for data-driven decision-making business segments like marketing and finance.

In combination with recent data enrichment additions to Hypefactors' Atlastic media intelligence technology, incl. automated analysis of brand reputation and trust across earned media mentions, the inclusion of automated NOI technology is an important cornerstone of the total solution. NOI is powered by AI-based NER developed by Hypefactors' team of AI engineers and linguists. It builds upon our pre-existing multi-lingual AI construction methods also used for our Reputation-AI and our Presence-AI. The proprietary approach contributes to Hypefactors' unique tech asset and IP base. NOI is the pivotal technology taking media intelligence to the next level, and it is the cornerstone for a sleeve of new innovative product features planned for the second half of 2022 and 2023.

BUSINESS MODEL

The commercial relations with clients are based on a subscription model. Clients subscribe to the Hypefactors platform and pay a subscription fee priced depending on selected parameters like number of users and data usage. The subscription model generates recurring revenue for as long as the subscription is continued. The commitment period can vary, but the most used subscription periods are one or two years. The industry standard is that the subscription license is invoiced upfront at the beginning of each license period. This provides a high degree of financial transparency and stability as the revenue is foreseeable. An important financial metric for Hypefactors, like other SaaS companies, is annual recurring revenue (ARR) which expresses the annualized monetary value of active licenses.

OUTLOOK

The demand for comprehensive media intelligence tech solutions is expected to continue to grow. The company is experiencing substantial interest from the market to obtain a media intelligence solution that is better compared to traditional press clipping solutions.

CAPITAL RESOURCES

To support the growth of the business and strengthen the equity and capital resources, a group of investors injected MDKK 6.0 into the company (in a private placement, capital increase) in combination with a conditional commitment from Vaekstfonden (Danish state's investment fund) to issue a loan of MDKK 4.0.

SUBSEQUENT EVENTS

The first loan tranche (MDKK 2.0) from Vaekstfonden was paid out to the company in Q3. There have been no other events after the balance sheet date with material impact, that have a significant influence on the assessment of the half-year report.



Casper Janns, CEO



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atlastic.ai



Atlastic.ai offers a unique combination of global data monitored from millions of sources and automation and enrichments by powerful AIs. Technology and data can easily be integrated directly into a client's existing IT infrastructure or platforms, incl. the Microsoft application ecosystem and most business intelligence systems. The Atlastic.ai technology stack combines six advanced AI systems to derive deep insights. These insights are extracted from millions of media sources and enriched for easy and quick understanding. Deep learning is used for structure and context, making it possible for users to correlate data with other relevant events. With Atlastic.ai, organizations can blend smart reputation and trust intelligence data with other relevant data and workflow optimizations. The data is enriched with metadata information like source, author, geography, media type, publication date, topic significance and more.

THE FACTS

INCOME STATEMENT

1 JANUARY - 30 JUNE

	H1-2022 DKK	H1-2021 DKK
Revenue	4,528,437	2,529,778
Work on own account recognised in assets	3,627,572	3,002,280
Expenses for raw materials and consumables	-2,475,154	-2,115,657
Other external expenses	-697,503	-1,096,130
Gross profit/loss	4,983,352	2,320,271
Staff expenses	-5,181,332	-4,551,396
Earnings before depreciation	-197,980	-2,231,125
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	-3,111,449	-2,340,300
Profit/loss before financial income and expenses	-3,309,429	-4,571,425
Financial income	0	0
Financial expenses	-954,987	-412,536
Profit/loss before tax	-4,264,416	-4,983,961
Tax on profit/loss for the year	592,316	0
Net profit/loss for the year	-3,672,100	-4,983,961

DISTRIBUTION OF PROFIT/LOSS

PROPOSED DISTRIBUTION OF THE RESULT

	H1-2022 DKK	H1-2021 DKK
Retained earnings	-3,672,100	-4,983,961
	-3,672,100	-4,983,961

BALANCE SHEET

30 JUNE

ASSETS

		H1-2022 DKK	H1-2021 DKK
Development projects in progress		13,319,724	12,722,320
Intangible assets		13,319,724	12,722,320
Other fixtures and fittings, tools and equipment		0	96,918
Property, plant and equipment		0	96,918
Deposits		233,940	233,940
Fixed asset investments		233,940	233,940
Fixed assets		13,553,664	13,053,178
Trade receivables		3,042,478	1,868,316
Corporation tax receivable		2,019,891	847,056
Prepayments		202,475	148,619
Receivables		5,264,843	2,863,991
Cash at bank and in hand		1,292,969	1,346,419
Currents assets		6,557,812	4,210,410
Assets		20,111,476	17,263,588

Liabilities and equity

		H1-2022 <small>DKK</small>	H1-2021 <small>DKK</small>
Share capital		1,113,866	955,250
Reserve for development costs		12,633,028	11,811,435
Retained earnings		-13,283,597	-13,513,900
Equity		463,297	-747,215
Other payables		4,186,207	3,500,000
Long-term debt		4,186,207	3,500,000
Credit institutions		0	0
Trade payables		3,559,352	4,010,212
Payables to group enterprises		841,304	841,304
Other payables		3,773,442	4,642,759
Deferred income		7,287,874	5,016,528
Short-term debt		15,461,972	14,510,803
Debt		19,648,179	18,010,803
Liabilities and equity		20,111,476	17,263,588

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2022	970,665		12,116,905	-15,482,172	-2,394,602
Capital injection	143,201	6,386,798	0	0	6,529,999
Development costs, period	0		3,627,572	-3,627,572	0
Depreciation, amortisation and impairment for the period	0		-3,111,449	3,111,449	0
Net profit/loss for the period	0		0	-3,627,100	-3,627,100
Equity at 30 June 2022	1,113,866	6,386,798	12,633,028	-19,670,395	463,297

NOTES

Accounting Policies

The Half-year Report of Hypefactors A/S for H1/2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for H1/2022 are presented in DKK.

RECOGNITION AND MEASUREMENT

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

TRANSLATION POLICIES

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the

debt arose are recognised in financial income and expenses in the income statement. Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Liabilities and equity

REVENUE

Revenue is accrued on a straight-line basis over the period in which the customer has access to the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

EXPENSES FOR RAW MATERIALS AND CONSUMABLES

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

OTHER EXTERNAL EXPENSES

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

STAFF EXPENSES

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

TAX ON PROFIT/LOSS FOR THE YEAR

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Building ApS. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

INTANGIBLE ASSETS

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 years.

Costs for internal accrual rights are recognized in the income statement under costs.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment 5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually

IMPAIRMENT OF FIXED ASSETS

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

FIXED ASSET INVESTMENTS

Fixed asset investments consist of deposit.

RECEIVABLES

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts

PREPAYMENTS

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

DEFERRED TAX ASSETS AND LIABILITIES

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

CURRENT TAX RECEIVABLES AND LIABILITIES

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

FINANCIAL DEBTS

Debts are measured at amortised cost, substantially corresponding to nominal value.

DEFERRED INCOME

Deferred income comprises payments received in respect of income in subsequent years.



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