**Moodagent A/S**
Havnegade 27
1058 København K
Business Registration No 29421773

# Annual report 2019

(14th financial year)

The Annual General Meeting adopted the annual report on 16.09.2020

**Chairman of the General Meeting**

________________________________________

Name: Mickey Lund

# Contents

# Company details

**Company**

Moodagent A/S
Havnegade 27
DK-1058 København K

Business Registration No.: 29 42 17 73
Registered in: Copenhagen

Date of incorporation: 10.03.2006
Financial year: 01.01.2019 - 31.12.2019

**Board of Directors**

Nick Jensen, Chairman
Anders Kunze Bønding
Michael Ritto

**Executive Board**

Peter Berg Steffensen
Mickey Lund
Mikael Altschul Henderson

**Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 Copenhagen C

# Statement by Management on the annual report

The Board of Directors and Executive Board have today considered and approved the annual report for the financial year 01.01.2019 – 31.12.2019.

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.

In our opinion, the financial statements give a true and fair view of the Company´s assets, liabilities and financial position as at 31.12.2019 and of the results of the the Company´s activities and cash flows for the financial year 01.01.2019 – 31.12.2019.

We believe that the management´s commentary 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, 16.09.2020

**Executive Board**

| | | |
|---|---|---|
| Peter Berg Steffensen | Mickey Lund | Mikael Altschul Henderson |

**Board of Directors**

| | | |
|---|---|---|
| Nick Jensen<br>Chairman | Anders Kunze Bønding | Michael Ritto |

# 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 01.01.2019 - 31.12.2019, 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. The 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.

In our opinion, the financial statements give a true and fair view of the Company´s financial position at 31.12.2019, and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 this auditor’s report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 matters in the financial statements**

1. The Company incurred a net loss of DKK 20,940k for the year ended 31 December 2019. As stated in note 1, in 2019 and 2020, the Company has received additional equity capital from its current and new shareholders as well as obtained additional funding from its shareholders in 2020 and such intermediary funding is expected to continue in the remainder of 2020. In addition, the Company has obtained long-term Covid-19 syndication loan in 2020. 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.

2. At 31 December 2019, the Company has recognized development projects with a carrying value of DKK 40,692k and deferred tax assets with a carrying amount of DKK 5,070k. The recognition and measurement of these assets are dependent on the Company obtaining sufficient funding for both the further development as as well as funding for the launch and marketing of the music services in order to gain sufficient revenue generating business to achieve sustainable profits from its operations within a foreseeable future. Since both the funding prerequisite and the expectations

about future profits are based on assumptions about future events, the recognition and measurement of these assets must be considered to be subject to significant uncertainty at 31 December 2019. We refer to note 1 in the financial statements which discusses the estimates and assumptions applied by Management in determining that the financial statements are prepared assuming that the Company is a going-concern and the background for Management determining that it is appropriate to recognize the development projects on the balance sheet at 31 December 2019. Our opinion has not been modified with respect to this matter.

**Management's responsibilities for the financial statements**

Management is responsible for the preparation of 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, and for such internal control as Management determines is necessary to enable the preparation of 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, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Companys 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, and, 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

**Statement on the management commentary**

Management is responsible for the management's commentary.

Our opinion on the financial statements does not cover the management's commentary, 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 the management's commentary and, in doing so, consider whether the management's commentary is materially inconsistent with the 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's commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management's commentary 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 the management's commentary.

Copenhagen, 16.09.2020

**Deloitte**
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33 96 35 56

Kim Takata Mücke
State Authorised Public Accountant
Identification No (MNE) mne10944

Morten Dandanell Kiærskou
State Authorised Public Accountant
Identification No (MNE) mne33749

# Management's commentary

**Primary activities**

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

**Development in activities and finances**

The financial result of the Company's fiscal year is a loss of DKK 20,940k. The result is in line with expectations and considered satisfactory given the continued development of the music streaming services.

During 2019, the Company has received further funding from existing and new investors.

**Outlook**

The Company will continue developing the music streaming service in 2020 just as the Company will expand its activities by launching the music services in several countries.

The continued development as well as increased marketing spend related to the launch and deployment of the music services in several countries is expected to be funded through future capital increases from both existing shareholders and new external investors. In this connection, the Company has hired a financial advisor to assist the Company getting access to funding from global investors. Existing shareholders have provided the Company with intermediary funding so far in 2020 just as the Company has obtained a Covid-19 syndication loan from Vækstfonden. The Company has access to further intermediary funding from its current shareholders, whereby Management has concluded that it is appropriate to prepare the financial statements for 2019 on a going concern basis.

**Events after the balance sheet date**

In 2020, the Company has received additional equity capital from its shareholders as well as obtained additional funding from the majority shareholder and external sources, including Covid-19 syndication loan from Vækstfonden.

Management follows the development of the current Covid-19 health situation closely and the impact on the business and employees. Up until today, the Company have not experienced any material impact on business or financial performance from the Covid-19 outbreak, however, Management acknowledges increased uncertainty, which may affect our activity level and future plans as the Covid-19 situation develops.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

**Uncertainty in recognition and measurement**

Refer to note 1.

# Income statement

| | Notes | 2019 DKK`000 | 2018 DKK`000 |
|---|---|---|---|
| Revenue | 2 | 2,111 | 2,288 |
| Cost of sales | | (1,722) | (1,400) |
| Other external expenses | | (14,104) | (2,884) |
| **Gross loss** | | **(13,715)** | **(1,996)** |
| Staff costs | 3 | (5,420) | (216) |
| Depreciation and amortisation | 4 | (6,110) | (2,863) |
| **Operating loss (EBIT)** | | **(25,245)** | **(5,075)** |
| Other financial income | 5 | 87 | 12 |
| Other financial expenses | 6 | (1,483) | (406) |
| **Loss before tax** | | **(26,641)** | **(5,469)** |
| Tax on loss for the year | 7 | 5,701 | 1,180 |
| **Loss for the year** | | **(20,940)** | **(4,289)** |

# Statement of comprehensive income

| | Notes | 2019 DKK`000 | 2018 DKK`000 |
|---|---|---|---|
| **Loss for the year** | | **(20,940)** | **(4,289)** |
| **Other comprehensive income** | | | |
| Other comprehensive income for the year | | 0 | 0 |
| **Other comprehensive income for the year, net of tax** | | **(20,940)** | **(4,289)** |
| **Total comprehensive income for the year** | | **(20,940)** | **(4,289)** |
| **Attributable to shareholders of the Company** | | **(20,940)** | **(4,289)** |

# Balance sheet

| | Notes | 31.12.19 DKK`000 | 31.12.18 DKK`000 |
|---|---|---|---|
| Development projects | | 40,692 | 19,475 |
| Patents | | 1,700 | 193 |
| **Intangible assets** | 8 | **42,392** | **19,668** |
| | | | |
| Other fixtures and fittings, tools and equipment | | 11 | 73 |
| Leasehold improvements | | 15 | 35 |
| **Property, plant and equipment** | 9 | **26** | **108** |
| | | | |
| Office leaseholds | | 4,455 | 0 |
| **Right-of-use assets** | 10 | **4,455** | **0** |
| | | | |
| Investments in subsidiaries | 11 | 47 | 38 |
| Deposits | | 924 | 912 |
| **Fixed assets investments** | | **971** | **950** |
| | | | |
| **Fixed assets** | | **47,844** | **20,726** |
| | | | |
| Trade receivables | 12 | 365 | 934 |
| Receivables from group enterprises | 12, 20 | 0 | 731 |
| Deferred tax | 13 | 5,070 | 4,869 |
| Income tax receivables | | 5,500 | 2,826 |
| Other receivables | 12 | 2,368 | 388 |
| Prepayments | | 1,710 | 0 |
| **Receivables** | | **15,013** | **9,748** |
| | | | |
| **Cash** | 14 | **0** | **58** |
| | | | |
| **Current assets** | | **15,013** | **9,806** |
| | | | |
| **Assets** | | **62,857** | **30,532** |

# Balance sheet

| | Notes | 31.12.19 DKK`000 | 31.12.18 DKK`000 |
|---|---|---|---|
| Share capital | 15 | 9,663 | 6,748 |
| Reserve for development projects | | 31,370 | 14,456 |
| Retained earnings | | (15,776) | (611) |
| **Equity** | | **25,257** | **20,593** |
| | | | |
| Lease liabilities | 16 | 3,396 | 0 |
| Other payables | | 1,734 | 0 |
| **Non-current liabilities** | | **5,130** | **0** |
| | | | |
| Lease liabilities | 16 | 1,166 | 0 |
| Bank loans | 17 | 9,002 | 5,191 |
| Trade payables | | 7,922 | 563 |
| Payables to group enterprises | 20 | 5,592 | 2,000 |
| Other payables | 18 | 8,788 | 2,185 |
| **Current liabilities** | | **32,470** | **9,939** |
| | | | |
| **Liabilities** | | **32,470** | **9,939** |
| | | | |
| **Equity and liabilities** | | **62,857** | **30,532** |

# Statement of changes in equity

## 2018

| | Share capital DKK`000 | Share premium DKK`000 | Reserve for development projects DKK`000 | Retained earnings DKK`000 | Total DKK`000 |
|---|---|---|---|---|---|
| **Balance at 1 January** | **4,500** | **0** | **5,215** | **4,679** | **14,394** |
| Capital increase | 2,248 | 8,240 | 0 | 0 | 10,488 |
| Capitalized development costs for the year | 0 | 0 | 10,019 | (10,019) | 0 |
| Amortisation for the year | 0 | 0 | (778) | 778 | 0 |
| Net loss for the year | 0 | 0 | 0 | (4,289) | (4,289) |
| Share premium transfer | 0 | (8,240) | 0 | 8,240 | 0 |
| **Balance at 31 December** | **6,748** | **0** | **14,456** | **(611)** | **20,593** |

## 2019

| | Share capital DKK`000 | Share premium DKK`000 | Reserve for development projects DKK`000 | Retained earnings DKK`000 | Total DKK`000 |
|---|---|---|---|---|---|
| **Balance at 1 January** | **6,748** | **0** | **14,456** | **(611)** | **20,593** |
| Capital increase | 2,915 | 22,689 | 0 | 0 | 25,604 |
| Capitalized development costs for the year | 0 | 0 | 20,449 | (20,449) | 0 |
| Amortisation for the year | 0 | 0 | (3,535) | 3,535 | 0 |
| Net loss for the year | 0 | 0 | 0 | (20,940) | (20,940) |
| Share premium transfer | 0 | (22,689) | 0 | 22,689 | 0 |
| **Balance at 31 December** | **9,663** | **0** | **31,370** | **(15,776)** | **25,257** |

# Cash flow statement

| | Notes | 2019<br>DKK`000 | 2018<br>DKK`000 |
|---|---|---|---|
| Operating loss (EBIT) | | (25,245) | (5,075) |
| Depreciation and amortisation | | 6,110 | 2,863 |
| Change in working capital and other adjustments | 19 | 13,305 | 1,115 |
| Interest receipts | | 87 | 12 |
| Interest payments | | (1,483) | (406) |
| Income tax credit refunded | | 2,826 | 840 |
| **Cash flow from operating activities** | | **(4,400)** | **(651)** |
| | | | |
| Investments in intangible assets | | (27,724) | (13,038) |
| Investments in tangible assets | | 0 | (88) |
| Investments in long-term financial assets | | (21) | (857) |
| **Cash flow from investing actitivies** | | **(27,745)** | **(13,983)** |
| | | | |
| Repayment, lease liabilities | | (920) | 0 |
| Short-term bank loans | | 3,811 | 3,104 |
| Capital increases in cash | | 23,604 | 9,475 |
| Financing from related parties | | 5,592 | 2,000 |
| **Cash flow from financing activities** | | **32,087** | **14,579** |
| | | | |
| Cash flows for the year | | (58) | (55) |
| Cash at 1 January | | 58 | 113 |
| | | | |
| **Cash at 31 December** | | **0** | **58** |

# Overview of notes

# Notes

**1. Significant accounting estimates, assumptions and uncertainties**

As part of the preparation of the financial statements, Management makes a number of accounting estimates, judgements and assumptions as a basis for recognising 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 Company is in its final development phase. Launch and marketing of the music services in multiple countries are expected to take place in the 2nd half of 2020. Both the continued development activities and the expected launch and marketing activities, which involve hiring of local staff during 2020 results in the Company also in 2020 will have high cash burn and a funding need throughout 2020.

During 2019, the cash needs were partly funded by the current shareholders and a new shareholder through contribution of additional equity capital and through intermediary loans. Additionally, subsequent to the balance sheet date, the Company has received additional equity capital from its shareholders as well as obtained additional funding from the majority shareholder and external sources, including Covid-19 syndication loan from Vækstfonden.

On this basis, Management has assessed and concluded that it is appropriate to present the financial statements for 2019 on a going-concern basis.

# Notes

**1. Significant accounting estimates, assumptions and uncertainties (continued)**

**Development projects**

Development projects mainly relate to the development of software for music recognition and recommendation of songs. The software called "Moodagent" recommends and finds music. The software is aimed at music providers and consumers who want to discover new but related music. The software is ready for operation but is continuously being further refined and developed on the basis of customer needs.

Completed development projects are measured at cost price less amortisation at the balance sheet date, whereas development projects in progress are measured at cost. Both completed and in progress development projects are tested for impairment on an annual basis.

Since the Company’s software and system platform is still being fine-tuned and modified for local purposes, and launch and roll-out of the services have just begun, any assessment of market potential, number of users, revenue stream, future staff costs, marketing costs and system/software maintenance costs will inherently be subject to significant uncertainty. At 31 December 2019, Management has determined the fairness of the carrying value of development projects based on the market capitalisation of the Company being applied in discussions with potential new investors and on basis of updated business plans which implies that the Company will become profitable within a few years. On this basis, Management has concluded that the recoverable amount exceeds the carrying value of of capitalized development costs.

**Deferred tax**

Deferred tax assets are recognised for unutilised tax loss carry-forwards to the extent it is considered likely that the losses can be offset against taxable income in the foreseeable future. The assessment is based on an expectation that the launch and roll-out of the Company’s music services will result in the Company being profitable within a few years which supports that the Company’s tax loss carry-forwards will be utilized against taxable income within the next 4-5 years. The tax losses can be carried forward indefinitely and have no expiry date.

# Notes

| | 2019 DKK`000 | 2018 DKK`000 |
|---|---:|---:|
| **2. Revenue** | | |
| Denmark | 164 | 155 |
| Europe | 375 | 742 |
| Rest of the world | 1,572 | 1,391 |
| | **2,111** | **2,288** |

| | 2019 DKK`000 | 2018 DKK`000 |
|---|---:|---:|
| **3. Staff costs** | | |
| Wages and salaries | 27,446 | 11,111 |
| Pensions | 509 | 268 |
| Other social security costs | 276 | 90 |
| Other staff costs | 53 | 231 |
| | **28,284** | **11,700** |
| Capitalized as development projects | (22,864) | (11,484) |
| | **5,420** | **216** |
| **Average number of employees** | **71** | **25** |

| | 2019 DKK`000 | 2018 DKK`000 |
|---|---:|---:|
| **Remuneration to management** | | |
| Executive Board | 2,702 | 2,496 |
| Board of Directors | 0 | 0 |
| | **2,702** | **2,496** |

**Warrant program**

In 2018 and 2019, 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 have been estimated to be close to DKK 0, hence no expense has been recognized in these financial statements.

# Notes

### 3. Staff costs (continued)

**Warrants outstanding at 31 December 2019**

| | 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 | 223,750 | 5,56 |
| Granted at 29.03.2019 | 6,000 | 7,41 |
| Granted at 26.06.2019 | 47,500 | 7,41 |
| | **849,140** | |

| | 2019 Number of warrants DKK | 2019 Hereof vested DKK | 2019 Weighted Average Strike price DKK | 2018 Number of warrants DKK | 2018 Hereof vested DKK | 2018 Weighted Average Strike price DKK |
|---|---|---|---|---|---|---|
| Outstanding at beginning of year | 797,890 | 715,901 | 3,72 | - | - | - |
| Granted during the year | 53,500 | 17,835 | 7,41 | 797,890 | 463,898 | 3,72 |
| Excercised during the year | - | - | - | - | - | - |
| Expired during the year | -2,250 | 1,500 | 5,56 | - | - | - |
| **Outstanding at the end of the year** | **849,140** | **735,236** | **3,82** | **797,890** | **463,898** | **3,72** |

Outstanding warrants include warrants granted to the executive board with a total of 491.390 warrants as 31 December 2019 (2018: 440.390). No warrants have been granted to the board of directors.

| | 2019<br>DKK`000 | 2018<br>DKK`000 |
|---|---|---|
| **4. Depreciation and amortisation** | | |
| Amortisation of intangible assets | 5,000 | 2,851 |
| Depreciation of other fixtures and fittings, tools and equipment | 62 | 11 |
| Depreciation of leasehold improvements | 20 | 1 |
| Depreciation of right-of-use assets | 1,028 | 0 |
| | **6,110** | **2,863** |

**5. Other financial income**

| | | |
|---|---|---|
| Interest income from group enterprises | 12 | 12 |
| Exchange gains | 75 | 0 |
| | **87** | **12** |

**6. Other financial expenses**

| | | |
|---|---|---|
| Interest expenses | 646 | 373 |
| Interest expenses to group enterprises | 590 | 13 |
| Exchange losses | 0 | 20 |
| Interest, lease liabilities | 247 | 0 |
| | **1,483** | **406** |

# Notes

## 7. Tax for the year

| | 2019 DKK`000 | 2018 DKK`000 |
|---|---|---|
| Tax credit for the year | 5,500 | 2,826 |
| Changes in net deferred tax assets | 201 | (1,626) |
| Adjustments concerning previous years | 0 | (20) |
| | **5,701** | **1,180** |
| | | |
| Loss before tax | (26,641) | (5,469) |
| | | |
| Tax at a rate of 22% | (5,861) | (1,203) |
| Tax-based value of write-down of receivables from group enterprises | 224 | 0 |
| Tax-based value of non-deductible expenses | 5 | 3 |
| Adjustments concerning previous years | (69) | 20 |
| | **5,701** | **1,180** |
| | | |
| **Effective tax rate** | **21%** | **22%** |

Current tax is related to reimbursement of the tax value of tax losses from development costs according to the Danish tax credit system, subject to approval from the Danish tax authorities. Reimbursement related to 2018 was approved by the Danish tax authorities during 2019 and refund was received in autumn 2019. Refund for 2019 of DKK 5,500k has been received in June 2020.

# Notes

### 8. Intangible assets

| | Development projects 2019 DKK`000 | Patents 2019 DKK`000 |
|---|---|---|
| Cost at 1 January | 49,175 | 193 |
| Additions | 26,217 | 1,507 |
| **Cost at 31 December** | **75,392** | **1,700** |
| | | |
| Amortisation at 1 January | (29,700) | 0 |
| Amortisation for the year | (5,000) | 0 |
| **Amortisation at 31 December** | **34,700** | **0** |
| | | |
| **Carrying amount at 31 December** | **40,692** | **1,700** |

| | 2018 DKK`000 | 2018 DKK`000 |
|---|---|---|
| Cost at 1 January | 36,330 | 0 |
| Additions | 12,845 | 193 |
| **Cost at 31 December** | **49,175** | **193** |
| | | |
| Amortisation at 1 January | (26,849) | 0 |
| Amortisation for the year | (2,851) | 0 |
| **Amortisation at 31 December** | **(29,700)** | **0** |
| | | |
| **Carrying amount at 31 December** | **19,475** | **193** |

Please refer to note 1 for a description of Management’s impairment assessment of intangible assets.

# Notes

**9. Property, plant and equipment**

| | Other fixtures and fittings, tools, and equipment 2019 DKK`000 | Leasehold improve-ments 2019 DKK`000 |
|---|---|---|
| Cost at 1 January | 99 | 36 |
| Additions | 0 | 0 |
| **Cost at 31 December** | **99** | **36** |
| | | |
| Depreciation at 1 January | (26) | (1) |
| Depreciation for the year | (62) | (20) |
| **Depreciation at 31 December** | **(88)** | **(21)** |
| | | |
| **Carrying amount at 31 December** | **11** | **15** |

| | 2018 DKK`000 | 2018 DKK`000 |
|---|---|---|
| Cost at 1 January | 47 | 0 |
| Additions | 52 | 36 |
| **Cost at 31 December** | **99** | **36** |
| | | |
| Depreciation at 1 January | (15) | 0 |
| Depreciation for the year | (11) | (1) |
| **Depreciation at 31 December** | **(26)** | **(1)** |
| | | |
| **Carrying amount at 31 December** | **73** | **35** |

# Notes

**10. Right-of-use assets**

| | Office leaseholds 2019 DKK`000 |
|---|---|
| Cost at 1 January | 0 |
| Adoption of IFRS 16 | 5,483 |
| **Cost at 31 December** | **5,483** |
| | |
| Depreciation at 1 January | 0 |
| Depreciation for the year | (1,028) |
| **Depreciation at 31 December** | **(1,028)** |
| | |
| **Carrying amount at 31 December** | **4,455** |

**11. Investments in subsidiaries**

| | 31.12.19 DKK`000 | 31.12.18 DKK`000 |
|---|---|---|
| Cost at 1 January | 38 | 28 |
| Additions | 9 | 10 |
| **Cost at 31 December** | **47** | **38** |

| | Registered in | Corporate form | Equity interest % | Equity DKK`000 | Profit/loss DKK`000 |
|---|---|---|---|---|---|
| **Subsidiaries** | | | | | |
| Syntonetic ApS | Denmark | ApS | 100 | 146 | (28) |
| Moodagent Australia | Australia | Pty Limited | 100 | 0* | -* |
| Moodagent India | India | Limited | 90 | 90 | 81 |

*) Moodagent Australia was established during December 2019, and as of 31 December 2019 the subsidiary had not yet had any operations.

# Notes

## 12. Receivables

| | 31.12.19<br>DKK`000 | 31.12.18<br>DKK`000 |
|---|---|---|
| Trade receivables | 690 | 1,225 |
| Receivables from group enterprises | 1,017 | 731 |
| Other receivables | 2,368 | 388 |
| Allowance for expected credit losses | (1,342) | (291) |
| | **2,733** | **2,053** |

| **Allowance for expected credit losses:** | 2019<br>DKK`000 | 2018<br>DKK`000 |
|---|---|---|
| Balance beginning of year | 291 | 291 |
| Change in allowances during the year | 1,051 | 0 |
| Realised losses during the year | 0 | 0 |
| **Balance end of year** | **1,342** | **291** |

Allowance for expected credit losses are based on an individual assessment of receivables.

The allowance as of 31 December 2019 includes allowance for intercompany receivables of DKK 1,017k and an allowance of DKK 325k related to doubtful trade receivables.

# Notes

## 12. Receivables (continued)

### Trade receivables

### 31 December 2018

| | Days past due | | | | |
|---|---|---|---|---|---|
| | Not due | <180 days | 180-360 | >360 days | 2018 |
| Expected credit loss rate* | 0% | 7% | 22% | 70% | |
| Trade receivables (gross) | 30 | 667 | 260 | 270 | **1,225** |
| Allowance for expected credit losses | 0 | 45 | 56 | 190 | **290** |
| **Trade receivables (net)** | 30 | 622 | 202 | 80 | **934** |

*The expected credit loss rate is the average expected credit loss rate.

### 31 December 2019

| | Days past due | | | | |
|---|---|---|---|---|---|
| | Not due | <180 days | 180-360 | >360 days | 2019 |
| Expected credit loss rate* | 0% | 0% | 19% | 100% | |
| Trade receivables (gross) | 0 | 116 | 307 | 267 | **690** |
| Allowance for expected credit losses | 0 | 0 | 58 | 267 | **325** |
| **Trade receivables (net)** | 0 | 116 | 249 | 0 | **365** |

*The expected credit loss rate is the average expected credit loss rate.

# Notes

## 13. Deferred tax

| | 31.12.19<br>DKK`000 | 31.12.18<br>DKK`000 |
|---|---|---|
| Intangible assets | 9,270 | 4,284 |
| Tangible assets | 966 | (4) |
| Lease liabilities | (1,004) | 0 |
| Tax loss carryforwards | (14,302) | (9,149) |
| Deferred tax (asset)/liability | (5,070) | (4,869) |
| | | |
| Deferred tax assets, recognized | 5,070 | 4,869 |
| | **5,070** | **4,869** |

Please refer to note 1 for a description of Management's assessment of the appropriateness of capitalizing the deferred tax asset.

## 14. Cash

| | 31.12.19<br>DKK`000 | 31.12.18<br>DKK`000 |
|---|---|---|
| Bank deposits | 0 | 58 |
| | **0** | **58** |

The Company's cash consists of deposits in well-reputed banks and recognized amounts are considered equal to fair value.

# Notes

### 15. Share capital

The share capital equals DKK 9,663k divided into shares of DKK 1 each or multiples herof. No shares carry any special rights.

| | 2019<br>DKK`000 | 2018<br>DKK`000 |
|---|---|---|
| 1 January | 6,748 | 4,500 |
| Capital increase from cash | 507 | 2,066 |
| Capital increase from debt conversion | 2,408 | 182 |
| **31 December** | **9,663** | **6,748** |

### Warrant program – not related to employees

In 2019, certain business partners have been granted a total of 518,727 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 have been estimated to be close to DKK 0, hence no expense has been recognized in these financial statements related to any costs paid by the Company to the business partners for the supply of services or use of rights.

### Warrants outstanding at 31 December 2019 – 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 |
| | **618,727** | |

# Notes

## 15. Share capital (continued)

| | 2019 Number of warrants DKK | 2019 Hereof vested DKK | 2019 Weighted Average Strike price DKK | 2018 Number of warrants DKK | 2018 Hereof vested DKK | 2018 Weighted Average Strike price DKK |
|---|---|---|---|---|---|---|
| Outstanding at beginning of year | - | - | - | - | - | - |
| Granted during the year | 618,727 | 259,364 | 7,41 | - | - | - |
| Excercised during the year | - | - | - | - | - | - |
| Expired during the year | - | - | - | - | - | - |
| **Outstanding at the end of the year** | **618,727** | **259,364** | **7,41** | **-** | **-** | **-** |

## 16. Lease liabilities

### Maturity analysis for lease liabilities

| | Less than 1 year DKK`000 | Between 1-5 years DKK`000 | More than 5 years DKK`000 | Total DKK`000 |
|---|---|---|---|---|
| Office leaseholds | 1,166 | 3,396 | 0 | 4,562 |
| **Lease liabilities at 31 December 2019** | **1,166** | **3,396** | **0** | **4,562** |

At 31 December 2019, the Company is committed to short-term leases for DKK 0k.

Subsequent to the balance sheet date, the office leasehold agreement has been terminated and the Company has been released from all lease obligations and entered into a new lease agreement for new premises. The new lease agreement is non-cancelable for a period of 6 years, with a minimum lease obligation of totally DKK 24,5 million.

# Notes

### 17. Bank loans

| | 31.12.19<br>DKK`000 | 31.12.18<br>DKK`000 |
|---|---|---|
| Bank loans | 9,002 | 5,191 |
| | 9,002 | 5,191 |

The Company’s bank loans consist of short-term credit facilities with a maximum overdraft facility of DKK 13m.

| | 31.12.19<br>DKK`000 | 31.12.18<br>DKK`000 |
|---|---|---|
| **18. Other payables** | | |
| Wages and salaries, payroll taxes etc. | 5,899 | 424 |
| Other liabilities | 934 | 504 |
| Holiday obligation | 1,955 | 1,257 |
| | **8,788** | **2,185** |

The carrying amount of the above mentioned other payables are assumed to equal their fair values. Holiday pay obligations for payment of wages and salaries during holiday periods corresponds to the employees’ rights vested at the balance sheet date to be used in subsequent financial years.

| | 2019<br>DKK`000 | 2018<br>DKK`000 |
|---|---|---|
| **19. Change in working capital and other adjustments** | | |
| Change in receivables | (2,390) | (1,419) |
| Change in payables | 15,695 | 2,534 |
| **Total working capital changes and other adjustments** | **13,305** | **1,115** |

# Notes

### 20. Related parties

| Name | Registered office | Basis of control |
|---|---|---|
| Songco ApS | Copenhagen, Denmark | 80,20 % |
| SMS HoldCo ApS | Vedbæk, Denmark | 19,69 % |
| Greystone Special Situations Fund K/S (parent company of Songco ApS) | Copenhagen, Denmark | Ultimate parent |

Other related parties with significant influence comprise the Company's Executive Board, Board of Directors 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 lenth terms.

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

Greystone Capital Partners A/S has during the year charged professional services to the Company with an amount of DKK 900k (2018: DKK 180k).

As of the balance sheet date, the Company owes DKK 5,578k to Songco ApS (2018: DKK 2,000k), which falls due on demand. In addition, Songco ApS has during the year provided loans to the Company of totally DKK 22,285k which subsequently during the year has been converted to equity. Interest recognized for 2019 for the loans provided by Songco ApS amounts to totally DKK 590k (2018: DKK 13k).

The Company has had very limited transactions with subsidiaries. Receivables from group enterprises are related to funding of the subsidiaries ordinary business activities and consists of a loan of DKK 1,017k, before impairment write-down (2018: 483k) to Moodagent India. Payables to group enterprises amounts to DKK 14k (2018: receivable of 248k) to Syntonetic ApS. Interest received during the year from group enterprises amounts to DKK 12k (2018: DKK 12k).

# Notes

**21. Contingent liabilities**

**Joint taxation**

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 2019 (2018: DKK 0k).

**22. Assets charged and collateral**

The Company has pledged the development projects, property, plant and equipment etc as security for bank debt with an amount of up to DKK 2,000k.

# Notes

## 23. Financial risks

| | 31.12.19<br>DKK`000 | 31.12.18<br>DKK`000 |
|---|---|---|
| Trade receivables | 365 | 934 |
| Receivables from group enterprises | 0 | 731 |
| Other receivables | 2,368 | 388 |
| Cash | 0 | 58 |
| **Loans and receivables** | **2,733** | **2,111** |
| | | |
| Bank loans | 9,002 | 5,191 |
| Trade payables | 7,922 | 563 |
| Payables to group enterprises | 5,592 | 2,000 |
| Other payables | 10,522 | 2,185 |
| **Financial liabilities measured at amortised costs** | **33,038** | **9,939** |

The carrying amounts of the above mentioned accounts are assumed to equal their fair values.

**Policy for management of financial risks**

The Company’s objective at all times is to limit the Company's financial risks.

Together with Greystone Special Situations Fund K/S, through Songco ApS, 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 majority shareholder.

**Interest rate risks**

The Company’s bank loans and loan from Greystone Special Situations Fund K/S are all on floting interest rate 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 would not significantly affect the net profit/loss or equity.

# Notes

### 23. Financial risks (continued)

**Liquidity risks**

In cooperation with its majority shareholder, 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 1, the majority shareholder and Management is in continuous dialogue with both the current shareholders and potential new shareholders to obtain further funding both in the form of borrowings or equity.

The Company attempts to maximise flexibility and minimise risks. At 31 December 2019, the Company has credit facilities to DKK 13 million, of which DKK 9 million has been utilized as of 31 December 2019.

**Capital structure**

The Company manages its capital structure with a primary view to ensure that the Company at anytime 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 anytime during 2020 can be viewed as a going-concern.

**Credit risk**

The Company is exposed to credit risk from trading partners and customers. The exposure is limited to the Company's total outstanding receivables and is not considered significant due to Company in 2019 still being in the development phase with limited sales activity.

In 2019 as well as in 2018, the Company did not incur any credit losses. At 31 December 2019, the credit risk is assessed to be limited, and at 31 December 2019, the Company has made an allowance of DKK 352k for potential credit losses. Further the Company has recognized an allowance for credit loss of DKK 1,017k related to to a receivable from subsidiary Moodagent India.

**Foreign exchange rate risk**

Foreign exchange rate risk arises due to imbalances between revenue and expenses in each individual currency. Up to end of 2019, the foreign exchange exposure has been limited. The exchange rate exposure relating to investments in foreign subsidiaries is not hedged as the risk is considered limited.

# Notes

**24. Events after the balance sheet date**

In 2020 the Company has received additional equity capital from its shareholders as well as obtained additional funding from the majority shareholder and external sources, including Covid-19 syndication loan from Vækstfonden.

Management follows the development of the current Covid-19 health situation closely and the impact on the business and employees. Up until today, the Company have not experienced any material impact on business or financial performance from the Covid-19 outbreak, however, Management acknowledges increased uncertainty, which may affect our activity level and future plans as the Covid-19 situation develops.

As disclosed in note 16, in 2020 the Company has been released from its obligations under its previous office lease agreement, and instead the Company has entered into a new 6-year office lease arrangement.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Notes

### 25. Accounting policies

The financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting class B enterprises according to the Danish Financial Statements Act.

**Basis of accounting**

Moodagent A/S presents the financial statements in DKK, which is considered the functional currency of the Company's actitivies.

The accounting policies described below have been applied consistently throughout the financial year.

Due to the immaterial size and activity of the Company's three subsidiaries, no consolidated financial statements have been prepared for Moodagent A/S for 2019. Impact on the result before tax and equity, had consolidated financial statements been prepared would be less than 1%. Reference is made to disclosures regarding the Company's subsidiaries in note 11.

**New financial reporting standards and interpretations in 2019**

The company has implemented all new and revised financial reporting standards and interpretations adopted by the EU that are effective for financial years beginning on 1 January 2019, including IFRS 16, which affected recognition and measurement in the annual report.

**IFRS 16 'Leases'**

IFRS 16 "Leases" (superseding IAS 17) is effective for the year beginning on 1 January 2019. The new standard significantly changes the accounting treatment of leases, whereby the Company, with a few exceptions, should recognise all types of leases as right-of-use assets and the related lease obligations as liabilities on the balance sheet. The annual cost of the lease, which will comprise two elements – depreciation and interest expense – will be charged to the lessee's income statement. Previously, lease costs were recognised with a single amount within Other operating expenses.

Similarly, lease payments will be presented in the cash flow statement in two lines – Interest paid and Lease payments – within Cash flows from operating activities and Cash flows from financing activities, respectively. In prior years, lease payments were presented as part of Cash flows from operating activities as they were included in Operating profit/loss.

IFRS 16 has been adopted as per 1 January 2019 applying the modified retrospective approach, whereby the cumulative effect is recognised at the date of initial application and the right-of-use assets are recognised at the same value as the lease obligations. Comparative figures have not been restated.

# Notes

### 25. Accounting policies (continued)

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Company has elected not to recognise right-of-use assets of office devices of low value, such as printers, computers etc.

Lease liabilities are measured using the Company's incremental borrowing rate of 5% p.a, rather than the interest rate implicit in the leases since these cannot easily be determined in the contracts.

Right-of-use-assets of DKK 5,481k has been recognized on 1 January 2019. The right-of-use-assets are presented on a separate line under non-current assets.

The lease liabilities related to the right-of-use-assets are recognised with an amount of DKK 5,481k on 1 January 2019. The liabilities are classified as current and non-current liabilities, respectively.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

**Reconciliation of lease obligations IAS 17 and lease liabilities IFRS 16**

| | **DKK** |
|---|---|
| Lease liabilities disclosed in the annual report 2018 as contingent liabilities | 7,349 |
| Effects from discounting | (752) |
| Other adjustments | (1,116) |
| **Lease liabilities at 1 January 2019** | **5,481** |

# Notes

**25. Accounting policies (continued)**

Net loss before tax is improved by DKK 109k as a result of implementation of IFRS 16. EBITDA has increased by DKK 138k, as lease payments are no longer presented as part of other external expenses. Depreciation of the right-of-use-assets amount to DKK 1,028k and the interests on the lease lability amount to DKK 247k for 2019.

**Foreing currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as 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 Moodagent’s cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes as well as financial income received, financial expenses paid and income taxes refunded/paid.

Cash flows from investing activities comprise payments in connection with the acquisition or disposals of 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 Company’s share capital as well as the raising of loans.

# Notes

### 25. Accounting policies (continued)

**Income statement**

**Revenue**

License income is recognised in the income statement, when license is delivered to and is ready for use by the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration.

**Cost of sales**

Cost of sales comprises direct costs to achieve the revenue for the year.

**Other external expenses**

Other external expenses include expenses relating to the Company's ordinary activities, including, marketing and corporate costs, etc. This item also includes allowances for expected credit losses.

**Staff costs**

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for the Company's staff, less staff costs capitalized as part of the cost of development projects.

**Depreciation, amortisation and impairment losses**

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

**Other financial income and expenses**

Other financial income and expenses are recognised in the income statement with the amount that relates to the financial year. Other financial income and expenses comprise interest income and expenses and exchange gains and losses, as well as tax relief/surcharge under the Danish Tax Prepayment Scheme etc.

**Tax for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised 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.

# Notes

## 25. Accounting policies (continued)

**Balance**

**Intangible assets**

Development projects cover the development of software and 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 adequate 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 amortised on a straight-line basis over 5 years.

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 amortisation and impairment losses. Patents are amotised over the life of the patents.

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

**Property, plant and equipment**

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and any impairment losses.

The basis of depreciation is 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 | 3-5 years |
| Leasehold improvements | 5 years |

For leasehold improvements, 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.

# Notes

## 25. Accounting policies (continued)

**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 Companys'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 restoration costs. 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 depreciated on a straight-line basis of 5-6 years, corresponding to the expected length of the contract 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.

**Investments in subsidiaries**

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

**Receivables**

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

**Deferred tax**

Deferred tax is recognised 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.

# Notes

### 25. Accounting policies (continued)

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable 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 a number of factors including whether there will be sufficient taxable profits available in future periods, against which the tax losses carryforwards can be utilized.

**Income tax**

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

**Cash**

Cash comprises cash in bank deposits.

**Other financial liabilities**

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

### 26. New accounting standards issued, but not yet effective

The IASB has not issued any new standards og interpretations of significant importance for Moodagent A/S' financial statements that must be implemented by the Company for financial years beginning on or after 1 January 2020.