

## **Hypefactors A/S**

Kronprinsessegade 8 B, 4. sal, 1306 København K  
CVR-nr.: 36 68 26 04

### **Half-year Report, H1-2020 (01.01.2020-30.06.2020)**

## Company Information

### The Company

Hypefactors A/S  
Kronprinsessegade 8 B, 4. sal  
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E-mail: [info@hypefactors.com](mailto:info@hypefactors.com)  
Website: [www.hypefactors.com](http://www.hypefactors.com)  
CVR-nr.: 36 68 26 04

**Reporting period:** 1. January - 30. June 2020

**Founded:** 12. March 2015

**Domicile:** Copenhagen

### Board of Directors:

Pierre-André Montjovet, Chairman of the Board  
Martin Michael Hansen  
Kasper Hülsen  
Casper Janns

### Executive Board:

Casper Janns

### Auditor:

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

## About the financial statement

The report for Hypefactors A/S, for the first half of 2020, 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 2019. The report has been approved by the Board of Directors and 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 for better media intelligence and reputation management. Hypefactors combine data, analytics, technology and tools to provide a unified and easy-to-use experience.

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 solution helps businesses save time, reduce costs, and improve business critical areas such as communications and reputation management. The company is listed on Nasdaq Growth Market in Denmark.

## Economic growth

H1/2020 was the strongest half-year period for Hypefactors so far.

Revenue for the period amounted to DKK 1.971m, compared to DKK 0.861m in 2019, corresponding to an increase of 129%. Revenue for H1/2019 passed the revenue obtained during the full year of 2019 (DKK 1.950m).

Earnings before interest, tax, depreciation and amortization (EBTIDA) amounted to a negative of DKK 2.887m compared to H1/2019 which showed a negative EBTIDA of DKK 6.720m. An improvement of 133%

Hypefactors reached an annual recurring revenue (ARR) of DKK 3.7m as per June 30, 2020, (2019: 1.7m) which is an increase over the last twelve months of 118%. The ARR increased by DKK 1.0m in H1/2020 compared to an increase of DKK 0.35m in H1/2019 – an increase of 186%.

There was a significant influx of enterprise clients from several countries. Main focus was Denmark, United Kingdom and Portugal.

More than 14.000 companies and other organizations now use one or more parts of Hypefactors' platform; the majority of them is on a 'freemium' solution. For H1/2020, the main commercial focus was on direct sales to enterprise clients utilizing the full media intelligence platform from day one.

The period was commercially affected by the Covid19. In late Q1 and most of Q2 many dialogues with potential customers were postponed due to the situation. Especially UK and Portugal were negatively affected by lockdowns.

Hypefactors is innovative media intelligence tech, developed with artificial intelligence and machine learning, that makes the effect of communication measurable and the workflows more automated and easier for users. In the first half of the year, the platform was expanded, improved, and further refined, so that the unique tech assets are now even stronger.

International media monitoring is an integral part of Hypefactors' platform. Increasing amounts of media data were made easily accessible to users. A combination of unique inhouse crawler technology and partnership agreements make 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.

Estimation of the readership numbers on the individual media websites is a central part of the impact analysis that communication specialists need. Hypefactors have increased the precision further by using a combination of both data from the leading authority in the field and self-developed artificial intelligence; this in order to best estimate the readership numbers.

In addition, there have been significant new developments in areas such as the AI-based and automated reputation analysis (incl. tonality analysis), where new versions were implemented.

## **Outlook**

The demand for comprehensive media intelligence tech solutions is expected to continue to grow. Current turbulence and uncertainties surrounding the covid-19 related changes in macro- and microeconomic matters, make it difficult to release outlook scenarios with a high degree of certainty. The long-term market potential is expected not to be affected.

The company is experiencing substantial interest in the market to access a media intelligence solution that is better, cheaper or both compared to traditional press clippings solutions. The ambition for the current financial year is, on a continuous basis, to deliver monthly cashflow positive results, understood as invoiced revenue exceeding operating costs.

The Board of Directors is working to strengthen the company's capital base to support the growth strategy.

## **Events after the balance sheet date**

There have been no events after the balance sheet date with material impact, that have a significant influence on the assessment of the half-year report.

## Income statement 1. January – 30. June

DKK	1H2020	1H2019
<b>Net turnover</b>	<b>1.970.937</b>	<b>861.050</b>
Capitalized development	1.089.832	2.542.439
Direct costs	-1.853.747	-2.105.631
Other external costs	-807.600	-900.399
<b>Gross profit</b>	<b>399.422</b>	<b>397.477</b>
Staff costs	-3.286.903	-7.117.874
<b>EBITDA</b>	<b>-2.887.481</b>	<b>-6.720.397</b>
Depreciations	-1.847.922	-1.407.017
Financial items	-191.613	-168.290
<b>Profit before tax</b>	<b>-4.927.016</b>	<b>-8.295.704</b>
Tax	1.083.944	1.825.055
<b>Net profit</b>	<b>-3.843.073</b>	<b>-6.470.649</b>

## Balance sheet, 30. June

### ASSETS

DKK	1H2020	1H2019
Intangible assets	11.236.185	11.838.876
Tangible assets	83.591	0
Financial assets	229.854	222.850
<b>FIXED ASSETS</b>	<b>11.549.630</b>	<b>12.061.726</b>
Receivables	1.860.773	3.964.835
Cash	1.196.739	2.200.459
<b>CURRENT ASSETS</b>	<b>3.057.512</b>	<b>6.165.294</b>
<b>TOTAL ASSETS</b>	<b>14.607.142</b>	<b>18.227.020</b>

**EQUITY AND LIABILITIES**

<b>DKK</b>	<b>1H2020</b>	<b>1H2019</b>
Share capital	866.884	866.884
Retained earnings	2.301.698	14.285.860
<b>Total Equity</b>	<b>3.168.582</b>	<b>15.152.744</b>
Tax provision	0	0
<b>Provisions</b>	<b>0</b>	<b>0</b>
Long term debt	0	0
Short term debt	11.438.560	3.074.276
<b>Total debt</b>	<b>11.438.560</b>	<b>3.074.276</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14.607.142</b>	<b>18.227.020</b>

## Statement of changes in Equity DKK

	Share capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity 1. Jan	866.884	-	11.267.384	-5.122.615	7.011.653
Cash capital increase	-	-	-	-	-
Development cost for the period	-	-	1.089.832	-1.089.832	-
Depr. and impairments for the period	-	-	-1.847.922	1.847.922	-
Profit/loss for the year	-	-	-	-3.843.073	-3.843.073
Transferred from share premium	-	-	-	-	-
Equity 30. June	866.884		10.509.294	-8.207.598	3.168.580



## Notes

### Accounting policies

The report for Hypefactors A/S, for the first half of 2020, 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 are unchanged compared to before.

The accounts are presented in DKK.

### General information on recognition and measurement

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

Assets are recognized 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 recognized 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

### Foreign currency translation

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 recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

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 recognized in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## **Income statement**

### **Net turnover**

Services are recognized at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. Revenue is recognized linearly over the contract period.

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

### **Other external costs**

Other external expenses comprise expenses sales as well as office expenses, etc.

### **Gross profit**

The gross profit is calculated with reference to section 32 of the Danish Financial Statements Act as a summary of net turnover, work performed for own account and capitalized under assets, direct costs and other external costs.

### **Staff costs**

Staff expenses comprise wages and salaries as well as payroll expenses.

### **Depreciation and impairments**

Depreciation and impairments include the year's depreciation and impairments of intangible fixed assets.

### **Financial items**

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

### **Tax on profit for the period**

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 recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity. The company is jointly taxed with Building ApS.

### **Balance sheet**

#### **Intangible assets**

Development costs include salaries and other costs that can be directly and indirectly attributed to the company's development activities. Development projects that are clearly defined and identifiable, where the degree of technical utilization, sufficient resources and a potential future market or development opportunity in the company can be demonstrated, and where the intention to manufacture, market or use the project are recognized as intangible fixed assets, if sufficient assurance that the capital value of the future earnings can cover administration costs as well as the development costs themselves.

Development projects that do not meet the criteria for recognition in the balance sheet are recognized as costs in the income statement, as the costs are incurred.

Capitalized development costs are measured at cost less accumulated depreciation and impairments or recoverable amount if this is lower. Development projects are depreciated on a straight-line basis over the economic useful life, which is estimated at 5 years.

Development projects that are still considered to be under construction are not depreciated. However, a review and assessment are still being made of whether there has been an impairment that necessitates a write-down, cf. the section below on "Impairment of fixed assets".

Development costs that are recognized for the first time in the balance sheet in the financial year 2016 or later are recognized directly in equity under the item "Reserve for development costs". Deduction of depreciation of these development costs is also made directly on equity under the same item "Reserve for development costs".

Development costs and costs for internally earned rights are recognized in the income statement as costs.

#### **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 amortization 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.

Assets where it is not possible to calculate any independent capital value, as the asset itself does not generate future cash flows, are assessed for impairment together with the group of assets to which they can be attributed.

### **Receivables**

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

### **Prepayments (asset)**

Prepayments recognized under assets include prepaid expenses relating to subsequent financial years.

### **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 realized, 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 crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement or in equity if the deferred tax relates to items recognized in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognized 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.

### **Financial liabilities**

Liabilities are measured at amortized cost, which essentially corresponds to the nominal value.

### **Deferred income (liability)**

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