Tel: +45 39 15 52 00
koebenhavn@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
DK-1561 København V
CVR-no. 20 22 26 70

Moodagent A/S

Njalsgade 17A, 5., 2300 København S

ANNUAL REPORT

1 JANUARY – 31 DECEMBER 2022

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 17 August 2023

____
Steen Mørkøv Kristiansen
Chairman of the
General Meeting

CVR NO. 29 42 17 73

CONTENTS

COMPANY DETAILS

Company	Moodagent A/S Njalsgade 17A, 5. DK-2300 København S CVR no.: 29 42 17 73 Established: 10.03.2006 Municipality: Copenhagen Financial Year: 1 January – 31 December 2022
Executive Board	Steen Mørkøv Kristiansen
Board of Directors	Nick Jensen, Chairman Anders Kunze Bønding Steen Mørkøv Kristiansen
Auditor	BDO Statsautoriseret Revisionsaktieselskab Havneholmen 29 DK-1561 Copenhagen V
General Meeting	The Annual General Meeting is held on 17 August 2023

MANAGEMENT'S STATEMENT

Today the Board of Directors and the Executive Board have reviewed and approved the Annual Report of Moodagent A/S for the year 1 January – 31 December 2022.

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

In our opinion the Financial Statements of the Company give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 17 August 2023

Executive Board:

Steen Mørkøv Kristiansen
CEO

Board of Directors:

Nick Jensen Chairman	Anders Kunze Bønding	Steen Mørkøv Kristiansen

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Moodagent A/S

Opinion

We have audited the Financial Statements of Moodagent A/S ("the Company") for the financial year 1 January - 31 December 2022, which comprise the statements of income, comprehensive loss, financial position, changes in equity and cash flow statement as well as notes including summary of significant accounting policies. The Financial Statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of its operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in 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 financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements 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.

Emphasis of Matter relating to Going-Concern

For the year ended 31 December 2022, the Company incurred a net loss of DKK 76 million and equity is negative by 179 million. As stated in Note 3, end February 2023, the Bankruptcy Court approved a financial restructuring plan, which among other things have resulted in a considerable reduction in the Company's debt since loans from related parties and others have been converted to equity and debt to unsecured creditors have been subject to a reduction by 43% and with a three-year payment plan for the remaining unsecured debt. Furthermore, in March 2023 a syndication loan has been obtained to secure funding until the beginning of 2024 where the Company is expected to be cash-flow positive from its operations. The key terms of the syndication loan are disclosed in Note 20. On this basis, Management has assessed and concluded that the Company is a going-concern. Our opinion has not been modified with respect to this matter.

Emphasis of Matter relating to Matters in the Financial Statements

The Company has recognised development projects and other intangible assets with a total carrying value of DKK 145 million as of 31 December 2022. Being an entity, which has just been through a financial restructuring, and being an entity, which has not yet generated revenue and earnings, the valuation is inherently subject to significant uncertainty. We refer to Note 3 which include Management's assessment of why Management has assessed and concluded that the recoverable amount exceeds the carrying value. Among other things, this is based on the fair equity value of the Company determined as part of the financial restructuring supports implies that the recoverable amount for development projects exceeds the carrying value as of 31 December 2022. Our opinion has not been modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed; we conclude that Management's Review is in accordance with the 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 Management's Review.

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of the Financial Statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 the 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statement, 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 Company'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 Financial Statements, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Financial Statements, if such disclosures are inadequate, to modify our opinion. Our

INDEPENDENT AUDITOR'S REPORT

- 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Declaration pursuant to other legislation and other regulations
Violation of the Financial Statements Act's deadline for submitting the annual report
The Company's management has not complied with the Financial Statements Act's requirement that the annual report must be submitted to the Danish Business Authority within the deadline set in the Financial Statements Act, for which management may incur liability.

Copenhagen, 17 August 2023

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Kim Takata Mücke
State Authorized Public Accountant
MNE no. mne10944

FINANCIAL HIGHLIGHTS OF THE COMPANY

	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000	2018 DKK '000
Income Statement					
Net revenue	52	272	960	2,111	2,288
Gross profit/loss	(41,885)	(49,167)	(24,432)	(13,715)	(1,996)
Operating profit/loss	(79,408)	(112,077)	(56,478)	(25,245)	(5,075)
Financial income and expenses, net	(2,528)	(29,176)	(3,629)	((1,396)	(394)
Profit/loss for the year before tax	(81,936)	(141,253)	(60,107)	(26,641)	(5,469)
Profit/loss for the year	(76,436)	(150,533)	(44,869)	(20,940)	(4,289)
Balance Sheet					
Total assets	169,093	121,691	136,534	62,857	30,532
Equity	(178,881)	(102,445)	288	25,257	20,593
Cash flows					
Cash flows from operating activities	(73,620)	(38,643)	(20,618)	(4,400)	(651)
Cash flows from investing activities	(35,730)	(76,666)	(42,462)	(27,745)	(13,983)
Cash flows from financing activities	109,331	115,308	63,108	32,087	14,579
Total cash flows	(19)	(1)	28	(58)	(55)
Investments in property, plant and equipment	0	(990)	0	0	88
Average number of full-time employees	72	207	146	71	25
Key ratios					
Equity ratio................................	Neg.	Neg.	0.21	40.18	67.45

Equity ratio: $\frac{\text{Equity at year-end x 100}}{\text{Total assets, at year-end}}$

MANAGEMENT COMMENTARY

Principal activities
The Company's primary activity is to develop and sell music services.

Development in activities and finances
At the beginning of 2023, Moodagent successfully completed a financial restructuring. During the restructuring period starting end March 2022, Moodagent implemented a new strategy where the business model was changed from a B2C approach to a B2B offering. As part of the new strategy, Moodagent has implemented a number of cost-saving initiatives including reducing staff by almost 50% to reflect that a much lower cost-base is needed under the new B2B strategy.

In 2022, the Company has continued its development activities relating to the technology platform which under the new strategy will be made available for business partners.

With agreements entered recently, the first business partnership is expected to go live in Q4 2023.

The financial result for 2022 was a loss of DKK 76 million covering especially excess staff costs, which will not be recurring under the strategy whereas costs relating to the ongoing development activity has been capitalized as part of development projects.

Profit/loss for the year compared to prior year outlook
In the 2021 annual report, the Company expressed an expected loss for 2022 in the range DKK (60-70) million. The deviation to the actual loss for 2022 is primarily due to differences in internal costs eligible for capitalization as development projects than assumed in the outlook for 2022.

Going-concern
The financial statements as of 31 Dec. 2022 show a negative equity of DKK 179 million funded by a combination of financial loans from third parties and loans from related parties. The funding from related parties increased throughout 2022.

In 2023, the approved financial restructuring plan has led to a considerable debt reduction with loans from both related and non-related parties being converted to equity and with unsecured creditors accepting a debt relief of 43% and with the remaining unsecured debt being subject to repayment over a three-year term.

In addition, new funding has been secured in March 2023 with the obtaining of a syndication loan to fund the financing need in 2023. The syndication loan matures in February 2024.

Management and the majority shareholders are continuously exploring opportunities to obtain further equity or loans to support the ambitions for long-term growth.

With the successful outcome of the financial restructuring combined with financing in place for the remainder of 2023, Management has concluded that it is appropriate to prepare the financial statements for 2022 on a going concern basis. Reference is made to note 3.

Uncertainty in recognition and measurement
Reference is made to note 3, which among other things describe Management's assessment of the recoverable amount for development projects exceeding the carrying value. This is based on an assessment of the Company's estimated market value after the successful completion of the financial restructuring, which under the new strategy is assessed especially to rest with the Company's IP and technology platform.

Future expectations
For 2023, the Company is expecting a loss before taxes of approx. DKK (15-20) million.

MANAGEMENT COMMENTARY (continued)

Knowledge resources

The Company's main activity is development and licensing of a music streaming service, including app development and continued development of the Company's AI technology. A strength of the Company is to maintain and recruit employees with strong skills in areas such as development, artificial intelligence, and machine learning. The Company allocates time and resources for the maintenance and continued development of employee skills.

Research and development activities

Moodagent's ambition is to hold a dominant global position within development of technology for analyzing and understanding moods in music. The Company has developed a music streaming technology which is an AI-driven music platform with unique features, based on advanced back- and front-end technology supported by industry leading patents. To maintain and strengthen this position, the Company invests significant amounts each year in the development of new features and applications.

Events after the balance sheet date

As stated above, in 2023, the approved financial restructuring plan has led to a considerable debt reduction with loans from related parties and others being converted to equity and with unsecured creditors accepting a debt relief and with a three-year payment plan for the remainder of the unsecured debt.

In addition, new funding has been secured in March 2023 with the obtaining of a syndication loan to fund the financing need in 2023.

Further, in 2023 the Company has entered into its first streaming service license agreement with a business partner expected to go live in Q4 2023. The company expects to sign 1-2 additional music streaming service license agreements in 2023 with partners in multiple countries.

As part of the new strategy Moodagent also licenses technology to third party companies, and the first license agreement has been signed in Q2-2023.

INCOME STATEMENT

	Note	2022 DKK'000	2021 DKK'000
Revenue	4	52	272
Cost of sales		(28,357)	(32,652)
Other external expenses		(13,580)	(16,787)
GROSS LOSS		**(41,885)**	**(49,167)**
Staff costs	5	(37,262)	(35,838)
Depreciation, amortisation and impairment losses	6	(261)	(27,072)
OPERATING LOSS		**(79,408)**	**(112,077)**
Impairment of fixed asset investments	13	0	(18,207)
Financial expenses	7	(2,528)	(10,969)
LOSS BEFORE INCOME TAXES		**(81,936)**	**(141,253)**
Tax on profit/loss for the year	8	5,500	(9,280)
LOSS FOR THE YEAR		**(76,436)**	**(150,533)**

STATEMENT OF COMPREHENSIVE LOSS

Loss for the year		(76,436)	(150,533)
Other comprehensive income/loss		0	0
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(76,436)**	**(150,533)**

STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	2022 DKK'000	2021 DKK'000
Patents		3,772	3,559
Development projects		141,590	106,152
Intangible assets	10	**145,362**	**109,711**
Operating equipment	11	0	261
Property, plant and equipment		**0**	**261**
Office leaseholds		0	0
Right of use assets	12	**0**	0
Investments in subsidiaries		0	0
Fixed assets investments	13	**0**	0
TOTAL NON-CURRENT ASSETS		**145,362**	**109,972**
Trade receivables		0	0
Receivables from group enterprises	21	0	0
Deferred tax assets	8	0	0
Income tax receivables	8	11,000	5,500
Other receivables		2,483	241
Prepayments	9	10,240	451
Receivables		**23,723**	**6,192**
Cash	14	**8**	**27**
CURRENT ASSETS		**23,731**	**6,219**
ASSETS		**169,093**	**116,191**

STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

	Note	2022 DKK'000	2021 DKK'000
Share capital	16	11,750	11,750
Reserve for development projects		110,440	82,799
Accumulated losses		(301,071)	(196,994)
EQUITY		**(178,881)**	**(102,445)**
Financial loans		0	31,357
Other payables		0	4,024
Non-current liabilities		**0**	**35,381**
Financial loans	17	33,001	0
Bank loans	18	6,312	8,203
Lease Liabilities	12	3,900	3,900
Trade payables		51,053	34,657
Payables to related parties	21	204,061	92,033
Other payables	19	49,647	44,462
Current liabilities		**347,974**	**183,255**
LIABILITIES		**347,974**	**218,636**
EQUITY AND LIABILITIES		**169,093**	**116,191**

Financial Risks	20
Related Parties	21
Information of assets charged and collateral provided	22
Contingent Liabilities	23
Events after the reporting period	24

STATEMENT OF CHANGES IN EQUITY

2022 DKK'000	Share capital	Share premium	Reserve for development projects	Acc. losses	Total
Balance at 1 January 2022	**11,750**	**0**	**82,799**	**(196,994)**	**(102,445)**
Capitalized development costs for the year	0	0	35,438	(35,438)	0
Movement in reserve for the year	0	0	(7,797)	7,797	0
Net comprehensive loss for the year	0	0	0	(76,436)	(76,436)
Balance at 31 December 2022	**11,750**	**0**	**110,440**	**(301,071)**	**(178,881)**

2021 DKK'000	Share capital	Share premium	Reserve for development projects	Acc. losses	Total
Balance at 1 January 2021	**9,919**	**0**	**56,810**	**(66,441)**	**288**
Capital increase	1,831	45,969	0	0	47,800
Capitalized development costs for the year	0	0	44,194	(44,194)	0
Movement in reserve for the year	0	0	(18,205)	18,205	0
Net comprehensive loss for the year	0	0	0	(150,533)	(150,533)
Share premium transfer	0	(45,969)	0	45,969	0
Balance at 31 December 2021	**11,750**	**0**	**82,799**	**(196,994)**	**(102,445)**

CASH FLOW STATEMENT

	Note	2022 DKK'000	2021 DKK'000
Loss for the year		(76,436)	(150,533)
Depreciation, amortisation and impairment losses		261	46,080
Changes in working capital	15	2,159	47,544
Interest expenses paid		0	(1,908)
Income tax on profit/loss, reversed		(5,500)	0
Income tax paid/refunded	8	0	5,500
Other non-cash adjustments		5,896	14,674
Cash flow from operating activities		**(73,620)**	**(38,643)**
Acquisition of intangible assets	9	(35,730)	(57,469)
Acquisition etc. of operating equipment		0	(990)
Investments in financial fixed assets		0	(18,207)
Cash flow from investing activities		**(35,730)**	**(76,666)**
Financing from third parties		(1,890)	11,073
Financing from related parties		111,221	59,893
Leasing payments		0	(3,458)
Capital increase	18	0	47,800
Cash flow from financing activities		**109,331**	**115,308**
INCREASE IN CASH AND CASH EQUIVALENTS		**(19)**	**(1)**
Cash and cash equivalents beginning of year		27	28
Cash and cash equivalents end of year		**8**	**27**
Cash and cash equivalents at year-end are composed of:			
Cash		8	27
Cash and cash equivalents end of year		**8**	**27**

Supporting information, financing activities
DKK'000

	1 January 2022	Borrowings	Instalments	Non-cash	31 December 2022
Financial loans	31,358			1,643	**33,001**
Leasing liabilities	0				**0**
Bank loans	8,203		(1,890)		**6,313**
Payables to related parties	92,033	111,221		807	**204,061**
Total changes from financing activities	**131,594**	**111,221**	**(1,890)**	**2,450**	**243,587**

	1 January 2021	Borrowings	Instalments	Non-cash	31 December 2021
Financial loans	20,310	11,073		(25)	**31,358**
Leasing liabilities	15,955		(3,458)	(12,497)	**0**
Bank loans	8,177			26	**8,203**
Payables to related parties	32,140	59,893			**92,033**
Total changes from financing activities	**76,582**	**70,966**	**(3,458)**	**(12,496)**	**131,594**

NOTES

1. Accounting policies
2. New accounting standards
3. Significant accounting estimates, assumptions and uncertainties
4. Segment information
5. Staff costs
6. Depreciation, amortisation and impairment
7. Financial expenses
8. Tax for the year
9. Prepayments
10. Intangible assets
11. Property, plant and equipment
12. Right-of-use assets
13. Fixed asset investments
14. Working capital changes
15. Cash
16. Share capital
17. Other loans
18. Bank loans
19. Other payables
20. Financial risks
21. Related parties
22. Information of assets charged and collateral provided
23. Contingent liabilities
24. Events after the reporting period

NOTES

Note

Accounting policies 1

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for the financial statements of reporting class C enterprises according to the Danish Executive Order on Adoption of IFRSs ("IFRS-bekendtgørelsen") issued in accordance with the Danish Financial Statements Act ("DFSA").

The accounting policies are consistent with those applied in the preparation of the financial statements for 2021.

Basis of preparation
The financial statements are presented in Danish Kroner (DKK). All amounts have been rounded to 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 above, have been applied consistently during the financial year and for the comparative figures.

Consolidation
Due to the immaterial size and activity of the Company's subsidiaries, no consolidated financial statements have been prepared for Moodagent A/S for 2022 and 2021. Impact on the result before tax and equity, had consolidated financial statements been prepared would be less than 1% in both years.

Reference is made to disclosures regarding the Company's subsidiaries in note 13.

Foreign currency translation
The financial statements are presented in Danish Kroner being the Company's functional currency.

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 recognized 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 recognized in the income statement under financial income or financial expenses.

NOTES

Note

Accounting policies (continued) **1**

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 Moodagent's cash and cash equivalents at the beginning and end of the financial year.

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

Cash flows from investing activities comprise payments made as a result of acquiring non-current intangible assets, property, plant and equipment as well as financial assets as well as proceeds received from the sale of non-current assets.

Cash flows from financing activities comprise proceeds from obtaining borrowings and cash impact from making repayments of borrowings as well as payments arising from changes in the size or composition of the Company's share capital.

Cash and cash equivalents comprise cash at bank and in hand.

INCOME STATEMENT

Revenue
Revenue recognition requires an agreement with a 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 in 2022 and 2021 only represents subscription fees from test sales relating to the Company's test app of its then planned music streaming services. Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the consideration.

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

Other external costs
Other external costs comprise sales and marketing costs, external consultancy costs, other employee-related costs, IT and software costs, external publisher relations costs, and various corporate and administrative expenses.

Staff costs
Staff cost comprise salaries and wages as well as any share-based payments, social security contributions, pension contributions, etc less staff cost capitalized as part of the cost of development project.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relate to intangible assets and property, plant and equipment.

NOTES

Note

Accounting policies (continued) **1**

Financial income and financial expenses
Financial income and expenses include interest income, interest expense, amortization of borrowing costs and exchange gains and losses. Interest income and expenses are recognized in the income statement with the amount that relates to the financial year applying the effective interest rate method.

Tax
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/loss for the year and recognized in other comprehensive income or equity by the portion attributable to items recognized in other comprehensive income or equity.

The Company participates in a joint taxation arrangement. Income taxes are allocated between the jointly taxed companies in accordance with the full allocation method.

Deferred tax is recognized on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognized in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets.Net deferred tax assets are only recognized to the extent that it is considered probable that the deferred tax assets will be realized within a foreseeable future. This depends on several factors including whether there will be sufficient taxable profits available in future periods, against which the tax losses carryforwards can be utilized.

Current tax payable and receivable is recognized on 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.

Current tax receivable or payable is recognized on the balance sheet, stated as tax calculated on this year’s taxable income adjusted for prepaid tax.

NOTES

Note

Accounting policies (continued) **1**

BALANCE SHEET

Intangible assets
Development projects cover the development of the system platform to support the Company's future operating business model. Development projects shown on the balance sheet is measured at cost less amortization and any impairment losses. Development costs are capitalized when the costs can be reliably determined and there is sufficient certainty that the future earnings or the net selling price exceeds the carrying value of capitalized development costs. Capitalizable development costs include direct staff costs and other directs costs relating to the development projects. Completed development projects are generally amortized on a straight-line basis over 5 years. Considering the nature of intangible assets, generally no residual value by the end of the useful lives has been determined applicable for the intangible assets.

Development costs that do not meet the criteria for capitalization are expensed in the income statement as incurred.

Acquired patents are measured at cost less accumulated amortization and impairment losses. Patents are amortized over the life of the patents.

Intangible assets are written down to the lower of recoverable amount and carrying amount based on an annual impairment assessment.

Right-of-use assets and lease liability
Leases are recognized as right-of-use assets with the corresponding liability at the time the asset is available for use by the Company. Assets and liabilities arising from a lease are measured on a present value basis.

Lease liabilities is comprised of expected fixed payments throughout the expected lease period (including options to extend the lease when exercise is reasonably certain) less any lease incentives and with the addition of expected restoration costs. The lease payments are discounted using the contract's internal discount rate or the Company's incremental borrowing rate.

The cost of right-of-use assets is comprised of the calculated lease liabilities, payments made prior to entering the lease, initial direct costs, and expected refurbishment costs upon redelivery of the leased assets. Right-of-use assets and lease liabilities are remeasured when a factual or contractual change is executed or if a significant event or change affects the expected use of the assets. The impact is discounted to a present value basis.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. When changing the value of right-of-use assets through remeasurement or when changing the depreciation period, the effect on the depreciation is recognized prospectively as a change in accounting estimates. Right-of-use assets are generally depreciated on a straight-line basis over the expected length of the lease contracts or the expected useful lives of the assets, whichever is the shorter.

Lease costs for low value assets and short-term leases are included as operational costs throughout the period based on a straight-line basis.

NOTES

Note

Accounting policies (continued) **1**

Property, plant and equipment
Property, plant and equipment comprises operating equipment and leasehold improvements and are measured at cost less accumulated depreciation and accumulated impairment. Operating equipment and leasehold improvements are depreciated on a straight-line basis over the expected useful lives of the finite-lived assets, which generally are as follows:

	Useful life
Operating equipment	3-5 years
Leasehold improvements..	10 years

Considering the nature of property, plant and equipment owned by Company and recognized on the statement of financial position, generally no residual value by the end of the useful lives has been determined applicable in connection with the calculation of the annual depreciation charge.

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 recognized in the income statement.

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

Deposits
On initial recognition, deposits, which relate to the Company's leasehold contracts, are measured at fair value and subsequently at amortized cost less impairment losses, if any.

Receivables
Receivables are measured at amortized cost, usually equaling nominal value less allowance for expected credit losses.

Cash and cash equivalents
Cash comprises bank deposits and cash in hand.

Prepayments
Prepayments comprise prepaid costs including prepaid royalty payments provided that a future benefit from the prepaid costs can be expected.

Financial liabilities
Financial liabilities in the form of borrowings and other interest-bearing liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs.

Trade payables and other payables
Payables are measured at amortized cost, which generally are identical with the nominal value for such short-term liabilities.

NOTES

Note

New accounting standards **2**

The IASB has not issued any new standards or interpretations of significant importance for Moodagent A/S' financial statements for 2022 or for financial years beginning on or after 1 January 2023.

Note

Significant accounting estimates, assumptions and uncertainties **3**

As part of the preparation of the financial statements, Management makes a number of accounting estimates, judgements and assumptions as a basis for recognizing and measuring the Company's assets as well as judgements made in applying the Company's accounting policies. The estimates, judgements and assumptions made are based on historical experience and other relevant factors. The actual results may deviate from such estimates.

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 25 to the financial statements to which we refer.

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

Going concern

The financial statements as of 31 Dec. 2022 show a negative equity of DKK 179 million funded by a combination of financial loans from third parties and loans from related parties. The funding from related parties increased throughout 2022.

The Company entered into financial restructuring end March 2022, and it was successfully completed in February 2023 where the Bankruptcy Court approved the plan prepared under the supervision and administration of two independent reconstructors appointed by the Bankruptcy Court. The approved financial restructuring plan has led to a considerable debt reduction with loans from related parties and others being converted to equity and with unsecured creditors accepting a debt relief of 43% and with the remaining unsecured debt being subject to repayment over a three-year term.

In addition, new funding has been secured in March 2023 with the obtaining of a syndication loan to fund the financing need in 2023. The syndication loan matures in February 2024.

In the restructuring period, the Company has been working on a strategic shift from being a B2C company aiming at selling own streaming services directly to consumers on an international scale to be a B2B supplier of its technology to third parties who wishes to use the Company' streaming platform against payment of license and service fees.

During the restructuring period, the Company implemented comprehensive costs savings including laying-off approx. 70 employees and thereby adjusting the organisation to the new strategic plan and business model as a B2B provider with a much lower cost base than under the previous strategic plan and business model. The impact from these efforts will be reflected in the 2023 financial statements.

The new strategy still builds on and utilizes the IP and unique technology developed and owned by the Company.

Following exit of restructuring, the Company has signed its first customer contract to deliver a white label streaming service, expected to go live in Q4 2023.

Management and the majority shareholders are continuously exploring opportunities to obtain further equity or loans to further support the ambitions for long-term growth.

With the successful outcome of the financial restructuring combined with financing in place for the remainder of 2023, Management has concluded that it is appropriate to prepare the financial statements for 2021 on a going concern basis.

Classification of debt
As a result of the financial restructuring process, the Company has generally been considered being in default on all of its debts as of 31 Dec. 2022, and hence, all debt is presented as short-term on the balance sheet as of 31 Dec. 2022.

As described above, the approved restructuring plan results in debt to related parties and others be converted to equity. The conversion took place in March 2023 with debts of DKK 211 million being converted to equity, of which DKK 204 million is recognized on the balance sheet as of 31 Dec. 2022 and DKK 7 million was obtained in Jan-Feb. 2023 as additional funding to cover costs in January and February 2023.

In addition, the approved restructuring plan results in a debt relief from unsecured creditors with 43%. As of 31 December 2022, unsecured creditors equalled DKK 138 million of which 43% equal to DKK 59 million will be recognised as financial income in 2023 and the remaining debt will be paid in instalments in 2023 through 2025, of which DKK 14 million will be paid in 2023 and DKK 65 million will be paid 2024-2025.

Development projects
Development projects relates to the development of technology for music and film recognition and recommendation of songs and films. The technology is incorporated into the Company's music streaming app using its unique IP and technology to recommend, find and discover music. The music service is expected to go live in Q4 2023 as a B2B white label customized music streaming service.

The Company has as a main rule capitalised development costs incurred in 2022 as well as in the past based on the assessment that the development activity will provide a full-service streaming technology which will be offered to third parties against the payment of licence and service fees and where the expected net cash-in-flow from the future revenue stream and the related earnings will exceed the capitalised costs.

In past years, the development has been considered completed on an ongoing basis and hence all capitalised development costs have been subject to amortisation from the time where the development costs have been capitalised. In 2022 where the Company has been through a strategic shift for the future use of the Company's technology, the amortisation recognised in the past have been considered to cover the part of the development which has no future use, and since there have been no active revenue generating activities and thereby no active use of the IP and technology platform in 2022, no amortisation charge has been recognised in 2022.

For the year ended 31 December 2022, Management has determined that the recoverable amount exceeds the carrying value of capitalized development costs. Following the successful outcome of the financial restructuring, with a considerable debt reduction, and with the signing of the first business partner agreement in 2023 under the new strategy, Management has determined that the fair value of the Company's share capital has increased and that such fair value, especially resting on the Company's IP and technology platform, supports that the recoverable value of development project is higher than the carrying value.

The platform is expected to go live in Q4 2023 and hence Management concludes that it is highly likely that the platform is technical feasible and will be available for use and thereby support future revenue generation.

At this stage where the Company has not yet been profitable, the assessment of when (and whether) the Company becomes profitable, and the speed of the expected earnings trend, readers of the financial statements should note that the valuation of the development projects is an estimation subject to significant uncertainty. However, considering the uniqueness of the technology platform and considering that the first business partner agreement has been signed and the Company has positive dialogue with many new potential business partners, Management assesses that it is realistic and achievable to become profitable in the foreseeable future so that future economic benefits can either be obtained through a future profitable business, or alternatively, through the sale of IP rights and the technology platform, at a price which realistically exceeds the carrying value.

Deferred tax

IFRS allows companies to recognised deferred tax assets for the part which is expected to be utilised in the forthcoming periods, typically up to 4-5 years and provided that the Company' earnings history support the expectation that the Company can benefit from tax deferred tax asset.

The Company has significant tax losses to be carried forward. End 2022, the accumulated tax loss carry-forwards equal to DKK 390 million representing a tax value of DKK 86 million. The amount has been calculated reducing tax loss carry forwards with the amounts converted to cash refund through the Danish tax credit system (see below), including expected refund for 2022 of DKK 5.5 million.

In 2021 and 2022, the Company has not capitalised any part of tax loss carry forwards as a result of the Company being a development stage company not yet having generated any profits. Any capitalisation of the value of the tax loss carry-forwards await that the Company will become profitable on a sustainable basis.

Being a development stage company, the Company has been utilizing the special Danish tax credit system, which allows development companies to convert part of their tax losses to a cash refund, though maximized at 22% of the lower of the annual development costs and the annual tax loss with a cap of DKK 5.5 million. For both 2021 and 2022, the Company applies for the maximum cash refund. The 2021 cash refund of DKK 5.5 million was received in July 2023, and the cash refund for 2022 is expected to be received in November 2023.

NOTES

Segment information of revenue

Note 4

DKK'000	Denmark	Europe	Rest of the world	Total
Revenue, 31 December 2022......	20	5	27	**52**
Revenue, 31 December 2021......	222	50	0	**272**

Revenue in 2021 and 2022 represents primarily subscription fees from test sales of the Company's music streaming services under the previous planned business model.

	2022 DKK'000	2021 DKK'000	Note
Staff costs			5
Wages and salaries	60,985	82,258	
Pension costs............	3,110	1,076	
Other social security costs	394	864	
Other staff costs............	327	283	
Share based expenses............	0	0	
Capitalised as development projects	(27.554)	(48,643)	
Total	**37.262**	**35,838**	
Average number of employees during the year	72	207	
Remuneration to management			
Executive Board	2,340	3,600	
Board of Directors	0	0	

Warrants program
Certain executive officers in the Company have been granted warrants with the right to subscribe shares in the Company by cash payment. The warrants vest over a three-year period and can be exercised 70 months from granting of the warrants or earlier conditional upon certain events taking place in the future. The fair value of the warrants at grant date were estimated to be close to DKK 0 since strike prices were equal to or close to the prices per share applied when the Company obtained equity capital from current and new shareholders in the periods where warrants also were granted.

Warrants outstanding at 31 December 2022

	Number of warrants DKK	Strike price per warrant DKK
Granted at 17.11.2018............	540,000	3,00
Granted at 17.11.2018............	31,890	3,33
Granted at 17.11.2018............	213,750	5,56
Granted at 29.03.2019............	6,000	7,41
Granted at 26.06.2019............	47,500	7,41
Granted at 01.01.2020............	100,000	7,41
Granted at 01.02.2022............	542,500	7,41
Total	**1,481,640**	

NOTES

Note

Staff costs (continued)

5

	2022 Number of warrants DKK	2022 Hereof vested DKK	2022 Weighted Average strike price DKK	2021 Number of warrant DKK	2021 Hereof vested DKK	2021 Weighted Average strike price DKK
Outstanding beginning of year	**939,140**	**824,308**	**4,31**	939,140	824,308	4,31
Granted during the year	542,500					
Exercised during the year						
Expired during the year						
Outstanding at end of year	**1,481,640**	**824,308**	**4.31**	**939,140**	**824,308**	**4,31**

Outstanding warrants include warrants granted to the Executive Board with a total of 491,390 warrants as of 31 December 2022 (2021: 491.390). No warrants have been granted to the Board of Directors.

	2022 DKK'000	2021 DKK'000	
Depreciation, amortisation and impairment			**6**
Amortisation of intangible assets	0	23,340	
Depreciation of operating equipment	261	150	
Depreciation of right-of-use assets	0	3,320	
Depreciation of leasehold improvements	0	262	
Total	**261**	**27,072**	

Reference is made to note 3 for background for not having any amortization of development projects in 2022.

	2022 DKK'000	2021 DKK'000	
Financial expenses			**7**
Interest expenses	1,696	1,452	
Interest expenses shareholder loans and related parties	806	9,061	
Exchange losses	26	456	
Interest on lease liabilities	0	0	
Total	**2,528**	**10,969**	

NOTES

	2022 DKK'000	2021 DKK'000	Note
Tax for the year			**8**
Tax credit for the year	5,500	5,500	
Changes in net deferred tax assets	0	(14,808)	
Adjustment concerning previous year	0	28	
Total	**5,500**	**(9,280)**	
Loss before tax	(81,936)	(141,253)	
Tax at a rate of 22%	16,816	31,075	
Allowance for not recognising deferred tax asset	(11,316)	(40,327)	
Adjustment concerning previous years	0	(28)	
Total	**5,500**	**(9,280)**	
Effective tax rate	**-7%**	**7%**	

Effective tax rate
Current tax is related to cash refund according to the Danish tax credit system, which allows loss-making companies to get a cash refund of the tax value of tax losses from development costs, subject to approval from the Danish tax authorities. Based on the development costs and the tax losses incurred in 2021 and 2022, the Company is eligible for maximum refund of DKK 5.5 million, which amounts have been recognized as tax income and as a tax receivable on the balance sheets as of 31 December 2021 and 2022. Reimbursement related to 2021 of DKK 5.5 million was received in July 2023, and the refund for 2022 is expected to be received in November 2023.

Deferred tax
Due to the Company's earnings history, the Company has determined that it is inappropriate to recognize any deferred tax asset on the balance sheet as of 31 Dec. 2021 and 2022, which in 2021 resulted in Management deciding to recognize a write-down of DKK 14.8 million relating to deferred tax assets capitalized in the past.

After utilizing tax credits up to and including 2022 with the resulting reduction in tax losses, the Company has tax loss carry forwards of DKK 390 million by the end of 2022 representing a tax value of DKK 86 million. The tax loss carry-forwards might be reduced with part of the debt conversions and debt reliefs recognised in 2023 as part of the financial restructuring, subject to further analysis.

NOTES

Note

Prepayments

9

	2022 DKK'000	2021 DKK'000
Prepaid fees to reconstructors……………………………………………………………..	10,240	0
Other prepayments…………………………………………………………………………..	0	451
Total……………………………………………………………………………………………	**10,240**	**0**

In 2022. the Company has paid fees to the independent reconstructors appointed by the Bankruptcy Court. The Company has considered these payments as prepaid costs, where the costs will be reflected in the 2023 financial statements to be recorded against the debt conversion and the debt relief being the financial outcome of the financial restructuring.

Intangible assets

10

	Development projects 2022 DKK'000	**Patents 2022** DKK'000
Cost at 1 January	173,959	3,559
Additions	35,438	213
Cost at 31 December	**209,397**	**3,772**
Amortization at 1 January	(67,807)	0
Amortization for the year...........	0	0
Amortization at 31 December	**(67,807)**	**0**
Carrying amount 31 December ...	**141,590**	**3,772**

Reference is made to note 3 for a description of Management's assessment of recoverable amount for in tangible assets.
Reference is made to note 3 for background for not having any amortization of development projects in 2022.
Patents have not yet been taken into use, which is background for no amortization has been recognized.

	Development project 2021 DKK'000	**Patents 2021** DKK'000
Cost at 1 January	117,300	2,749
Additions	56,659	810
Cost at 31 December	**173,959**	**3,559**
Amortization at 1 January	(44,467)	0
Amortization for the year...........	(23,340)	0
Amortization at 31 December	**(67,807)**	**0**
Carrying amount 31 December ...	**106,152**	**3,559**

NOTES

Note

Property, plant and equipment

11

2022 DKK'000	Operating equipment	Leasehold improvements
Cost at 1 January	1,089	36
Additions	0	0
Disposals	0	0
Cost at 31 December	**1,089**	**36**
Depreciation and impairment losses at 1 January	(827)	(36)
Depreciation for the year	(261)	0
Impairment loss for the year	0	0
Depreciation and impairment losses at 31 December	**(1,089)**	**0**
Carrying amount at 31 December	**0**	**0**

2021 DKK'000	Operating equipment	Leasehold improvements
Cost at 1 January	99	36
Additions	990	0
Disposals	0	0
Cost at 31 December	**1,089**	**36**
Depreciation and impairment losses at 1 January	(91)	(36)
Depreciation for the year	(474)	0
Reversal regarding disposals	(261)	0
Depreciation and impairment losses at 31 December	**(827)**	**(36)**
Carrying amount at 31 December	**261**	**0**

NOTES

	Note
Right-of-use assets	**12**

2022 DKK'000	Office lease-holds
Cost at 1 January	21,733
Cost at 31 December	**21,733**
Depreciation at 1 January	**(21,733)**
Depreciation for the year	(0)
Remeasurement adjustment	(0)
Depreciation at 31 December	**(21,733)**
Carrying amount at 31 December	**0**

2021 DKK'000	
Cost at 1 January	21,733
Additions	-
Cost at 31 December	**21,733**
Depreciation at 1 January	(3,322)
Depreciation for the year	(3,320)
Remeasurement adjustment	(15,091)
Depreciation at 31 December	**(21,733)**
Carrying amount at 31 December	**0**

Maturity analysis for lease liabilities:

2022 DKK'000	Less than 1 year	Between 1-5 years	More than 5 years	Total
Office leaseholds	3,900	0	0	3,900
Lease liabilities at 31 December	**3,900**	**0**	**0**	**3,900**

In connection with the financial restructuring process, the Company terminated the lease contract, and an agreement has been entered with the landlord of a settlement amount being DKK 3.9 million, which is considerably lower than the lease commitment at the time when entering into the lease contract in 2020. In addition, as a result of the termination of the lease contract, no future value of the lease was expected and the right-of-use asset was carried at DKK 0 (nil) in the 2021 annual financial statements.

Even though the settlement was technically a non-adjusting subsequent event, the Company considered it most meaningful to present the agreed reduction in the lease liability in the 2021 financial statements and at the same time show a remeasurement adjustment of the right-of-use asset, also in the 2021 financial statements, as reflected above, rather than showing an impairment loss of the right-of-use asset in 2021 and a settlement gain relating to the lease liability in 2022.

The lease liability has been part of the 43% debt relief in 2023.

NOTES

Note

13

	2022	2021
	DKK'000	DKK'000
Investments in subsidiaries		
Cost at 1 January	114	114
Additions.	**0**	0
Cost at 31 December	**114**	**114**
Impairment losses and amortisation at 1 January	(114)	0
Impairment losses for the year	(0)	(114)
Cost at 31 December	**(114)**	**(114)**
Carrying amount at 31 December	**0**	**0**

Subsidiaries	**Registered in**	**Corporate form**	**Equity interest %**
Syntonetic ApS	Denmark	ApS	100
Moodagent Australia	Australia	Pty Limited	100
Moodagent India	India	Limited	90
Moodagent Production	Denmark	ApS	100
Moodagent Sverige AB	Sweden	AB	100
Moodagent Poland	Poland	Limited	100
Moodagent Deutschland	Deutschland	Limited	100
Moodagent Malaysia	Malaysia	Sdn Bhd	100

Impairment of fixed asset investments

In 2021, the Company has recognized an allowance for intercompany receivables of DKK 17.7 million since the receivables from subsidiaries are not considered recoverable following the decision to close all subsidiaries. This allowance together with impairment loss from deposits and other fixed asset investments have been reported as an impairment loss of fixed asset investments in the 2021 income statement with totally DKK 18.2 million.

14

	2022	2021
	DKK'000	DKK'000
Working capital changes		
Change in receivables	(17,531)	21,031
Change in payables.	19,690	26,513
Total working capital changes	**2,159**	**47,544**

15

	2022	2021
Cash	DKK'000	DKK'000
Bank deposits	8	27
Total	**8**	**27**

NOTES

Note

Share capital 16

Share capital at 1 January	11,750	9,919
Capital increase	0	1,831
Share capital at 31 December	**11,750**	**11,750**

The share capital is fully paid-up and equals DKK 11,750k divided into shares of DKK 1 each. No shares carry any special rights.

Following the completion of the financial restructuring in Feb. 2023, the Company has converted debts of DKK 211 million to equity in March 2023, whereby the share capital has been increased to 223,702,667 shares of DKK 1 (one) each.

In the 2021 cash flow statement both capital increases in cash and from conversion of debt have been presented as capital increase in cash as the legal debt conversion are a result of the majority shareholder providing bridge financing on an ongoing basis with the aim of converting the bridge financing to equity capital in intervals.

Warrants program – not related to employees
In 2019, certain business partners were granted a total of 618,727 warrants with the right to subscribe shares of nominally DKK 1.00 each in the Company by cash payment at a subscription price of DKK 7,41 per share. The warrants vest over a two-year period starting from September 2019 and can be exercised within the next 10 years. Further, the warrants holders are entitled to require that the number of warrants shall be increased in case of capital increases subsequent to the granting of the original warrants so that the warrants holdings are not diluted after such capital increases against cash considerations in an amount of up to 35 million US$. The subscription price for such new warrants remain the same as for the original warrants. The fair value of the warrants at grant date were estimated to be close to DKK 0, hence no expense has been recognized in the past and in 2021 related to any costs incurred by the Company to the business partners for the supply of services or use of rights.

Warrants outstanding at 31 December 2022 – not related to employees

	Number of Warrants DKK	Strike price per warrant DKK
Granted at 26.06.2019	100,000	7,41
Granted at 29.08.2019.	507,527	7,41
Granted at 08.09.2019	11,200	7,41
Total	**618,727**	

	2022 Number of warrants DKK	2022 Hereof vested DKK	2022 Weighted Average strike price DKK	2021 Number of warrant DKK	2021 Hereof vested DKK	2021 Weighted Average strike price DKK
Outstanding beginning of year	617,727	518,727	7.41	618,727	518,727	7.41
Granted during the year	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-
Outstanding at end of year	**617,727**	**518,727**	**7.41**	**618,727**	**518,727**	**7.41**

NOTES

Financial loans	2022 DKK'000	2021 DKK'000	Note 17
COVID-19 syndicated loan, Vækstfonden (including accrued interest)...	22,627	21,345	
Flex Funding A/S	10,374	10,012	
Total........	**33,001**	**31,357**	

In 2020, the Company has obtained two COVID-19 syndication loans from Vækstfonden of DKK 9.9 million and 10.1 million respectively. Interest rate is determined based on CIBOR 3 months plus of a fixed premium of 5% p.a. Interest is added until first payment. For the loan with a principal of DKK 9.9 million, first payment was agreed to fall due on 1 October 2023 based on an annuity of the principal and added interest until the loan would mature on 1 October 2026. For the loan with a principal of DKK 10.1 million, first payment was agreed to fall due on 1 January 2024 and the loan would mature on 1 January 2027. The loans are unsecured and have therefore been subject to debt reduction of 43% as part of the financial restructuring plan for the Company and where the settlement of the remaining loan balance will follow the amortization plan for all unsecured creditors.

In 2021, the Company obtained loan from Flex Funding A/S of DKK 10 million split into secured loan of DKK 3 million and unsecured loan of DKK 7 million. The loan carries interest of 6,65% p.a. Originally it was agreed that first instalment would fall due on 1 February 2022 and that the loan would matures on 1 January 2023. As part of the financial restructuring, the secured part of the loan has been settled in 2023, whereas the unsecured part is subject to 43% debt relief and the 57% remaining part of the unsecured loan will follow the amortization plan for the unsecured creditors.

Bank loans	2022 DKK'000	2021 DKK'000	18
Bank loans........	6,312	8,203	
Total........	**6,312**	**8,203**	

Bank loans of DKK 2 million has been secured through a business mortgage. As part of the financial restructuring, the unsecured part of the bank loan has been subject to 43% debt relief and the 57% remaining part of the loan will follow the payment plan for the unsecured creditors.

NOTES

Note

19

Other payables

	2022 DKK'000	2021 DKK'000
Wages and salaries, payroll taxes etc	20,412	29,245
Other liabilities	18.843	6,297
Holiday obligation	10,392	8,920
Total	**49,647**	**44,462**

Presented as follows:

	2022 DKK'000	2021 DKK'000
Non-current	0	0
Current	49,647	44,462
Total	**49,647**	**44,462**

The Company has not considered the fair value of other payables. A significant part of wages and salaries, payroll taxes and other liabilities have either been settled or been subject to 43% debt relief following the approval of the financial restructuring plan end Feb. 2023.

Holiday pay obligations for payment of wages and salaries during holiday periods correspond to the employees' rights vested at the balance sheet date to be used in subsequent financial years.

Note

Financial risks

Note

20

Capital structure

The Company manages its capital structure with a primary view to ensure that the Company at any time has sufficient cash and cash resources available to carry-out its planned activities and to provide comfort to financial lenders, trade creditors and the shareholders of the Company that the Company at any time can be viewed as a going-concern.

As described in Note 3, the Company went into financial restructuring in 2022, to get time to agree on a long-term viable financial plan with its creditors and key shareholders. End February 2023, the Bankruptcy Court approved the financial restructuring plan prepared by the Company under the supervision of the independent reconstructors. The key results of the restructuring plan represent a considerable debt reduction, partly by related parties and others converting debt to equity and partly by unsecured creditors accepting a debt relief of 43%.

Furthermore, a syndication loan has been obtained in March 2023 to finance the funding need in 2023. On this basis, Management has concluded that the financial statements for 2022 can be presented on a going-concern basis.

In 2023, Management and the majority shareholder will continue exploring opportunities to get further equity or loan funding to ensure that the syndication loan can be properly recapitalized but also to fund the ambition of a long-term growth.

Policy for management of financial risks
The Company's objective at any time is to limit the Company's financial risks. Together with its key shareholders, the Company manages the financial risks and coordinates funding activities, capital resources, cash management and management of interest rate and currency risks based on financial risk policies agreed with the Board of Directors and its key shareholders. Reference is made to note 3 and the above description of the key terms of the financial restructuring plan approved by the Bankruptcy Court end February 2023.

Credit risk
In 2022 and previous years, the Company has only had very limited revenue generation and hence the Company has not been subject to credit risk from customers.

In 2021 and previous years, the Company had established subsidiaries in other countries, and these subsidiaries were funded with intercompany loans. Considering that the Company has changed its strategy to be a B2B provider, the Company will close down its foreign subsidiaries and hence, in 2021, as stated in note 13, the Company recognized allowances fully equal to the receivables from subsidiaries of DKK 17,731k since it was concluded that the subsidiaries would not be able to repay the loans following the decision to close-down the subsidiaries.

Foreign exchange risk
Foreign exchange rate risk arises due to imbalances between revenue and expenses in each individual currency. The foreign exchange exposure is currently limited after the decision to close-down foreign subsidiaries, and considering that most costs in 2022 was denominated in Danish Kroner. In 2023, the Company has obtained a syndication loan which is denominated in SEK, and as such represent a foreign exchange exposure.

Liquidity risks
In cooperation with its key shareholders, Management is continuously involved in funding activities and closely monitors its cash resources and drawing facilities against its expected short-term needs. As explained in note 3, the Company went into protection under the Danish rules for financial restructurings on 31 March 2022, and a financial restructuring plan was approved by the Bankruptcy Court on 28 February 2023, which among other things were based on shareholder loans and loans from parties related to the shareholders and others be converted to equity and that unsecured creditors were reduced by 43% and that the remaining amount be settled in instalments until June 2025.

The Company has secured funding for the period until February 2024 through a syndication loan. Selected key terms are as follows:

- Net proceeds: DKK 28 million
- Maturity: March 2024
- Interest: 3m STIBOR/EURIBOR + 22% p.a. Interest payable quarterly.
- Security: No assets pledged. Major shareholders are guarantors for the loan.

See note 3. From 2024, the Company is expecting that its B2B strategy will generate revenue that will ensure that the Company's operations will be cash flow positive.

NOTES

Note

Financial risks (continued) 20

Interest rate risk
The Company's bank loans, COVID-19 syndication loans and loan from Greystone Capital Partners A/S are all on floating interest rate terms. The syndication loan obtained in 2023 are on fixed interest terms. The Company does not hedge the interest rate exposure, as this is not considered to be financially viable.

A likely increase/decrease in the interest rate on net interest-bearing liabilities in 2022 would not significantly affect the net profit/loss or equity.

Financial instruments	**2022** DKK'000	**2021** DKK'000
Financial assets measured at amortised cost		
Trade receivables	0	0
Receivables from group enterprises	0	0
Other receivables	2,483	241
Cash	8	27
Total	**2,491**	**268**
Financial liabilities measured at amortised cost		
Bank loans	6,312	8,203
Trade payables	51,053	34,657
Payables to related parties	204,061	92,033
Other payables	49,647	44,462
Other loans	33,001	35,381
Total	**344,074**	**214,736**

The Company has not considered the fair value of financial liabilities due to the special circumstances from the Company being subject to the financial restructuring process, which was completed end February 2023 where the Bankruptcy Court approved the financial restructuring plan whereby debt to related parties will be converted to equity and debt to unsecured creditors (which primarily include bank loans, other loans, trade payables and the non-payroll part of other payables) will be subject to a debt relief of 43% and with the remaining unsecured debt to be paid in instalments until 2025.

NOTES

Note

Related parties 21

Shareholders	Registered office	Basis of influence 31 Dec. 2022
Songco ApS	Copenhagen, Denmark	80,15%
SMS HoldCo Aps	Vedbæk, Denmark	19,18%
Greystone Special Situations Fund K/S (parent company Of Songco Aps)	Copenhagen, Denmark	Ultimate parent

Following the restructuring in February 2023, the ownership structure has changed. Songco ApS is still the majority shareholder holding 55,7% of the shares, and other key shareholders are Greystone Capital Partners A/S with an ownership share of 15,1%

Other related parties with significant influence comprise the Company's Board of Directors and the Executive Board and their related parties. Furthermore, related parties are companies in which the above persons have significant interest. All transactions with related parties are made on arm's length terms.

There were no transactions with members of Executive Board, other than remuneration, which is disclosed in note 3.

During 2022 and 2021, Songco ApS has provided loans to the Company of DKK 166.8 million. Part of the loans provided in 2021 was converted to equity also in 2021. As of 31 Dec. 2022, the Company owes DKK 144.8 million to Songco Aps including added interest and the full amount has been converted to equity as per exit of restructuring 28th February 2023.

In addition to the loan from Songco ApS, the Company has obtained loans from other parties related to the shareholders of Songco ApS and other shareholders. All these loans have been classified as debt to related parties on the balance sheet as of 31 Dec. 2022. This is considered most meaningful considering that all such loans from these parties have been converted to equity in 2023.

In 2021, the Company funded the establishment of subsidiaries through bridge financing. At 31 Dec. 2021, receivables from group enterprise related to funding of the subsidiaries' ordinary business activities amounted to DKK 17,731k before impairment write-down of DKK 17,731k, and payables to subsidiaries amounted to DKK 0k. Interest received during 2021 from subsidiaries amounted to DKK 0k. There has been no funding of subsidiaries in 2022 and during 2023 the Company plans to close down all subsidiaries.

Information of assets charged and collateral provided 22

The Company has provided business mortgages as security for bank debt and other loans with an amount of up to DKK 5 million. The underlying loans have been settled as part of the financial restructuring and the business mortgage has been reapplied to new lenders.

NOTES

Contingent liabilities **Note**

23

The Company participates in a joint taxation arrangement in which Songco ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc. for the jointly taxed entities, and obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. Corporate income tax payable for the Danish jointly taxed companies amounted to DKK 0k at 31 December 2022 (2021: DKK 0k).

Events after the reporting period **24**

End February 2023, the Bankruptcy Court approved the financial restructuring plan prepared under the supervision of the independent reconstructors appointed by the Court.

As part of the restructuring plan, loans from shareholders and parties related to the shareholders reflected on the balance as of 31 Dec. 2022 together with additional loans obtained early 2023 have been converted to equity, and unsecured creditors at 31 Dec. 2022, which had not been settled at 31 March 2022, have had to accept a debt relief of 43%, and with the remaining debt being subject to a three-year repayment plan.

In March 2023, the Company obtained a syndication loan maturing in March 2024, which secures that the planned activities in 2023 have been sufficiently funded.

In 2023, the Company has entered into its first business partner agreement under the new B2B white label business strategy.