HALF-YEAR REPORT

H1/2023

01.01.2023-30.06.2023

hypefactors

Hypefactors A/S, Kronprinsessegade 8 B, 4. sal,
DK-1306 København. CVR Nr. 36682604

hypefactors

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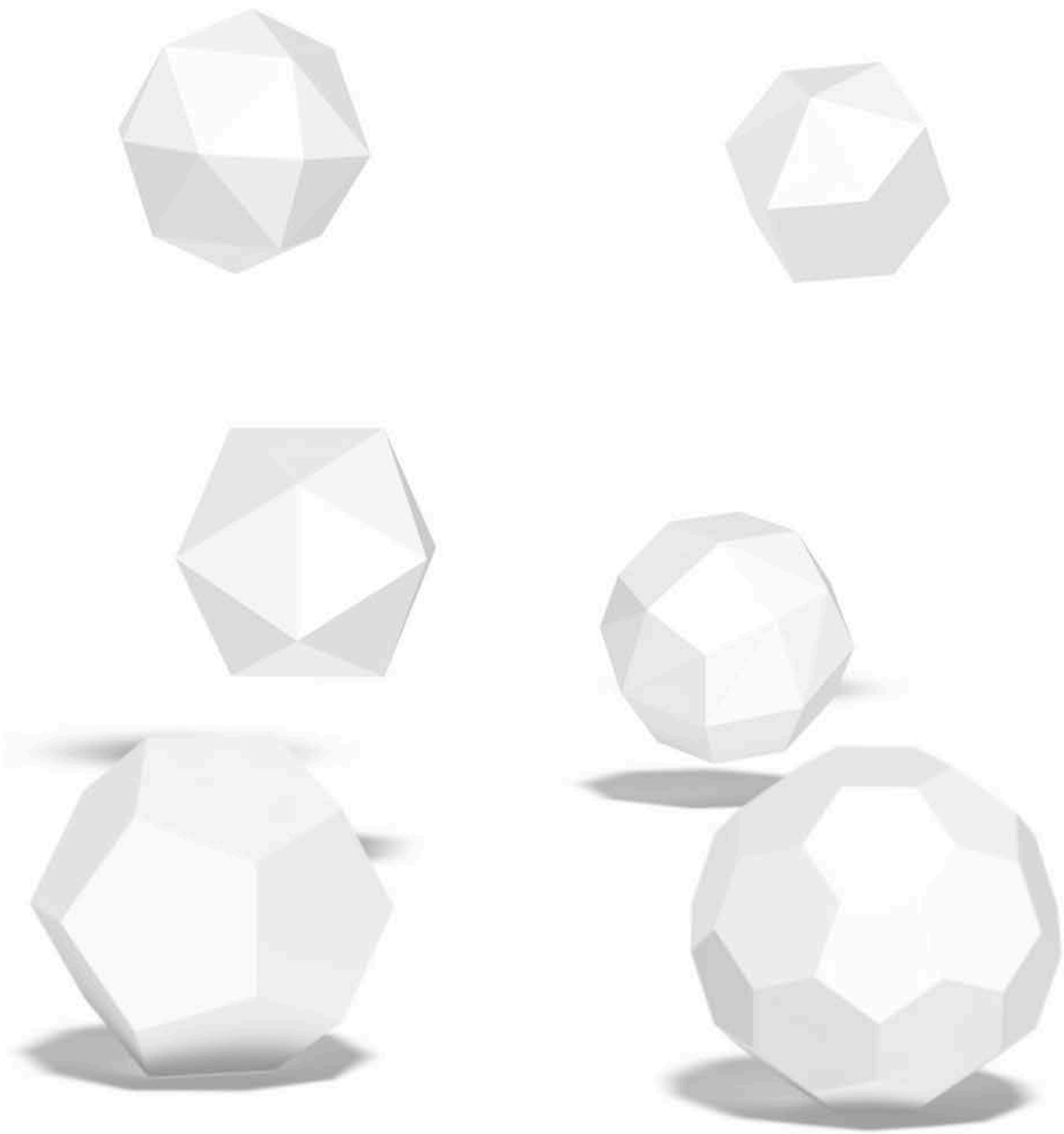


COMPANY INFORMATION

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

Martin Michael Hansen, Chairman
Pierre-André Montjovet
Rafael Cifuentes
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)

5,417,133

Revenue in DKK
01-01-2023 — 30-06-2023

11,474,028

ARR in DKK
30-06-2023

Management's Review

ABOUT THE FINANCIAL STATEMENT

The report for Hypefactors A/S, for the first half of 2023, 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 2022. The report has not been subject to audit or review.

KEY ACTIVITIES

Hypefactors is developing AI-based technology with the vision to be the world's leading authority on real-time corporate trust and reputation insights. Hypefactors is a software company that delivers technology for media intelligence, reputation and corporate trust analysis, primarily used by management, business intelligence and communications specialists. The tech and the Hypefactors platform is used to ensure better media intelligence, reputation management and trust tracking. Through integrated solutions, Hypefactors empowers clients to make more informed decisions and bridging the gaps when it comes to managing the increasingly important aspects of reputation and trust management. Clients are provided with a complete overview of how their company, brands, relevant peer groups and industries are mentioned by third-parties 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. API based feeds of enriched data are also available as the company offers the capacity and flexibility to sync data sets to many IT infrastructures. 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 5.417m, compared to DKK 4.528m in H1/2022, corresponding to an increase of 20%. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to DKK 1.253m compared to H1/2022 which showed an EBITDA of DKK -0.198m. Hypefactors reached an annual recurring revenue (ARR) of DKK 11.5m per June 30, 2023, (June 30, 2022: 9.9m) which is an increase over the last twelve months of 16%.

TECHNOLOGY ASSETS

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

- Finding relevant news media data: The most extensive crawling of worldwide media data. Property of Hypefactors. It helps users to always be on top of the relevant news stories.
- Enriching news data: Readership, sentiment/reputation, media type, market and more. Understanding cultural and linguistic diversity, implicit contexts, biases and ambiguity. 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.
- Understanding meaning: Setting the information into context. Benchmark, comparisons, understandings.
- User insights: Easy-to-access and ready-to-use data. Desktop platform, mobile app, email alerts. Making everyday life easier for the users.
- Workflow optimization: Automated media reports, newsrooms, news distribution and more. 100% integrated. Saves the users time and helps professionalize communications processes.

INNOVATIONS

Again in H1-2023, Hypefactors continued to launch major upgrades to its artificial intelligence, increasing the quality of the company's media insights solution to a level that is unmatched in the industry. Our AI technology stack, called 'Atlastic.ai' was improved on several dimensions, including the NOI (Names of Interest, which is our proprietary AI-based named entity recognition (NER)), the reputation-AI, and the ESG-AI (which can categorize media coverage in all languages along 26 environmental, social and governance dimensions to facilitate ESG sustainability reporting and compliance).

Worth mentioning is also the launch of our unique AI solution program for more precise print media processing in media intelligence. It enables Hypefactors to deliver a magnitude larger print coverage than any competitor within media intelligence, and to deliver a superior solution to large enterprises with cross-border media presence. In October 2022, Hypefactors kicked off a 10-months AI development project named 'New Print PDF Processing Program'. The special AI effort was backed by the Innovation Fund Denmark and was finalized within the timeline mid 2023. The AIs developed are uniquely superior for its multilingual and multi-modal qualities: It includes an encoder design also found in modern generative AIs like ChatGPT, and is combined with computer vision algorithms and an automated reasoning engine also found for development of safety-critical systems such as satellites. It will benefit current and new clients. Hypefactors is exploring additional global business and partnership opportunities for this unique AI solution.

We further boosted the machine learning operations architecture: Originally designed in 2021, first launched in May 2022, upgraded in December 2022 and again in May 2023, it now enables scaling AI enrichments up to 100 billion machine learning operations per day.

Our AIs encompass all the typical traits and benefits of our DNA: Multilingual for more than 100 languages, accelerated for 24/7 billion-scale operation on the world's media coverage and directly integrated to end-user product features for the benefit of all current and new clients.

API SOLUTION FOR ENTERPRISE SOLUTIONS

To further commercialize the data and AI assets, Hypefactors work with a dedicated brand for API solutions that makes it possible to fuel Hypefactors' data into other IT solutions, 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 our interconnected set of state-of-the-art AI that can handle 100 languages in common use

BUSINESS MODEL

The commercial relations with clients are based on a subscription model. Clients 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 initial 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.

FUTURE DEVELOPMENT

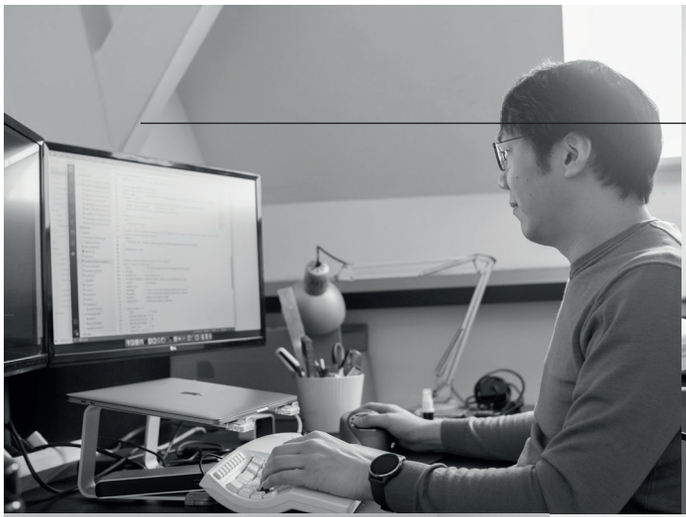
The demand for comprehensive media intelligence and reputation tracking tech solutions is expected to continue to grow. The company is experiencing substantial interest from the market to obtain a media intelligence solution that is better compared to traditional press clipping solutions. The ambition for the current financial year is to continue to accelerate the business, and to deliver a positive cashflow (understood as invoiced revenue exceeding operating costs).

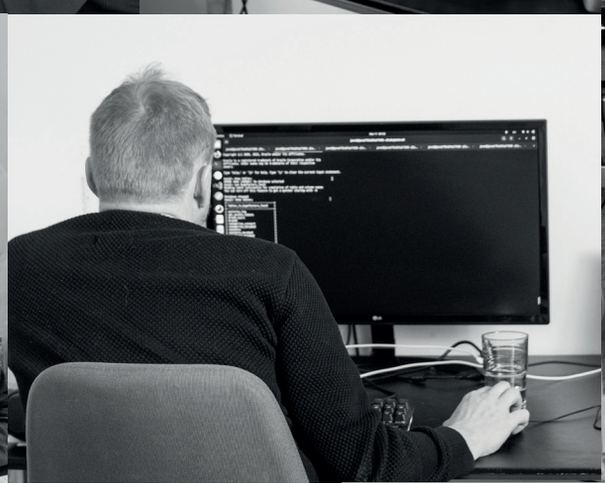
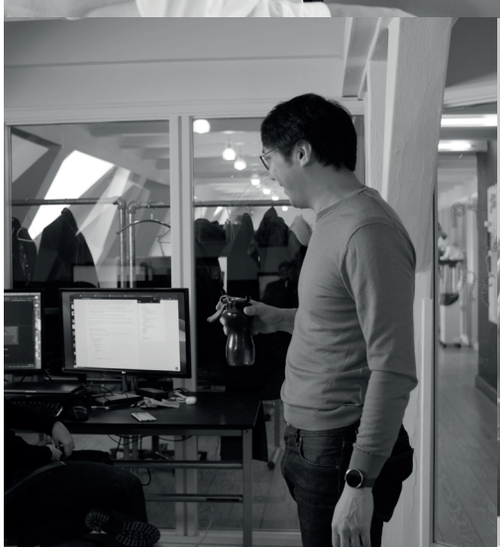
CAPITAL RESOURCES

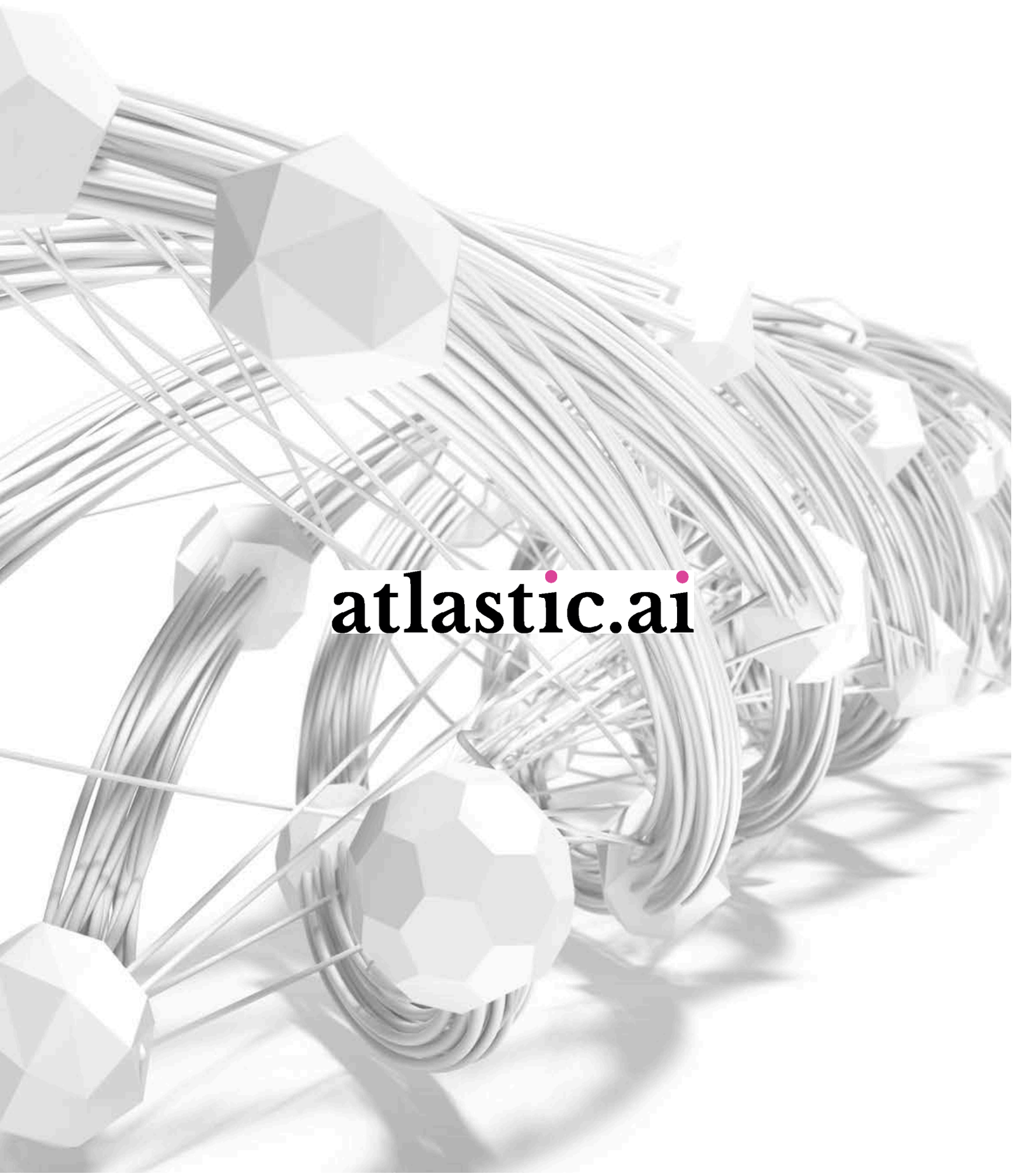
It is an objective to balance the need for a sufficiently strong capital structure with the protection of the shareholders best interest by avoiding heavy dilution. Management expects to secure necessary further funding in H2-2023 or meet the budgeted growth and conditions and that sufficient liquidity will be ensured to finance the activities in 2023

SUBSEQUENT EVENTS

No events materially affecting the assessment of the half-year report have occurred after the balance sheet date.




atlastic.ai

Matured over years of scientific research and engineering, Atlastic's technology is built to bring media perception signals in real-time to the professional user, meaning no-code and no-quant needed. Whether it's about corporate trust, reputation, ESG, or simply media presence: Atlastic combines the data, the AI's and the UX-optimized platform to analyze the perceived value of organizations and brands in real-time.

Atlastic.ai is combining 6 advanced AI systems to derive deep insights – extracted from a wide variety of millions of news 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.

THE FACTS

INCOME STATEMENT

1 JANUARY - 30 JUNI

		H1-2023 DKK	H1-2022 DKK
Revenue		**5,417,133**	**4,528,437**
Work on own account recognised in assets		3,566,553	3,627,572
Expenses for raw materials and consumables		-2,334,695	-2,475,154
Other external expenses		-346,905	-697,503
Gross profit/loss		**6,292,086**	**4,983,352**
Staff expenses		-5,039,492	-5,181,332
Earnings before depreciation		**1,252,594**	**-197,980**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2,769,219	-3,111,449
Profit/loss before financial income and expenses		**-1,516,625**	**-3,309,429**
Financial income		2,270	0
Financial expenses		-1,117,554	-954,987
Profit/loss before tax		**-2,631,908**	**-4,264,416**
Tax on profit/loss for the year		784,642	592,316
Net profit/loss for the year		**-1,847,267**	**-3,672,100**

DISTRIBUTION OF PROFIT/LOSS

PROPOSED DISTRIBUTION OF THE RESULT

	H1-2023 DKK	H1-2022 DKK
Retained earnings	-1,847,267	-3,672,100
	-1,847,267	**-3,672,100**

BALANCE SHEET

30 JUNI

ASSETS

		H1-2023 DKK	H1-2022 DKK
Development projects in progress		14,821,266	13,319,724
Intangible assets		**14,821,266**	**13,319,724**
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment		**0**	**0**
Deposits		263,738	233,940
Fixed asset investments		**263,738**	**233,940**
Fixed assets		**15,085,005**	**13,553,664**
Trade receivables		2,104,574	3,042,478
Other receivables		15,000	3,042,478
Corporation tax receivable		2,341,326	2,019,891
Prepayments		624,919	202,475
Receivables		**5,085,819**	**5,264,843**
Cash at bank and in hand		63,422	**1,292,969**
Currents assets		**5,149,241**	**6,557,812**
Assets		**20,234,245**	**20,111,476**

Liabilities and equity

		H1-2023 DKK	H1-2022 DKK
Share capital		1,144,373	1,113,866
Reserve for development costs		12,116,905	12,633,028
Retained earnings		-15,504,371	-13,283,597
Equity		**-2,243,093**	**463,297**
Other payables		8,551,211	4,186,207
Long-term debt		**8,551,211**	**4,186,207**
Credit institutions		0	0
Trade payables		3,985,423	3,559,352
Payables to group enterprises		9,655	841,304
Other payables		3,076,225	3,773,442
Deferred income		6,854,823	7,287,874
Short-term debt		**13,926,127**	**15,461,972**
Debt		**22,477,338**	**19,648,179**
Liabilities and equity		**20,234,245**	**20,111,476**

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity at 1 January	1,113,867	6,386,797	13,337,241	-22,233,731	-1,395,826
Capital injection	30,506	969,494			1,000,000
Development costs, period	0	0	3,566,553	-3,566,553	0
Depreciation, amortisation and impairment for the period	0	0	-2,769,219	2,769,219	0
Net profit/loss for the period	0	0	0	-1,847,267	-1,847,267
Equity at 30 June	**1,144.373**	**7,356,291**	**14,134,575**	**-24,878,332**	**-2,243,093**

NOTES

Accounting Policies

The Half-year Report of Hypefactors A/S for H1/2023 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 H1/2023 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

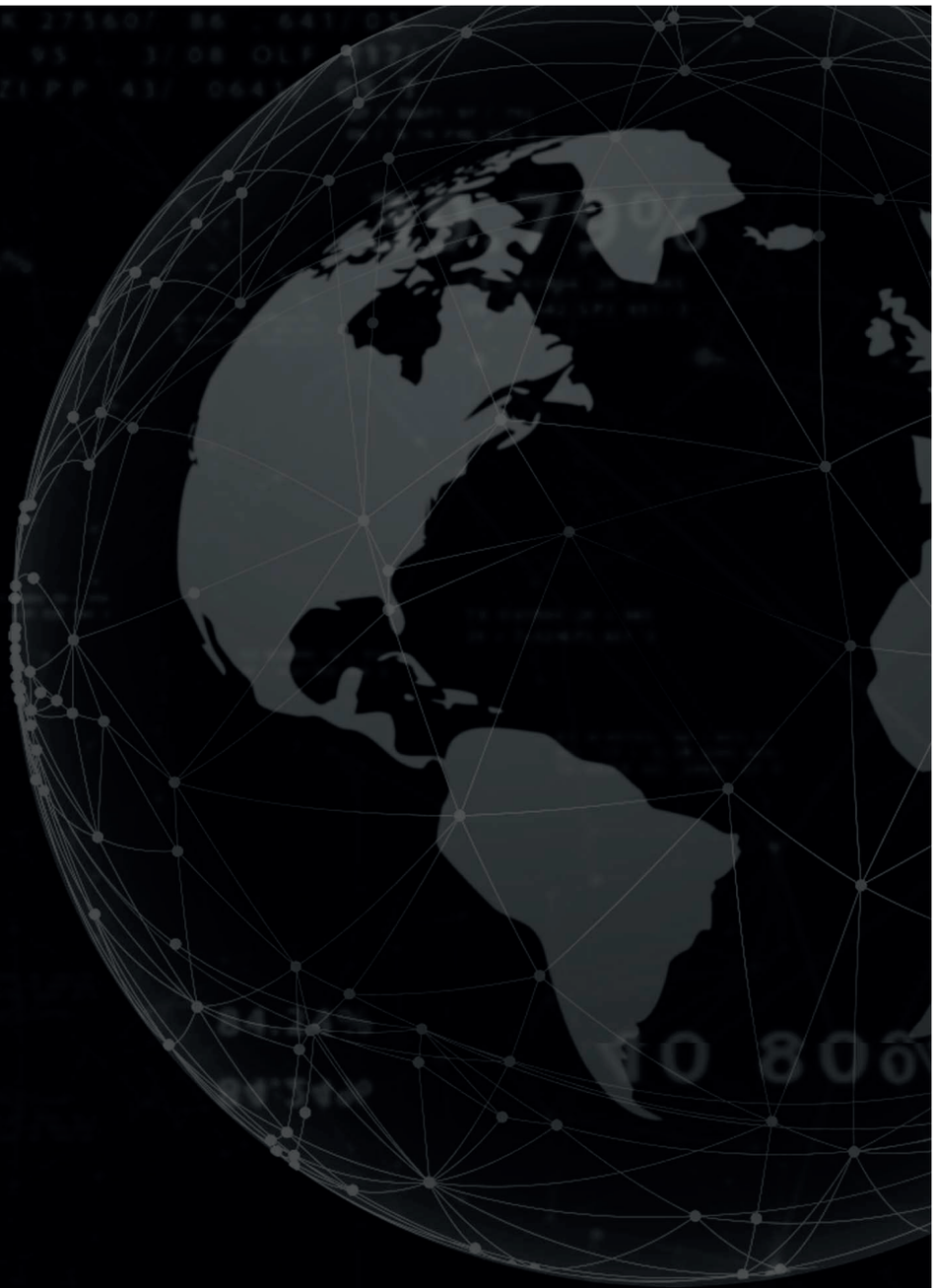
Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement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