ANNUAL REPORT

2022

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MANAGEMENT'S STATEMENT

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Hypefactors A/S for the financial year
1 January - 31 December 2022

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 8 May 2023

Executive Board

Casper Janns
CEO

Board of Directors

Pierre-André Montjovet
Chairman

Casper Janns

Kasper Holten Hülsen

Martin Michael Hansen

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Hypefactors A/S

Report on the Financial Statements

OPINION

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 the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Hypefactors A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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' 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 and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 1, Going concern and capital resources, in the financial statements, which describes conditions that needs to be fulfilled, including a further funding, which at the time of approval of the financial statements are not secured. This indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 the 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 Financials Statements Act. Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Finanscial Statements Act. We did not identify any material misstatement in Management's Review.

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 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, disclosing, as applicable, matters related to going concern and 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 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 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 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.

Hellerup, 8 May 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Flemming Eghoff
State Authorised Public Accountant
mne30221

Morten Jørgensen
State Authorised Public Accountant
mne32806

COMPANY INFORMATION

The Company

Hypefactors A/S
Kronprinsessegade 8 B, 4. sal
DK-1306 København K

CVR No: 36 68 26 04
Financial period: 1 January - 31 December
Incorporated: 12 March 2015
Municipality of reg. office: København

Telephone: + 45 31152424
E-mail: info@hypefactors.com
Website: www.Hypefactors.com

Board of Directors

Pierre-André Montjovet, Chairman
Casper Janns
Martin Michael Hansen
Kasper Holten Hülsen

Executive Board

Casper Janns

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

9,384,248

Revenue in DKK
01-01-2022 - 31-12-2022

10,624,940

ARR in DKK
31-12-2022

Management's Review

KEY ACTIVITIES

Hypefactors is a software company that delivers technology for media intelligence, reputation and corporate trust analysis, primarily used by management, business intelligence and communications specialists. The tech and the Hypefactors platform is used to ensure better media intelligence, reputation management and trust tracking.Through integrated solutions, Hypefactors empowers clients to make more informed decisions and bridging the gaps when it comes to managing the increasingly important aspects of reputation and trust management. Clients are provided with a complete overview of how their company, brands, relevant peer groups and industries are mentioned by third-parties across editorial and social media. Hypefactors utilizes its artificial intelligence (AI) to turn big amounts of unstructured data into smart data and unique insights for its clients.

Hypefactors combine data, analytics, technology and tools to provide a unified and easy-to-use experience, incl. advanced analytics. The Hypefactors' platform includes national and global media monitoring, analytics, media reporting, media database, digital newsrooms and news distribution. API based feeds of enriched data are also available as the company offers the capacity and flexibility to sync data sets to many IT infrastructures. The artificial intelligence (AI) and machine learning driven solution helps organizations improve the perfor-mance, save time and reduce costs. The company is listed on Nasdaq First North Growth Market in Denmark.

DEVELOPMENT IN THE YEAR

Revenue for the period amounted to DKK 9,384m, compared to DKK 6,787m in 2021, corresponding to an increase of 38%. Earnings before interest, tax, depreciation and amortization (EBTIDA) amounted to DKK 0,333m compared to 2021 which showed a negative EBTIDA of DKK 2,073m. Hypefactors reached an annual recurring revenue (ARR*) of DKK 10,625m per December 31, 2022, (2021: 7,751m) which is an increase over the last twelve months of 37%. There was an influx of enterprise clients from several countries. For 2022, the main commercial focus was on direct sales to enterprise clients utilizing the full media intelligence platform. To better serve the UK market, an office was established in London.

*ARR is defined as 12 X MRR (Monthly Recurring Revenue) end of December 2022.

TECHNOLOGY ASSETS

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

Finding relevant news media data: The most extensive crawling of worldwide media data. Property of Hypefactors. It helps users to always be on top of the relevant news stories.

Enriching news data: Readership, sentiment/ reputation, media type, market and more. Understanding cultural and linguistic diversity, implicit contexts, biases and ambiguity. Unique AIs are property of Hypefactors. Turns 'big data' into 'smart data' and provides the users with real-time insights into relevant reputation and earned media performance metrics.

Understanding meaning: Setting the information into context. Benchmark, comparisons, understandings.

User insights: Easy-to-access and ready-to-use data. Desktop platform, mobile app, email alerts. Making everyday life easier for the users.

Workflow optimization: Automated media reports, newsrooms, news distribution and more. 100% integrated. Saves the users time and helps professionalize communications processes.

INNOVATIONS

Again in 2022, Hypefactors launched major upgrades to its artificial intelligence, increasing the quality of the company's media insights solution to a level that is unmatched in the industry. The 'Atlastic.AI, generation 2' which was launched in December includes:

• *Upgraded Names of Interest AI (NOI):* Proprietary named entities recognizer retrained on more linguistically curated data, accounting for niche linguistic cases and optimized for billion-scale operations. NOI tech is an implementation of Hypefactors' proprietary AI-based named entity recognition (NER), which is now taken to a new level of precision and scale with NOI. NOIs are the media equivalent of 'points of interests' used in global navigation tech. The AI underlying NOI automatically identifies and classifies names of products, services, companies, governments, foundations (or any legal body), countries, states, regions, cities, villages, landmarks, persons, sport events and special occasions that one may find useful or interesting. The NOI technology takes media intelligence to the next level, and it is the cornerstone for a sleeve of new innovative product features planned, also for data-driven decision-making business segments like marketing and finance.

• *Upgraded Reputation AI:* Retrained on more linguistically curated data, especially accounting for ambiguous and mixed perception cases, and optimized for billion-scale operations.

• *Upgraded Presence AI:* The proprietary media-exclusiveness identifier is retrained to optimize for billion-scale operations.

• *Boosted machine learning operations architecture:* Originally designed in 2021, first launched in May 2022 and upgraded in December 2022 with its second launch, enables scaling AI enrichments up to 5 billion machine learning operations per day.

• *Upgraded print segmentation AI:* The AI that turns newspaper PDFs into structured analyzable media data will receive an upgrade due to completion of the first milestone from the "New Print PDF Processing" project backed by the Innovation Fund Denmark. In the project, we aim to apply recent scientific breakthroughs in computational linguistics (NLP) combined with AI-techniques beyond machine learning: Automated reasoning engine and probabilistic programming. The 'New Print PDF Processing Program' will enable us to

deliver a magnitude larger print coverage than any competitor and to deliver a superior solution to large enterprises with crossborder media presence. The project was kicked off in October 2022 and is expected to be finalized in August 2023.

• *New ESG AI*, trained with a proprietary AI technique, will categorize media coverage in all languages along 26 environmental, social and governance dimensions to facilitate ESG sustainability reporting and compliance.

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

API SOLUTION BRAND

To further commercialize the data and AI assets, Hypefactors work with a dedicated brand for API solutions that makes it possible to fuel Hypefactors' data into other IT solutions. The brand Atlastic.ai widens the use of media intelligence tech to business segments beyond PR/ communications. Atlastic.ai opens up the Hypefactors global media data set and data enrichment AIs for integration into other existing IT infrastructure and platforms typically found at large enterprises. The Atlastic.ai technology can help these enterprises get the full picture of important situations and make better-informed decisions. The company delivers machine-readable data feeds of relevant, structured and enriched media content for a wide range of applications and segments, including market and competitor research, ESG topics, reputation and crisis management, supply chain issues and financial analysis. Atlastic.ai leverages the multi-year development of data and AI technology assets spurred by the Hypefactors solution. It expands the company's addressable market by delivering client benefits like:

A comprehensive, real-time global media database with millions of news stories made available in near real-time.

Reputation and trust measurement metrics that correlate with other business's KPIs.

Data enrichments using our interconnected set of state-of-the-art AI that can handle 100 languages in common use

BUSINESS MODEL

The commercial relations with clients are based on a subscription model. Clients pay a subscription fee priced depending on selected parameters like number of users and data usage. The subscription model generates recurring revenue for as long as the subscription is continued. The commitment period can vary, but the most used initial subscription periods are one or two years. The industry standard is that the subscription license is invoiced upfront at the beginning of each license period. This provides a high degree of financial transparency and stability as the revenue is foreseeable. An important financial metric for Hypefactors, like other SaaS companies, is annual recurring revenue (ARR) which expresses the annualized monetary value of active licenses.

CORPORATE GOVERNANCE

Hypefactors is a member of The Danish Association of Listed Growth Companies (FBV), and the company supports the initiatives taken in the association to support the Danish shareholder culture. FBV has drawn up a series of corporate governance recommendations, grouped into four sections.

The first part is about the interaction between shareholders, investors and other stakeholders. Among other things, it is emphasized here that the so-called 'equity story', as well as the company's social purpose, should appear on the website, just as there should be transparency around the ownership structure and any employment

of close relatives to management/board/main shareholders. The company has the mentioned description included on its website, just as no such related persons are employed in the company.

The second part deals with the tasks and responsibilities of the board of directors. It is recommended that the board is composed so that the aggregated set of competences cover the company's needs and that the chairman and at least half of the members elected by the general meeting are independent, and that members of the executive board do not form part of the board. The company has chosen to follow the recommendation, which is why the company's CEO will resign from the board at the next general meeting. The board meets the criterion of independence and its composition is continuously evaluated with a perspective to the right mix of competences.

The third part deals with management and board remuneration, which the company's policy supports.

The fourth and last one deals with risk management. Here, it is emphasized that the most important strategic, operational and financial risks should be explained and that a sensitivity analysis of the principal risks should be carried out. The company could do more to be fully aligned with the recommendations.

During the coming financial year, Hypefactors will delve further into the FBV's various recommendations and ensure the best possible compliance.

FUTURE DEVELOPMENT

The demand for comprehensive media intelligence and reputation tracking tech solutions is expected to continue to grow. The long-term market potential is expected not to be affected by turbulence and uncertainties emerging from macroeconomic matters. The company is experiencing substantial interest from the market to obtain a media intelligence solution that is better compared to traditional press clipping solutions. The ambition for the current financial year is to continue to accelerate the business, and to deliver a positive cashflow (understood as invoiced revenue exceeding operating costs).

CAPITAL RESOURCES

In 2022 the Company has realized an acceptable growth. The ambition for the financial year 2023 is to accelerate the business and finally reach the point of a positive cashflow. It is an objective to balance the need for a sufficiently strong capital structure with the protection of the shareholders best interest by avoiding heavy dilution. Management expects to secure necessary further funding in 2023 or meet the budgeted growth and conditions and that sufficient liquidity will be ensured to finance the activities in 2023. Consequently, Management presents the financial statements on the assumption of the Company's ability to continue as a going concern.

SUBSEQUENT EVENTS

After the balance sheet date, and to support the growth of the business and strengthen the equity and capital resources, a group of investors engaged and committed to a minor private placement (capital increases), bringing in a total of MDKK 1.0, combined with payout of an already committed loan tranche from Vaekstfonden (Danish state's investment fund).
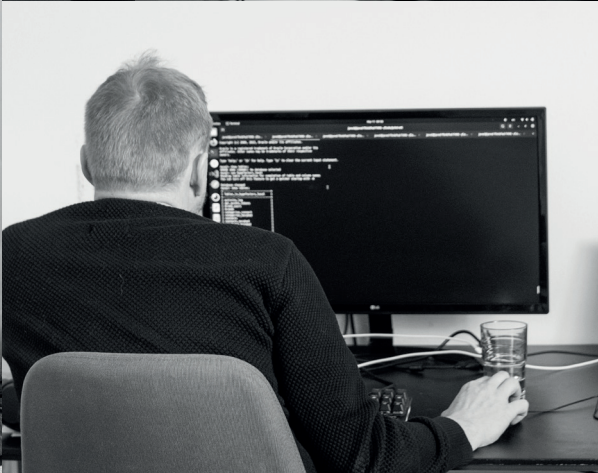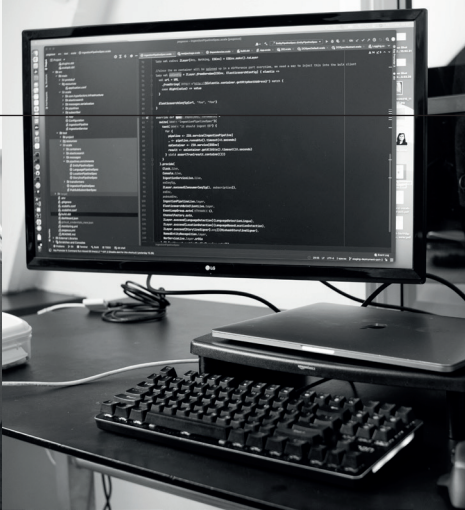
atlastic.ai

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

Atlastic.ai is combining 6 advanced AI systems to derive deep insights – extracted from a wide variety of millions of news sources and enriched for easy and quick understanding. Deep learning is used for structure and context, making it possible for users to correlate data with other relevant events.

Q&A SESSIONS

- ON WHAT HYPEFACTORS IS ALL ABOUT

Q&A WITH THE CEO

Once again, we have asked our founder and CEO, Casper Janns, to answer a series of questions about the business of Hypefactors. Like before, we discussed the importance of media intelligence, reputation management and corporate trust, as well as ways in which organizations can benefit from using the Hypefactors technology. Some of the essential questions were repeated and some new ones were added.

HOW DID IT ALL START?

"With a background in strategic marketing and advertising consulting, I have a deep appreciation for the importance of measuring and documenting the impact of implemented initiatives. I believe in a business-driven approach that emphasizes the link between strong marketing performance and strong business performance, and I have seen firsthand how digital solutions can help marketing teams prove this link. Before founding Hypefactors, I served as CEO at an agency that originally focused solely on marketing but eventually expanded to include communications and PR consulting as well. While marketing teams are primarily focused on driving brand awareness and sales through paid media channels such as advertising, communications teams are responsible for managing the company's reputation through earned media, such as editorial mentions in the press.

Through my work with many large companies, I've observed that there are two main challenges facing communications teams today. First, the concepts of trust and reputation are critical to any business's success, yet these are often managed less effectively than other important contributors to success. This is largely due to a lack of ability to document and measure results, which by the way can lead to a situation where the value of the work done by professional reputation and communications teams is underappreciated. Second, the increasing complexity of media and workload is not well-suited to manual processes such as old-school press clipping services, Powerpoint media reports, Excel, and reactive phone calls to international teams to stay informed about what's happening.

I knew there had to be a better way, which is why I founded Hypefactors. Our platform provides a comprehensive solution for communications professionals, allowing them to manage their work more efficiently and effectively. With Hypefactors, users can easily monitor media coverage, measure and document the impact of their work, and collaborate with team members around the world in real-time. Our goal is to empower communications teams to build and maintain strong reputations for their companies, ultimately contributing to their overall success."

WHAT IS THE IDEA BEHIND HYPEFACTORS?

"My idea for Hypefactors was straightforward: To be the "digital wingman" for reputation professionals by providing them with 1) more concise and easily digestible relevant facts on media reputation and insights, and 2) making the entire process more efficient. In my opinion, "earned media" should be treated as importantly as "paid media.""

While basic media monitoring such as finding relevant mentions for a client is crucial, it is not enough. To provide deeper insights into media reputation and intelligence, we need to employ modern technology. We must also automate more processes to better assist PR departments and communications teams. At the same time, we must provide better support to professionals who work with communications, corporate reputation, and insights. By automating processes and workflows, we can make their daily work lives more manageable."

WHAT IS THE CLIENT'S BENEFITS OF USING HYPEFACTORS?

"There are several benefits that clients can enjoy by using Hypefactors. Firstly, our platform provides clients with real-time and relevant information on their media mentions from across the globe and various media types. This enables them to stay on top of their media reputation and respond promptly to any emerging issues.

Secondly, clients can gain deeper insights into their media performance, thanks to the enriched and aggregated data provided by our platform. This information can help clients to identify their strengths and weaknesses in their media strategy and adjust accordingly.

Thirdly, our platform is equipped with comprehensive analytics, KPIs, one-click media reports, news distribution, and press rooms, all of which make media intelligence and reputation management a lot easier and more efficient. Finally, we strive to make our platform and mobile app as user-friendly as possible, ensuring that

clients can easily navigate and use the platform. Overall, by using Hypefactors, clients can make more informed decisions regarding their media intelligence and reputation management, leading to better outcomes for their business or organization."

WHY IS MEDIA INTELLIGENCE AND REPUTATION TRACKING RELEVANT?

"For any organization, this is essential information. Our clients utilize the insights that we provide to identify opportunities, assess risks, evaluate product launches, and track ESG criteria. Whether it's identifying potential issues with competitors or suppliers, or monitoring how a product launch is being received, our platform empowers organizations to make data-driven decisions and stay ahead of the game. 'Media monitoring' refers to the act of looking for and collecting third-party created information presented in the media, whether online, print, broadcast, social media or from reviews, which has the potential to impact a company in some way or form. The term "reputation management« refers to the act of managing the ways in which an organization or brand is perceived. As our contemporary media landscape continues to grow and evolve, media monitoring and reputation management simultaneously become increasingly integral parts in the success of any business. For example, a company's product might be absolutely brilliant — but if people do not have a general sense of trust in the company that sells said product, the quality of it really does not matter that much at all."

"

Our continued focus on innovation and leveraging new technologies will allow us to stay ahead of the curve and deliver even greater value to our clients.

WHAT WILL TOOLS LIKE CHATGPT MEAN FOR COMMUNICATIONS AND MEDIA INTELLIGENCE?

"The most recent rollouts of more general AI tools like ChatGPT clearly shows how AI will change a lot of the current ways of working in different sectors. Including communications. Although early AI-generated content was criticized for being inaccurate or poorly written, the potential of AI in writing is becoming increasingly evident. Today, AI-generated writing already exceeds the quality of the average copywriter and journalist, and it is only a matter of time before it reaches the level of the best professionals in the field.

For media intelligence providers, the question is whether they are equipped to work with modern AI technology. AI has the potential to revolutionize media monitoring and analysis, providing deeper insights and faster processing than ever before. Providers that embrace AI will have a competitive edge in the market.

On the other hand, traditional press clipping services may struggle to remain relevant in a world where AI is increasingly dominant. As AI technology continues to advance and improve, it may render traditional methods of media monitoring and analysis obsolete. It is essential for businesses in the media intelligence industry to adapt to these changes and stay ahead of the curve to remain competitive."

WHAT IS THE RELATIONSHIP BETWEEN ATLASTIC.AI AND HYPEFACTORS?

"Atlastic.ai is a part of Hypefactors. It is our core AI proprietary technology powering the Hypefactors platform. At the same time it can power other IT systems with enriched media data adding a lot of potential business opportunities."

WHAT IS THE BUSINESS MODEL?

"We are a SaaS based company. SaaS means "Service as a Service" and can be explained as subscription based. This means that clients sign-up for a pre-defined initial license period, e.g. 12 months and if they are happy with the solution, they will continue using and paying for the solution also after the first period. The license fee is also called 'recurring revenue'. For winning new clients our commercial team presents our solution to the prospects, which is often done in virtual meetings. When a new client is signed, our customer success team takes over and handle the onboarding process and the continuously support of the clients.

WHO ARE THE MAIN COMPETITORS?

"In the global market for media intelligence solutions, I would mention Cision, Meltwater and Signal-AI as the most important competitors."

HOW DOES THE FUTURE LOOK LIKE?

"It looks good! With our proprietary AI based technology, we are in the right position to be one of the winners in our market. We believe that our continued focus on innovation and leveraging new technologies will allow us to stay ahead of the curve and deliver even greater value to our clients. We anticipate that the media intelligence landscape will continue to evolve rapidly, and we are committed to staying at the forefront of these changes. With a dedicated team and a strong vision, we are excited about the future and the opportunities that lie ahead. On the commercial side, our focus is to improve the performance and increase the number of clients and the revenue and to be profitable."

Q&A WITH THE CTO

Hypefactors' Chief Technology Officer (CTO) Viet Yen Nguyen answers questions about the company's tech stack including the artificial intelligence; how it functions, as well as the ways in which the Hypefactors platform helps clients navigate through the increasingly complex media landscape.

HOW DID YOU END UP IN HYPEFACTORS?

My academic background spans both scientific and engineering fields, with a particular focus on combining computing, probabilistic and temporal logic. My early career was spent in the space and automotive industries, where I also earned my PhD. While my studies were rooted in theoretical academia, I've always been driven to display the power of the best theories by putting them into society today.

That's also what led me to Hypefactors. The domain is full of deep and interesting challenges that warrant the best theories to be put to practice. I joined Casper, our founder and CEO, early on and relocated with my family from Germany to Copenhagen.

My main goal as CTO is to ensure that our technology remains ahead of the curve. And connect our new tech to solving the biggest problems businesses are facing. Ultimately, my aim is to make Hypefactors become the industry leader in media intelligence technology.

WHAT ARE HYPEFACTORS STRENGTHS COMPARED TO THE COMPETITORS?

We've been connecting the use of AI to media intelligence since the founding of the company. And we have been doing this so systematically, that I now call it part of the Hypefactors DNA: a unique approach that combines rigorous scientific inquiry with the best of engineering talent that enables us to stay ahead of the curve.

We have the whole value-chain for creating AI in-house: from identifying the attracting the required talent, from curating the training data, the AI design, the engineering to scale the AI to the billions and the business acumen to apply and sell it to solve the most difficult, but also the most valuable matters our users face.

This is not just a process that we push hard for: it feeds itself. Our most advanced clients immediately recognize this is not off-the-shelf-AI, but a purpose-built and highly refined solution that enables possibilities previously deemed impossible. They open up for the next frontier of business problems to solve, and this in turn inspires my team to explore new theories and solutions.

The consequence of this is that we stay at the forefront of applied AI, and continuously push the boundary of what is both possible and meaningful.

> " *We anticipate that the media intelligence landscape will continue to evolve rapidly, and we are committed to staying at the forefront of these changes*

WHY ARE AI'S IMPORTANT FOR MEDIA INTELLIGENCE?

The media landscape is rapidly evolving, impacting us more than ever before with both trustworthy and misleading narratives. Sifting through this vast amount of data is beyond human capacity, which is where AI comes in. With AI, we can effectively process large amounts of media data and extract the insights that matter. It also aids in discovering/recommending new insights and possibilities beyond the initial inquiry, and thus broadens our client's horizons. This is done at the speed of milliseconds. Clients using our AI-powered media intelligence do not only have better and more comprehensive insights, they have it also far more timely than with other vendors and their previous-generation methods.

PLEASE EXPLAIN HOW DOES AN AI ACTUALLY WORK?

State-of-the-art AIs are modeled after the human brain, with artificial neural networks resembling the neurons and connections in our own brains. Consider a child's brain, where neurons lack refined cognitive skills. Over time, children learn to distinguish between right and wrong, and learn specific inputs and outputs for desirable or undesirable outcomes. We use a similar approach with artificial neural networks, albeit at an accelerated pace.

These networks are based on linear algebra, where inputs are converted into streams of numbers represented as 0 or 1. The neural network then transforms these inputs into an output stream of numbers that can be mapped to an interpretation, such as determining if a mention is positive or negative. The use of linear algebraic techniques enables us to quickly and accurately process large amounts of data and provide valuable insights to our clients.

CAN YOU LIST SOME OF THE BENEFITS PROVIDED FROM AI?

There are numerous benefits to using AI. First and foremost, AI outperforms human capabilities as it can decipher over 100 languages, while a person may only be proficient in 4-5. This means that AI can reveal insights from media sources that would otherwise be unavailable due to language or geographic barriers. Additionally, AI is designed to perform systematically over time, which cannot always be said for humans, whose judgment may vary due to fatigue or external influences. Therefore, an AI can provide consistent and unbiased information, making it useful as a baseline for quarter-to-quarter comparisons or when comparing different brands.

> " *Clients using our AI-powered media intelligence do not only have better and more comprehensive insights, they have it also far more timely than with other vendors and their previous-generation methods.*
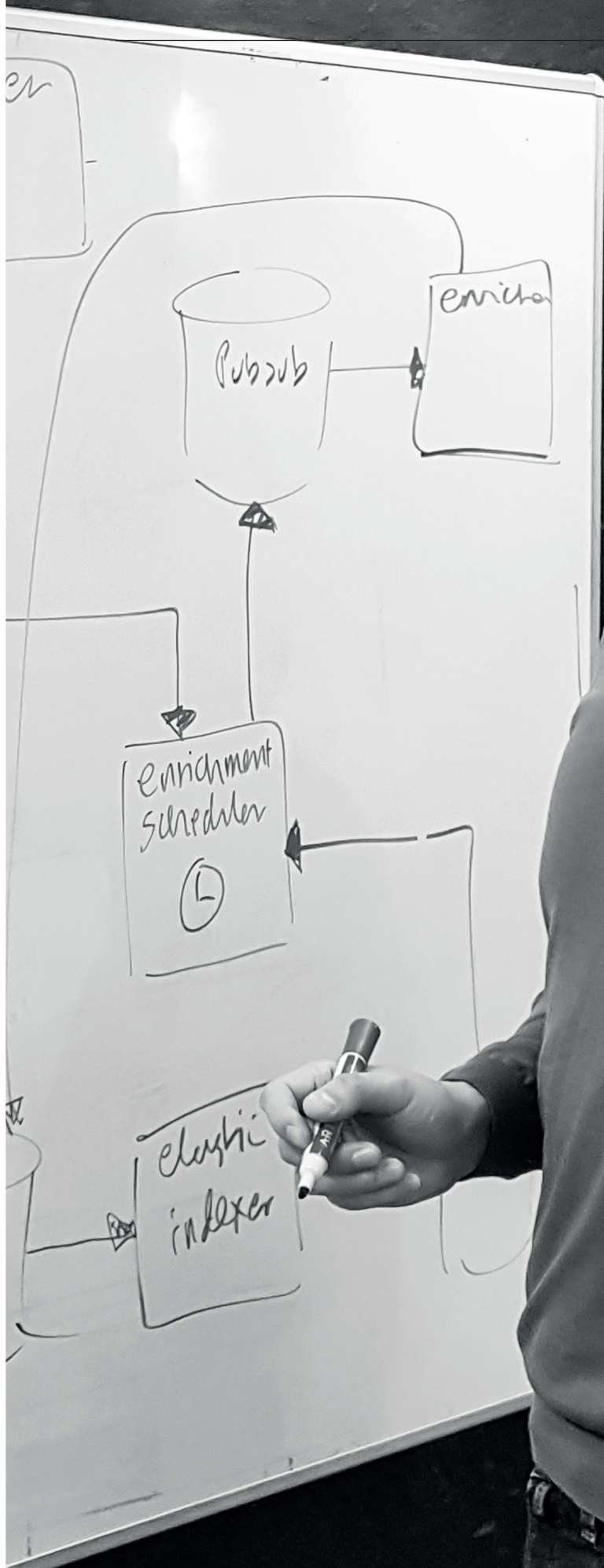
WHAT'S THE CURRENT STATE OF AI?

In 2022, generative AI has become the forefront of AI with the launches of ChatGPT and Midjourney. Both are great showcases of AI's potential beyond a technical audience. While they don't directly map to business problems right away, it inspires many beyond the AI in-crowd to explore the possibilities. A major part of applying AI is figuring out how it solves concrete business problems while working around the limitations of AI technology. This is something we have years of experience with, and that experience also translates to technologies like ChatGPT.

ARE YOU THINKING OF INCORPORATING CHATGPT IN HYPEFACTORS?

"The media represents the collective thoughts that people find desirable of receiving attention. Our periphery is getting wider - we are, in a sense, opening the world. Up until recently, languages and distances were natural barriers that hindered us. But technology is now breaking those barriers, and we find ourselves riding that wave, bridging the gap between languages and

cultures. And we are only at the very beginning. I expect that we are only going to unlock more insights as technology continues to improve."

66

Trillion-scale AI is a level that even big tech is not there yet. Meta is currently handling approximately 800 billion AI operations per day. I expect us to grow in a similar direction

WHAT IS THE INNOBOOSTER PROJECT ABOUT THAT HAS BEEN GRANTED THIS YEAR?

Project NP22 is all about processing physical newspapers and magazines. It's not straightforward to process them by automation. That's why all the competitors I know of have them processed offshore in low-cost labor countries. But such an approach scales badly in terms of cost/profit per client. So automation is again key. We had to develop several sophisticated AI-based algorithms to crack this one, and I'm happy that the Danish Innovationfund entrusted our R&D capabilities with nearly a million kroner to make it world-class. The project is now half-way, and we're hitting all the milestones. It's a piece of work that we're going to be very proud of.

WHAT IS SPECIAL ABOUT THE MEDIA CRAWLER?

Our web crawling capability is based on two key elements. Firstly, our large-scale systems engineering expertise enables us to crawl millions of websites while ensuring that our data is always fresh. To give you an idea of our scale, we perform over 2 billion crawler movements per month, which yields more than 200 million mentions each month.

Secondly, our crawler is designed with modern AI techniques to crawl more quickly and accurately. For example, we use an AI that can crawl both text and navigation links, enabling us to reach deeper into websites. We also have a publication-date AI that can identify and extract the publication time of any article, regardless of language. Without these AIs, you'll get a lot of noisy data – that is old web pages that have no intended meaning nor impact on the media matters that are relevant today.

THE TECH WORK ON HYPEFACTORS SEEMS TO BE GETTING MEDIA EXPOSURE FROM BIG TECH. WHY IS THAT, AND WHAT IS IT ABOUT?
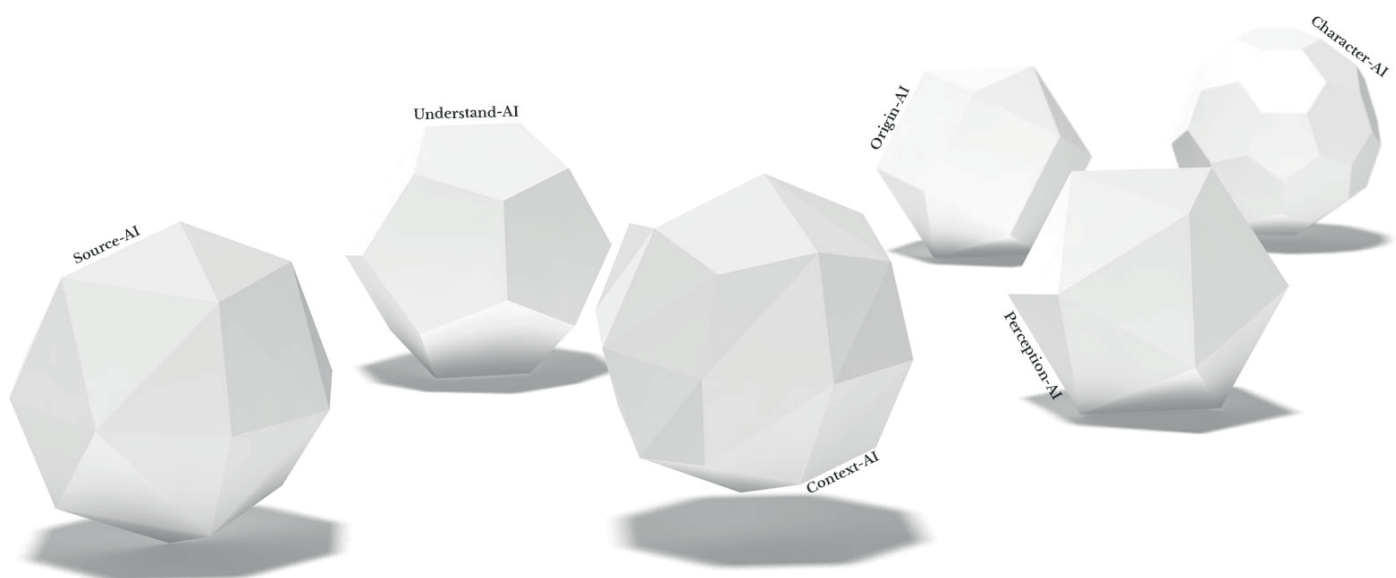
It comes from us taking and nailing the challenge of scaling AI to billion-scale operations a day. The book on this is not yet written. So everyone who attempts this will have to take it from software and hardware co-engineering first principles. People taking on that quest tend to find each other in niche online communities, and often include the experienced AI in-crowds from big tech. Our unique tech solution to billion-scale AI tickled the imagination of the AI engineering teams of Microsoft and Amazon, and that's why you can find deep tech cases about our AI work on the Microsoft and Amazon websites.

WHAT ARE YOUR PLANS FOR 2023?

I have outlined three directions that deeply intertwine with each other: predictive AI, trillion-scale AI and data and feeding split second insights to the most valuable business cases in the world.

Trillion-scale AI is a level that even big tech is not there yet. Meta is currently handling approximately 800 billion AI operations per day. I expect us to grow in a similar direction. There are so many different angles the media stream can be analyzed from – on top of that, the media data stream itself is growing. So having AI enrichments applied on all that ongoingly new and fresh data within milliseconds, as well as on our long historical collection of news data yields a novel technical infrastructure that is in the making by our engineering team.

Once that's done, we'll be sitting on an even vaster amount of data and a wider range of AI-based insights. This will facilitate in doing the statistics of the third direction: advising the potential and best actions to take. This is a whole new order of predictive intelligence not automated today at a split second level. New theoretical development in time series analysis is providing the fuel for this exciting direction.

THE FACTS

INCOME STATEMENT

1 JANUARY - 31 DECEMBER

	Note	2022 DKK	2021 DKK
Revenue		**9,384,248**	**6,787,000**
Work on own account recognised in assets		7,037,631	6,472,128
Expenses for raw materials and consumables		-2,821,386	-3,103,240
Other external expenses		-3,291,579	-2,793,679
Gross profit/loss		**10,308,914**	**7,362,210**
Staff expenses	3	-9,975,878	-9,435,459
Earnings before depreciation		**333,036**	**-2,073,250**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-5,817,300	-5,497,383
Profit/loss before financial income and expenses		**-5,484,264**	**-7,570,633**
Financial income		2,091	2,999
Financial expenses	4	-1,605,734	-1,614,188
Profit/loss before tax		**-7,087,907**	**-9,181,822**
Tax on profit/loss for the year	5	1,556,684	1,550,475
Net profit/loss for the year		**-5,531,223**	**-7,631,347**

DISTRIBUTION OF PROFIT/LOSS

PROPOSED DISTRIBUTION OF THE RESULT

	2022 DKK	2021 DKK
Retained earnings	-5,531,223	-7,631,347
	-5,531,223	**-7,631,347**

BALANCE SHEET

31 DECEMBER

ASSETS

	Note	2022 DKK	2021 DKK
Development projects in progress		14,023,932	12,803,597
Intangible assets	6	**14,023,932**	**12,803,597**
Other fixtures and fittings, tools and equipment			
Property, plant and equipment			
Deposits		241,256	233,940
Fixed asset investments		**241,256**	**233,940**
Fixed assets		**14,265,189**	**13,037,537**
Trade receivables		2,356,502	1,635,591
Other receivables			
Corporation tax receivable, tax credit scheme		1,556,684	1,419,891
Prepayments		12,804	40,656
Receivables		**3,925,990**	**3,096,138**
Cash at bank and in hand		**3,252**	**427,769**
Currents assets		**3,929,242**	**3,523,907**
Assets		**18,194,431**	**16,561,444**

Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital	7	1,113,867	970,665
Reserve for development costs		6,386,796	12,116,905
Retained earnings		-8,896,490	-15,482,172
Equity		**-1,395,826**	**-2,394,602**
Other payables		6,000,000	4,000,000
Long-term debt	9	**6,000,000**	**4,000,000**
Credit institutions		238,047	663,000
Trade payables		4,068,709	3,286,086
Payables to shareholders		126,587	392,811
Other payables	9	2,816,269	4,567,073
Deferred income		6,340,644	6,047,076
Short-term debt		**13,590,257**	**14,956,046**
Debt		**19,590,257**	**18,956,046**
Liabilities and equity		**18,194,431**	**16,561,444**

Going concern and capital resources	1
Subsequent events	2
Provision for deferred tax	8
Contingent assets, liabilities and other financial obligations	10
Accounting Policies	11

STATEMENT OF CHANGES IN EQUITY

	Share capital	Premium on capital injection	Reserve for development costs	Retained earnings	Total
Equity at 1 January	970,665	0	12,116,905	-15,482,172	-2,394,602
Capital injection	143,202	6,386,797			6,529,999
Premium on capital injection to retained earnings	0				0
Development costs for the year			7,037,636	-7,037,636	
Depreciation, amortisation and impairment for the year	0	0	-5,817,300	5,817,300	0
Net profit/loss for the year	0	0	0	-5,531,223	-5,531,223
Equity at 31 December	**1,113,867**	**6,386,797**	**13,337,241**	**-22,233,731**	**-1,395,826**

NOTES TO THE FINANCIAL STATEMENTS

1   Going concern and capital resources

In 2022 the Company has realized an acceptable growth. The ambition for the financial year 2023 is to accelerate the business and finally reach the point of a positive cashflow. After the balance sheet date, and to support the growth of the business and strengthen the equity and capital resources, a group of investors engaged and committed to minor private placements (capital increases), bringing in MDKK 1.0, combined with payout of an already committed loan tranche from Vaekstfonden (Danish state's investment fund). It is an objective to balance the need for a sufficiently strong capital structure with the protection of the shareholders best interest by avoiding heavy dilution.

The Company needs to secure further funding in 2023 in order to continue operations. The Company expects to secure the necessary funding via a capital increase later in 2023. Without a sufficient capital increase, the Company would need a revenue growth of 58% under the assumption of the cost structure being unchanged, maintain and renew existing creditor agreements, qualify for a planned loan tranche and continue to use the tax credit scheme. Consequently, material uncertainty exists regarding the Company's continued operations.

Management expects to be able to secure necessary further funding in 2023 or meet the budgeted growth and conditions and that sufficient liquidity will be ensured to finance the activities in 2023. Consequently, Management presents the financial statements on the assumption of the Company's ability to continue as a going concern.

2   Uncertainty regarding recognition and measurement

The company has carried out an impairment test on intangible assets development projects). The impairment test is prepared based on the Company's budgets, showing an expected growth in 2023 of 58%. As the Company's recognition and measurement of the intangible assets is based on future events, i.a. the expected future growth, there is a naturally occurring uncertainty regarding the impairment test.

3   Staff expenses

	2022 DKK	2021 DKK
Wages and salaries	9,738,868	9,183,713
Pensions	77,989	76,725
Other social security expenses	159,021	175,021
	9,975,878	**9,435,459**
Average number of employees	**13**	**12**

4 Financial expenses

	2022 DKK	2021 DKK
Interest paid to shareholders	50,000	0
Other financial expenses	1,555,734	1,614,188
	1,605,734	**1,614,188**

5 Tax on profit/loss for the year

	2022 DKK	2021 DKK
Current tax for the year	-1,556,684	-1,419,891
Adjustment of tax concerning previous years	0	-130,584
	-1,556,684	**-1,550,475**

6 Intangible assets

	Development projects in progress DKK
Cost at 1 January	27,486,945
Additions for the year	7,037,636
Cost at 31 December	34,524,581
Impairment losses and amortisation at 1 January	14,683,349
Amortisation for the year	5,817,300
Impairment losses and amortisation at 31 December	20,500,649
Carrying amount at 31 December	**14,023,932**

During the financial year, the company continued the development of the artificial intelligence (AI) based software platform (SaaS solution) for organizations looking to automate and improve the tracking of media insights and reputations for their brands, competitors, industry and/or other relevant topics. The platform is used by management as well as marketing and communications specialists. Hypefactors delivers a comprehensive and integrated solution that includes global media monitoring, analytics, reporting, media database, digital newsrooms and news distribution.

The company's tech product is highly scalable. The solution works across geographic markets, as the target group's basic needs are identical - regardless of geography. The platform helps users automate a range of processes that have otherwise been handled manually and provides users with relevant insights and advantages for their workflow, whether large global companies, small and medium-sized enterprises, NGOs or communications agencies.

The total addressable market within the marketing software segment is large and growing rapidly. Hypefactors' solution is cloud-based, internationally scalable, disruptive and with a clearly defined target group.

7 Share capital

The share capital consists of 11,138,670 shares of a nominal value of DKK 0.10. No shares carry any special rights.

The share capital has developed as follows:

	2022 DKK	2021 DKK	2020 DKK	2019 DKK	2018 DKK	2017 DKK	2016 DKK
Share capital, 1 Jan.	970,665	866,884	866,884	866,884	571,430	50,000	50,000
Capital increase	143,202	103,781	0	0	295,454	521,430	0
Share capital, 31 Dec.	**1,113,867**	**970,665**	**866,884**	**866,884**	**866,884**	**571,430**	**50,000**

8 Provision for deferred tax

	2022 DKK	2021 DKK
Intangible assets	2,313,949	2,133,000
Tax loss carry-forward	-6,499,968	-6,408,000
Transferred to deferred tax asset	4,186,019	4,275,000
	0	**0**

Deferred tax has been provided at 22% corresponding to the current tax rate.

DEFERRED TAX ASSET

	2022 DKK	2021 DKK
Calculated tax asset	4,186,019	4,275,000
Write-down to assessed value	-4186,019	-4,275,000
Carrying amount	**0**	**0**

9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt. The debt falls due for payment as specified below:

OTHER PAYABLES

	2022 DKK	2021 DKK
Between 1 and 5 years	6,000,000	4,000,000
Long-term part	6,000,000	4,000,000
Other short-term payables	2,816,269	4,567,073
	8,816,269	**8,567,073**

10 Contingent assets, liabilities and other financial obligations

	2022 DKK	2021 DKK
Floating charge	7,000,000	4,000,000
Rental and lease obligations	256,284	233,800

11 Accounting Policies

The Annual Report of Hypefactors A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK

RECOGNITION AND MEASUREMENT

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

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date

TRANSLATION POLICIES

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

Income statement

REVENUE

Revenue is recognised on a straight-line basis over the period in which the customer has access to the service.

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

EXPENSES FOR RAW MATERIALS AND CONSUMABLES

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

OTHER EXTERNAL EXPENSES

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

STAFF EXPENSES

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

FINANCIAL INCOME AND EXPENSES

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

TAX ON PROFIT/LOSS FOR THE YEAR

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

INTANGIBLE ASSETS

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 years.

Costs for internal accrual rights are recognized in the income statement under costs.

IMPAIRMENT OF FIXED ASSETS

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

FIXED ASSET INVESTMENTS

Fixed asset investments consist of deposit.

RECEIVABLES

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

PREPAYMENTS

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

DEFERRED TAX ASSETS AND LIABILITIES

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively. Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

CURRENT TAX RECEIVABLES AND LIABILITIES

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

FINANCIAL DEBTS

Debts are measured at amortised cost, substantially corresponding to nominal value.

DEFERRED INCOME

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