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

Moodagent A/S

Njalsgade 17A, 5., 2300 København S

ANNUAL REPORT

1 JANUARY – 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 9 August 2024

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Steen Mørkøv Kristiansen
Chairman of the
General Meeting

CVR NO. 29 42 17 73

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COMPANY DETAILS

Company	Moodagent A/S Njalsgade 17A, 5. DK-2300 København S CVR no.: 29 42 17 73 Established: 10.03.2006 Municipality: Copenhagen Financial Year: 1 January – 31 December 2023
Executive Board	Steen Mørkøv Kristiansen
Board of Directors	Nick Jensen, Chairman Anders Kunze Bønding Steen Mørkøv Kristiansen
Auditor	BDO Statsautoriseret Revisionsaktieselskab Havneholmen 29 DK-1561 Copenhagen V
General Meeting	The Annual General Meeting is held on 9 August 2024

MANAGEMENT'S STATEMENT

Today the Board of Directors and the Executive Board have reviewed and approved the Annual Report of Moodagent A/S for the year 1 January – 31 December 2023.

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

In our opinion the Financial Statements of the Company give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023.

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

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

Copenhagen, 9 August 2024

Executive Board:

Steen Mørkøv Kristiansen
CEO

Board of Directors:

Nick Jensen Chairman	Anders Kunze Bønding	Steen Mørkøv Kristiansen

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Moodagent A/S

Opinion

We have audited the Financial Statements of Moodagent A/S ("the Company") for the financial year 1 January - 31 December 2023, which comprise the statements of income, comprehensive loss, financial position, changes in equity and cash flow statement as well as notes including summary of significant accounting policies. The financial statements are prepared in accordance with the IFRS Accounting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of its operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the IFRS Accounting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Basis for Opinion

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

Emphasis of Matter relating to Going-Concern

In February 2023, the Bankruptcy Court approved a financial restructuring plan, which among other things have resulted in a considerable reduction in the Company's debt since loans from shareholders and other related parties and others have been converted to equity and debt to unsecured creditors have been subject to a reduction by 43% and with a three-year payment plan for the remaining unsecured debt. Furthermore, in 2024 a syndication loan has been renewed and which to a large extent secures funding until end 2024. The Company is currently in dialogue about securing a more substantial funding, which among other things will secure the remaining part of the funding for 2024. On this basis, as stated in note 3, Management has assessed and concluded that the Company is a going-concern. Our opinion has not been modified with respect to this matter.

Emphasis of Matter relating to Matters in the Financial Statements

The Company has recognised development projects and other intangible assets with a total carrying value of DKK 172 million as of 31 December 2023. We refer to Note 3 which, among other things, describes that a third-party assessment of the Company's equity value has been obtained which supports and implies that the recoverable amount for development projects and other intangible assets exceeds the carrying value as of 31 December 2023. Our opinion has not been modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements, if such disclosures are inadequate, to modify our opinion. Our

INDEPENDENT AUDITOR'S REPORT

- conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Copenhagen, 9 August 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Kim Mücke
State Authorized Public Accountant
MNE no. mne10944

FINANCIAL HIGHLIGHTS OF THE COMPANY

	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000
Income Statement					
Net revenue	10,005	52	272	960	2,111
Gross profit/loss	8,971	(41,885)	(49,167)	(24,432)	(13,715)
Operating profit/loss	2,860	(79,408)	(112,077)	(56,478)	(25,245)
Debt relief	56,972	0	0	0	0
Financial income and expenses, net	(14,151)	(2,528)	(29,176)	(3,629)	((1,396)
Profit/loss for the year before tax	45,681	(81,936)	(141,253)	(60,107)	(26,641)
Profit/loss for the year	51,181	(76,436)	(150,533)	(44,869)	(20,940)
Balance Sheet					
Total assets	190,589	169,093	121,691	136,534	62,857
Equity	74,005	(178,881)	(102,445)	288	25,257
Cash flows					
Cash flows from operating activities	8,465	(73,620)	(38,643)	(20,618)	(4,400)
Cash flows from investing activities	(26,072)	(35,730)	(76,666)	(42,462)	(27,745)
Cash flows from financing activities	17,642	109,331	115,308	63,108	32,087
Total cash flows	35	(19)	(1)	28	(58)
Investments in property, plant and equipment	0	0	(990)	0	0
Average number of full-time employees	43	72	207	146	71
Key ratios					
Equity ratio................................	38.83	Neg.	0.21	40.18	67.45

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

MANAGEMENT COMMENTARY

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

Development in activities and finances
In February 2023, Moodagent successfully completed a financial restructuring, approved by the Bankruptcy Court. During the restructuring period starting in March 2022, Moodagent implemented a new strategy where the business model was changed from a B2C approach to a B2B offering. As part of the new strategy, Moodagent implemented a number of cost-saving initiatives including reducing staff by more than 60% to reflect that a much lower cost-base is needed under the new B2B strategy.

In 2023, the Company has continued its development activities relating to the technology platform which under the new strategy will be made available for business partners.

In 2023, the Company has entered into its first technology license agreement and the first white label streaming service is planned to go live in Q3 2024.

The financial result for 2023 is a profit of DKK 51 million. The profit for the year is especially impacted by income from debt relief as part of the financial restructuring of totally DKK 57 million. Operating result is a profit of DKK 3 million reflecting that the Company has begun to generate revenue from its licensing business and that the cost base has been reduced substantially compared to the previous years.

Profit/loss for the year compared to prior year outlook
In the annual report for 2022, the Company expressed an expected loss before taxes for 2023 in the range DKK (15-20) million. The deviation to the actual result for 2023 is primarily due to the income from the debt relief of DKK 57 million from the financial restructuring, which was not reflected in the outlook expressed in the 2022 annual report, and secondly, more internal costs have been eligible for capitalization as development projects than assumed in the outlook for 2022.

Going-concern
As part of the financial restructuring plan approved in February 2023, DKK 212 million of loans from both related and non-related parties has been converted equity in March 2023. In addition, the financial restructuring resulted in a debt relief from unsecured creditors with 43% resulting in a total one-off gain of DKK 57 million. The remaining debt (in the balance sheet referred to as "Restructured debt") is paid in instalments in 2023 through 2025, of which DKK 12 million was paid in 2023 and DKK 59 million will be paid 2024-2025.

The financial statements as of 31 Dec. 2023 show an equity of DKK 74 million equal to an equity ratio of approx. 39%.

In March 2023, the Company obtained a syndication loan of DKK 40 million with a 12 months' maturity. The syndication loan has been refinanced in April 2024 with up to DKK 60 million, with maturity in December 2024. The Company is currently in dialogue about securing a more substantial funding which, among other things, will secure the remaining funding need for 2024 and additional working capital for 2025. The dialogue about the additional funding is expected to be closed in Q3 2024. The funding will be provided either as loans, equity or a combination to secure a suitable long-term capital structure and to support the ambition of a long-term growth.

With the successful outcome of the financial restructuring combined with the expectation that full funding will be in place in Q3 2024 covering funding needs for the remainder of 2024, Management has concluded that it is appropriate to prepare the financial statements for 2023 on a going concern basis.

MANAGEMENT COMMENTARY (continued)

Uncertainty in recognition and measurement
The Company has continued its development activities in 2023. As a company, which until now has only generated revenue in a small scale, and with 2023 being the first year where the Company has realized a minor operating profit, the realization of the carrying value of development projects and other intangible assets of DKK 172 million is inherently subject to significant uncertainty. Reference is made to note 3, which among other things describe Management's assessment of the recoverable amount for development projects and other intangible assets exceeding the carrying value. This is based on an assessment of the Company's estimated market value, supported by a third-party valuation obtained in 2024, which shows an indicative equity value significantly higher than the book equity as of 31 Dec. 2023. It is Management's assessment that in the current situation the equity value especially rest on the Company's IP and technology platform, and where the estimation of the market value is based on the expectation that the Company is expecting to be profitable on a sustainable basis in the forthcoming years.

Future expectations
In 2024 the Company will continue to roll-out its white label streaming service to markets outside Denmark, which will secure revenue build up over the coming years. Furthermore, the technology licensing business will grow considerably in 2024 and onwards as sales and marketing effort is increased.

For 2024, the Company is expecting a profit before taxes of approx. DKK 10-15 million.

Business risks
In Management's opinion, the Company is not affected by any special risks apart from those generally existing in its line of business.

Financial risks
The Company will continue its revenue generation and development activities in 2024. As mentioned above, funding has been secured for the remainder for 2024 to finance the part of development activities which is not funded by the cash inflow generated by the expected operating profit.

The current financing matures in end 2024, and the Company is currently in dialogue about securing a more substantial funding which, among other things, will secure the remaining funding need for 2024 and additional working capital for 2025. The dialogue about the additional funding is expected to be closed in Q3 2024. The funding will be provided either as loans, equity or a combination to secure a suitable long-term capital structure.

The current financing bears a fixed interest, and as such the Company is not subject to interest exposure.

The Company is to some extent subject to foreign currency exposure as current financing is denominated in SEK/EUR, and part of revenue is invoiced in USD. Management has assessed that exposure is acceptable and at this stage no hedging activities have been initiated.

Credit risk from the Company's current revenue generating activities is considered to be low with limited counterparty risk.

Environmental matters
In Management's opinion, the Company does not have any special environmental impact apart from those generally existing in the line of business, and on this basis, the Company has not defined any environmental policies or KPI targets.

As the Company is expected to grow and mature, Management also expects to have focus on environmental policies and targets setting.

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

MANAGEMENT COMMENTARY (continued)

Research and development activities

Moodagent's ambition is to hold a dominant global position within development of technology for analyzing and understanding moods in music. The Company has developed a music streaming technology which is an AI-driven music platform with unique features, based on advanced back- and front-end technology supported by industry leading patents. To maintain and strengthen this position, the Company has in 2023 continued to invest significant amounts in the development of new features and applications, and further investments are planned for 2024.

Events after the balance sheet date

In 2024, the Company has refinanced the external loan of DKK 40 million which matured in March 2024 with a new loan of up to DKK 60 million.

INCOME STATEMENT

	Note	2023 DKK'000	2022 DKK'000
Revenue	4	10,005	52
Cost of sales		0	(28,357)
Other external expenses		(4,512)	(21,464)
Capitalization of other external expenses as part of development projects		3,478	7,884
GROSS PROFIT/LOSS		**8,971**	**(41,885)**
Staff costs	5	(28,705)	(64,816)
Capitalization of staff costs as part of development projects		22,594	27,554
Depreciation, amortisation and impairment losses	6	0	(261)
OPERATING PROFIT/LOSS		**2,860**	**(79,408)**
Income from debt relief	7	56,972	0
Financial expenses	8	(14,151)	(2,528)
PROFIT/LOSS BEFORE INCOME TAXES		**45,681**	**(81,936)**
Tax on profit/loss for the year	9	5,500	5,500
PROFIT/LOSS FOR THE YEAR		**51,181**	**(76,436)**

STATEMENT OF COMPREHENSIVE INCOME/LOSS

Profit/loss for the year	51,181	(76,436)
Other comprehensive income/loss	0	0
TOTAL COMPREHENSIVE INCOME/LOSS FOR THE YEAR	**51,181**	**(76,436)**

STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	2023 DKK'000	2022 DKK'000
Patents		3,772	3,772
Development projects		168,512	141,590
Intangible assets	10	**172,284**	**145,362**
Office leaseholds	11	**873**	0
Right of use assets		**873**	**0**
Investments in subsidiaries		0	0
Fixed assets investments	12	**0**	**0**
TOTAL NON-CURRENT ASSETS		**173,157**	**145,362**
Trade receivables		4,404	0
Receivables from group enterprises	20	7,437	0
Income tax receivables	9	5,500	11,000
Other receivables		0	2,483
Prepayments	13	48	10,240
Receivables		**17,389**	**23,723**
Cash	14	**43**	**8**
CURRENT ASSETS		**17,432**	**23,731**
ASSETS		**190,589**	**169,093**

STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

	Note	2023 DKK'000	2022 DKK'000
Share capital	15	58,573	11,750
Reserve for development projects		131,439	110,440
Accumulated losses		(116,007)	(301,071)
EQUITY		**74,005**	**(178,881)**
Restructured debt	16	9,734	0
Lease liabilities		74	**0**
Non-current liabilities		**9,808**	**0**
Restructured debt	16	49,158	0
Financial loans	16	40,535	33,001
Bank loans	17	0	6,312
Lease Liabilities	11	905	3,900
Trade payables		494	51,053
Payables to related parties	20	3,484	204,061
Other payables	18	12,200	49,647
Current liabilities		**106,776**	**347,974**
LIABILITIES		**116,584**	**347,974**
EQUITY AND LIABILITIES		**190,589**	**169,093**

STATEMENT OF CHANGES IN EQUITY

2023 DKK'000	Share capital	Reserve for develop- ment pro- jects*	Acc. losses	Total
Balance at 1 January 2023	**11,750**	**110,440**	**(301,071)**	**(178,881)**
Comprehensive income/loss				
Net comprehensive income for the year	0	0	51,181	**51,181**
Movement in reserve for development projects for the year	0	20,999	(20,999)	**0**
	0	**20,999**	**30,182**	**51,181**
Transactions with owners				
Capital increase	211,953	0	0	**211,953**
Capital decrease to cover loss............	(165,130)	0	165,130	**0**
Costs regarding capital increase	0	0	(10,248)	**(10,248)**
	46,823	**0**	**154,882**	**201,705**
Balance at 31 December 2023	**58,573**	**131,439**	**(116,007)**	**74,005**

2022 DKK'000				
Balance at 1 January 2022	**11,750**	**82,799**	**(196,994)**	**(102,445)**
Comprehensive income/loss				
Net comprehensive loss for the year	0	0	(76,436)	**(76,436)**
Movement in reserve for the year	0	27,641	(27,641)	**0**
	0	**27,641**	**104,077**	**0**
Balance at 31 December 2022	**11,750**	**110,440**	**(301,071)**	**(178,881)**

*Reserve for development projects follows a requirement under Danish law to restrict an amount equal to carrying value of capitalised development costs less tax impact from being distributed as dividends.

CASH FLOW STATEMENT

	Note	2023 DKK'000	2022 DKK'000
Profit/loss for the year		51,181	(76,436)
Depreciation, amortisation and impairment losses		0	261
Changes in working capital		(553)	(8,496)
Costs paid relating to financial restructuring allocated to operating activities		(638)	(2,253)
Income tax refunded		11,000	0
Other non-cash adjustments (including non-cash debt relief)		(52,525)	396
Cash flow from operating activities		**8,465**	**(65,614)**
Acquisition of intangible assets		(26,072)	(35,730)
Cash flow from investing activities		**(26,072)**	**(35,730)**
Financing from third parties		40,535	(1,890)
Financing from related parties		11,377	111,221
Interest expenses and other financial charges paid		(14,002)	0
Repayment of restructured debt and secured debt		(17,262)	0
Leasing payments		(744)	0
Costs paid relating to financial restructuring allocated to financing activities		(2,262)	(7,987)
Cash flow from financing activities		**17,642**	**101,344**
INCREASE IN CASH AND CASH EQUIVALENTS		**35**	**(19)**
Cash and cash equivalents beginning of year		8	27
Cash and cash equivalents end of year		**43**	**8**
Cash and cash equivalents at year-end are composed of:			
Cash		43	8
Cash and cash equivalents end of year		**43**	**8**

CASH FLOW STATEMENT (continued)

Supporting information, financing activities
DKK'000

	1 January 2023	Transfer to re-structured debt	Debt relief	Debt con-version	Bor-rowings	Instal-ments	Other non-cash	31 December 2023
Restructured debt	0	71,154				-12,262		**58,892**
Lease liabilities	3,900	-2,223	-1,677			-744	1,723	**979**
Financial loans	33,001	-17,101	-12,900		40,535	-3,000		**40,535**
Bank loans	6,312	-2,458	-1,854			-2,000		**0**
Trade payables	51,053	-29,100	-21,953					**0**
Payables to re-lated parties	204,061			-211,953	11,377			**3,485**
Other payables	35,566	-20,373	-15,293					**0**
Total changes fi-nancing activi-ties	**333,893**	**0**	**-53,677**	**-211,953**	**51,912**	**-18,006**	**1,879**	**103,891**

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

NOTES

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2. New accounting standards
3. Significant accounting estimates, assumptions and uncertainties
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5. Staff costs
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NOTES

Note

Material accounting information 1

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

The accounting policies are consistent with those applied in the preparation of the financial statements for 2022.

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

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

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

Consolidation
Due to the immaterial size and activity of the Company's subsidiaries, no consolidated financial statements have been prepared for Moodagent A/S for 2023 and 2022. Impact on the result before tax and equity, had consolidated financial statements been prepared would be less than 1% in both years.

Reference is made to disclosures regarding the Company's subsidiaries in note 12.

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

Transactions denominated in currencies other than the functional currency are considered transactions in foreign currency.

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

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

NOTES

Note

Material accounting information (continued) **1**

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

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

Cash flows from investing activities comprise payments made as a result of acquiring non-current intangible and tangible assets including payments for internal costs that are eligible for capitalization as development projects, as well as financial assets as well as proceeds received from the sale of non-current assets.

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

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

INCOME STATEMENT

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

With effect from 2023, the Company has generated revenue in the form of technology license fees. Such fees are purely based on the level of sales, and the license has been deemed to be the predominant item to which the license fee relates under the license and collaboration agreements entered. As a result, the Company recognizes revenue from these agreements when the underlying related sales occur. Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the consideration.

Cost of sales
Cost of sales comprise costs incurred to achieve the year's revenue including hosting costs. The Company has not had any cost of sales in 2023.

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

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

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relate to intangible assets and property, plant and equipment. Development projects are still considered being in progress and hence, development projects have not been subject to amortisation in 2023 and 2022.

NOTES

Note

Material accounting information (continued) **1**

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

Tax
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit/loss for the year and recognized in other comprehensive income or equity by the portion attributable to items recognized in other comprehensive income or equity.

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

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

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

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

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

NOTES

Note

Material accounting information (continued) **1**

BALANCE SHEET

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

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

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

Generally, amortization will begin when the development projects are ready for use to support the revenue generating business. For the years ended 31 Dec. 2023 and 2022, development projects have been considered still to be ongoing, and hence no amortization charge has been recognized for 2023 and 2022.

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

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

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

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

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

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

NOTES

Note

Material accounting information (continued) 1

Investment 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 amortized cost, usually equaling nominal value less allowance for expected credit losses.

Cash and cash equivalents
Cash comprises bank deposits.

Prepayments
Prepayments comprise prepaid costs to be expensed in future periods.

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

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

NOTES

Note

New accounting standards **2**

The IASB has not issued any new standards or interpretations of significant importance for Moodagent A/S' financial statements for 2023 or for financial years beginning on or after 1 January 2024.

Note

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

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

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur for which reason the actual results may differ from the estimates and judgements made. The accounting policies are described in detail in note 25 to the financial statements to which we refer.

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

Going concern

As part of the financial restructuring plan approved in February 2023, DKK 212 million of loans from both related and non-related parties has been converted equity in March 2023. In addition, the financial restructuring resulted in a debt relief from unsecured creditors with 43% equal to DKK 54 million. The remaining debt (referred to as "Restructured debt") is paid in instalments in 2023 through 2025, of which DKK 12 million was paid in 2023 and DKK 59 million will be paid 2024-2025.

The financial statements as of 31 Dec. 2023 show an equity of DKK 74 million which represents an equity ratio of 39%.

In March 2023, the Company obtained a syndication loan of DKK 40 million with a 12 months' maturity. The syndication loan has been refinanced in April 2024 with up to DKK 60 million, with maturity in December 2024. The Company is currently in dialogue about securing a more substantial funding which, among other things, will secure the remaining funding need for 2024 and additional working capital for 2025. The dialogue about the additional funding is expected to be closed in Q3 2024. The funding will be provided either as loans, equity or a combination to secure a suitable long-term capital structure and to support the ambition of a long-term growth.

With the successful outcome of the financial restructuring combined with the expectation that full funding will be in place in Q3 2024 covering funding needs for the remainder of 2024, Management has concluded that it is appropriate to prepare the financial statements for 2023 on a going concern basis.

NOTES

Significant accounting estimates, assumptions and uncertainties (continued)

Development projects
Development projects relate to the development of technology for music and film recognition and recommendation of songs and films. The technology is incorporated into the Company's music streaming app using its unique IP and technology to recommend, find and discover music. The music service is expected to go live in Q3 2024 as a B2B white label customized music streaming service.

The Company has as a main rule capitalised development costs incurred in 2023 as well as in the past based on the assessment that the development activity will provide a full-service streaming technology which will be offered to third parties against the payment of licence and service fees and where the expected net cash-in-flow from the future revenue stream and the related earnings will exceed the capitalised costs.

In past years, before 2022, the development has been considered completed on an ongoing basis and hence all capitalised development costs have been subject to amortisation from the time where the development costs have been capitalised. In 2022 where the Company went through a strategic shift for the future use of the Company's technology, the amortisation recognised in the past have been considered to cover the part of the development which has no future use. In 2022 and 2023 the Company has continued the development activities, and the development activities are considered being ongoing, and hence no amortisation charge has been recognised in 2022 and 2023.

For the years ended 31 December 2023 and 2022, Management has determined that the recoverable amount exceeds the carrying value of capitalized development costs. The assessment of the recoverable value is among other things based on a third-party valuation of the Company obtained in 2024 showing an equity value of the Company with a value which is considerably higher than the equity as shown in these financial statements for 2023. In the current situation the Company's equity value is considered to be resting on the Company's IP and technology platform, which implies that the recoverable value of development projects in progress is higher than the carrying value. The recoverable amount is measured as fair value less costs to sell and the third-party valuation is considered to represent a level 3 fair value determination of fair value according to the IFRS fair value hierarchy, which is categorised by using valuation techniques that include inputs that are not based observable market data only. The third-party valuation is based on trading information available for comparable IP/AI companies such as market capitalisation, EV/sales, EV/EBITDA, P/E multiples and sales and sales growth as basis for determining an indicative value for Moodagent A/S taking into account risk factors like that Moodagent A/S is an unlisted company and that Moodagent A/S is not a mature company. As such the third-party valuation is subject to significant uncertainty, but since the valuation has been discounted significantly compared to the used peers, Management finds that the valuation is suitable to at least support that it is realistic to assume that the fair value of the development projects is higher than the carrying value, also considering that there is a considerable head room between the third-party valuation and the equity of Moodagent A/S as expressed in these financial statements.

The platform is expected to go live in Q3 2024 and hence Management concludes that it is highly likely that the platform is technical feasible and will be available for use and thereby support future revenue generation.

NOTES

Significant accounting estimates, assumptions and uncertainties (continued)

Development projects (continued)
At this stage where the Company has only generated a small operating profit for 2023, the assessment of when (and whether) the Company becomes profitable at a much higher level, and the speed of the expected earnings trend, readers of the financial statements should note that the valuation of the development projects is an estimation subject to significant uncertainty. However, considering the uniqueness of the technology platform and considering that the first business partner agreement has been signed and the Company has positive dialogue with many new potential business partners, Management assesses that it is realistic and achievable to become profitable in the foreseeable future at a much higher level so that future recovery of the development investments can either be obtained through a future profitable business, or alternatively, through the sale of IP rights and the technology platform, at a price which realistically exceeds the carrying value.

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

Due to the Company's loss history, the Company has significant tax losses to be carried forward. End 2023, the accumulated tax loss carry-forwards equal to DKK 395 million representing a tax value of DKK 87 million. The tax losses can be carried-forward indefinitely. The amount has been calculated reducing tax loss carry forwards with the amounts converted to cash refund through the Danish tax credit system (see below), including expected refund for 2023 of DKK 5.5 million.

The Company has not capitalised any part of tax loss carry forwards as the Company has assessed that capitalisation awaits that the Company will be profitable on a more sustainable basis.

Being a development stage company, the Company has been utilizing the special Danish tax credit system, which allows development companies to convert part of their tax losses to a cash refund, though maximized at 22% of the lower of the annual development costs and the annual tax loss with a cap of DKK 5.5 million. The Company has assessed that the Company is also eligible for applying for the maximum tax credit for 2023 of DKK 5.5 million which has been recognised as a tax receivable as of 31 Dec. 2023.

NOTES

Revenue

Note

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DKK'000	Denmark	Europe	Rest of the world	Total
Revenue 2023	0	35	9,970	**10,005**
Revenue 2022	20	5	27	**52**

Revenue in 2023 represents license fee income based on level of sales. The license has been deemed to be the predominant item to which the license relates under the Company's license and collaboration agreements, and as a result, the Company recognizes revenue when the related sales incur.

In 2022, revenue primarily covered subscription fees from test sales of the Company's music streaming services under the previous planned business model.

	2023 DKK'000	**2022** DKK'000	
Staff costs			5
Wages and salaries	26,050	60,985	
Pension costs..	2,092	3,110	
Other social security costs	538	394	
Other staff costs..	25	327	
Share-based expenses..	0	0	
Total	**28,705**	**64,816**	
Average number of employees during the year	43	72	
Remuneration to management			
Executive Board	1,620	2,340	
Board of Directors	0	0	

Warrants program

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

NOTES

Note

Staff costs (continued)

5

Warrants outstanding at 31 December 2023

	Number of warrants DKK	Strike price per warrant* DKK
Granted at 17.11.2018	540,000	0.78
Granted at 17.11.2018	31,890	0.87
Granted at 17.11.2018	213,750	1.44
Granted at 29.03.2019	6,000	1.94
Granted at 26.06.2019	47,500	1.94
Granted at 01.01.2020	100,000	1.94
Granted at 01.02.2022	542,500	1.94
Total	**1,481,640**	

	2023 Number of warrants DKK	2023 Hereof vested DKK	2023 Weighted Average strike* price DKK	2022 Number of warrant DKK	2022 Hereof vested DKK	2022 Weighted Average strike price DKK
Outstanding beginning of year	1,481,640	824,308	4.31	939,140	824,308	4.31
Granted during the year						
Exercised during the year						
Expired during the year						
Outstanding at end of year	1,481,640	824,308	4.31	939,140	824,308	4.31

NOTES

	2023 DKK'000	2022 DKK'000	
Depreciation, amortisation and impairment			**6**
Depreciation of operating equipment	0	261	
Depreciation of right-of-use assets	738	0	
Capitalization of depreciation of right-of-use assets as part of development projects	(738)	0	
Total	**0**	**261**	

	2023 DKK'000	2022 DKK'000	
Income from debt relief			**7**
Debt relief unsecured creditors following financial restructuring plan approved by Bankruptcy Court	53,678	0	
Other debt adjustments	6,185	0	
Fees to reconstructors	(2,891)	0	
Total	**56,972**	**0**	

In 2023, the Company completed the financial restructuring as further outlined in note 3 in section "Going concern" resulting in a combination of debts to shareholders and other related parties being converted to equity and in a debt relief for unsecured creditors of 43% equal to DKK 54 million. In addition, the Company has recognized a gain of DKK 6 million relating to other debt items which are no longer required or relevant following the financial restructuring.

The Company has incurred costs to reconstructors and advisors of totally DKK 13 million. These costs have been charged to the income statement and directly to equity in proportion to the debt relief and the debt conversion with DKK 3 million and DKK 10 million, respectively.

	2023 DKK'000	2022 DKK'000	
Financial expenses			**8**
Interest expenses and other financial charges	14,002	1,696	
Interest expenses shareholder loans and related parties	0	806	
Exchange losses	149	26	
Interest lease liabilities	112	0	
Capitalization of interest expenses as part of development projects	(112)	0	
Total	**14,151**	**2,528**	

NOTES

	2023 DKK'000	2022 DKK'000	Note
Tax for the year			9
Tax credit for the year	5,500	5,500	
Total	**5,500**	**5,500**	
Profit/loss before tax	**45,681**	(81,936)	
Tax at a rate of 22%	(10,050)	16,816	
Non-taxable income, net (including non-taxable part of debt relief, net of costs (note 7)	9.071	0	
Allowance unrecorded deferred tax asset	6,479	(11,316)	
Total	**5,500**	**5,500**	
Effective tax rate	**12%**	**-7%**	

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

Deferred tax
The Company has significant tax loss carry forwards from losses incurred in past years. Due to the Company's earnings history, the Company has determined that it is inappropriate to recognize any deferred tax asset on the balance sheet as of 31 Dec. 2022 and 2023. Capitalization awaits that the Company will be profitable on a sustainable basis.

After utilizing tax credits up to and including 2023 with the resulting reduction in tax losses, the Company has tax loss carry forwards of DKK 395 million by the end of 2023 representing a tax value of DKK 87 million. The tax losses can be carried-forward indefinitely.

NOTES

Intangible assets 10

	Development projects 2023 DKK'000	Patents 2023 DKK'000
Cost at 1 January	**209,397**	**3,772**
Additions	26,922	0
Cost at 31 December	**236,319**	**3,772**
Amortization at 1 January	(67,807)	0
Amortization for the year...........	0	0
Amortization at 31 December	**(67,807)**	**0**
Carrying amount 31 December ...	**168,512**	**3,772**

Reference is also made to note 3 describing that development projects are still considered being in progress as the background for not yet recognizing amortization. Since patents are an integral part of the development activity, patents are also not amortised.

As required by IAS 38 "Intangible assets" the carrying value of development projects in progress and patents have been tested for impairment. Reference is made to note 3 for a description of Management's assessment of recoverable amount exceeding the carrying value at 31 Dec. 2023.

No research and development costs have been expensed in 2023 and 2022.

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

NOTES

	Note
Right-of-use assets	**11**

2023 DKK'000	Office leaseholds
Cost at 1 January	21,733
Disposal	(21,733)
Addition	1,611
Cost at 31 December	**1,611**
Depreciation at 1 January	**(21,733)**
Depreciation for the year	(738)
Reversal of remeasurements relating to disposal	21,733
Depreciation at 31 December	**738**
Carrying amount at 31 December	**873**

2022 DKK'000	
Cost at 1 January	21,733
Cost at 31 December	21,733
Depreciation at 1 January	**(21,733)**
Depreciation at 31 December	(21,733)

Maturity analysis for lease liabilities:

2023 DKK'000	Less than 1 year	Between 1-5 years	More than 5 years	Total
Office leaseholds	905	74	0	979

2022 DKK'000	Less than 1 year	Between 1-5 years	More than 5 years	Total
Office leaseholds	3,900	0	0	3,900

In connection with the financial restructuring process completed in 2023, the Company terminated the then lease contract, and a settlement agreement was entered whereby the Company would pay a termination amount of DKK 3.9 million, which was considerably lower than the lease commitment according to the lease contract. As a result of the termination of the lease contract, no future value of the lease was expected, and the right-of-use asset was carried at DKK 0 (nil) in the 2022 financial statements.

The settlement amount of DKK 3.9 million has been part of the 43% debt relief in 2023 and a new lease has been recognised in 2023.

NOTES

Note

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	2023 DKK'000	2022 DKK'000
Investments in subsidiaries		
Cost at 1 January	114	114
Disposals	**(34)**	**0**
Cost at 31 December	**80**	**114**
Impairment losses and amortisation at 1 January	(114)	(114)
Disposals	34	0
Impairment losses at 31 December	**(80)**	**(114)**
Carrying amount at 31 December	**0**	**0**

Subsidiaries	Prodfit/loss DKK'000	Equity DKK'000	Registered in	Corporate form	Equity interest %
Syntonetic ApS	(113)	0	Denmark	ApS	100
MA Production ApS	1,419	0	Denmark	ApS	100

Prepayments

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	2023 DKK'000	2022 DKK'000
Prepaid fees to reconstructors	0	10,240
Other prepayments	48	0
Total	**48**	**10,240**

In 2022, the Company paid fees to the independent reconstructors appointed by the Bankruptcy Court, which was recognised as prepaid costs in 2022 to be expensed in 2023 as further outlined in note 7.

NOTES

Cash	2023 DKK'000	2022 DKK'000	14
Bank deposits	43	8	
Total	**43**	**8**	

Note

Share capital 15

Share capital at 1 January	11,750	11,750
Capital increase	211,953	0
Capital decrease to cover loss	(165,130)	0
Share capital at 31 December	**58,573**	**11,750**

The share capital is fully paid-up and equals DKK 58,573k consisting of 211,953k shares of DKK 0.26 each. No shares carry any special rights.

Warrants program – not related to employees
In 2019, certain business partners were granted a total of 618,727 warrants with the right to subscribe shares of nominally DKK 1.00 each in the Company by cash payment at a subscription price of DKK 7,41 per share. The warrants vest over a two-year period starting from September 2019 and can be exercised within the next 10 years. Further, the warrants holders are entitled to require that the number of warrants shall be increased in case of capital increases subsequent to the granting of the original warrants so that the warrants holdings are not diluted after such capital increases against cash considerations in an amount of up to 35 million US$. The fair value of the warrants at grant date were estimated to be close to DKK 0, hence no expense has been recognized in the past and in 2023 related to any costs incurred by the Company to the business partners for the supply of services or use of rights.

Warrants outstanding at 31 December 2023 – not related to employees

	Number of Warrants DKK	Strike price per warrant DKK
Granted at 26.06.2019	100,000	7.41
Granted at 29.08.2019.	507,527	7.41
Granted at 08.09.2019	11,200	7.41
Total	**618,727**	

	2023 Number of warrants DKK	2023 Hereof vested DKK	2023 Weighted Average strike price DKK	2022 Number of warrant DKK	2022 Hereof vested DKK	2022 Weighted Average strike price DKK
Outstanding beginning of year	618,727	518,727	7.41	618,727	518,727	7.41
Granted during the year	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-
Outstanding at end of year	**618,727**	**518,727**	**7.41**	**618,727**	**518,727**	**7.41**

NOTES

Financial loans	2023 DKK'000	2022 DKK'000	Note
			16
COVID-19 syndicated loan, EIFO (Vækstfonden) (including accrued interest)	0	22,627	
Flex Funding A/S (including accrued interest)	0	10,374	
Syndication loan	40,535	0	
Restructured debt	58,892	0	
Total	**99,427**	**33,001**	

Presented as follows:

Non-current	9,734	0
Current	89,693	33,001
Total	**99,427**	**33,001**

In 2020, the Company obtained two COVID-19 syndication loans from EIFO (previously Vækstfonden) of DKK 9.9 million and 10.1 million respectively.

In 2021, the Company obtained loan from Flex Funding A/S of DKK 10 million split into secured loan of DKK 3 million and unsecured loan of DKK 7 million.

As part of the financial restructuring, the secured part of the loans has been settled in 2023, whereas the unsecured parts were subject to 43% debt relief and the 57% remaining part of the unsecured loan will follow the amortization plan for the unsecured creditors. As of 31 Dec. 2023, the remaining debts are included in "Restructured debt", see note 7.

Syndication loan of DKK 40 million was obtained in 2023 and matured in March 2024. The syndication loan was refinanced in April 2024 with a loan of up to DKK 60 million, which matures in December 2024.

Restructured debt represents the remaining unsecured debt which was subject to 43% debt relief as part of the financial restructuring, and where the remaining part is to be settled in tranches in 2023 through 2025.

Bank loans 17

	2023 DKK'000	2022 DKK'000
Bank loans	0	6,312
Total	**0**	**6,312**

In 2022, bank loans consisted of a secured loan of DKK 2 million, which has been settled in 2023 as part of the financial restructuring. As part of the financial restructuring, the unsecured part of the bank loan has been subject to 43% debt relief and the 57% remaining part of the loan will follow the payment plan for the unsecured creditors, and the remaining outstanding debt is included in "Restructured debt", see note 7.

NOTES

Note

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Other payables

	2023 DKK'000	2022 DKK'000
Wages and salaries, payroll taxes etc	4,753	20,412
Other liabilities	1,111	18,843
Holiday pay obligation	6,336	10,392
Total	**17,384**	**49,647**

Presented as follows:

	2023 DKK'000	2022 DKK'000
Non-current	0	0
Current	3,215	49,647
Total	**3,215**	**49,647**

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

Note

Financial risks Note

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Capital structure

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

As described in Note 3, end February 2023, the Bankruptcy Court approved the financial restructuring plan prepared by the Company under the supervision of the independent reconstructors. The key results of the restructuring plan represented a considerable debt reduction, partly by related parties and others converting debt to equity and partly by unsecured creditors accepting a debt relief of 43%.

Furthermore, a syndication loan was obtained in March 2023 to finance the funding need in 2023. The loan from March 2023 was refinanced with a new syndication loan in April 2024 of up to DKK 60 million, of which approx. DKK 40 million was used to settle the 2023 syndication loan, and up to DKK 20 million will be used partly to fund the planned activities for the remainder of 2024. The new syndication loan matures in December 2024.

The Company is currently in dialogue about securing a more substantial funding which, among other things, will secure the remaining funding need for 2024 and additional working capital for 2025. The dialogue about the additional funding is expected to be closed in Q3 2024. The funding will be provided either as loans, equity or a combination to secure a suitable long-term capital structure and to support the ambition of a long-term growth.

With the successful outcome of the financial restructuring combined with the expectation that full funding will be in place in Q3 2024 covering funding needs for the remainder of 2024, Management has concluded that it is appropriate to prepare the financial statements for 2023 on a going concern basis.

NOTES

Financial risks (continued)

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

Credit risk
In 2023 and previous years, the Company has only had very limited revenue generation and hence the Company has not subject to credit risk from customers, and generation of license fee income in 2023 is only considered to increase the counterparty risk marginally.

Foreign exchange risk
Foreign exchange rate risk arises due to imbalances between revenue and expenses in each individual currency. The foreign exchange exposure is currently limited to the current third-party financing being denominated in SEK/EUR and license fee income being denominated in USD. The Company has considered that the current exposure is acceptable without entering into hedging activities.

If the DKK/SEK rate and the DKK/USD rate changed by 1% point, respectively, this would have reduced/increased foreign exchange gains in 2023 by +/- DKK 0.4 million and +/- DKK 0.1 million respectively.

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

In 2024, the Company has renewed the syndication loan. Selected key terms are as follows:

- Loan amount: Up to DKK 60 million (in 2023 the loan amount was DKK 40 million)
- Maturity: December 2024
- Interest: 3m STIBOR/EURIBOR + 22% p.a. Interest payable quarterly.
- Security: No assets pledged. Major shareholders are guarantors for the loan.

In 2024, the Company will continue generating license fee income and from Q3 2024, the Company plans to go live with its white label streaming platform and from then on additional revenue is expected to flow to the Company. With these plans for 2024, the Company is expecting that its B2B strategy will generate revenue that will ensure that the Company's operations will be cash flow positive in 2024.

The Company is currently in dialogue about securing a more substantial funding which, among other things, will secure the remaining funding need for 2024 and additional working capital for 2025. The dialogue about the additional funding is expected to be closed in Q3 2024. The funding will be provided either as loans, equity or a combination to secure a suitable long-term capital structure and to support the ambition of a long-term growth.

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Financial risks (continued) 19

Interest rate risk
The Company's restructuring debt equal to DKK 59 million at 31 Dec. 2023 is interest free.

The Company's syndication loan with a debt balance of DKK 40 million at 31 Dec. 2023 bears an interest based on 3m STIBOR/EURIBOR + 22% p.a. In 2023, this resulted in the average effective interest rate from date of obtaining the loan and until 31 Dec. 2023 being approx. 45% p.a. including amortization of arrangement fees.

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 of +/- 1% point would increase/decrease the annual interest cost by DKK 0.4 million.

Financial instruments	**2023** DKK'000	**2022** DKK'000
Financial assets measured at amortised cost		
Trade receivables	4,404	0
Receivables from group enterprises	9,137	0
Other receivables	0	2,483
Cash	43	8
Total	**13,584**	**2,491**
Financial liabilities measured at amortised cost		
Bank loans	0	6,312
Trade payables	494	51,053
Payables to related parties	0	204,061
Other payables	17,384	49,647
Syndication loan/financial loan	40,535	33,001
Restructured debt	58,892	0
Total	**117,305**	**344,074**

The Company assumes that the fair value of financial assets and liabilities in all material respects are identical to the carrying values. For financial liabilities this conclusion has been determined considering that:

- The amount of restructured debt is stated after a 43% debt relief which otherwise was considered to represent the Company's own credit risk.
- The syndication loan bears a high interest rate (see description of interest rate risk above), which reflects the lenders' assessment of the credit risk based on the Company's current financial position.

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Related parties 20

Key shareholders	Registered office	Basis of influence 31 Dec. 2023
Songco ApS	Copenhagen, Denmark	57.42%*
Greystone Capital Partners A/S	Kvistgård, Denmark	15.45%
BELUNIDAN HOLDING A/S	Vedbæk, Denmark	12.54%
DICO ApS	Hørsholm, Denmark	5.62%
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 Board of Directors and the Executive Board and their related parties. Furthermore, related parties are companies in which the above persons have significant interest. All transactions with related parties are made on arm's length terms.

There were no transactions with members of Executive Board, other than remuneration, which is disclosed in note 5.

As of 31 Dec. 2022, the Company owed DKK 204 million to Songco Aps and other shareholders. In the beginning of 2023, Songco ApS and other other shareholders provided additional financing of DKK 8 million. Following the financial restructuring concluded on 28 Feb. 2023, the debt to Songco and other shareholders of totally DKK 212 million was converted to equity.

At year-end 2023, the Company has a receivable of DKK 7 million from Songco ApS, and a debt to Greystone Capital Partners A/S of DKK 3 million. Both the receivable and the debt are due on demand and are interest free.

Songco ApS and other parties related to Songco ApS have been guarantors for the syndicated loan obtained in 2023 and also for the new syndication loan obtained in 2024.

*Songco ApS and Greystone Special Situations Fund K/S are the direct and ultimate controlling shareholders. Neither Songco ApS nor Greystone Special Situations Fund K/S issues consolidated financial statements, since both companies regard themselves as investments entities, which are exempted from preparing consolidated financial statements according to IFRS 10.

Information of assets charged and collateral provided 21

In the past, the Company had provided business mortgages as security for bank debt and other loans with an amount of up to DKK 5 million. The underlying loans have been settled as part of the financial restructuring and instead the business mortgage was assigned as security for the syndication loan at 31 Dec. 2023.

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Contingent liabilities **Note**

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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 0 (zero) at 31 December 2023 (2022: DKK 0).

Events after the reporting period **23**

In 2024, the Company has refinanced the external loan of DKK 39 million which matured in March 2024 with a new loan of up to DKK 60 million (denominated in SEK and EUR).

Company information **24**

Moodagent A/S is a limited liability company incorporated in and with its head office registered in Copenhagen, Denmark.

Its ultimate controlling party is Greystone Special Situations Fund K/S (limited partnershjp) with GCPGP ApS as the limited partner having the power to act on behalf of Greystone Special Situations Fund K/S.

Both Greystone Special Situations Fund K/S and GCPGP ApS have their registered address at Krogenbergvej 15a, Nyrup, 3490 Kvistgård, Denmark.

In 2023, the Company's primary activity has been to continue developing music service technology.

Approval of the financial statements **25**

The financial statements were approved by the board of directors and authorized for issue on 31July 2024.

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"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Nick Jensen
Bestyrelsesmedlem
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Kim Takata Mücke
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Dirigent
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