Linkfire

# Empowering entertainment discovery everywhere

## Annual Report 2023

**Linkfire A/S** • Rentemestervej 80 • 2400 København • CVR no. 35 83 54 31

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# Introduction

# About Linkfire

## Empowering entertainment discovery everywhere

Linkfire empowers music and audio marketing for millions of artists and creators. Through smart links generated with its proprietary technology, Linkfire connects billions of fans with their favorite artists, driving streams, sales, and fan engagement, providing leading data insights, superior user experience, and a quality marketplace for fans, artists, and creators.

Linkfire's customers and partners count many of the biggest names in the industry, such as Apple, Amazon, Sony Music, Universal Music, and Warner Music, in addition to thousands of artists and creators directly.

### Consumer connection

**1.5 Billion**

In 2023, Linkfire has connected 1.5 billion consumers, facilitating quick, secure, and informed choices in a dynamic market. We offer tailored options for music and entertainment discovery, empowering everyone from major labels to independent artists and podcasters with valuable audience insights.

### Market expansion

**Linkfire for Podcast**

In 2023, Linkfire expanded into the multibillion-dollar Podcast industry with an exclusive integration with Apple Podcast.

### Delisted from Nasdaq

**LINKFI**

Linkfire reshaped its organization and applied for delisting the company shares from Nasdaq First North Growth Market.

# Building a sustainable business

**2014 - 2015** Linkfire was founded, and the first version of the marketing platform was developed in collaboration with Danish record labels.

**2016 - 2017** Going international. The platform became widely used throughout Denmark and Europe. All three major music labels - Universal Music Group, Sony Music Group, and Warner Music Group – joined Linkfire.

**2018** Conquering the US. Linkfire opened its first US offices, followed by a quick adoption increase by the big US record labels.

**2019** Building a market leader. Linkfire secures its position as the global market leader by connecting more fans with music than any other competitor.

**2020** Scaling up. Independent record labels, competitors, podcasters, and the first large US film studio started using Linkfire.

**2021** Linkfire is listed and becomes a publicly listed company on Nasdaq First North Premier Growth Market in Sweden.

**2022** Linkfire further solidifies its position in the market and closes 2022 with historical performance taking a significant step towards breakeven as reported in Q4 2022.

**2023** Linkfire expands into the multibillion-dollar podcast industry with Linkfire for Podcasts.

# Key events and highlights in 2023

**Q1**

Earnings improved significantly as a result of strategic focus to improve capital efficiency and focus on short-term return activities. As a result, EBITDA improved by 83 per cent compared to the previous year.

**Q2**

In May, Linkfire A/S secured a debt facility of up to DKK 22.5 million and waived the second tranche of the previously announced directed share issue.

**Q3**

In July, Linkfire and YouTube Music expanded their partnership by bringing to market the first-ever YouTube Music pre-save, allowing artists and their teams to create a new wave of hype around upcoming releases.

In August, Linkfire announced an expansion into the multibillion-dollar podcast industry with Linkfire for Podcast, a marketing and analytics toolkit built for podcasters, featuring an exclusive integration with Apple Podcasts.

Linkfire reached an EBITDA break even, marking the best quarter in Linkfire's history.

**Q4**

In November, Linkfire secured debt financing of DKK 37.3 million from Kuok Meng Ru, a shareholder of Linkfire and Group CEO & Founder of Caldecott Music Group ("CMG").

In December, Linkfire had an Extraordinary General Meeting to treat the initiated delisting of its shares from Nasdaq First North Growth Market Stockholm. The application to delist was sent and approved the same day, with the last trading day on January 18, 2024.

# Letter from the CEO

**Jeppe Faurfelt**
CEO & Co-founder

**In 2023, Linkfire made significant improvements to our core business and progressed on our mission to expand into new verticals. Despite market turmoil and internal restructuring, we entered the multibillion-dollar podcast industry through an exclusive partnership with Apple Podcasts, the world's leading podcast platform. We also moved closer to achieving cash flow break-even. These achievements are a testament to our resilience and commitment to becoming profitable and re-accelerating growth.**

Similar to many other SaaS and tech businesses, 2023 was a year of turning focus towards profit by tightening our belts supported by restructuring the organization and stabilizing our revenue generation.

Simultaneously, we expanded into our second vertical with Linkfire For Podcast, an absolute game-changer for podcast marketing. Leveraging the same foundational infrastructure of our music offering, we tailored our solutions to address the unique challenges faced by podcasters. Launched in partnership with Apple Podcasts we've introduced groundbreaking listening data attribution, garnering significant attention from key players in the industry.

We are proud to have expanded our partnership with the industry leader of Podcast, Apple Podcast. We foresee a promising future for our product as 20% of the world's top podcasts already use Linkfire for Podcasts to promote their shows.

On the music side, the numbers and names speak for themselves. We've powered more than 2 million releases with 1.6 billion link visitors and Linkfire remains the preferred platform for industry giants, from Taylor Swift's '1989' to Travis Scott's 'Utopia' and Ed Sheeran's 'Subtract' album releases. In 2023, we boosted our platform offering with enhanced bio links customization options and fortified pre-release links through key partnerships with Tidal, Youtube and Amazon Music. Our commitment to delighting our users is evident, with our Customer Satisfaction Scores consistently exceeding 92%, making this year truly exceptional.

Additionally, we successfully rolled out **the Linkfire Wallet Program**. This program represents a strategic innovation, introducing new revenue streams to us and our customers by leveraging refined ad products developed in partnership with leading record labels, global streaming and ticketing services. So far, it has enabled nearly 7000 individual customers to earn revenue on their Linkfire links. The number continues to grow as we roll out the program and acquire new customers.

The go-to-market approach of the Linkfire Wallet is a testament to our forward-looking approach in the ad-tech landscape, cementing our position as innovators in ways others have not been able to and benefitting the future of music, podcasting and beyond.

Amidst achieving our first-ever EBITDA break-even month and remaining focused on achieving a positive cash flow, we made the strategic decision to delist our shares from NASDAQ. The decision to take the company private aligns with our conviction that the First North Premier Growth Market's valuation of the company did not accurately reflect our consistent revenue growth, expanding market share, and prominent partnerships.
This decision, along with changes in the executive management, are also part of our forward-thinking approach to ensure the long-term success of Linkfire.

We remain optimistic about the outlook for the entertainment industry. The music industry continues to grow, and competition for streaming subscribers and market share is increasing. IFPI's latest Global Music Report shows a +10.4% growth in streaming revenue to US § 19.3 billion, For Linkfire, the continued rise of streaming platforms and the constant flow of new content to discover lead to an increasing number of releases, which in turn drive higher traffic and more music streaming subscribers, ultimately increasing the potential for commission revenue.

According to Technavio, the global podcast market size, though still a small industry, is estimated to grow by USD 15.70 billion from 2024 to 2028, with an expected CAGR of 29.08% during the forecast period. For Linkfire, podcasting represents an opportunity to tap into creators across various genres and verticals such as film, tv, sports, games, comedy, news, health, food, and culture, who already have a platform to speak to their audience from and requires smart linking technology.

This year will mark a huge milestone for the business as we target cash flow break-even. We plan to continue monetizing and expanding our consumer connections by offering even more product optimization, which will expand our footprint and further grow sales. We are looking into 2024, uplifted by the revenue performance at the end of 2023, and confident about our mission to reach cash flow breakeven in 2024 in our trimmed and agile organizational setup. We remain diligent with our costs and focus.

We extend our heartfelt gratitude to all our employees and former teammates for their unwavering dedication to delivering world-class products to our customers and partners. We also deeply appreciate our customers, partners, and shareholders for your steadfast belief in our mission and continuous support.

# Letter from the Chairman

**Jesper Møller**
Chairman of the Board

**In 2023, Linkfire embraced new opportunities as the company transitioned from the Nasdaq First North Growth Market Sweden to becoming a private company again, accompanied by changes in executive management.**

2023 was a year with an intense focus on running a streamlined and more focused organization with fewer strategic objectives, concentrating on our core business. Linkfire focused on efficiency and business initiatives with quicker rates of return. With the company's first EBITDA break-even quarter in Q3 2023, a consistent EBITDA break-even is expected from Q2 2024, and Cash break-even during H2 2024.

Looking into yet another year of increasing global market uncertainty, the management team, major shareholders, and the Board of Directors decided to initiate the delisting of the company's shares from Nasdaq First North Growth Market. An Extraordinary General Meeting was held in December, during which the EGM approved the decision to apply for delisting.

Following the approval of the delisting application by Nasdaq, the company's last trading day on the exchange was set for January 18, 2024. This strategic decision is bringing significant cost savings and reinforces our commitment to financial efficiency.

In our pursuit to break even in 2024, the management team and Board of Directors decided to restructure and streamline our operations. This led to cost reductions and the departure of several employees in 2023, along with changes in executive management.

As part of the restructuring, co-founder Jeppe Faurfelt has assumed the role of executive management of the Company. Meanwhile, Co-founder and former CEO Lars Ettrup and CFO Tobias Demuth stepped down from their previous positions but supported the new management team in a transition period.

Lars Ettrup remains a strategic advisor to the leadership team.

This change is a natural step in Linkfire's journey towards becoming a financially self-sustainable company with a tight focus on cost and a lighter organizational structure whilst still pursuing opportunities for growth. The delisting from Nasdaq further supports a lighter management setup.

As the Chairman of the Board of Directors at Linkfire, I extend my gratitude to all our devoted employees for their diligent work and contribution to the company's ongoing success. I look forward to supporting the company's potential for growth and innovation in the upcoming year. Linkfire has established a solid foundation to achieve its profitability goal for 2024.

Ensuring enough cash to secure operations towards the break-even goal, the target is to secure financing in the range of DKK 7 - 10.5M to ensure its operations towards cash break-even and complete a debt refinancing transaction during Q3 2024. Management remains confident in securing both equity financing and refinancing of current debt and expects to conclude both operations by end of August 2024.

In the Board of Directors we will maintain our focus on maximizing shareholder value through improved financial performance and revenue growth,

# Management's Review

- FINANCIAL PERFORMANCE AND KEY FIGURES
- OUTLOOK FOR 2024
- FINANCIAL REVIEW

# Financial Targets

**Linkfire maintains the following mid-term financial targets:**

**20-40%**
**Revenue Growth**

**~ 80%**
**Gross Margin**

# Financial Performance and Key Figures

**1.5B**
**Consumer Connections**

***26% decrease*** *in consumer connections*

**-8.6M**
**EBITDA (DKK)**

***79% improvement*** *in EBITDA for the year*

**82%**
**Gross Margin**

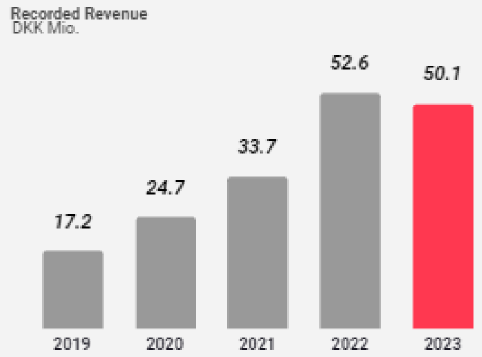
***3% growth*** *in gross profit*

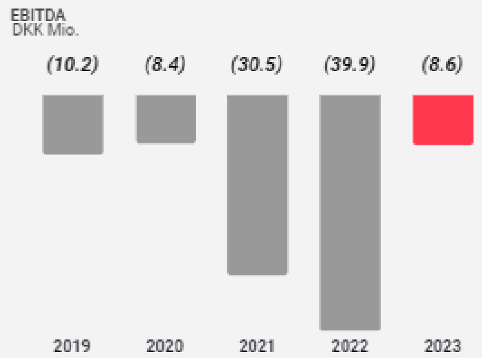
**10.8**
**RPM (DKK)**

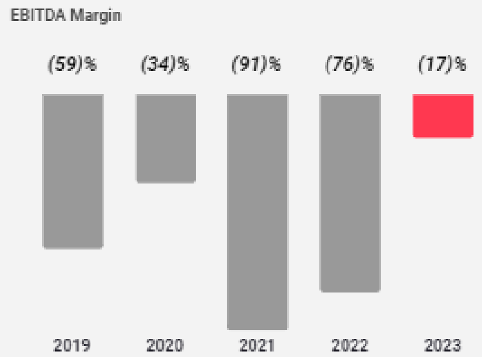
***21% increase*** *in Commission Revenue Per Mille Consumer Connections*

## Financial Performance and Key Metrics

| | Note | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|
| **Income Statement (DKK thousand)** | | | | | | |
| Recognized Revenue | | 50,084 | 52,590 | 33,697 | 24,699 | 17,227 |
| Operating loss before interest, taxes, depreciation & amortization (EBITDA) | | (8,572) | (39,875) | (30,512) | (8,371) | (10,243) |
| Operating loss before interest & taxes (EBIT) | | (28,052) | (74,288) | (39,425) | (14,193) | (12,993) |
| Operating loss before interest & taxes (EBIT) excl. IPO Cost | | (28,052) | (74,288) | (32,558) | (14,193) | (12,993) |
| Result of financial items | | (5,943) | (1,273) | (1,652) | (3,796) | (16,002) |
| Profit after tax | | (49,574) | (70,085) | (35,578) | (9,371) | (11,850) |
| **Balance Sheet (DKK thousand)** | | | | | | |
| Intangible assets | | 74,978 | 74,372 | 69,876 | 51,503 | 42,163 |
| Additions, property, plant and equipment | | - | 263 | 634 | 173 | 41 |
| Cash and cash equivalents | | 4,669 | 7,027 | 45,946 | 783 | 3,539 |
| Total assets | | 91,486 | 101,349 | 140,200 | 63,786 | 60,408 |
| Equity | | (4,903) | 43,962 | 87,125 | 4,909 | 10,026 |
| **Financial ratios** | | | | | | |
| Operating profit before interest, depreciation & amortizations (EBITDA) margin (%) | | (17)% | (76)% | (91)% | (34)% | (59)% |
| Operating profit margin (EBIT) (%) | | (56)% | (141)% | (117)% | (57)% | (75)% |



## Financial Performance and Key Metrics (continued)

| | Note | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|
| **Key Metrics** | | | | | | |
| Consumer connections (Traffic) | | 1,545,661,431 | 2,083,437,002 | 1,603,957,986 | 1,475,350,156 | 834,577,974 |
| *y/y Growth* | | (26)% | *30%* | *9%* | *77%* | *45%* |
| Revenue, on constant currency basis (DKK thousand) | | 46,906 | 48,778 | 34,521 | 24,348 | 17,003 |
| *Revenue Growth* | | (4)% | *41%* | *42%* | *43%* | *24%* |
| *Organic Revenue Growth* | | (4)% | *41%* | *42%* | *43%* | *24%* |
| Subscription Revenue, on constant currency basis (DKK thousand) | | 30,181 | 30,122 | 22,853 | 18,745 | 15,268 |
| *y/y Growth* | | *.2%* | *32%* | *22%* | *23%* | *25%* |
| Commission Revenue, on constant currency basis (DKK thousand) | | 16,725 | 18,656 | 11,667 | 5,603 | 1,736 |
| *y/y Growth* | | (10)% | *60%* | *108%* | *223%* | *23%* |
| Commission Revenue per Mille (RPM)*, on constant currency basis (DKK) | | 10.82 | 8.95 | 7.27 | 3.80 | 2.08 |
| *y/y Growth* | | *21%* | *23%* | *92%* | *83%* | (15)% |
| Gross Margin, on constant currency basis | | 83% | 74% | 72% | 76% | 61% |

* Commission Revenue per thousand consumer connections

# Outlook for 2024

*"To reach both EBITDA and cash break-even based on the projected cost base for 2024, Linkfire's needs to maintain the 2023 revenue numbers."*

**Revenue guidance**
In 2024, Linkfire expects to have a transition year, stabilizing profit generation and podcast vertical expansion. Revenue is guided within the range of DKK 45-55 million for the full financial year. This corresponds to a yearly growth of (10)-10%.

In order to achieve our guidance, performance on the following key drivers is required:

- Continued strong RPM performance
- Sustained traffic levels on a year-on-year basis
- Continued inflow of new platform users
- Continued ability to retain and expand existing subscription contracts
- Continued product innovation and development

We maintain our mid-term financial target of 20-40% organic revenue growth.

**EBITDA guidance**
Linkfire expects to achieve EBITDA breakeven for the year and guides EBITDA within the range between negative (DKK 5 million) to positive DKK 5 million for the full financial year. Linkfire is committed and confident about reaching breakeven, while the guidance on both sides of neutral EBITDA takes into account the inherited uncertainty of balancing around the breakeven point.
Continued investments into innovation and development of our offering are expected throughout the year, and are the basis for expecting continued growth in the coming years. Possible deviations from the guided ranges depend on investments into new strategic opportunities supporting our announced revenue and long-term growth and profitability strategy.

**Strategy execution**
During 2023, the company has continued taking several initiatives to eliminate risk in the breakeven plan. We have narrowed our operating focus to short-term return initiatives and the least capital-intensive deployment of cash. In 2024, Linkfire expects to utilize the lighter operating setup to perform EBITDA breakeven for the year.

To reach EBITDA breakeven based on the projected cost base for 2024, Linkfire's revenue needs to be maintained at the 2023 levels. We expect recurring subscription revenue to deliver conservative growth, while we expect commission revenue recurring baseline to deliver the majority of growth. By focusing on utilization of our core profit driver, the Marketing Platform and the part of the Discovery Network deriving directly from it, we are well positioned to deliver on our guidance.

**Forward-looking statements**
Statements about the future expressed in the annual report reflect Linkfire's current expectations for future events and financial results. The nature of these statements is affected by risk and uncertainties. Therefore, the company's actual results may differ from the expectations expressed in the management commentary

# Financial Review

### Revenue

Revenue decreased by DKK 2.505 thousand, or 5 per cent, from DKK 52.590 thousand in 2022 to DKK 50.084 thousand in 2023. Commissions revenue decreased by DKK 3.355 thousand, or 16 per cent, compared to 2022 while Subscription revenue increased by DKK 850 thousand or 3 per cent. This is on pace with the performance seen in all other areas of the business, as we have scaled down to be a significantly smaller organization across the board in 2023 as compared to 2022.

### Costs

Cost of sales decreased by DKK 3.887 thousand, or 30 per cent, from DKK 13.026 thousand in 2022 to DKK 9.139 thousand in 2023. The decrease is centered around server and hosting costs, improved baseline and scalability as well as ensuring compliant and premium service delivery.

In 2023, external expenses decreased by DKK 12.342 thousand, or 43 per cent, from DKK 28.915 thousand in the comparable period in 2022 to DKK 16.573 thousand in 2023. The decrease is mainly due to discontinuing the investment in the Channel Partners program and a strong focus on cost optimization through the entire company.

Staff costs decreased by DKK 15.471 thousand, or 33 per cent, from DKK 46.708 thousand in 2022 to DKK 31.237 thousand in 2023. As a percentage of revenue, staff costs decreased from 89 per cent to 62 per cent. During 2023, Linkfire continued cost optimization measures aimed at delivering on the plan to show EBITDA profitability. Efforts included a significant headcount reduction which explains the decrease,

Other staff costs dropped to DKK 1.707 thousand in 2023 and comprise severance agreements costs related to the mentioned contractions in FTEs.

### Earnings

Depreciation, amortization and impairment decreased by DKK 14.933 thousand, or 43 per cent, from DKK 34.414 thousand in 2022 to DKK 19.480 thousand in 2023. The significant decrease is mainly related to the impairment loss recognised in 2022 for the intangible assets and described in note 13 of the consolidated financial statements.

EBIT decreased by DKK 46.238 thousand, or 62 per cent, from negative DKK 74.290 thousand in 2022 to negative DKK 28.052 thousand in 2023. This is a decrease in relation to revenue from (141) per cent in 2022 to (56) per cent in 2023.

### Net financial items

Financial income increased by 343 DKK thousand or 33 per cent, from DKK 1.042 thousand in 2022 to DKK 1.385 thousand in 2023. The deviation is related to the fluctuation of the US dollar exchange rate throughout the year.

Financial expenses increased by DKK 5,012 thousand, or 216 per cent, from DKK 2.316 thousand in 2022 to DKK 7,328 thousand in 2023, mainly due to interest expenses after securing new debt facilities to maintain operations until reaching the cash break-even point.

### Income tax

The tax for the year decreased by DKK 21,056 thousand, or 384 per cent, from DKK 5,477 thousand in 2022 to DKK (15,579) thousand in 2023. The Danish Tax Authorities (Skattestyrelsen) has rejected the company's request for tax credit for the income years 2020-2022. Management, However, still considers the conditions for using the scheme to be fulfilled and has appealed the decision.

As a result of the uncertainty associated with the outcome of the final decision, the recognized receivable from expected use of the tax credit scheme related to 2022 (DKK 5,500 thousand has been reversed in the accounting item "tax for the year" in the income statement. Furthermore, a reversal for the received tax credit for 2020 and 2021 has been recognised for a total of DKK 10,029 thousand. In total, the reversal is DKK 15,529 thousand in tax expense and 1,883 thousand in estimated interest expense related to the tax repayment. If Management succeeds in the appeal, subsequent financial years will be positively affected by DKK 17,412.

### Net Profit/(loss)

Loss for the period decreased by DKK 20,514 thousand or 29 per cent, from DKK 70.087 thousand in 2022 to DKK 49,573 thousand during 2023. This represents a decrease in relation to revenue from (133) per cent in 2022 to (99) per cent in 2023. This is reflective of the fact that in 2022, Linkfire was an organization with strong growth, significantly scaling costs to invest in future returns. Actions and cost cutting measures were carried out throughout the entire 2023, improving profitability and moving the company in the direction of an operational break-even in 2024. Net result was also negatively impacted by the tax expense impact described under Income tax.

### Cash flow and financing

Cash flow from operations for 2023 was DKK (12,379) thousand) (2022: DKK 24.495 thousand). Investment activities reduced cash flows by DKK 15.662 thousand in 2023 (2022: DKK 26,509 thousand). Cash flow from financing activities for 2023 was DKK 26.064 thousand (2022: DKK 12.356 thousand).

# Financial Review (continued)

**Parent company**

Linkfire A/S, Denmark, is the parent company of the Group, which consists of two further subsidiaries in the US and Portugal. The development of revenue and costs in parent company activities is in all material aspects covered in the financial review of the Group figures and follows the Group explanations.

**Uncertainties of recognition and measurement**

At each reporting date, it is required to assess whether there is any indication that an asset may be impaired. The current uncertainties in the market and the share price from the last capital increase, among others, indicate that an impairment assessment needs to be performed, with main focus on the carrying amount of the intangible assets.

Development projects have a net value of DKK 75.0M (2022: DKK 74.4 million) in the annual report. Development projects are measured at cost price reduced with amortization and write-downs. The measurement of development projects is dependable on future earnings, which there is a natural uncertainty related to. Growth in 2023 and outlook corresponds to a lower growth than mid-term financial targets. If future growth continues to be lower than mid-term financial targets this could entail an impairment loss of the value of capitalized Development projects.

**Going concern**

Linkfire is in the process of securing necessary financing in the range of DKK 7 - 10.5M to ensure its operations towards cash break-even. The financing may be conducted in one or more steps, and the company's Management has advanced dialogues related to equity financing.

Furthermore, the company is actively working on a full or partial refinancing of existing debt, including better terms and an accrued interest period to preserve cash.
Alongside external financing, the company is consistently optimizing its operations including among other initiatives operating with a streamlined organization and working capital measures. Linkfire is continuing its path towards profitability and with a strong improvement in earnings from Q2-2024 as well as a structurally lighter cost base, the company's management remains confident in its plan to reach EBITDA profitability for the full year of 2024, and cash break-even for H2 2024. Current budgets and plans are still considered achievable at the signing date, and 2024 has been showing an above budget performance so far. Linkfire is continuously optimizing its capital preparedness and options as complementary to the previously mentioned financing.

The ongoing process to secure needed additional financing implies material uncertainty about the company's ability to continue as a going concern. However the company's Management remains confident in securing both equity financing and refinancing of current debt, and expects to conclude both operations by end of August. Management has, on this background, decided to prepare the financial statements on a going concern basis.

**Tax Credit Scheme**

The Danish Tax Authorities have requested Linkfire to share its calculations for received payouts under the Tax Credit Scheme for FY 2020 and 2021. Under this program, the Tax Authorities encourage innovation in Denmark, supporting Danish loss-making, innovative companies with paying out the tax value of qualified research and development costs. The program is a great driver for keeping innovation in Denmark and for global exposure to Denmark as an accommodating and innovative business market. This is a regular procedure conducted by the Tax Authorities. The event prompted management to reiterate the implicit uncertainty in receiving payouts under the Tax Credit Scheme since calculations and assumptions can be challenged. Linkfire received DKK 4.5 million in 2021 (for FY 2020) and DKK 5.5 million in 2022 (for FY 2021), and expected to receive DKK 5.5 million in November 2023 (for FY 2022).

Linkfire's management believes in having solid documentation for its innovative development in the global audio entertainment market and welcomes the control as an important part of such a supportive arrangement for innovation in Denmark. Linkfire delivered its first batch of documentation to the Tax Authorities, who had an initial proposal to change Linkfire's taxable income, and needed to see further documentation. Therefore, the Tax Authorities were invited to Linkfire's office for a walkthrough of our product and developments during the challenged years, and asked Linkfire to prepare additional documentation to prove the innovative element of the developments, which was delivered in March 2024.

In April 2024, Linkfire received the decision by The Danish Tax Authorities, who deemed Linkfire ineligible, demanding repayment of DKK 12.3M including interest as of April 2024 for FY 2020 and 2021, and rejecting payment of the expected funds corresponding to FY 2022, which was recognized as tax receivable of DKK 5.5 million. Many Danish software companies are facing the same decision from The Danish Tax Authorities regarding R&D under the Tax Credit Scheme. Based on the advice from tax specialists, Linkfire appealed the decision to the Danish Tax Tribunal, including a deferred payment request, meaning no payments need to be made until the Tax Tribunal makes a final ruling .

As a result of the uncertainty associated with the outcome of the final decision, the recognized receivable from expected use of the tax credit scheme related to 2022 (DKK 5,500 thousand has been reversed in the accounting item "tax for the year" in the income statement. Furthermore, a reversal for the received tax credit for 2020 and 2021 has been recognised for a total of DKK

# Financial Review (continued)

10,029 thousand. In total, the reversal is DKK 15,529 thousand in tax expense and 1,883 thousand in estimated interest expense related to the tax repayment. If Management succeeds in the appeal, subsequent financial years will be positively affected by DKK 17,412.

**Equity**

As per 31. December 2023 equity is negative by DKK (4,903) thousand. As described under Going concern, Linkfire is in the process of securing additional equity financing in order to re-establish positive equity.

**Subsequent Events**

From January 1, 2024, co-founder and former Chief Commercial Officer, Jeppe Faurfelt, assumed the position as CEO of the Company as previous CEO Lars Ettrup stepped down and departed the operations of the Company. Furthermore, Tobias Demuth, former CFO, has also stepped down from February 14, 2024. This change is a natural step in Linkfire's journey, and it has been in mutual planning for months towards becoming a financially self-sustainable company with a tight focus on cost and a lighter organizational structure while still pursuing opportunities for growth.

On January 18, 2024 Linkfire had its last trading day on Nasdaq First North Growth Market. The delisting furthermore supports a lighter management setup.

There have not been any other significant subsequent events after the reporting period.

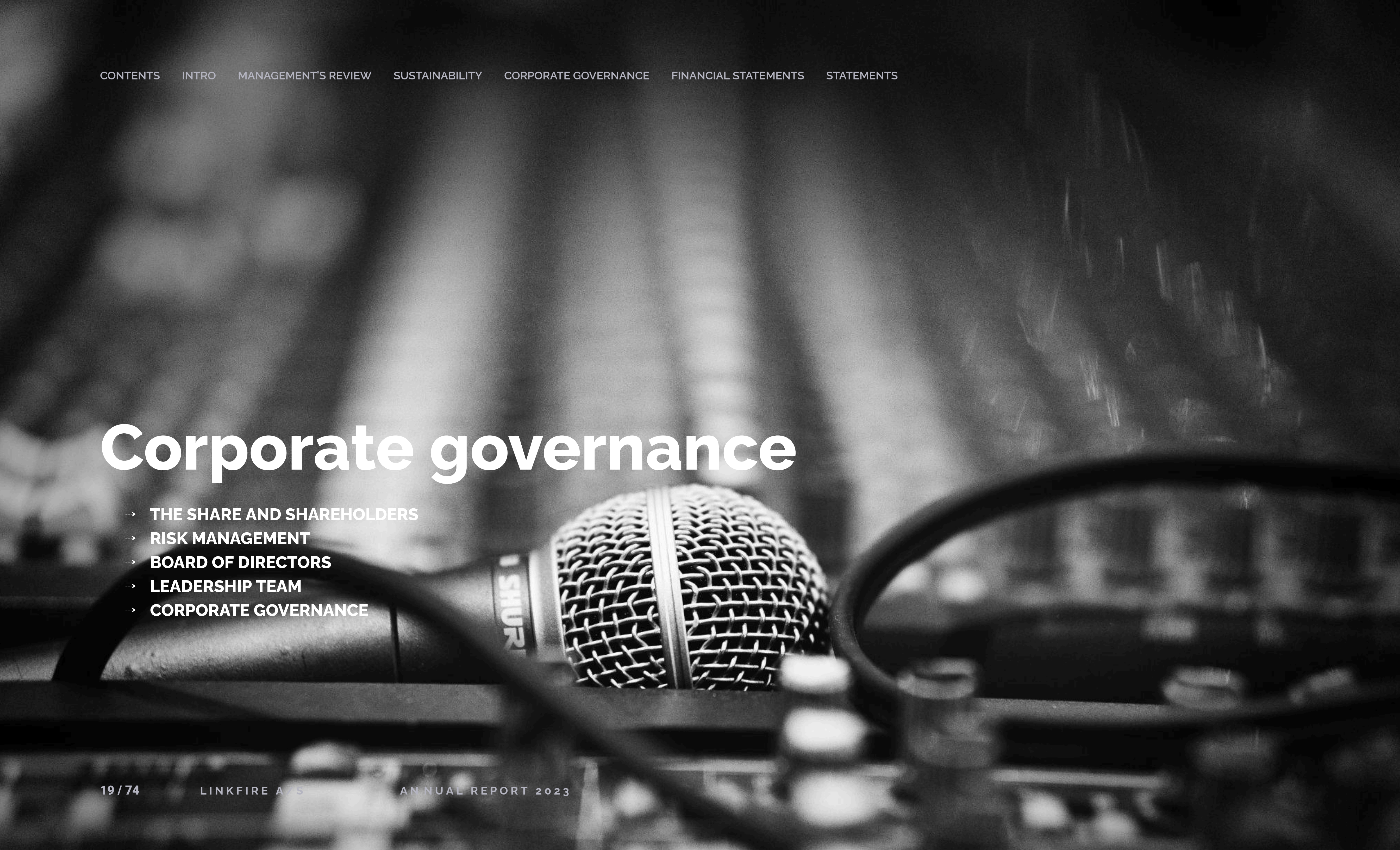
# Sustainability

At Linkfire, we believe that progressive companies operate in the interest of all their stakeholders and have an increasingly important role to play in society. We believe that operating responsibly enables us to add value to society and the communities in which we operate.

**Our People**
We have our roots and heart in music, and there's no template for the perfect piece of music or a Linkfire employee. In fact, we see differences as an advantage. We work in flat hierarchies, with a culture that values voicing your opinion and owning your field of expertise. We hire the most talented people out there and embrace the diverse way of thinking, backgrounds and experiences they bring. We have a total of 37 employees identifying as 75.7% male, 21.6% female, and 2.7% Non-binary (1 person). We represent 21 different nationalities.

We collaborate across projects and time zones because we believe that smart ideas get smarter when we're together. And as we continue to grow, we're dedicated to keeping the same entrepreneurial approach we've had since day one.

Linkfire is dedicated to providing an enjoyable, respectful and safe work environment for everyone, both in the office environment as well as in remote and online collaborations. Linkfire expects partners and suppliers to commit to the same ethical standard and comply with all requirements set forth in the company's Code of Conduct.



# Corporate governance

# The share and shareholders

Linkfire was listed on June 28, 2021, and was traded on the Nasdaq First North Premier Growth Market. Linkfire's trading code was LINKFI.

The number of shares outstanding on December 31, 2023, was 114,989,051. Each share entitles the holder to one vote, which means that all shares hold equal voting rights and equal rights to the company's earnings and capital.

The closing price for the share on the last trading day of the year, December 30, 2023, was 1.17 SEK, corresponding to a market capitalization of approximately SEK 134.1 million.

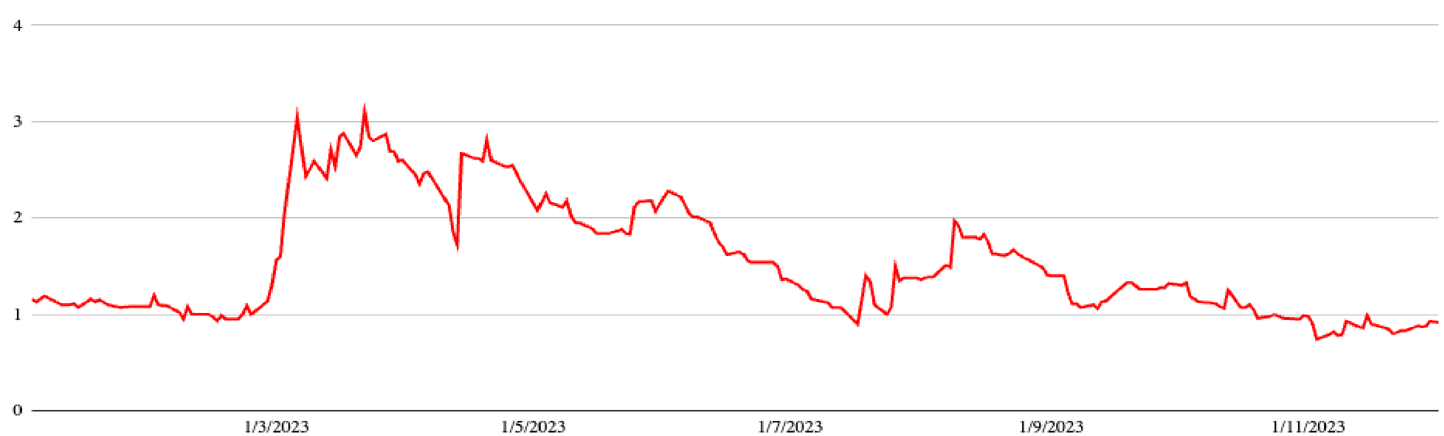
### Delisting fromNasdaq First North Growth Market

On December 21, Linkfire A/S announced that it had submitted an application to delist its shares from Nasdaq First North Premier Growth Market Sweden. Following this, Nasdaq Sweden promptly accepted the application, removing Linkfire A/S's shares from trading on Nasdaq First North Premier Growth Market Sweden. Linkfire had its final day of trading shares on Thursday, 18 January 2024.

### About Nasdaq First North Premier Growth Market

Nasdaq First North Growth Market is a registered SME growth market. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated market, as defined in EU legislation (as implemented in national law). Instead, they are subject to a less extensive set of rules and regulations adjusted to small growth companies. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. Linkfire's Certified Adviser until delisting has been Aktieinvest FK AB, www.aktieinvest.se.

Share Price 2023 - SEK




## Our share

| | |
|---|---|
| Trading code (ticker) | **LINKFI** |
| Market | **Nasdaq First North Growth Market, Sweden** |
| ISIN | **DK0061550811** |
| First day of trading | **January 2, 2023** |
| Trading currency | **SEK** |
| Opening Price on first day of trading (Jan 2) | **1.16000 SEK** |
| Closing price on last day of trading (Dec, 29) | **0.99000 SEK** |
| Share price development in 2023 | **-15%** |
| Market capitalization on last day of trading (Dec, 29) | **113.8 mSEK** |

### Individuals with an insider position

As a former listed company Linkfire maintains a logbook on individuals with insider positions in order to ensure compliance with the rules and legislation on insider trading. In May 2021, the Board of Directors adopted an insider policy and an instruction for insider lists.

### Annual General Meeting

The Annual General Meeting for the financial year 2023 will take place on June, 2024. For further information, please visit the Investor website on www.corporate.linkfire.com.

### Financial calendar

| | |
|---|---|
| May 28, 2024 | **Interim financial update Q1, 2024** |
| August 22, 2024 | **Interim financial update Q2, 2024** |
| November 21, 2024 | **Interim financial update Q3, 2024** |
| February 20, 2025 | **Interim financial update Q4, 2024** |

### Investor relations

The information provided by Linkfire to its shareholders intended to provide a fair picture of the company's performance, minimize the risk of unfounded rumor and speculation and increase interest in the company's former shares. The ambition is to provide continuous, relevant, and clear information.

If you need more information about Linkfire as an investment, you can contact us via the email investors@linkfire.com.

# Risk Management

Uncertainties about future events can potentially have a negative impact in any business operations, and it is important to carefully analyze such risk factors that might affect the future development of the Linkfire share.

Linkfire is on an ongoing basis assessing and evaluating the potential risk factors. Critical risks in the business environment are strategically managed and operationally handled in the daily processes. The significant risk factors are described below.

**Industry**
Linkfire is a technology company providing marketing and promotional services for artists and record labels. The music, entertainment and Podcast industries are young industries characterized by innovation and rapid technological development, evolving industry standards and practices as well as changing customer and consumer needs and preferences. In order to remain successful and execute its growth strategy, Linkfire must continuously effectively adapt to, respond to, and also anticipate such changes, and develop its technology and service offering on a timely and cost-effective basis.

**Commission revenue**
Linkfire is striving to let commissions be a growing part of the business and if Linkfire does not succeed in retaining and building new affiliate partnerships with Digital Service Providers (such as Spotify, YouTube, Apple Music and Podcast, Amazon and Ticketmaster) that ambition may fail. However, it is Linkfire's opinion that the market for monetization of music and podcast related internet traffic is growing.

**Data Partnerships**
A key part of Linkfire's strategy is to integrate the Linkfire marketing platform with third-party application providers and Social Media Platforms. The integration provides Linkfire with valuable data and insights on consumer patterns on digital service platforms to be shared with Linkfire's subscription customers. Any changes or restrictions on the APIs (application programming interfaces) may limit the functionality and accessibility of Linkfire's services, but Linkfire evaluates the risk of this materializing as low.

**Subscription revenues**
The core of the Linkfire business is the subscriptions to Linkfire's link generator and a major part of its subscription revenues are generated from contracts with major music labels, such as Universal Music Group, Sony Music Entertainment and Warner Music Group. Some of these major agreements are up for re-negotiation in 2024.

**Management and key employees**
Linkfire is highly dependent on our management team and employees, with people being our biggest asset. It is crucial to Linkfire to be able to attract, retain, develop and motivate diverse and thriving management and staff to ensure the right competencies and skills to succeed as a business.

**Competition**
The industry in which the Company operates is rapidly evolving and highly competitive, with relatively low barriers to entry.

The Company mainly faces competition from one other marketing platform, Feature.fm, targeting music labels and artists, as well as a long tail of small, local market players. Thereto, there are providers of Smart Links that operate both in the Smart Linking Market for music as well as the general Smart Linking market, such as Linktree and Bit.ly.

The Company may in the future also face competition from other SaaS companies or players within the online marketing industry that decide to innovate or invest in similar, or superior, services and technologies that may compete with the Company's platform and services, for example by delivering solutions at lower prices, more conveniently or more securely.

**Technical errors and disruptions to the Company's IT infrastructure**

The Company is dependent on maintaining a secure and well-functioning IT environment for all aspects of its operations. There is a risk that the Company's IT environment, as well as its partners' IT environment, is affected by problems with software, hardware, computer viruses, improper or negligent operation of the Company's IT systems by the Company's employees or contractors, attacks or physical damages as well as other unforeseen events. Such failures and interruptions can lead to delays, increased costs and could negatively impact the very basis of the Company's digital operations.

**Privacy regulation**

Linkfire maintains a high focus on privacy compliance as well as other regulatory issues. As the emphasis on privacy security is an increasing success factor, Linkfire will maintain this focus in order to stay both compliant and an attractive provider of services and partners.

**Risks related to taxation**

The company is subject to a number of tax regulations in Denmark and in other jurisdictions, which involve for example corporate income tax including the Danish tax credit regime for R&D activities, VAT, social security taxes and transfer pricing regulations. The tax considerations made by the company are based on interpretations of current tax laws, tax treaties and other tax regulations and the requirements of the relevant tax authorities.

**Risks related to foreign currency exposure, credit and interest rate**

Risk related to foreign currency exposure, credit and interest rate are described in note 22 of the financial statements. Please be referred to this section of the annual report for a full review.

**Financial risks**

The company may not show profitability when expected and may experience uneven cash flows impacting cash position.

The company has historically incurred significant costs for the development of its current operations and expects that such costs will continue to incur in the future to a certain extent. Following a significant reduction and continued expectation of firm cost control, the company may risk costs varying above the expected levels despite its intention to manage cost reductions. There is a risk that the company will not earn sufficient revenues or reach and maintain profitability to conduct its operations in accordance with set goals and strategies, which could impair the Company's ability to sustain operations or to obtain any required additional funding.

In addition, the company may experience uneven cash flows, including due to seasonality in user traffic, for example, due to the occurrence of big music releases or shows. Moreover, upfront payments from contracts with major labels, which make up for a large part of the company's revenues, normally occur three times per year, which also contributes to uneven cash flows.

**Risks related to future financing needs**

As part of its business strategy, the company wants to increase its subscription user base and expand its market position further through scaling and expanding its operations organically. The company is also exploring opportunities of expanding into new geographical markets as well as into adjacent verticals within the entertainment industries. In light of the above-mentioned growth plans, the company believes it is not unlikely that it may have to turn to the capital market to finance its business further in the future. If additional financing cannot be raised when needed, if financing cannot be raised on terms favorable to the company, or if such financing should prove insufficient to fund the company's future operations, this could have a material adverse effect on the company's ability to conduct business operations as planned, pursue its sustainable growth strategy and ultimately its financial position

# Board of Directors

| | **Jesper Møller**<br>Chairman of the board (since 2021) | **Thomas Weilby Knudsen**<br>Board member (since 2020) | **Charlotte Klinge**<br>Board member (since 2021) |
|---|---|---|---|
| **Professional background** | Seasoned Danish CEO level executive with a current focus on non-executive board positions and advisory roles in Northern Europe. Key experiences from food and service industries. The latest operational experience was 9 years as CEO of a confectionery manufacturer with full value chain responsibility. Previous job experiences from Coca-Cola, Carlsberg, ISS, Nestlé, Q8, BP and more. Solid experience with strategy processes, product development/innovation, category management, concept development, financial reporting, governance, CSR, Sports Management. | Thomas Weilby has more than 10 years of experience as the General Partner of Northcap Partners, an investment company focusing on ICT start-ups in Northern Europe. Weilby has worked with venture capital (VC) for more than a decade and has gained extensive experience in establishing new businesses across Europe and has specialized in maturing businesses for the US market. Weilby has a special interest in cloud computing and SaaS businesses and has held several senior management positions in IT and Internet-based companies. In addition to this, Weilby is active on several boards of portfolio companies, as well as ad hoc projects on other companies. | Charlotte Klinge has +20 years of experience within organizational development and HR from both global companies and start-up enterprises . Klinge served for 14 years in Novo Nordisk A/S firstly as an expert in handling authorities and the last 6 years as Global Director in Corporate HR at Novo Nordisk A/S. Later Klinge operated in DBI Plastics as CPO for 4 years. Klinge has extensive c-level experience including in depth expertise within sustainability from several enterprises. Furthermore, as a daily advisor to several companies, Klinge has a strong focus on how to swiftly generate organizational structures that create motivation, trust and well-being along with effectiveness in flexible governance structures. She has extensive board experience and acts as a private investor and advisor. |
| **Education** | Master's degree in Administration and Management at Copenhagen Business School, Denmark. | M.Sc. in Business and Economics from Aarhus University. | Master of Science, Copenhagen University. |
| **Other ongoing assignments** | Chairman of the board of Konsolidator A/S and Thornæs Destilleri A/S. Board member at KFI Erhvervsdrivende Fond. Chairman at Entrepreneurship Denmark. Chairman at The Great Belt Committee. | Chairman of the board of directors of 22. Maj APS and Insurance Business Applications ApS. Board member of Visiopharm A/S. Member of the management in IVS II GP ApS, Lekamo ApS, Lekamo Holding ApS, NCP-IVS III GP ApS and Northcap Partners ApS. CEO of IVA A/S. | Consultancy in leadership training, HSE, sustainability and organizational development in Novo Nordisk A/S, ASA-LIFT, Fehmarn A/S o.a. |
| **Previous positions** | Deputy Chairman of Industriens Fond and Brøndbyernes IF Fodbold A/S. Chairman at Mangaard & Partners. Advisory Board member at Lakrids by Johan Bülow. Director of Executive Services at AS3 Executive. CEO at Toms Gruppen A/S. | Chairman of the Board of Directors of Comparo A/S, Falcon.io ApS Kolibri Technology A/S and Komfo ApS. Board member of 22. Maj ApS, GAN Integrity Solutions Holding ApS, Insurance Business Applications ApS and Intelepeer. Member of the management in Anpartsselskabet AF 21. Juli 2005. | Board Member of Cope IT, Board Member at Klinge Trading Aps. CPO as DBI Plastics, Global Director at Novo Nordisk A/S. |
| **Position of dependency** | Independent in relation to the company and the management and in relation to Major Shareholders. | Independent in relation to the company and the management, but not independent in relation to Major Shareholders. | Independent in relation to the company and the management and in relation to Major Shareholders. |
| **Shareholding** | 142,304 shares and 368,540 warrants. | N/A | 121,400 shares and 184,270 warrants. |

# Board of Directors (continued)

| | **Ole Larsen**<br>Board member (since 2022) | **Peter Balint**<br>Board member (since 2023) |
|---|---|---|
| **Professional background** | Experienced CFO and finance professional with a demonstrated history of working in various industries in both listed and unlisted companies. Skilled in restructuring, turn-arounds, growth/start-ups, Mergers & Acquisitions and Corporate Finance. | Peter Balint has a strong financial and operating background. From 2001-2010, he worked at Erste Bank Group in various positions within the investment banking division. From 2010-2018, he was the managing director of Infinity Capital Group, a Slovakia-based boutique private equity firm, leading investments into portfolio companies in energy, real estate, and technology. He currently holds various board positions and acts as an advisor at Twin Capital, including Barreson Limited, which is a part of one of the largest family offices in the Central European region. |
| **Education** | Master of Science, Copenhagen Business School | Master in Business Administration, University of Economics, Bratislava, Slovakia |
| **Other ongoing assignments** | 2018 - Chairman of the Board at Rikke Gravengaard – Copenhagen A/S<br>2022 - Founder & CEO at nuso ApS<br>2023 - CFO at FluoGuide A/S | 2019- Advisor at Twin Capital (including Barreson Limited)<br>2018- Managing director at ICS Investment Management LLC |
| **Previous positions** | 2018 – 2021 Member of the Board of Directors in various subsidiaries in the BioPorto Group;<br><br>2011 – 2018 CFO and Member of the Board of Directors in various subsidiaries in the Bavarian Nordic Group; 2005 – 2008 Member of the Board of Directors at Søndagsavisen A/S (now North Media);<br><br>2004 – 2008 Chairman and member of various Boards of Directors in the Nordisk Film Group;<br><br>2001 – 2004 CFO at Berlingske Tidende; | 2010-2018 Infinity Capital Group, Managing Director<br><br>2001-2010 Erste Bank, various positions |
| **Position of dependency** | Independent in relation to the Company and the management and in relation to Major Shareholders. | Independent in relation to the company and the management, but not independent in relation to Major Shareholders. |
| **Shareholding** | 0 shares and 184,270 warrants. | N/A |

# Leadership team

| | **Jeppe Faurfelt**<br>Co-founder & CEO (since 2024) | **Andrea Arcari**<br>CBDO (since 2017) | **Jannik Jepsen**<br>CTO (since 2016) |
|---|---|---|---|
| **Professional background** | As co-founder and CCO of Linkfire, Jeppe Faurfelt has gained a vast experience within commercial strategy, operations, and developing the client-facing organization to drive overall business growth. Before joining Linkfire, Faurfelt served as a project manager for the MeWe Group, a full-service ad agency specializing in business development, branding, and unique digital solutions. In addition, Faurfelt worked as a marketing project manager for Downtown.dk, where focusing on brand management and website tracking. | Andrea Arcari is a professional musician who recently turned entrepreneur. Arcari has a background in partnerships and operations, and has an experience from free-launching as Process and Operations Consultant founding several companies and working as Artist and<br><br>Band Manager. | Jannik Jepsen has a M.Sc. in Interaction Design, and extensive experience from various projects on consumer connectivity within in-car infotainment systems in collaboration with brands such as Volvo and Continental. Jepsen has had various student jobs related to Web and graphical design for eCommerce and marketing purposes, and has more than 5 years of experience of managing and developing Linkfire's infrastructure, technology and product. |
| **Education** | B.Sc. in Social Science and Business Studies from Roskilde Universitetscenter. | Bachelor's Degree in Foreign Language and Literature. | M.Sc. in Interaction from Aalborg University. |
| **Other ongoing assignments** | - | - | Director of JJepsen Holding ApS. |
| **Shareholding** | 3,728,198 shares and 150,000 warrants. | 906,787 shares and 150,000 warrants. | 503,923 shares and 150,000 warrants. |

# Corporate governance

Linkfire is a Danish Limited Liability company (aktieselskab) governed by the Danish Companies Act, other applicable laws and regulations, the company's articles of association, and internal policy documents.

As a former listed company on First North Growth Market, Linkfire's corporate governance was also governed by the Nasdaq First North Growth Market rulebook and the Swedish Corporate Governance Code. The main corporate laws and rules on governance in a Danish public limited liability company listed on First North Premier are, to a large extent, materially similar to the corresponding Swedish rules.

**General meeting**

Pursuant to the Danish Companies Act, the shareholders' right to pass resolutions is exercised at the general meeting of the company, and the general meeting is Linkfire's superior decision-making body. The general meeting may resolve upon every issue which does not specifically fall within the scope of the exclusive powers of another corporate body, such as the Board of Directors or the executive management.

The date of the Annual General Meeting 2024 was announced in connection with the investors' communication sent in May 2024. The deadline for submission of requests for specific business to be included in the agenda was announced in the investors newsletter in March 2024.

**Board of Directors**

The members of the Board of Directors are elected at the annual general meeting for the period until the end of the next annual general meeting. According to Linkfire's Articles of Association, the Board of Directors shall consist of between three and five members and currently, the Board of Directors is composed of five ordinary board members elected at the general meeting. In 2023 14 meetings were held by the Board of Directors.

**Independence**

The majority of the members of the Board of Directors of a Danish public limited company must not be executive officers of the company and an executive officer may not chair or vice chair the Board of Directors.

According to the Code, the majority of the board members elected by the general meeting shall be independent of Linkfire and its management. According to the Code, at least two of the board members who are independent in relation to Linkfire and its management shall also be independent in relation to major shareholders (who directly or indirectly control ten per cent or more of all shares and voting rights).

The Board of Directors perceives the requirement for independence to be accommodated.

**Remuneration**

**Remuneration to Board of Directors**

Fees and other remuneration to board members elected by the general meeting are resolved by the general meeting. At the annual general meeting on 26 April 2023 it was resolved that the chairman of the Board of Directors will be entitled to receive an annual remuneration of DKK 250,000, and that the other members of the board will be entitled to receive an annual remuneration of DKK 125,000. It was furthermore resolved that participation in the remuneration committee and audit committee will entitle the chairman of such committees to receive DKK 50,000 per year and other members of such committees to receive DKK 25,000 per year.

**Remuneration to Management**

Remuneration to management consists of base salary, pension, share-based remuneration and benefits in kind. For the 2023 financial year, the total remuneration paid to Linkfire's leadership amounted to DKK 10,258 thousand and included base salary and benefits in kind and pension contributions. Members of Linkfire's leadership will participate in the company's warrant-based incentive programs when allocated.

**Remuneration policy**

The overall objective of Linkfire's remuneration policy is to attract, motivate and retain qualified members of the board and the executive management as well as to secure the alignment of the interests of the Board of Directors and the executive management with the interests of the company's shareholders and other stakeholders. The remuneration of the Board of Directors and the executive management shall be designed to support the strategic goals of the company and to

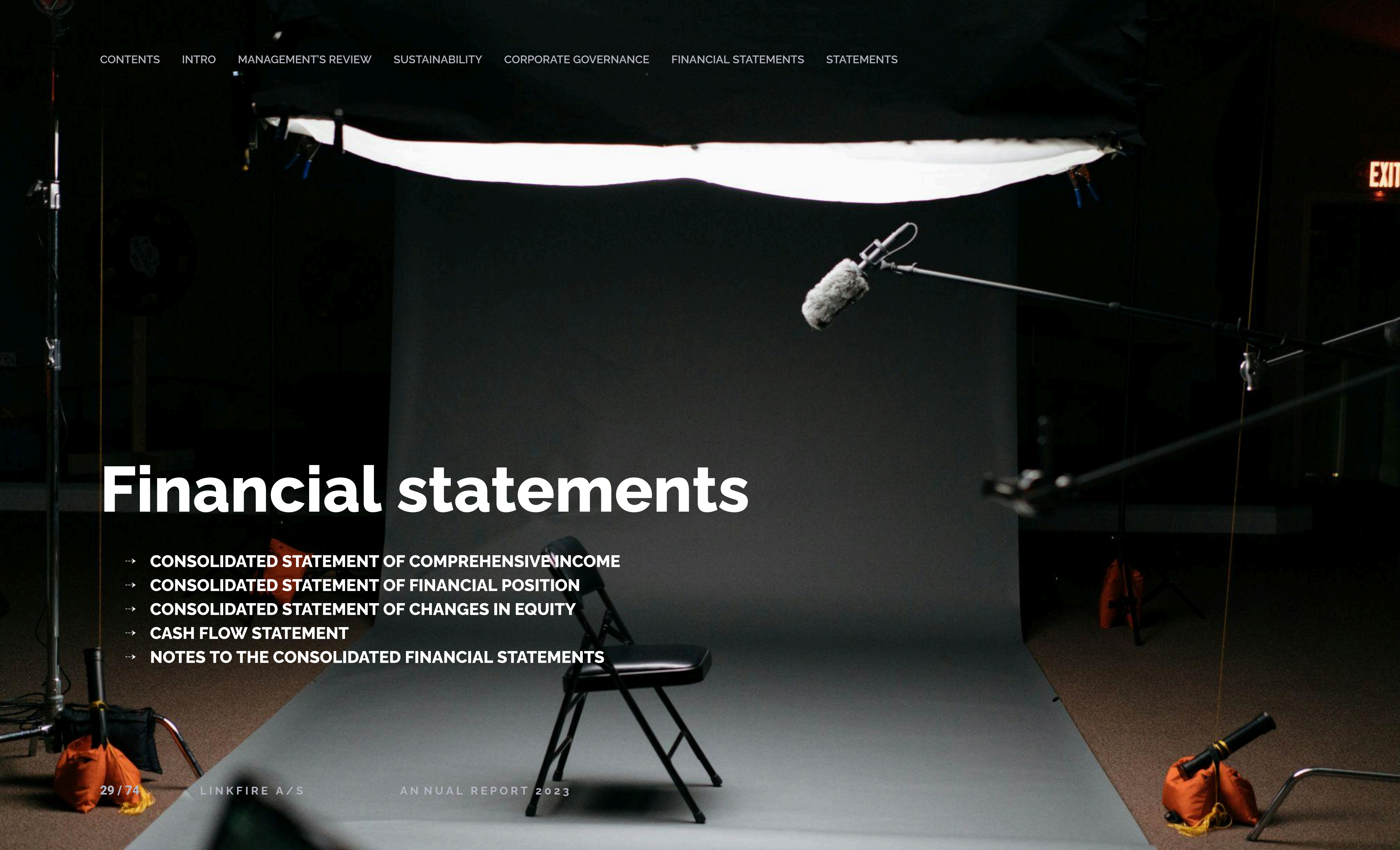
# Corporate governance (continued)

promote value creation for the benefit of the shareholders.

**External audit**
Deloitte Statsautoriseret Partnerselskab has been Linkfire's auditor since 2016.

Linkfire's auditor is appointed by the annual general meeting for the period until the end of the next annual general meeting. At the annual general meeting held on 26 April 2023, Deloitte was re-elected as Linkfire's auditor.

The auditor's office address is
Weidekampsgade 6,
DK-2300 Copenhagen,
Denmark



# Financial statements

# Consolidated statement of comprehensive income

| DKK thousand | Note | 2023 | 2022 |
|---|---|---|---|
| Revenue | 6 | 50,084 | 52,590 |
| Cost of Sales | | (9,139) | (13,026) |
| **Gross Profit** | | **40,945** | **39,564** |
| External Expenses | | (16,573) | (28,915) |
| Other External Expenses | | - | - |
| Staff Costs | 7 | (31,237) | (46,708) |
| Other staff Costs | 7 | (1,707) | (3,818) |
| **EBITDA** | | **(8,572)** | **(39,875)** |
| Depreciation, amortization and impairment losses | 9 | (19,480) | (34,414) |
| **EBIT** | | **(28,052)** | **(74,289)** |
| Financial Income | 10 | 1,385 | 1,042 |
| Financial Expenses | 11 | (7,328) | (2,315) |
| **Profit/(loss) before tax** | | **(33,995)** | **(75,563)** |
| Tax for the year | 12 | (15,579) | 5,477 |
| **Profit/(loss) for the year** | | **(49,574)** | **(70,087)** |

| DKK thousand | 2023 | 2022 |
|---|---|---|
| *Attributable to:* | | |
| Earnings per share (DKK) | (0.4) | (1.0) |
| Earnings per share, diluted (DKK) | (0.4) | (0.9) |
| **Other comprehensive income** | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax): | | |
| Exchange differences on translation of foreign operations | 709 | -47 |
| **Other comprehensive income for the year, net of tax** | **709** | **-47** |
| **Total comprehensive income for the year** | **(48,865)** | **(70,134)** |

# Consolidated statement of financial position

| DKK thousand | Note | 2023 | 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 13 | 74,978 | 74,372 |
| Property, plant and equipment | 14 | 26 | 281 |
| Right-of-use assets | 15 | 2,484 | 2,345 |
| Deposits | 16 | 690 | 1,206 |
| **Total non-current assets** | | **78,178** | **78,204** |
| **Current assets** | | | |
| Trade Receivables | 17 | 4,588 | 5,026 |
| Income tax receivables | 12 | - | 5,500 |
| Right-of-use assets | 15 | 844 | 2,812 |
| Other receivables | | 697 | 579 |
| Prepayments | | 2,510 | 2,200 |
| Cash | | 4,669 | 7,027 |
| **Total Current Assets** | | **13,308** | **23,144** |
| **Total assets** | | **91,486** | **101,349** |

| DKK thousand | Note | 2023 | 2022 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | 19 | 1,150 | 1,150 |
| Retained Earnings | | (8,526) | 41,991 |
| Translation reserve | | 310 | (399) |
| Other capital reserve | 21 | 2,163 | 1,220 |
| **Total Equity** | | **(4,903)** | **43,962** |
| **Non-current liabilities** | | | |
| Interest bearing liabilities | 20 | 58,373 | 24,206 |
| Lease liabilities | 22 | 2,489 | 2,345 |
| Other payables | | 815 | 1,000 |
| **Total non-current liabilities** | | **61,677** | **27,551** |
| **Current liabilities** | | | |
| Interest-bearing liabilities | 20 | 13,612 | 2,250 |
| Contract liabilities | | 6,008 | 9,927 |
| Lease liabilities | 22 | 844 | 3,356 |
| Trade payables | | 5,925 | 9,481 |
| Other payables | | 8,324 | 4,822 |
| **Total current liabilities** | | **34,712** | **29,837** |
| **Total liabilities** | | **96,389** | 57,388 |
| **Total equity and liabilities** | | **91,486** | **101,349** |

# Consolidated statement of changes in equity

| DKK thousand | Share capital | Retained earnings | Translation reserve | Other capital reserve | Total |
|---|---|---|---|---|---|
| **Balance at 1 January, 2023** | **1,150** | **41,991** | **(399)** | **1,220** | **43,962** |
| Net profit/(loss) for the period | - | (49,574) | - | - | (49,574) |
| Other comprehensive income | - | - | 709 | - | 709 |
| **Total Comprehensive income** | **1,150** | **(7,583)** | **310** | **1,220** | **(4,903)** |
| Capital increase | - | - | - | - | - |
| Transaction cost | - | - | - | - | - |
| Share-based payments | - | (943) | - | 943 | - |
| **Balance at 31 December, 2023** | **1,150** | **(8,526)** | **310** | **2,163** | **(4,903)** |

*During the period no dividend was paid*

| DKK thousand | Share capital | Retained earnings | Translation reserve | Other capital reserve | Total |
|---|---|---|---|---|---|
| **Balance at 1 January, 2022** | **584** | **86,464** | **(352)** | **429** | **87,125** |
| Net profit/(loss) for the period | - | (70,087) | - | - | (70,087) |
| Other comprehensive income | - | - | (47) | - | (47) |
| **Total Comprehensive income** | **584** | **16,377** | **(399)** | **429** | **16,991** |
| Capital increase | 566 | 29,497 | - | - | 30,063 |
| Transaction cost | - | (3,092) | - | - | (3,092) |
| Share-based payments | - | (791) | - | 791 | - |
| **Balance at 31 December, 2022** | **1,150** | **41,991** | **(399)** | **1,220** | **43,962** |

*During the period no dividend was paid*

# Cash flow statement

| DKK thousand | Note | 2023 | 2022 |
|---|---|---|---|
| Operating Loss | | (28,052) | (74,288) |
| Depreciation, amortization and impairment losses | 9 | 19,480 | 34,414 |
| Change in working capital | 18 | (3,964) | 9,209 |
| Share-based payment expense | 8 | 943 | 791 |
| **Cash flow from ordinary operating activities** | | **(11,592)** | **(29,874)** |
| Income taxes received | | - | 5,500 |
| Interest paid | | (787) | (120) |
| **Cash flow from operating activities** | | **(12,379)** | **(24,494)** |
| Development expenditures | 13 | (16,178) | (26,144) |
| Prepaid intellectual property rights | | - | - |
| Investments in property, plant and equipment | | - | (263) |
| Change in deposits | 16 | 516 | (102) |
| **Cash flow from investing activities** | | **(15,662)** | **(26,509)** |

| DKK thousand | Note | 2023 | 2022 |
|---|---|---|---|
| Proceeds from borrowings | | 49,150 | 11,549 |
| Repayment of borrowings | | (19,042) | (14,521) |
| Payment of principal portion of lease liabilities | 15 | (4,044) | (4,080) |
| Transaction cost from capital increase | | - | (3,092) |
| Proceeds from capital increase | | - | 22,500 |
| **Cash flow financing activities** | | **26,064** | **12,356** |
| **Change in cash and cash equivalents** | | | |
| Net cash flow | | (1,976) | (38,649) |
| Net foreign exchange difference | | (382) | (271) |
| Cash, Begin | | 7,027 | 45,947 |
| **Cash, End** | | **4,669** | **7,027** |

Part of the acquisition of SmartURL in 2022 was a non-cash investment (payment in shares) of DKK 7,563 thousand and DKK 1,000 thousand in estimated earn-out. The non-cash parts of the acquisition are excluded (presented net) in the cash flow from investing activities and financing activities.

# Notes to the consolidated financial statements

# Notes to the consolidated financial statements

## 1. Accounting policies

**General information**
Linkfire A/S is a limited liability company and is incorporated in Denmark. The parent company and its subsidiaries (referred to as the "Group" or "Linkfire") are on a mission to frictionlessly connect fans to the world of entertainment. Linkfire is a technology company providing marketing and promotional services within the music and entertainment industries.

**Basis of preparation**
The financial statements are presented in Danish kroner (DKK). All amounts have been rounded to the nearest DKK thousand, unless otherwise indicated. The financial statements have been prepared on a going concern basis and in accordance with the historical cost convention, except where IFRS explicitly requires use of other values.

For the purpose of clarity, the financial statements and the notes to the financial statements are prepared using the concepts of materiality and relevance. This means that line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other items in the financial statements. Similarly, information not considered material is not presented in the notes.

The accounting policies, except as described below, have been applied consistently during the financial year and for the comparative figures.

**Basis of consolidation**
The consolidated financial statements comprise the financial statements of Linkfire A/S (the Parent) and subsidiaries which are entities controlled by Linkfire A/S. The Group controls an entity when it directly or indirectly owns more than 50% of the voting rights or may otherwise exercise a controlling influence.

| Name | Country | Ownership |
|---|---|---|
| Linkfire Inc. | USA | 100% |
| Linkfire Sociedade Unipeossal Lda. | Portugal | 100% |

**Principles of consolidation**
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries.

The consolidated financial statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal shareholdings and balances and unrealised intercompany gains or losses. The financial statements used for consolidation are prepared in accordance with the Group's accounting policies.

The accounting items of subsidiaries are recognized 100% in the consolidated financial statements. Investments in subsidiaries are offset by the interest's share of subsidiaries' net assets at the acquisition date at fair value.

Accounting policies are described in full in this note below.

**Foreign currency translation**
Transactions denominated in currencies other than the functional currency are considered transactions in foreign currency. On initial recognition, transactions denominated in foreign currencies are translated to the functional currency applying the exchange rates at the transaction date. Foreign exchange rate adjustments arising between the transaction date and the date of payment are recognised in the income statement under financial income or financial expenses.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date of transaction or the exchange rate in the latest financial statements is recognised in the income statement under financial income or financial expenses.

**Cash flow statement**
The cash flow statement is presented using the indirect method and shows cash flows from operating, investing, and financing activities for the year as well as the Group's cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities are calculated based on operating profit/loss, adjusted for the cash flow effect of non-cash operating items, working capital changes, financial expenses paid and income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of non-current intangible assets, property, plant, and equipment as well as financial assets.

Cash flows from financing activities comprise payments arising from changes in the size or composition of the Group's share capital and dividend paid. Cash and cash equivalents comprise cash at bank and in hand.

# Notes to the consolidated financial statements

## 1. Accounting policies (continued)

**Income statement**

**Revenue**
The Group recognizes revenue from the following major sources being subscriptions and commissions. Revenue mainly derives from subscription fees charged for customers' access to the Group's marketing platform software. For software contracts, the total contract sum is allocated to the separate performance obligations for the purpose of revenue recognition.

Revenue recognition requires an agreement with the customer, which creates enforceable rights and obligations between the parties, has commercial substance, and identifies payment terms. In addition, it must be probable that the consideration determined in the contract will be collected.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and exclude amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of the license or service to a customer. All revenue is derived from contracts with customers.

**Subscription fees**
Subscription fees cover license, hosting and maintenance, as is standard in the software as a service subscription offering. The license is not distinct from the hosting service, revenue is therefore recognized over time, as the customers are receiving and consuming the benefits of the Group's performance while performing. The hosting service and maintenance are therefore bundled tintoone performance obligation together with the license.

Revenue is recognized over the duration of the contract on a straight line basis.

Non-recurring subscription fees comprise material contracts that are recognized over time as production of each project is carried out. Revenue from fixed price projects is recognized based on the value corresponding to the stage of completion method.

Revenue is recognized when value to the customer of the services is transferred and completion at the balance sheet date can be measured reliably as Linkfire satisfies its performance obligations and it is probable that the economic benefits including payments will flow to the Group. Linkfire considers this output method to be an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15. The timing of revenue recognition often differs from contract payment schedules. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of "Contract liabilities".

**Commissions**
Affiliate partners are creating tokens and supplying these to Linkfire, which allows the affiliate partners to track referrals from Linkfire. Linkfire is implementing the tokens in their infrastructure, and in return the affiliate partners are paying commissions based on the result of approved transactions and qualifying purchases. Commissions are treated as one performance obligation, as they constitute a series of services. Revenue is recognized on a running basis because the affiliate partner receives and consumes the benefits of the Group's performance while performing.

The recognition point in time is when the revenue generating conversion, according to the individual contract, is earned by the affiliate partner.

**Cost to obtain a contract**
The Group pays sales commission to its employees based on the contracts that they obtain for sales of licenses. The commissions are expensed when incurred as the underlying customer contracts have a duration of less than a year. These are one-off payments directly related to specific sales, and are as such to be recognized as incremental costs.

**Cost of sales**
Cost of sales comprise costs incurred to achieve the year's revenue including hosting and transaction costs.

**External expenses**
External expenses comprise sales and marketing costs, external consultancy costs, other employee-related costs, IT and software costs, investor relations costs, loss allowances for doubtful trade receivables and other administrative expenses.

**Other external expenses**
Other external expenses comprise expenses of an extraordinary nature. The expenses recognized in 2021 relate to the First North listing and associated consultancy expenses.

**Staff costs**
Staff costs consist of salaries, sales commissions, bonuses, pensions and social costs, share-based payments, vacation pay, and other benefits. Salaries, bonuses, pensions and social costs, share-based payments, vacation pay, and other benefits are recognised in the year in which the associated services are rendered by the employees.

# Notes to the consolidated financial statements

## 1. Accounting policies (continued)

**Share-based payments**
The Board of Directors, the Board of Management and other employees have been granted warrants. The warrants are measured at fair value at the grant date and are recognized as an expense in staff costs over the vesting period. Expenses are set off against equity (equity-settled share-based payments). The fair value of the warrants is measured using the Black & Scholes valuation method or other generally accepted valuation techniques. The calculation takes into account the terms and conditions under which the warrants are granted. Fair value is not subsequently remeasured. If subsequent modifications to a warrant program increase the value of the warrants granted, measured before and after the modification, the increase is recognized as an expense. If the modification occurs before the vesting period, the increase in value is recognized as an expense over the period for services to be received. If the modification occurs after the vesting date, the increase in value is recognized as an expense immediately.

Consideration received for warrants sold is recognized directly in equity.

**Financial income and financial expenses**
Financial income and expenses include interest income, interest expense, lease interest and amortization, amortization of borrowing issue costs and realized and unrealised exchange gains and losses.

**Tax**
Tax on the profit/loss for the year comprises the year's current tax and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to items recognized in other comprehensive income and directly in equity, respectively, is recognised in other comprehensive income or directly in equity.

Exchange rate adjustments of deferred tax are recognised as part of the adjustment of deferred tax for the year.

Current tax payable and receivable is recognised in the balance sheet as the expected tax on the taxable income for the year, adjusted for tax paid on account. The current tax charge for the year is calculated based on the tax rates and rules enacted at the balance sheet date.

Deferred tax is calculated using the liability method on all temporary differences between the accounting and taxable values of assets and liabilities.

Deferred tax assets are assessed yearly and only recognized to the extent that it is more likely than not that they can be utilized. Deferred tax assets, including the tax value of tax losses carried forward, are recognised as other non-current assets and measured at the amount at which they are expected to be realized, either by setting off deferred tax liabilities or by setting off tax on future earnings within the same legal entity or a jointly taxed entity.

Deferred tax is measured based on the tax legislation and statutory tax rates in the respective countries that will apply under the legislation in force on the balance sheet date when the deferred tax asset is expected to crystallize as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

The Group recognizes deferred tax assets relating to losses carried forward when Management finds that these can be offset against taxable income in the foreseeable future. An assessment is made taking into consideration the effect of restrictions in utilization in local tax legislation. Future taxable income is assessed based on budgets as well as Management's expectations regarding growth and operating margin in the coming years.

**Balance sheet**

**Intangible assets**
Intangible assets with determinable useful lives comprise completed and in progress development projects and are measured at cost less accumulated amortization and impairment losses. Completed development projects by the Group are recognized as an asset if the cost of development is reliably measurable and an analysis shows that future economic benefits from using the software exceed the cost. Cost is defined as development costs incurred to make the software ready for use and consists primarily of direct salaries and other directly attributable development costs.

Once a software application has been developed, the cost is amortized over the expected useful life on a straight-line basis. If the useful life cannot be estimated, it is tested for impairment yearly or if indications of impairment arise.

Amortization and impairment charges are recognised in the income statement.

The amortization periods used are 5 -10 years.

Expected useful lives are reassessed regularly. The Group regularly reviews the carrying amounts of its finite-lived intangible assets to determine whether there is an indication of an impairment loss.

Intangible assets, including development projects in progress, are tested for impairment at least on a yearly basis, or if indications of impairment exist. Intangible assets are written down to their recoverable amount if the carrying amount exceeds the higher of the fair value less costs to sell and the value in use. Depreciation and impairment charges are recognized in the income statement.

**Property, plant and equipment**
Property, plant and equipment comprises other fixtures and fittings, tools and equipment and are measured at cost less accumulated

# Notes to the consolidated financial statements

## 1. Accounting policies (continued)

depreciation and accumulated impairment. Other fixtures and fittings, tools and equipment are depreciated on a straight-line

basis over the expected useful lives of the finite-lived assets, which are as follows:

Other fixtures and fittings, tools and equipment – 3-5 years

Property, plant and equipment is tested for impairment if indications of impairment exist. Property, plant and equipment is written down to its recoverable amount if the carrying amount exceeds the higher of the fair value less costs to sell and the value in use. Depreciation and impairment charges are recognised in the income statement.

**Leases**
When entering into an agreement, the Group assesses whether an agreement is a lease agreement or contains a lease element.

The right-of-use asset is measured at cost, which is calculated as the present value of the lease obligation plus any direct costs related to the entering into of the lease and prepaid lease payments.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the useful life of the asset.

The Group leases properties which include a service element in the payments to the lessor. This service is deducted from the lease payment when measuring the lease obligation. Where the Group cannot reliably separate lease and non-lease items, it is considered a single lease payment.

Short leases with a maximum lease term of 12 months and leases where the underlying asset has a low value are not recognised in the statement of financial position. The lease term is defined as the non-cancellable period of a lease together with periods covered by options to extend the lease if it is reasonably certain that the options will be exercised and periods covered by options to terminate the lease if it is reasonably certain that the options will not be exercised. A number of leases contain extension and termination options in order to guarantee operational flexibility in managing the leases.

The lease obligation, which is recognised under "Lease liabilities", is measured at the present value of the remaining lease payments, discounted by the Group's incremental loan interest rate, if the implicit interest rate is not stated in the lease agreement or cannot reasonably be determined. The lease obligation is subsequently adjusted if:

- The value of the index or interest rate on which the lease payments are based changes.
- There is a change in the exercise of options to extend or shorten the lease period due to a material event or a material change in circumstances which is within the control of the lessee.
- The lease term is changed as a result of exercising an option to extend or shorten the lease term.

Subsequent adjustments of the lease obligation are recognized as a correction to the right-of-use asset. However, if the right-of-use asset has a value of DKK 0, a negative reassessment of the right-of-use asset is recognized in the income statement.

**Deposits**
On initial recognition, deposits are measured at fair value and subsequently at amortized cost less impairment losses, if any.

**Trade receivables**
For trade receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and, in respect of trade receivables, a general provision is also made based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking any credit enhancements held by the Group into account. Trade receivables are written off when all possible options have been exhausted and there is no reasonable expectation of recovery.

The cost of allowances for expected credit losses and write-offs for trade receivables are recognised in the income statement under other external expenses.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables in note 17. The Group does not hold collateral as security.

**Prepayments**
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Interest-bearing liabilities**
Debt to credit institutions and other interest-bearing liabilities. Interest-bearing liabilities are measured at amortized cost.

**Trade payables and other payables**
Other payables include bonus and commission accruals, vacation pay obligations, payroll taxes and VAT. Payables are measured at amortized cost.

# Notes to the consolidated financial statements

## 2. Going concern

Linkfire is in the process of securing necessary financing in the range of DKK 7 - 10.5M to ensure its operations towards cash break-even. The financing may be conducted in one or more steps, and the company's Management has advanced dialogues related to equity financing.

Furthermore, the company is actively working on a full or partial refinancing of existing debt, including better terms and an accrued interest period to preserve cash.

Alongside external financing, the company is consistently optimizing its operations including among other initiatives operating with a streamlined organization and working capital measures. Linkfire is continuing its path towards profitability and with a strong improvement in earnings from Q2-2024 as well as a structurally lighter cost base, the company's management remains confident in its plan to reach EBITDA profitability for the full year of 2024, and cash break-even for H2 2024. Current budgets and plans are still considered achievable at the signing date, and 2024 has been showing an above budget performance so far. Linkfire is continuously optimizing its capital preparedness and options as complementary to the previously mentioned financing.

The ongoing process to secure needed additional financing implies material uncertainty about the company's ability to continue as a going concern. However the company's Management remains confident in securing both equity financing and refinancing of current debt, and expects to conclude both operations before summer 2024. Management has, on this background, decided to prepare the financial statements on a going concern basis.

## 3. Adoption of new and amended standards

Management has assessed the impact of new or amended accounting standards and interpretations (IFRSs) issued by the IASB and IFRSs endorsed by the European Union effective on or after 1 January 2024. Management assessed that application of these has not had a material impact on the financial statements for 2023.

Furthermore, Management has assessed the impact of new or amended accounting standards and interpretations (IFRSs) issued by the IASB that have not yet become effective. Management does not anticipate any significant impact on future periods from the adoption of these amendments.

## 4. Critical accounting judgments and key sources of estimation uncertainty

As part of the preparation of the financial statements, Management makes a number of accounting estimates and assumptions as a basis for recognising and measuring the Group's assets, liabilities, income and expenses as well as judgments made in applying the entity's accounting policies. The estimates, judgments and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur, for which reason the actual results may differ from the estimates and judgements made. The accounting policies are described in detail in note 1 to the financial statements to which we refer.

Management considers the following accounting estimates and judgments to be significant in the preparation of the financial statements.

**Development costs**

The Group capitalizes costs for software development projects. Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits. At 31 December 2023, the carrying amount of capitalized development costs was DKK 74,978 thousand (2022: DKK 74,372 thousand). In 2023, DKK 16,178 thousand were capitalized (2022: DKK 26,144 thousand)..

**Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

**Impairment of non-financial items**

At each reporting date, it is required to assess whether there is any indication that an asset may be impaired, and an impairment test is

# Notes to the consolidated financial statements

## 4. Critical accounting judgments and key sources of estimation uncertainty (continued)

conducted by Management in relevant cases. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount.

As a result of Management's impairment assessment, Linkfire did not recognize any impairment loss in 2023 (2022: DKK 19,893). For further description please refer to note 13 of the financial statements. Growth in 2023 and outlook corresponds to a lower growth than mid-term financial targets. If future growth continues to be lower than mid-term financial targets this could entail an impairment loss of the value of capitalized Development projects.

**Share-based payments**

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model, including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 8.
The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur, for which reason the actual results may differ from the estimates and judgments made. In 2023, the cost of share-based payments amounted to DKK 943 thousand (2022: DKK 791 thousand).

**Deferred tax**

Linkfire has not accounted for deferred tax assets related to tax losses carried forward. Linkfire's tax losses can be carried forward

indefinitely. The deferred tax assets shall be recognized based on expected earnings for the next 3-5 years and the possibility to utilize the deferred tax assets to be offset against positive taxable income in each jurisdiction. The Group has concluded that the deferred tax assets will not be fully recoverable using the estimated future taxable income based on business plans and budgets for the Group. Deferred tax assets not recognized have a total value of DKK 32,374 thousand (2022: 14,847 thousand).

## 5. Segment information

For management purposes and based on internal reporting information, Linkfire is organized in only one operating segment, as the information reported includes operating results at a consolidated level only. The company setup and costs related to the main nature of the business are not attributable to any specific revenue stream or customer type and are therefore borne centrally. The results of the single reporting segment are shown in the statement of comprehensive income.

For the split of revenue, please refer to note 6.

# Notes to the consolidated financial statements

## 6. Revenue

| | 2023 | 2022 |
|---|---|---|
| **Revenue** | | |
| **DKK thousand** | | |
| Subscriptions* | 32,950 | 32,100 |
| Commissions | 17,135 | 20,490 |
| **Total** | **50,084** | **52,590** |
| **%-split** | | |
| Subscriptions | 61 | 62 |
| Commissions | 39 | 38 |
| **Total** | **100** | **100** |

* A total of DKK 2,658 thousand corresponds to non-recurring subscription revenue recognized in 2023 (2022: DKK4,561).

**Geographic Information**

As an online platform,the Group generates revenue from customers located worldwide. For this purpose, internal reporting divides revenue according to the NAM (Northern America),the EMEA region (Europe, Middle East and Africa) as well as APAC (Asia and Oceania) and LATAM (Latin America and the Caribbean).

| | 2023 | 2022 |
|---|---|---|
| **DKK thousand** | | |
| NAM | 31,231 | 34,253 |
| EMEA | 12,710 | 13,143 |
| APAC | 5,218 | 4,331 |
| LATAM | 925 | 863 |
| **Total** | **50,084** | **52,590** |
| **%-split** | | |
| NAM | 62 | 65 |
| EMEA | 25 | 25 |
| APAC | 10 | 8 |
| LATAM | 2 | 2 |
| **Total** | **100** | **100** |

In 2023, two customers exceeded 10% of total revenue and accounted for 44%.
In 2022, two customers exceeded 10% of total revenue and accounted for 44%.

# Notes to the consolidated financial statements

## 6 Revenue (continued)

| | 2023 | 2022 |
|---|---|---|
| **Contract balances (liability)** | | |
| **DKK thousand** | | |
| Cost at 1 January | 9,927 | 6,166 |
| Recognised during the year | (32,950) | (32,100) |
| Additions | 29,031 | 35,861 |
| **Cost at 31 December** | **6,008** | **9,927** |

Management expects that 100.0% of the transaction price allocated to the unsatisfied contracts as of the year ended 2023 will be recognised as revenue during the next reporting period (DKK 6.0 million).

# Notes to the consolidated financial statements

## 7. Staff Costs

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Gross salaries | 39,861 | 60,437 |
| Share-based payments | 943 | 791 |
| Other social security costs | 1,052 | 2,143 |
| Other staff costs | 7,265 | 6,316 |
| **Total** | **49,121** | **69,687** |
| Capitalized Salaries | (16,177) | (19,162) |
| **Total** | **32,944** | **50,525** |
| Number of employees at year end | 60 | 74 |
| Average numbers of employees during the year | 65 | 95 |
| **Board of Directors** | | |
| Salaries | 925 | 775 |
| Share-based payments | 682 | 727 |
| **Total** | **1,607** | **1,502** |

| DKK thousand | 2023 | 2022 |
|---|---|---|
| **Key Management Personnel** | | |
| Salaries | 10,189 | 9,323 |
| Share-based payments | 69 | - |
| **Total** | **10,258** | **9,323** |

Increase in Key Management Personnel costs is related to general Management compensation increases reflecting leadership benchmarks of a listed company and short-term incentive payouts.

Employment contracts for members of the Key Management Personnel contain terms and conditions that are common to those of their peers in similar companies, including terms of notice and non--competitive clauses.

# Notes to the consolidated financial statements

## 8. Share-based payments

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Cost of share-based payments | 943 | 791 |
| **Total** | **943** | **791** |

Costs of share-based payments are recognized as staff costs with a corresponding effect in equity. Consideration received for warrants sold is recognized directly in equity. The share based incentive programs will only be settled in shares and no cash

**The board of directors was authorized on:**

1. 15 June 2021 to issue warrants to key employees, consultants and members of executive management in the company. The warrant terms entitle the warrant holders to subscribe for up to a total of 3,010,764 shares of nominal DKK 0.01 each.
The warrants are granted to the Warrant Holder at the signing of the issued subscription agreement.
The warrants are to be vested linearly over 36 months after the grant date.

2. 15 June 2021 to issue warrants to members of the board of directors in the company. The warrant terms entitle the warrant Holders to subscribe for up to a total of 737,080 shares of nominal DKK 0.01 each.
The warrants are granted to the Warrant Holder at the signing of the issued subscription agreement.
The warrants are to be vested linearly over 36 months after the grant date.

3. 27 April 2022 (continuance of authorization from 15 June 2021) to issue warrants to key employees, consultants and members of the executive management in the company. The warrant terms entitle warrant holders to subscribe for up to a total amount of 3,010,764 shares of nominal DKK 0.01 each.
The warrants are granted to the warrant holder at the signing of the issued subscription agreement.
The warrants are to be vested linearly over 36 months after the grant date.

4. 27 April 2022 to issue warrants to members of the board of directors in the company. The warrant terms entitle warrant holders to subscribe for up to a total amount of 368,540 shares of nominal DKK 0.01 each.
The warrants are to be vested linearly over 36 months after the grant date.

5. On February 23, 2023 to issue warrants to the executive management, the senior leadership team, key employees and contracted staff within the authorization granted by the annual general meeting on 27 April 2022. In total, the grants cover 2,676,000 warrants of which 936,000 warrants have been granted to the executive management and senior leadership, and the remaining 1,740,000 warrants have been granted to key employees and contracted staff.

Specification of outstanding warrants:

| Number of warrants | Weighted average exercise price DKK | Boards of Directors | Key Management Personnel | Employees & Advisors | Total |
|---|---|---|---|---|---|
| Corporate conversion | 8.77 | 737 | | | 737 |
| Granted | 3.01 | 369 | - | 139 | 508 |
| Transferred | - | - | - | - | - |
| Exercised | - | - | - | - | - |
| Canceled | 5.89 | (133) | - | (87) | (220) |
| **Outstanding at 31 December 2022** | **6.53** | **972** | **-** | **53** | **1,025** |
| Granted | 0.71 | | 936 | 1,740 | 2,676 |
| Transferred | - | - | - | - | - |
| Exercised | - | - | - | - | - |
| Canceled | 2.90 | 128 | - | - | 128 |
| **Outstanding at 31 December 2023** | **2.28** | **1,100** | **936** | **1,793** | **3,829** |

# Notes to the consolidated financial statements

## 8. Share-based payments (continued)

Outstanding warrants have the following characteristics:

| Warrants outstanding | Weighted average exercise price DKK | Vesting period | Exercise period | 2023 | 2022 |
|---|---|---|---|---|---|
| Warrants outstanding | | | | | |
| Warrants granted in 2022 | 3.01 | May 22 - Jun 25 | Apr 25 - Apr 27 | 1,100 | 604 |
| Warrants granted in 2023 | 0.71 | Mar 23 - Apr 26 | Feb 26 - Feb 28 | 2,676 | 421 |
| **Outstanding at 31 December** | | | | **3,776** | **1,025** |

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Average remaining life of outstanding warrants at 31 December (years) | 4.50 | 4.00 |
| Exercise price for outstanding warrants at 31 December (DKK) | 0.71-8.77 | 3.01-8.77 |

The fair value of the warrants issued is measured at calculated market price at the grant date based on the Black & Scholes valuation method. The calculation is based on the following assumptions at the grant date:

| Number of warrants | Warrants granted in 2023 | Warrants granted in 2022 |
|---|---|---|
| Average share price (DKK) | 0.64 | 3.01 |
| Expected volatility rate (% p.a.) | 0.54 | 0.54 |
| Risk-free interest rate (% p.a.) | 0.04 | - |
| Expected warrant life (no. years) | 5.00 | 5.00 |
| **Exercise price (DKK)** | **0.71** | **3.01** |
| Fair value per granted warrant (DKK) | 0.46 | 1.16 |
| Fair value all granted warrants, after dilution (DKK thousand) | 253 | 588 |

Volatility rate is applied based on the annualized volatility on Linkfire's stock and relevant peer groups derived from the standard deviation of daily observations over 12 months ending December 2023.

# Notes to the consolidated financial statements

## 9. Depreciation, amortization and impairment losses

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Amortization of intangible assets | 15,572 | 10,341 |
| Depreciation of property plant and equipment | 189 | 651 |
| Depreciation of right-of-use assets | 3,719 | 3,529 |
| Impairment loss of intangible assets | - | 19,893 |
| **Total** | **19,480** | **34,414** |

For further information on the impairment loss of intangible assets, please refer to note 13 of the consolidated financial statements.

## 10. Financial income

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Foreign exchange income and other adjustments | 1,385 | 1,042 |
| **Total** | **1,385** | **1,042** |

## 11. Financial expenses

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Interest expenses | 6,158 | 1,320 |
| Foreign exchange losses and other adjustments | 380 | 627 |
| Interest on lease liabilities | 790 | 369 |
| **Total** | **7,328** | **2,316** |

## 12. Tax for the year

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Current tax for the year income | (50) | (23) |
| Changes in deferred tax | - | - |
| Adjustments to previous years tax | (15,529) | - |
| Recognised as receivable tax credit | - | 5,500 |
| **Total** | **(15,579)** | **5,477** |

Income tax benefits for 2022 relate to tax credits for research and development expenses at the applicable tax rate under the Danish Corporate Income Tax Act.

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Tax calculated as 22% of profit/loss before tax | 7,479 | 16,624 |
| Non-capitalised tax assets | (1,436) | (10,747) |
| Non-deductible expenses | (400) | (400) |
| **Effective tax** | **5,643** | **5,477** |
| Tax rate for the year (%) | 15.3% | 7.2% |

Due to uncertainty of utilization of the tax loss carry-forward, the Group has not recognised any deferred tax assets. Deferred tax assets not recognized have a total value of DKK 32,374 thousand (2022: 14,847 thousand).

# Notes to the consolidated financial statements

## 13. Intangible assets

| DKK thousand | Prepaid Intellectual Property Rights | Completed development projects | Development projects in progress | Total |
|---|---|---|---|---|
| **2023** | | | | |
| Cost at 1 January | - | 118,008 | - | 118,008 |
| Transfers | | 16,178 | (16,178) | - |
| Additions | | | 16,178 | 16,178 |
| Disposals | - | - | - | - |
| **Cost at 31 December** | **-** | **134,186** | **-** | **134,186** |
| Amortization and impairment at 1 January | - | (43,636) | - | (43,636) |
| Amortization during the year | | (15,572) | | (15,572) |
| Impairment during the year | - | - | - | - |
| **Amortization and impairment at 31 December** | **-** | **(59,208)** | **-** | **(59,208)** |
| **Carrying amount at 31 December** | **-** | **74,978** | **-** | **74,978** |
| **2022** | | | | |
| Cost at 1 January | 8,298 | 74,979 | - | 83,277 |
| Transfers | (16,885) | 43,029 | (26,144) | - |
| Additions | 12,387 | - | 26,144 | 38,531 |
| Disposals | (3,800) | - | - | (3,800) |
| **Cost at 31 December** | **-** | **118,008** | **-** | **118,008** |
| Amortization and impairment at 1 January | - | (13,402) | - | (13,402) |
| Amortization during the year | - | (10,341) | - | (10,341) |
| Impairment during the year | - | (19,893) | - | (19,893) |
| **Amortization and impairment at 31 December** | **-** | **(43,636)** | **-** | **(43,636)** |
| **Carrying amount at 31 December** | **-** | **74,372** | **-** | **74,372** |

Completed development projects comprise software development costs related to development of the existing software. The software is under continuous development for the use of customers and partners and is sold as i) a license to use the software for a given period, and ii) as an integration component on websites and in applications. Users have access to upgrades and new functionalities during the contract period.

Development costs for the year cover both development of the front-end and the back-end part of the software solution. Both parts are to increase the user experience, functionalities within the software as well as expand upon the technical applications of the software in order to increase the Group's revenue by maintaining existing customers and partners and acquire new customers and partners.

It is Management's assessment that the expected useful lives of the finite-lived assets, as well as the expected future revenue streams from the assets, are sufficient to cover the value of recognised developed software at the reporting date.

In 2023, Linkfire expensed DKK 3,408 thousand (2022: 12,107 thousand) for development projects not meeting the recognition criteria applicable to internally generated intangible assets.

Sub-projects together (the platform) constitute one single cash-generating unit.

As a result of Management's assessment, Linkfire did not recognise any impairment loss in 2023.
In 2022, Management recognised a net impairment loss of DKK 16,885 thousand related to SmartURL and an impairment loss of DKK 3,008 thousand on other Completed development projects, totalling a recognition of DKK 19,893 thousand in impairment losses.
After the acquisition of SmartURL the technology and platform were migrated into the Linkfire platform. The impairment related to the recoverable amount of SmartURL has been recognized even though the asset is showing good results, including indirect developments with enterprise clients, since Linkfire's assessment of the value of the SmartURL asset lies in the integration with the Platform as a whole and not in value of the isolated asset itself. This is a financial measure and not an expression of management's belief in the commercial potential of the acquired assets.
The impairment related to other Completed development projects is related to outdated advertising sub-projects, which comprises assets that are not being commercialized any more. The write-down has been made as a result of Management not believing in any further earnings from these sub-projects, which is why the recoverable amount is calculated at DKK 0.

# Notes to the consolidated financial statements

## 14. Property, plant and equipment

| DKK thousand | Other fixtures and fittings, tools and equipment | Leasehold improvements | Total |
|---|---|---|---|
| **2023** | | | |
| Cost at 1 January | 1,097 | 121 | 1,218 |
| Additions | - | - | - |
| Disposals | (191) | (121) | (312) |
| **Cost at 31 December** | **906** | **-** | **906** |
| Depreciation at 1 January | (816) | (121) | (937) |
| Disposals | 124 | 121 | 245 |
| Depreciation during the year | (189) | - | (189) |
| **Depreciation at 31 December** | **(881)** | **-** | **(881)** |
| **Carrying amount at 31 December** | **26** | **-** | **26** |
| **2022** | | | |
| Cost at 1 January | 834 | 121 | 955 |
| Additions | 263 | - | 263 |
| Disposals | - | - | - |
| **Cost at 31 December** | **1,097** | **121** | **1,218** |
| Depreciation at 1 January | (165) | (121) | (286) |
| Depreciation during the year | (651) | - | (651) |
| **Depreciation at 31 December** | **(816)** | **(121)** | **(937)** |
| **Carrying amount at 31 December** | **281** | **-** | **281** |

## 15. Right-of-use assets

| DKK thousand | Offices | Vehicles | Equipment | Total |
|---|---|---|---|---|
| **2023** | | | | |
| Cost at 1 January | 12,608 | 81 | 1,771 | 14,460 |
| Additions | 1,342 | - | 357 | 1,699 |
| **Cost at 31 December** | **13,950** | **81** | **2,128** | **16,159** |
| Depreciation at 1 January | (8,174) | (81) | (1,048) | (9,303) |
| Depreciation during the year | (3,236) | - | (292) | (3,528) |
| **Depreciation at 31 December** | **(11,410)** | **(81)** | **(1,340)** | **(12,831)** |
| **Carrying amount at 31 December** | **2,540** | **-** | **788** | **3,328** |
| **2022** | | | | |
| Cost at 1 January | 12,608 | 81 | 1,088 | 13,777 |
| Additions | - | - | 683 | 683 |
| **Cost at 31 December** | **12,608** | **81** | **1,771** | **14,460** |
| Depreciation at 1 January | (4,255) | (47) | (787) | (5,089) |
| Depreciation during the year | (3,919) | (34) | (261) | (4,214) |
| **Depreciation at 31 December** | **(8,174)** | **(81)** | **(1,048)** | **(9,303)** |
| **Carrying amount at 31 December** | **4,434** | **-** | **723** | **5,157** |

# Notes to the consolidated financial statements

## 15. Right-of-use assets (continued)

Carrying amounts of lease liabilities and movements during the period:

| DKK thousand | 2023 | 2022 |
|---|---|---|
| At 1 January | 5,701 | 8,794 |
| Additions | 1,699 | 683 |
| Accrual of interest | 213 | 368 |
| Payments | (4,044) | (4,079) |
| Exchange rate adjustments | (236) | (65) |
| **At 31 December** | **3,333** | **5,701** |
| Non-Current | 2,489 | 2,345 |
| Current | 844 | 3,356 |

The following amounts have been recognised in the income statement:

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Depreciation expense of right-of-use assets | 3,528 | 4,214 |
| Interest expense on lease liabilities | 213 | 368 |
| **Total amount recognised in the income statement** | **3,741** | **4,582** |

The Group had total outflow for leases of DKK 4,044 thousand (2022: DKK 4,079 thousand). The Group leases offices, and lease terms are negotiated on an individual basis and contain different terms and conditions.

## 16. Deposits

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Cost at 1 January | 1,206 | 1,153 |
| Additions | (516) | 53 |
| **Cost at 31 December** | **690** | **1,206** |

## 17. Trade Receivables

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Trade receivables | 4,588 | 5,026 |
| Write-downs | - | (623) |
| **Total** | **4,588** | **4,403** |

**Expected credit loss**
The following table details the maturity of trade receivables. The Group has assessed their expected credit losses on an individual level, and has recognised an expected loss on debtors of DKK 0 thousand (2022: DKK 623 thousand) related mainly to debtors with more than 12 months due.

# Notes to the consolidated financial statements

## 17. Trade Receivables (continued)

| DKK thousand | Not Past due | Overdue by 0-15 days | Overdue by 16-30 days | Overdue by >30 days | Write-downs | Carrying amount of receivables |
|---|---|---|---|---|---|---|
| **31 December 2023** | | | | | | |
| Trade receivables | 2,916 | 1,080 | 178 | 414 | - | 4,588 |
| **31 December 2022** | | | | | | |
| Trade receivables | 3,299 | 2,284 | - | 66 | (623) | 5,026 |

## 18. Working capital changes

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Change in receivables and prepayments | 10 | 564 |
| Change in trade payables and other debt etc | (3,974) | 8,645 |
| **Total** | **(3,964)** | **9,209** |

## 19. Share capital and earnings per share

At 31 December 2023, the share capital consisted of 114,989,051 (2022: 114,989,051) shares with a nominal value of DKK 0.01 each.
The shares are not divided into classes and carry no right to fixed income

| DKK thousand | 2023 |
|---|---|
| Issued and fully paid shares: | |
| At 1 January 2022, 58,339,222 shares of DKK 0.01 each | 583 |
| Corporate conversion | - |
| Capital increase | 567 |
| **At 31 December 2022** | **1,150** |
| Capital increase | - |
| **Share capital at 31 December 2023** | **1,150** |

# Notes to the consolidated financial statements

## 19. Share capital and earnings per share

| DKK thousand | 2023 | 2022 |
|---|---|---|
| **Earnings per share** | | |
| The calculation of earnings per share is based on the following: | | |
| Profit/(loss) for the year | (49,574) | (70,087) |
| **Average number of ordinary shares for calculation of earnings per share:** | **114,989,051** | **73,098,111** |
| **Average diluted effect of outstanding share options** | **-** | **1,118,033** |
| **Average number of shares for calculation of diluted earnings per share:** | **114,989,051** | **74,216,144** |
| Earnings per share (EPS) | (0.43) | (0.96) |
| Earnings per share, diluted (DEPS) | (0.43) | (0.94) |

## 20. Interest-bearing liabilities

| DKK thousand | 2023 | 2022 |
|---|---|---|
| **Non-current borrowings** | | |
| Debt to credit institutions | 23,272 | 22,054 |
| Other | 35,101 | 2,152 |
| **Total** | **58,373** | **24,206** |
| **Current borrowings** | | |
| Debt to credit institutions | 1,701 | 2,250 |
| Other | 11,911 | - |
| **Total** | **13,612** | **2,250** |

## 21. Other capital reserve

Other capital reserve is used to recognise the value of equity-settled share-based payments provided to employees, including Key Management Personnel, as part of their remuneration. Refer to note 8 for further details of these plans.

# Notes to the consolidated financial statements

## 22. Financial risks

**Capital Management**
The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balances. The capital structure of the Group consists of net debt and equity. Management reviews the capital structure continually to consider if the current capital structure is in accordance with the Group's and shareholders' interests.

**Financial risk management**
Due to the nature of its operations, investments, and financing, the Group is exposed to a number of financial risks. It is Group policy to operate with a low risk profile so that currency risk, interest rate risk and credit risk only occur in commercial relations. The scope and nature of the Group's financial instruments appear from the income statement and statement of financial position in accordance with the accounting policies applied. Provided below is information about factors that may influence amounts, time of payment, or the reliability of future payments, where such information is not provided directly in the financial statements. This note addresses only financial risks directly related to the Group's financial instruments.

**Credit risk**
Credit risk is the risk that a counterparty will not meet its obligations towards the Group, resulting in a financial loss. The Group is exposed to credit risk primarily related to its trade and other receivables, receivables from group enterprises, contract assets and cash held at financial institutions. The Group considers accounts receivables in default when they are due more than 90 days, and the outstanding amount is written off when there is a court order of bankruptcy from the counterparty. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

**Foreign currency risk**
Currency risk is the risk that arises from changes in exchange rates and affects the Group's result.

The general objective of the Group's currency risk management is to limit and delay any adverse impact of exchange rate fluctuations on earnings and cash flows and thus increase the predictability of the financial results. The Group also aims at balancing incoming and outgoing payments in local currency as much as possible as well as monitoring the development in exchange rates and adjust price lists when required.

The greatest exposure in foreign currency is to USD, and in 2022, 93% (2021: 84%) of the Group's revenue was denominated in USD. In order to minimize the currency risk related to transactions in USD, the Company's revenues are mainly invoiced in USD, while the majority of the Group's expenses, such as employee costs, are denominated in DKK. The Group is thus offering as much as possible revenue in EUR to match the main cost driver, as DKK is tied to EUR. Meanwhile optimizing cost placements in USD to utilize incoming USD payments. However, currency fluctuations could cause currency transaction losses or gains which the Company cannot predict, and if the currency fluctuations are detrimental to the Group, it could have a material adverse effect on the Group's business, results of operations and financial position. Furthermore, fluctuations in the value of USD and other foreign currencies may make the Group's subscriptions more expensive for international customers, which could harm its business.

**Liquidity risk**
Linkfire is in the process of securing necessary financing in the range of DKK 7 - 10.5M to ensure its operations towards cash break-even. The financing may be conducted in one or more steps, and the company's Management has advanced dialogues related to equity financing.

Furthermore, the company is actively working on a full or partial refinancing of existing debt, including better terms and an accrued interest period to preserve cash.

Alongside external financing, the company is consistently optimizing its operations including among other initiatives operating with a streamlined organization and working capital measures. Linkfire is continuing its path towards profitability and with a strong improvement in earnings from Q2-2024 as well as a structurally lighter cost base, the company's management remains confident in its plan to reach EBITDA profitability for the full year of 2024, and cash break-even for H2 2024. Current budgets and plans are still considered achievable at the signing date, and 2024 has been showing an above budget performance so far. Linkfire is continuously optimizing its capital preparedness and options as complementary to the previously mentioned financing.

# Notes to the consolidated financial statements

## 22. Financial risks (continued)

| DKK thousand | 2023 | 2022 |
|---|---|---|
| **Sensitivity to a 10% increase in USD exchange rate** | | |
| Effect on profit before tax | 5,826 | 6,749 |
| Effect on pre-tax equity | 5,826 | 6,749 |

| | Assets | | Liabilities | | Net assets | |
|---|---|---|---|---|---|---|
| **DKK thousand** | **31 Dec 2023** | **31 Dec 2022** | **31 Dec 2023** | **31 Dec 2022** | **31 Dec 2023** | **31 Dec 2022** |
| **Currency** | | | | | | |
| USD | 8,875 | 17,611 | 3,147 | 2,801 | 5,727 | 14,810 |
| EUR | 355 | 361 | 86 | 443 | 269 | (82) |
| Other | 141 | - | 369 | 1,423 | (228) | (1,423) |

**Liquidity risk**

The Group ensures sufficient liquidity resources by liquidity management. In order to limit the Group's counterparty risk, deposits are only made in well-reputed banks.

At 31 December 2023, the Group's cash and cash equivalents amounted to DKK 4,669 thousand (2022: DKK 7,027 thousand).

The cash reserve and expected cash flow for 2024 are considered to be adequate to meet the obligations of the Group as they fall due.

# Notes to the consolidated financial statements

## 22. Financial risks (continued)

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

| DKK thousand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| **Year ended on 31 December 2023** | | | | | |
| Interest-bearing liabilities | 250 | 750 | 69,601 | - | 70,601 |
| Lease liabilities | 211 | 633 | 2,489 | - | 3,333 |
| Trade and other payables | 9,427 | 4,266 | 814 | - | 14,507 |
| **Total** | **9,888** | **5,649** | **72,904** | **-** | **88,441** |
| **Year ended on 31 December 2022** | | | | | |
| Interest-bearing liabilities | 1,000 | 1,250 | 22,054 | 2,152 | 26,456 |
| Lease liabilities | 839 | 2,517 | 2,345 | | 5,701 |
| Trade and other payables | 11,297 | 2,870 | 1,000 | - | 15,167 |
| **Total** | **13,136** | **6,637** | **25,399** | **2,152** | **47,324** |

**Interest rate risk**
Interest rate risk arises in relation to interest-bearing assets and liabilities.

The Group's interest-bearing debt to credit institutions of DKK 13,718 thousand (2022: DKK 13,760 thousand) at 31 December 2023 is subject to a variable rate of interest based on a 3-month CIBOR plus a premium, whereas DKK 11,255 thousand (2023: DKK 12,696 thousand) has a fixed interest rate of 5%.
The Group's interest-bearing debt to public institutions of DKK 11,228 thousand (2022: DKK 0) at 31 December 2023 is subject to a fixed interest rate of 13.85%.
The Group's interest-bearing debt to private companies of DKK 32,716 thousand (2022: DKK 0) at 31 December 2023 is subject to a fixed interest rate of 17%.

If market interest rates increased by one percentage point, the interest rate sensitivity as calculated based on the loan balance to credit institutions as per the end of 2023 would result in a yearly increase in interest expenses of DKK 713 thousand (2022: DKK 256 thousand). A corresponding decrease in market interest rates would have the opposite impact.

**Financial instruments**

| DKK thousand | 2023 | 2022 |
|---|---|---|
| **Financial assets measured at amortized cost** | | |
| Deposits | 690 | 1,206 |
| Trade receivables | 4,588 | 5,026 |
| Other receivables | 697 | 579 |
| Cash | 4,669 | 7,027 |
| **Total** | **10,643** | **13,839** |
| **Financial liabilities measured at amortized cost** | | |
| Interest-bearing loan | 71,985 | 26,456 |
| Trade payables | 5,925 | 9,481 |
| Other payables | 9,139 | 5,822 |
| **Total** | **87,048** | **41,760** |

**Classification of financial assets measured at amortized cost**
Since the Group's financial instruments measured at amortized cost are either short-term and/or exposed to floating interest rates, Management has assessed that the carrying amount is a reasonable approximation of fair value.

# Notes to the consolidated financial statements

## 23. Liabilities arising from financing activities

| DKK thousand | Other borrowings | Lease liabilities | Total |
|---|---|---|---|
| **2023** | | | |
| Liabilities at 1 January | 26,456 | 5,701 | 32,157 |
| Loans raised | 49,150 | 1,699 | 50,849 |
| Repayments | (19,042) | (4,044) | (23,086) |
| Other | 15,421 | (23) | 15,398 |
| **Liabilities at 31 December** | **71,985** | **3,333** | **75,318** |
| **2022** | | | |
| Liabilities at 1 January | 28,696 | 8,794 | 37,490 |
| Loans raised | 11,549 | 683 | 12,232 |
| Repayments | (14,521) | (4,079) | (18,600) |
| Other | 732 | 303 | 1,035 |
| **Liabilities at 31 December** | **26,456** | **5,701** | **32,157** |

## 24. Related Parties

| Shareholders | Registered office | Basis of influence |
|---|---|---|
| Maverick Capital Limited | Dubai | |
| Rocket Group ApS | Copenhagen | |
| Faurfelt Invest ApS | Copenhagen | |

There is no ultimate Parent, as no owner holds the majority of the voting rights.

# Notes to the consolidated financial statements

## 24. Related Parties

**Other related parties**
Other related parties of the Group with significant influence comprise the Board of Directors and the Executive Board and their related parties. The transactions with the Board of Directors and the Executive Board only consist of normal remuneration as disclosed in note 7.

All agreements relating to these transactions are based on market price (arm's length).

## 25. Events after the Reporting Period

From January 1, 2024, co-founder and former Chief Commercial Officer, Jeppe Faurfelt, assumed the position as CEO of the Company as previous CEO Lars Ettrup stepped down and departed the operations of the Company. Furthermore, Tobias Demuth, former CFO, has also stepped down from February 14, 2024. This change is a natural step in Linkfire's journey, and it has been in mutual planning for months towards becoming a financially self-sustainable company with a tight focus on cost and a lighter organizational structure while still pursuing opportunities for growth.

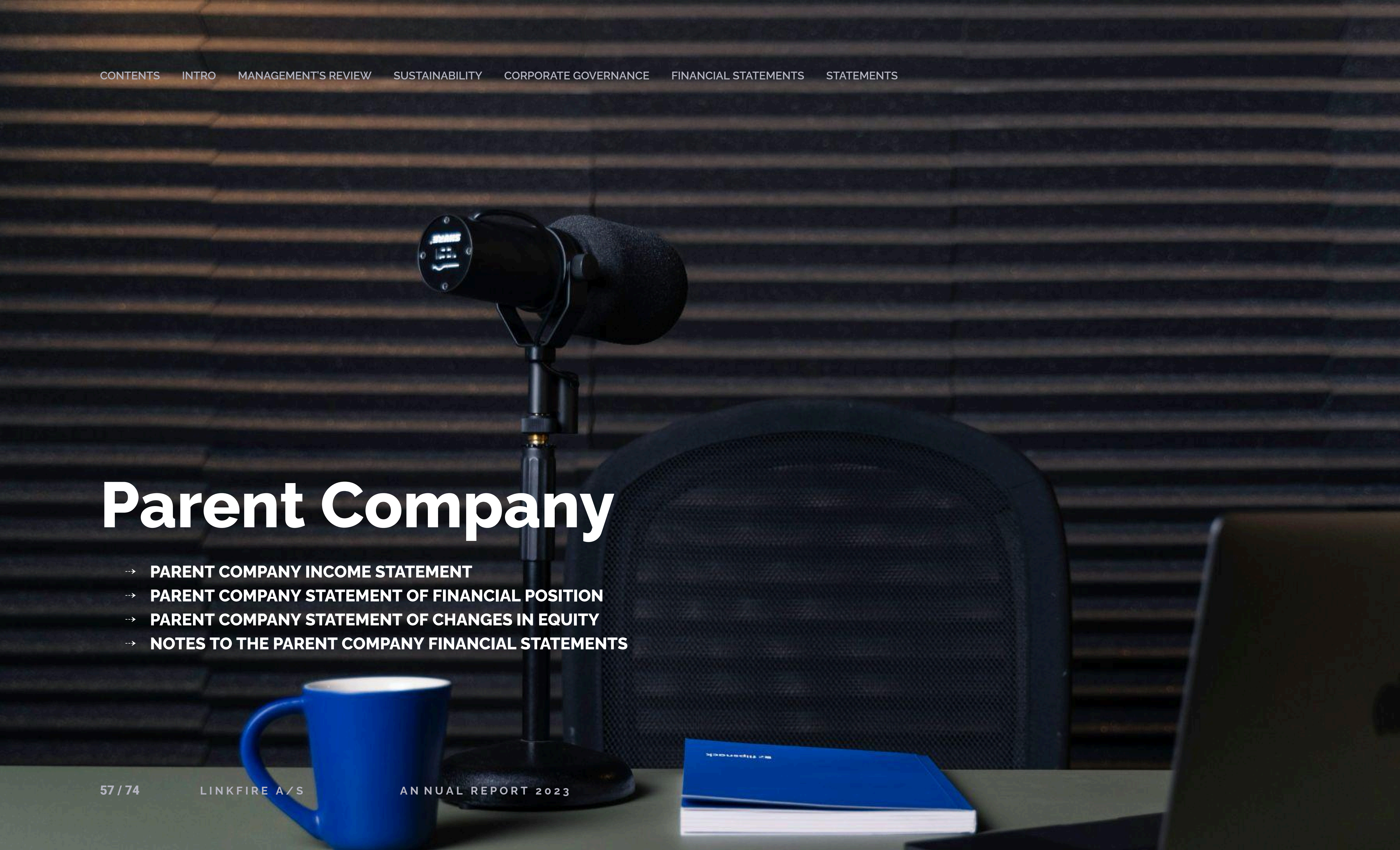
On January 18, 2024 Linkfire had its last trading day on Nasdaq First North Growth Market. The delisting furthermore supports a lighter management setup.

There have not been any other significant subsequent events after the reporting period.

## 26. Guarantees, contingent liabilities and collateral

The group has provided a bank guarantee to Euroclear of DKK 145 thousand.

In order to secure the Company's balance with Danske Bank, a mortgage has been granted with mortgages in simple receivables, operating inventories and equipment and intellectual property rights at a total book value of DKK 80,567 thousand (2022: DKK 80,160 thousand).



# Parent Company

- PARENT COMPANY INCOME STATEMENT
- PARENT COMPANY STATEMENT OF FINANCIAL POSITION
- PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
- NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

# Parent company income statement

| DKK thousand | Note | 2023 | 2022 |
|---|---|---|---|
| Revenue | | 50,084 | 52,590 |
| Cost of sales | | (9,139) | (13,026) |
| External expenses | | (30,892) | (54,354) |
| **Gross profit** | | **10,054** | **(14,790)** |
| Staff costs | 3 | (21,130) | (26,387) |
| Other staff Costs | 3 | (1,707) | (3,817) |
| Depreciation, amortization and impairment losses | 4 | (15,760) | (30,434) |
| **Operating profit/(loss)** | | **(28,543)** | **(75,428)** |
| Financial income | | 479 | 939 |
| Financial expenses | | (6,513) | (1,576) |
| **Profit/(loss) before tax** | | **(34,577)** | **(76,064)** |
| Tax for the year | 7 | (15,528) | 5,500 |
| **Profit/(loss) for the year** | | **(50,105)** | **(70,564)** |

# Parent company statement of financial position

| DKK thousand | Note | 2023 | 2022 |
|---|---|---|---|
| **Assets** | | | |
| Completed development projects | 8 | 74,978 | 74,372 |
| **Total intangible assets** | | **74,978** | **74,372** |
| Other fixtures and fittings, tools and equipment | 9 | 65 | 317 |
| **Total property, plant and equipment** | | **65** | **317** |
| Deposits | | 511 | 521 |
| **Total financial assets** | | **511** | **521** |
| **Total fixed assets** | | **75,554** | **75,210** |

| DKK thousand | Note | 2023 | 2022 |
|---|---|---|---|
| **Assets** | | | |
| Trade receivables | | 4,588 | 5,026 |
| Other receivables | | 500 | 445 |
| Income tax receivables | | - | 5,500 |
| Prepayments | | 2,510 | 2,200 |
| **Total receivables** | | **7,598** | **13,171** |
| Cash | | 4,493 | 6,532 |
| **Total current assets** | | **12,091** | **19,703** |
| **Total assets** | | **87,646** | **94,913** |

# Parent company statement of financial position

| DKK thousand | Note | 2023 | 2022 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| Share capital | | 1,150 | 595 |
| Reserve for development costs | | 77,728 | 74,372 |
| Retained earnings | | (87,173) | (33,157) |
| **Total equity** | | **(8,295)** | **41,810** |
| Interest bearing liabilities | 11 | 58,373 | 24,207 |
| Other payables | | 814 | 1,000 |
| **Total non-current liabilities** | | **59,187** | **25,207** |
| Interest bearing liabilities | 11 | 13,612 | 2,250 |
| Prepayments from customers | | 6,008 | 9,927 |
| Trade payables | | 5,837 | 9,334 |
| Payables to group enterprises | | 3,128 | 2,232 |
| Other payables | | 8,169 | 4,153 |
| **Total current liabilities** | | **36,754** | **27,896** |
| **Total liabilities** | | **95,941** | **53,103** |
| **Total equity and liabilities** | | **87,646** | **94,913** |

# Parent company statement of changes in equity

| DKK thousand | Share capital | Share premium | Reserve for development costs | Retained earnings | Total |
|---|---|---|---|---|---|
| **2023** | | | | | |
| Equity beginning of period | 1,150 | - | 74,372 | (33,712) | 41,810 |
| Increase of capital | - | - | - | - | - |
| Transferred from share premium | - | - | - | - | - |
| Transfer to reserves | - | - | 606 | (606) | - |
| Transaction cost from capital increase | - | - | - | - | - |
| Profit/(loss) for the period | | | | (50,105) | (50,105) |
| **Equity end of period** | **1,150** | **-** | **74,978** | **(84,424)** | **(8,295)** |

| DKK thousand | Share capital | Share premium | Reserve for development costs | Retained earnings | Total |
|---|---|---|---|---|---|
| **2022** | | | | | |
| Equity beginning of period | 584 | - | 61,578 | 23,110 | 85,272 |
| Increase of capital | 566 | 30,052 | - | (424) | 30,194 |
| Transferred from share premium | - | (30,052) | - | 30,052 | - |
| Transfer to reserves | - | - | 12,794 | (12,794) | - |
| Transaction cost from capital increase | - | - | - | (3,092) | (3,092) |
| Profit/(loss) for the period | - | - | - | (70,564) | (70,564) |
| **Equity end of period** | **1,150** | **-** | **74,372** | **(33,712)** | **41,810** |

# Notes to the parent financial statements

# Notes to the parent financial statements

## 1. Accounting policies

The separate parent financial statements have been incorporated in the annual report because a separate set of financial statements is required for the Parent under the Danish Financial Statements Act requirements for annual reports of reporting class B enterprises with additions of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

**Recognition and measurement**
Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably. Liabilities are recognized in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item. Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement. Income is recognized in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

**Cash flow statement**
Referring to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared.

**Income statement**
**Gross profit or loss**
Gross profit or loss comprises revenue, own work capitalized, other operating income, cost of sales and external expenses with reference to section 32 of the Danish Financial Statements Act.

**Revenue**
Revenue from the sale of services is recognized in the income statement when delivery is made to the buyer. Revenue is recognized net of VAT, duties and sales discounts and is measured at the fair value of the consideration fixed.

**Cost of sales**
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory write-downs.

**External expenses**
Other external expenses comprise sales and marketing costs, external consultancy costs, other employee-related costs, IT and software costs, investor relations costs, loss allowances for doubtful trade receivables and other administrative expenses.

**Staff costs**
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

**Depreciation and amortization**
Depreciation and amortization relating to property, plant and equipment and intangible assets comprise Depreciation and amortization for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

**Other financial income**
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortization of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortization of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity.

**Balance sheet**
**Intellectual property rights etc.**
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilization, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognized as costs in the income statement as incurred. When recognizing development projects as intangible assets, an amount equaling the costs incurred less deferred tax is taken to equity under reserve for development costs that are reduced as the development projects are amortized and written down.

The cost of development projects comprises costs such as salaries and amortization that are directly and indirectly attributable to the development projects. Completed development projects are amortized on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated it is impairment tested yearly.

For development projects protected by intellectual property rights, the maximum period of amortization is the remaining duration of the relevant rights. The amortization periods used are 5 -10 years. Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

# Notes to the parent financial statements

## 1. Accounting policies (continued)

**Property, plant and equipment**
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. The basis of depreciation is the cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

| | |
|---|---|
| Other fixtures and fittings, tools and equipment | 3 years |
| Leasehold improvements | 5 years |

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period. Estimated useful lives and residual values are reassessed annually. Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

**Investments in group enterprises**
Investments in group enterprises are measured at cost. Investments are written down to the lower of the recoverable amount and carrying amount.

**Receivables**
Receivables are measured at amortized cost, usually equalling nominal value less write-downs for bad and doubtful debts.

**Income tax payable or receivable**
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Prepayments**
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost. Cash comprises cash in hand and bank deposits.

**Other financial liabilities**
Other financial liabilities are measured at amortized cost, which usually corresponds to nominal value.

## 2. Going concern

Linkfire is in the process of securing necessary financing in the range of DKK 7 - 10.5M to ensure its operations towards cash break-even. The financing may be conducted in one or more steps, and the company's Management has advanced dialogues related to equity financing.

Furthermore, the company is actively working on a full or partial refinancing of existing debt, including better terms and an accrued interest period to preserve cash.

Alongside external financing, the company is consistently optimizing its operations including among other initiatives operating with a streamlined organization and working capital measures. Linkfire is continuing its path towards profitability and with a strong improvement in earnings from Q2-2024 as well as a structurally lighter cost base, the company's management remains confident in its plan to reach EBITDA profitability for the full year of 2024, and cash break-even for H2 2024. Current budgets and plans are still considered achievable at the signing date, and 2024 has been showing an above budget performance so far. Linkfire is continuously optimizing its capital preparedness and options as complementary to the previously mentioned financing.

The ongoing process to secure needed additional financing implies material uncertainty about the company's ability to continue as a going concern. However the company's Management remains confident in securing both equity financing and refinancing of current debt, and expects to conclude both operations before summer 2024. Management has, on this background, decided to prepare the financial statements on a going concern basis.

# Notes to the parent financial statements

### 3. Staff Costs

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Wages and salaries | 31,127 | 41,679 |
| Other social security costs | 338 | 333 |
| Other staff costs | 6,886 | 4,618 |
| | **38,351** | **46,630** |
| Staff costs classified as assets | (15,514) | (16,427) |
| **Total** | **22,837** | **30,203** |
| | | |
| Average number of employees at balance sheet date | 45 | 69 |

For information about remuneration to Board of Directors and Key Management Personnel and Share-based payments please refer to note 7 and 8 in the notes to the consolidated financial statements

### 4. Depreciation, amortization and impairment losses

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Depreciation and amortization of intangible assets | 15,572 | 10,341 |
| Impairment loss on intangible assets | - | 19,893 |
| Depreciation of property plant and equipment | 188 | 200 |
| **Total** | **15,760** | **30,434** |

For information about recognized impairment losses please refer to note 13 in the notes to the consolidated financial statements.

### 5. Other financial income

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Foreign exchange gains | 478 | 936 |
| Other financial income | 1 | 3 |
| **Total** | **479** | **939** |

### 6. Other financial expenses

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Other interest expenses | 5,970 | 980 |
| Foreign exchange losses and other adjustments | 501 | 652 |
| Other financial expenses | 42 | 60 |
| **Total** | **6,513** | **1,692** |

### 7. Tax on profit/loss for the year

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Current tax | - | 5,500 |
| Adjustments to previous years tax | (15,528) | - |
| **Total** | **(15,528)** | **5,500** |

# Notes to the parent financial statements

## 3. Staff Costs

## 5. Other financial income

## 8. Intangible assets

| DKK thousand | Prepaid Intellectual Property Rights | Completed development projects | Development projects in progress | Total |
|---|---|---|---|---|
| **2023** | | | | |
| Cost at 1 January | - | 118,008 | - | 118,008 |
| Transfers | - | 16,178 | (16,178) | - |
| Additions | - | - | 16,178 | 16,178 |
| Disposals | - | - | - | - |
| **Cost at 31 December** | **-** | **134,186** | **-** | **134,186** |
| Amortization and impairment at 1 January | - | (43,636) | - | (43,636) |
| Amortization during the year | - | (15,572) | - | (15,572) |
| Impairment during the year | - | - | - | - |
| **Amortization and impairment at 31 December** | **-** | **(59,208)** | **-** | **(59,208)** |
| **Carrying amount at 31 December** | **-** | **74,978** | **-** | **74,978** |

| DKK thousand | Prepaid Intellectual Property Rights | Completed development projects | Development projects in progress | Total |
|---|---|---|---|---|
| **2022** | | | | |
| Cost at 1 January | 8,298 | 74,979 | - | 83,277 |
| Transfers | (16,885) | 43,029 | (26,144) | - |
| Additions | 12,387 | | 26,144 | 38,531 |
| Disposals | (3,800) | - | - | (3,800) |
| **Cost at 31 December** | **-** | **118,008** | **-** | **118,008** |
| Amortization and impairment at 1 January | - | (13,402) | - | (13,402) |
| Amortization during the year | - | (10,341) | - | (10,341) |
| Impairment during the year | - | (19,893) | - | (19,893) |
| **Amortization and impairment at 31 December** | **-** | **(43,636)** | **-** | **(43,636)** |
| **Carrying amount at 31 December** | **-** | **74,372** | **-** | **74,372** |

Completed development projects comprise software development costs related to development of the existing software. The software is under continuous development for the use of customers and partners and is sold as i) a license to use the software for a given period, and ii) as an integration component on websites and in applications. Users have access to upgrades and new functionalities during the contract period.
Development costs for the year cover both development of the front-end and the back-end part of the software solution. Both parts are to increase the user experience, functionalities within the software as well as expand upon the technical applications of the software in order to increase the Group's revenue by maintaining existing customers and partners and acquire new customers and partners.
It is Management's assessment that the expected useful lives of the finite-lived assets, as well as the expected future revenue streams from the assets, are sufficient to cover the value of recognised developed software at the reporting date.
In 2023, Linkfire expensed DKK 3,408 thousand (2022: 12,107 thousand) for development projects not meeting the recognition criteria applicable to internally generated intangible assets. Sub-projects together (the platform) constitute one single cash-generating unit.

As a result of Management's assessment, Linkfire did not recognise any impairment loss in 2023.
In 2022, Management recognised a net impairment loss of DKK 16,885 thousand related to SmartURL and an impairment loss of DKK 3,008 thousand on other Completed development projects, totalling a recognition of DKK 19,893 thousand in impairment losses.
After the acquisition of SmartURL the technology and platform were migrated into the Linkfire platform. The impairment related to the recoverable amount of SmartURL has been recognized even though the asset is showing good results, including indirect developments with enterprise clients, since Linkfire's assessment of the value of the SmartURL asset lies in the integration with the Platform as a whole and not in value of the isolated asset itself. This is a financial measure and not an expression of management's belief in the commercial potential of the acquired assets.

# Notes to the parent financial statements

The impairment related to other Completed development projects is related to outdated advertising sub-projects, which comprises assets that are not being commercialized any more. The write-down has been made as a result of Management not believing in any further earnings from these sub-projects, which is why the recoverable amount is calculated at DKK 0.

## 9. Property, plant and equipment

| DKK thousand | Other fixtures and fittings, tools and equipment | Leasehold improvements | Total |
|---|---|---|---|
| **2023** | | | |
| Cost at 1 January | 877 | 121 | 998 |
| Additions | - | - | - |
| Disposals | (189) | (121) | (310) |
| **Cost at 31 December** | **688** | **-** | **688** |
| | | | |
| Depreciation at 1 January | (560) | (121) | (681) |
| Disposals | 125 | 121 | 246 |
| Depreciation during the year | (189) | - | (189) |
| **Depreciation at 31 December** | **(624)** | **-** | **(624)** |
| **Carrying amount at 31 December** | **65** | **-** | **65** |

| DKK thousand | Other fixtures and fittings, tools and equipment | Leasehold improvements | Total |
|---|---|---|---|
| **2022** | | | |
| Cost at 1 January | 614 | 121 | 735 |
| Additions | 263 | - | 263 |
| Disposals | - | | - |
| **Cost at 31 December** | **877** | **121** | **998** |
| | | | |
| Depreciation at 1 January | (97) | (121) | (218) |
| Adjustments | - | - | - |
| Depreciation during the year | (463) | - | (463) |
| **Depreciation at 31 December** | **(560)** | **(121)** | **(681)** |
| **Carrying amount at 31 December** | **317** | **-** | **317** |

# Notes to the parent financial statements

## 10. Financial assets

| DKK thousand | Investments in group enterprises | Deposits |
|---|---|---|
| **2023** | | |
| Cost at 1 January | - | 521 |
| Additions | - | (10) |
| **Cost at 31 December** | **-** | **511** |
| **2022** | | |
| Cost at 1 January | - | 508 |
| Additions | - | 13 |
| **Cost at 31 December** | **-** | **521** |

| Name | Country | Ownership |
|---|---|---|
| Linkfire Inc. | USA | 100% |
| Linkfire Sociedada Unipeossal Lda. | Portugal | 100% |

## 11. interest-bearing liabilities

| DKK thousand | 2023 | 2022 |
|---|---|---|
| **Non-current borrowings** | | |
| Debt to credit institutions | 23,272 | 22,054 |
| Other | 35,101 | 2,154 |
| **Total** | **58,373** | **24,208** |
| **Current borrowings** | | |
| Debt to credit institutions | 1,701 | 2,250 |
| Other | 11,911 | - |
| **Total** | **13,612** | **2,250** |

For a specification of the debt that is due after 5 years please refer to note 22 of the notes to the consolidated financial statements.

## 12. Unrecognized rental and lease commitments

| DKK thousand | 2023 | 2022 |
|---|---|---|
| Liabilities under rental or lease agreements until maturity | - | 1,027 |
| **Total** | **-** | **1,027** |

# Notes to the parent financial statements

## 13. Guarantees, contingent liabilities and collateral

The group has provided a bank guarantee to Euroclear of DKK 145 thousand.

In order to secure the Company's balance with Danske Bank, a mortgage has been granted with mortgages in simple receivables, operating inventories and equipment and intellectual property rights at a total book value of DKK 80,567 thousand (2022: DKK 80,160 thousand).

## 14. Subsequent events

From January 1, 2024, co-founder and former Chief Commercial Officer, Jeppe Faurfelt, assumed the position as CEO of the Company as previous CEO Lars Ettrup stepped down and departed the operations of the Company. Furthermore, Tobias Demuth, former CFO, has also stepped down from February 14, 2024. This change is a natural step in Linkfire's journey, and it has been in mutual planning for months towards becoming a financially self-sustainable company with a tight focus on cost and a lighter organizational structure while still pursuing opportunities for growth.

On January 18, 2024 Linkfire had its last trading day on Nasdaq First North Growth Market. The delisting furthermore supports a lighter management setup.

There have not been any other significant subsequent events after the reporting period.

# Statement by management

The Board of Directors and the Executive Board have today considered and approved the annual report for the financial year 01.01.2023 – 31.12.2023 for Linkfire A/S.

The annual report is presented in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

The Parent's financial statements have been prepared in accordance with the Danish Financial statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and Parent's assets, liabilities and financial position at 31.12.2023 and of the results of the Group's activities and cash flows for the financial year 01.01.2023 – 31.12.2023.

We believe that the management's review contains a fair review of the affairs and conditions referred to therein.

The annual report is submitted for adoption at the Annual General Meeting.

Copenhagen, 6 June 2024

## Executive Management

Jeppe Faurfelt

## Board of directors

Jesper Møller
Chairman

Thomas Weilby Knudsen

Charlotte Klinge

Ole Larsen

Peter Balint

# Independent auditor's report

## To the shareholders of Linkfire A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Linkfire A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31.12.2023, and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Furthermore, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31.12.2023, and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We refer to note 2 in the consolidated financial statements which describes that the company's continued operations, depends on capital injections from investors in the range of DKK 7,0m -10,5m. Furthermore, refinancing (full or partially) of interest-bearing liabilities alongside with continued improvements of profitability are required for the company to continue operations. Management expects that both the capital injection and refinancing will be solved. Due to material uncertainty related to both capital injections from investors, refinancing and future profitability there is material uncertainty related to going concern. Our conclusion has not been modified on this basis.

### Emphasis of matter

Referring to management commentary and note 3 in the consolidated financial statements, the value of capitalized development projects of DKK 75m (2022: DKK 74m) is dependable on future earnings. Due to growth in 2023 and outlook for 2024 being lower than mid-term financial targets there is a material uncertainty related to the value of capitalized development projects. If future growth continues to be lower than mid-term financial targets this could entail an impairment loss of the value of capitalized Development projects.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

### Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act as well as the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated

# Independent auditor's report

financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 06.06.2024

**Deloitte**
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

**Claus Jorch Andersen**
State Authorized Public Accountant Identification No (MNE) mne337

# Glossary

| | |
|---|---|
| Subscription Revenue | Subscription revenue is generated from recurring subscription fees which customers pay to use the Company's platform. |
| Commission Revenue | When consumers discover music and are funneled from the Linkfire discovery layer to various Digital Service Providers, Linkfire in some cases generates commission revenue through affiliate partnerships. |
| Digital Service Providers | Stores and/or services where consumers play music, purchase other related content, or sign up for subscriptions, e.g. Apple Music, Amazon, Ticketmaster, etc. |
| Consumer Connections | Represent the number of unique visitors on Linkfire's smart links and are a key driver for Commission revenue in conjunction with the ability to monetize traffic, reflected in the RPM. |
| Commission Revenue per Mille (RPM) | RPM is an important metric to Linkfire. It represents the commission revenue generated per thousand consumer connections for the period. |
| Constant Currency | Figures on a constant currency basis are an important measure to Linkfire as the majority of revenue is made in USD. This measure highlights the clean growth, adjusted for exchange rate impact in period-to-period comparison. |

## Company Information

**The Company**
Linkfire A/S
Rentemestervej 80
2400 Copenhagen

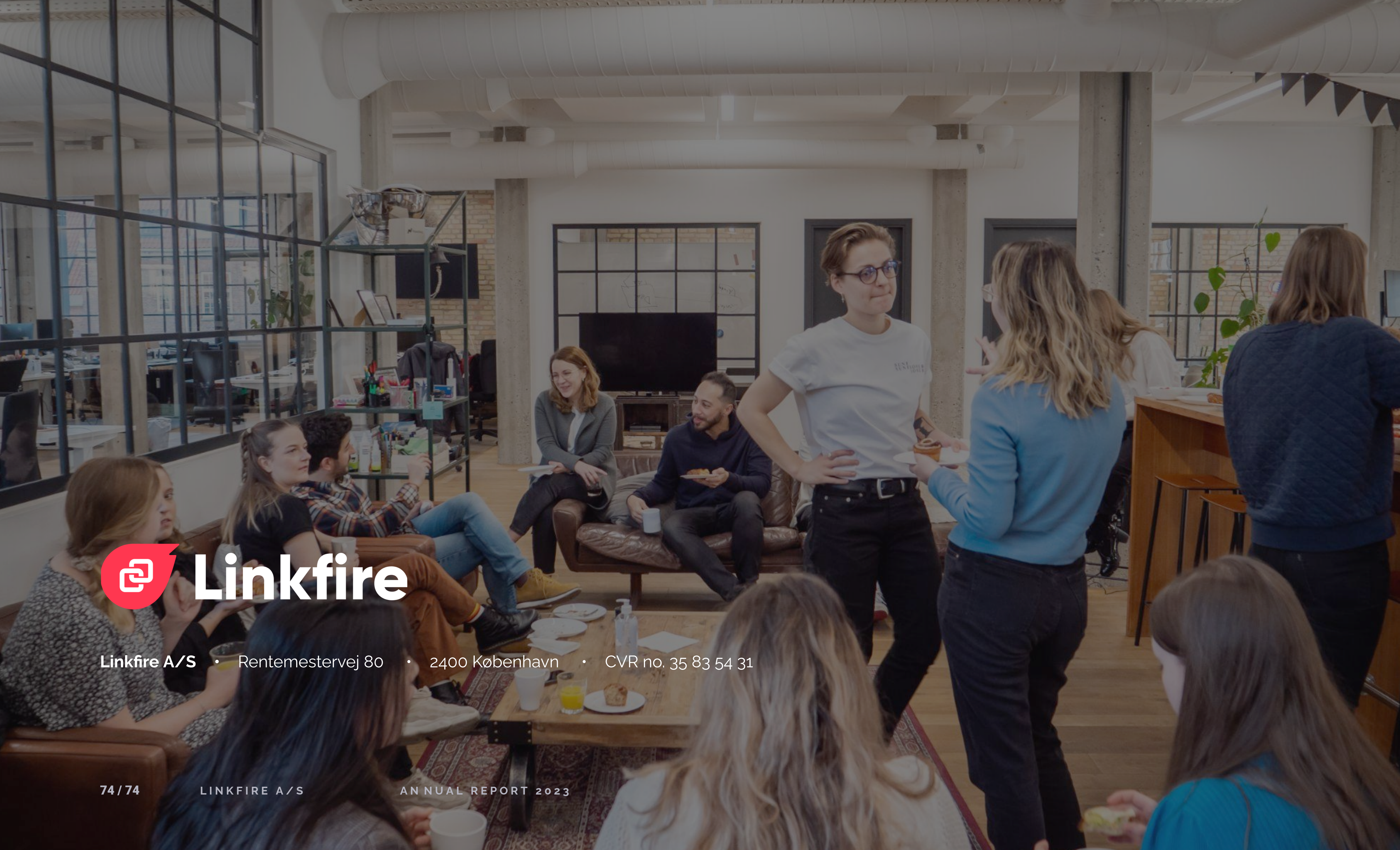
Business Registration no. 35 83 54 31
Registered Office: Copenhagen

Date of Incorporation: 15.04.2014
Financial Year: January 1 - December 31

**Board of Directors**
Jesper Møller, Chairman
Thomas Weilby Knudsen
Charlotte Klinge
Peter Balint
Ole Larsen

**Executive Board**
Jeppe Faurfelt

**Auditors**
Deloitte Statsautoriseret
Revisionspartnerselskab



Linkfire

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