

Interim report Q1 2021

January 1 – March 31

Highlights

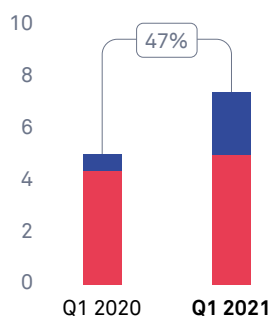
- Revenue growth of 47%, 57% on constant currency basis
- Gross profit increased by 56% at a gross margin of 73%
- 354M Consumer connections growing 24%
- RPM of DKK 6.87, 190% growth



Interim report Q1 2020

REVENUE AND REVENUE GROWTH

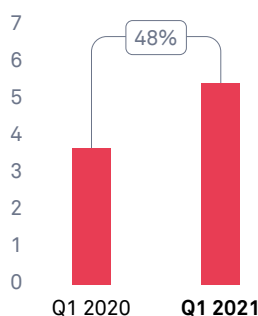
mDKK



■ Subscriptions
■ Commissions
— Revenue growth

GROSS PROFIT

mDKK



■ Gross profit
— Gross profit growth

Quarter in review

- Q1 Recognized revenue increased by 47% to DKK 7.4M (Q1 2020: DKK 5.0M). The growth was driven by a consistent strong performance on Subscription revenues while Commission revenues grew exponentially mainly rooted in a solid increase in RPM.
- Revenue on a constant currency basis increased by 57% to DKK 7.6M (Q1 2020: DKK 4.9M).
- The gross profit on a constant currency basis increased by 56% to DKK 5.6M (Q1 2020: DKK 3.6M) at a gross margin of 73% (Q1 2020: 73%).
- Q1 Consumer connections increased by 24% to 354M (Q1 2020: 286M) largely deriving from an uptake in platform activity.
- RPM grew by 190% to DKK 6.87 (Q1 2020: DKK 2.37).
- Affiliate agreements with existing affiliate partners have been improved which is contributing positively to the development in RPM and thus Commission revenues.



Table of contents

Highlights	2
Financial highlights and key figures	3
CEO Comments	4
Management Report	6
Glossary	9
Statement by the Board of Directors and the Executive Board	10
The independent auditor's review report on the interim financial statements	11
Financial statements for the period January 1 – March 31	13



Financial calendar

Interim financial report Q2, 2021
August 25, 2021

Interim financial report Q3, 2021
November 18, 2021

Interim financial report Q4, 2021
February 24, 2022



Financial highlights and key figures

kDKK	Q1 2021	Q1 2020	FY 2020
Key Metrics			
Consumer connections (Traffic)	354,217,461	286,487,140	1,489,011,372
<i>y/y Growth (%)</i>	24%	68%	78%
Revenue on constant currency basis	7,646	4,884	24,348
<i>Revenue Growth (%)</i>	57%	22%	43%
<i>Organic Revenue Growth (%)</i>	57%	22%	43%
Subscription Revenue, on constant currency basis	5,211	4,204	18,745
<i>y/y Growth (%)</i>	24%	17%	23%
Commission Revenue, on constant currency basis	2,434	680	5,603
<i>y/y Growth (%)</i>	258%	70%	223%
Commission Revenue per Mille (RPM)* in DKK	6.87	2.37	3.76
<i>y/y Growth (%)</i>	190%	1%	81%
<i>Gross Margin (%), on constant currency basis</i>	73%	73%	75%
* Commission Revenue per thousand consumer connections			
Financial Ratios			
Operating profit before interest, depreciation & amortisations (EBITDA) margin (%)	-28%	-45%	-34%
Operating profit margin (EBIT) (%)	-55%	-64%	-57%



CEO COMMENTS

Q1 showed a promising start to 2021 with strong growth in subscriptions and commission revenue

2021 got off to a strong start with solid growth throughout the business and key performance indicators. In particular, we saw significant growth within Commission revenue and RPM. The Q1 numbers are a strong testament, that despite COVID-19 still impacting the entertainment industry at large, the underlying growth in digitalization of music consumption is continuing.

Business Performance

Growth in Q1 increased, with a satisfying 57%, compared to the same quarter last year. We keep growing subscriptions at a healthy pace, up 24% compared to Q1 2020. In particular, we see continued growth within existing accounts and demand from the smaller artists as well as good underlying acquisition metrics.

In line with our strategy to grow traffic monetization, commission revenues remain on a promising trajectory, up 258% from Q1 2020. The underlying figures show steady progress in our vision to connect fans to a world of entertainment (Consumer connections are up 24% from Q1 2020) and a meticulous effort on improving monetization performance contributing positively (RPM up 190% from Q1 2020).

Our gross margin is stable at 73% with a promising trajectory as Commission revenues come at a larger gross margin than Subscription revenues. Commission revenues take up an increasing proportion of total revenue.



At Linkfire, we continue our mission to help more consumers frictionlessly connect to music products. This quarter's financial performance and underlying key measurements are a promising basis for the future.



Constantly nurturing our growth strategy

The largest part of our current and planned growth comes from Commission revenue. Along with Consumer connections, RPM is the biggest driver for growing Commission revenue. In line with our strategy to grow traffic monetisation, we continuously strive to improve and expand upon our affiliate agreements with partners. In Q1 we have improved on some of our most significant partners including music streaming services but notably on event partners too. Affiliate agreements with event partners have no immediate effect on our Q1 figures but set a strong basis for when live events return full speed.

A growing and transforming market

We continue to be excited over the fast growth that happens in the music and entertainment industries. Despite the pandemic, we still see strong market growth and demand from consumers as well as high productivity in the industry. Every day, 60,000 songs are uploaded to streaming services, which cements the market volume Linkfire is approaching. And that's just the songs...

Live events were knocked out already early during Covid-19. We are seeing great willingness among consumers to get out and experience live music. Combined with the fact that delivery of live streaming has matured dramatically over the past 12 months, we do see early signs that the live scene will bounce back even stronger than before. This is supported by Goldman Sachs' "The Show Must Go On" music industry research from 2020, confirming "74% of concert fans said they would continue to watch live streaming events even after physical events resume"¹. In line with our vision to connect fans to a world of entertainment, Linkfire is here to bridge those live events to consumers.

A remote-empowered organisation

Our organisation continues to expand and thrive despite the pandemic and global uncertainty. We continuously put employee well-being and work-life balance at the top of our agenda as we believe a healthy and inspiring work-environment is key to our continued success.

With offices spanning four time zones, it's not unaccustomed for us to communicate predominantly digital. 12 months into the pandemic we're seeing trends and demand from the organisation to apply a remote-empowered mindset.

We welcome this. Our growth and productivity remain strong, digital tools and user behaviour have matured fast the past 12 months and we believe a remote-empowered mindset will be the reality for most digital businesses in the future.

Embracing a remote-empowered mindset most eminently means that we can look both near and far for talent, which materialized in Q1 having brought on amazing colleagues from five different continents.

Looking ahead

At Linkfire, we continue our mission to connect fans to a world of entertainment. This quarter's financial performance and underlying key measurements are a promising basis for the future. I would like to say thank you to all our customers, consumers and partners for your continued support, validation and feedback. We are also excited to engage in the environmental and social governance area in the coming months.

Lars Ettrup
CEO

Songs uploaded every day

60k

Every day, 60,000 songs are uploaded to streaming services, which cements the market volume Linkfire is approaching.



Remote offices

Embracing a remote-empowered mindset most eminently means that we can look both near and far for talent, which materialized in Q1 having brought on amazing colleagues from five different continents.

¹ <https://www.goldmansachs.com/insights/pages/infographics/music-in-the-air-2020/>



Management Report

Financial performance for the quarter

Recognized revenue

Revenue increased by DKK 2,372 thousand, or 47 per cent, from DKK 5,045 thousand in the first quarter of 2020 to DKK 7,417 thousand in the first quarter of 2021. The fastest growing revenue line, Commissions, increased by DKK 1,746 thousand, or 264 per cent compared to Q1 2020, while Subscriptions increased by DKK 626 thousand, or 14 per cent.

Cost

Cost of sales increased by DKK 613 thousand, or 45 per cent, from DKK 1,363 thousand in the first quarter of 2020 to DKK 1,976 thousand in the first quarter of 2021. The increase was primarily driven by growing activity.

Other external expenses increased by DKK 611 thousand, or 40 per cent, from DKK 1,543 thousand in the first quarter of 2020 to DKK 2,154 thousand in the first quarter of 2021. The increase was partly attributable to higher advertising costs as a result of continuously increasing focus on paid customer acquisition. As well as due to increased use of remote-working freelancers instead of employees on-site and other technical and organizational measures to ensure continuously efficient workflow through Covid-19 and beyond.

Staff costs increased by DKK 1,812 thousand, or 41 per cent, from DKK 4,431 thousand in the first quarter of 2020 to DKK 6,243 thousand in the first quarter of 2021. As a percentage of revenue, staff costs decreased from 88 per cent to 84 per cent. The increase in staff costs was primarily driven by new hires during the year. The decrease in staff costs in relation to revenue was due to scalability of the business model.

Earnings

Other operating income increased from none in the first quarter of 2020 to DKK 879 in the first quarter of 2021.

Depreciation, amortisation and impairment increased by DKK 1,054 thousand, or 115 per cent, from DKK 914 thousand in the first quarter of 2020 to DKK 1,968 thousand in the first quarter of 2021. This represents an increase in relation to revenue from 18 per cent in the first quarter of 2020 to 27 per cent in the first quarter of 2021. The increase was primarily due to an increase in amortisation of intangible assets. Increased amortisation mainly derives from the final release

Recognized Revenue

+47%

Revenue increased by DKK 2,372 thousand, or 47 per cent, from DKK 5,045 thousand in Q1 2020 to DKK 7,417 thousand in Q1 2021.



of and customer migration to the relaunched Linkfire Platform holding extensive scalability and functionality improvements.

Operating loss increased by DKK 838 thousand, or 26 per cent, from DKK 3,207 thousand in the first quarter of 2020 to DKK 4,045 thousand in the first quarter of 2021. This represents an improvement in relation to revenue from (63) per cent in the first quarter of 2020 to (55) per cent in the first quarter of 2021. The increase was primarily due to increased costs partly offset by an increase in revenue as described above.

Net financial items

Financial income increased by DKK 141 thousand, or 135 per cent, from DKK 104 thousand in the first quarter of 2020 to DKK 245 thousand in the first quarter of 2021. The increase was primarily due to the exchange rate development of USD to DKK and the residual adjustment during the quarter on payables in USD.

Financial expenses increased by DKK 456 thousand, or 58 per cent, from DKK 785 thousand in the first quarter of 2020 to DKK 1,241 thousand in the first quarter of 2021. The increase was primarily due to the exchange rate development of USD to DKK and the residual adjustment during the quarter on receivables in USD.

Income tax

The tax for the year, which comprises deferred tax recognised in the income statement, increased by DKK 105 thousand, or 9 per cent, from DKK 1,154 thousand in the first quarter of 2020 to DKK 1,259 thousand in the first quarter of 2021. Income tax benefits for both quarters relate to tax credit for research and development expenses at the applicable tax rate under the Danish Corporate Income Tax Act.

Net Profit/(loss)

Loss for the period increased by DKK 1,049 thousand, or 38 per cent, from DKK (2,733 thousand) in the first quarter of 2020 to DKK (3,782 thousand) in the first quarter of 2021. This represents an improvement in relation to revenue from (54) per cent in the first quarter of 2020 to (51) per cent in the first quarter of 2021.

Balance Sheet

Total assets amounted to DKK 66,992 thousand (Q1 2020: DKK 56,391 thousand), with an equity of DKK 1,183 thousand (Q1 2020: DKK 7,768 thousand).

Cash flow and financing

Cash flow from operations for Q1 2021 was DKK (1,555 thousand) (Q1 2020: DKK 3,957 thousand).

Investment activities reduced cash flow with DKK 3,635 thousand in Q1 (Q1 2020: DKK 3,407 thousand).

Operating loss to revenue ratio

Improved by
8%

This represents an improvement in relation to revenue from (63) per cent in the first quarter of 2020 to (55) per cent in the first quarter of 2021.

Net loss to revenue ratio

Improved by
3%

This represents an improvement in relation to revenue from (54) per cent in the first quarter of 2020 to (51) per cent in the first quarter of 2021.



Parent company

Linkfire A/S, Denmark, is the parent company of the Group which in addition consists of two further subsidiaries in the US and Portugal.

Q1 2021 Gross profit decreased by 42% to DKK 218 thousand (Q1 2020: DKK 377 thousand).

Operating loss in Q1 2021 was DKK 4,964 thousand (Q1 2020: DKK 2,790 thousand). Loss after tax was DKK 4,661 thousand (Q1 2020: DKK 2,259 thousand).

Total equity amounted to DKK (305) thousand by March 31, 2021 (2020: DKK 7,624 thousand).



Contact

CEO: **Lars Ettrup**,
investors@linkfire.com
CFO: **Tobias Demuth**,
investors@linkfire.com

Other

Shares and share capital

Linkfire A/S is a privately held company and was established in 2014.

As per March 31, 2021, the share capital amounted to DKK 108,086.61 DKK, and the total number of issued shares was 10,808,661. The company has three classes of shares. Each share entitles the holder to one vote at the general meetings.

Shareholder structure

As of March 31, 2021, the total number of shareholders was 26.

Incentive programs

The Group has established share-based incentive programmes comprising equity-settled programmes (warrants) for the Board of Directors, Management, Advisors and employees. The purpose of these programmes is to ensure common goals for Management, employees and shareholders. As per March 31, 2021, the warrant pool amounted to DKK 13,060.99 DKK, and the total number of corresponding warrants was 1,306,099. The total number of outstanding warrants as per March 31, 2021, amounted to 1,251,640. If all outstanding warrants are subscribed, the the maximum shareholders dilution will be approximately 10%.

Subsequent Events

Annual general meeting

The annual general meeting 2021 took place on April 30, 2021. All items on the agenda were carried including conversion of the company's legal status to public limited company (Aktieselskab) by way of bonus share issue as well as the election of new board member, Charlotte Klinge, former Director at Novo Nordisk and current professional investor, advisor and board member. Lars Ettrup, Co-founder and CEO, and Jeppe Faurfelt, Co-founder and CCO, decided to step down from the Board of Directors in a process to further professionalise and mature the organisation. The rest of the board was re-elected.

Following the Annual General Meeting an additional change to the Board of Directors was made whereas Søren Jørgensen decided to step down from the Board of Directors and Jesper Møller was elected as new Chairman of the Board of Directors.



About Linkfire

Linkfire A/S the parent company of the Linkfire Group is a limited liability company incorporated and headquartered in Denmark, with its head office in Artillerivej 86, 2300 Copenhagen and additional offices in the US, New York and Los Angeles and in Lisbon, Portugal.

The Group is on a mission to frictionlessly connect fans to the world of entertainment. Linkfire is a technology company providing marketing and promotional services within the music and entertainment industries. Through its offering, the Group simplifies music discovery for consumers and generates traffic for digital service providers. Furthermore, the platform enhances marketing related decision making for labels and creators. In 2020, Linkfire facilitated 1.5 billion consumer connections across the world.



Glossary

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



Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and approved the interim report for the period 01.01.2021 – 31.03.2021 for Linkfire A/S.

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

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and Parent's assets, liabilities and financial position at 31.03.2021 and of the results of the Group's activities and cash flows for the period 01.01.2021 – 31.03.2021.

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


Copenhagen, May 28, 2021

Executive Board

DocuSigned by:



Lars Wiberg Etrup
CEO & Co-founder

DocuSigned by:


Jeppe Rothausen Faurfelt
CCO & Co-founder

Board of Directors

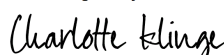
DocuSigned by:


Jesper Eizen Møller
Chairman

DocuSigned by:


Thomas Rudebeck

DocuSigned by:


Charlotte Klinge

DocuSigned by:


Thomas Weiby Knudsen



The independent auditor's review report on the interim financial statements

To the shareholders of Linkfire A/S

We have reviewed the interim financial statements of Linkfire A/S for the accounting period 01.01.2021 to 31.03.2021, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies.

Management's responsibility for the interim financial statements

Management is responsible for the preparation of interim financial statements in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU, and Danish disclosure requirements for listed companies, and for such internal control as Management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial statements. We conducted our review in accordance with the International Standard on Engagements to Review Interim Financial Information Performed by the Independent Auditor of the Entity and additional requirements under Danish audit regulation. This requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared, in all material respects, in accordance with the applicable financial reporting framework. This also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with the International Standard on Engagements to Review Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures primarily consisting of inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the interim financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements for the accounting period 01.01.2021 to 31.03.2021 have not been prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU, and Danish disclosure requirements for listed companies.

Copenhagen, May 28, 2021

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

DocuSigned by:

Bjørn Winkler Jakobsen

State-Authorised Public Accountant
Identification No (MNE) mne32127

DocuSigned by:

Mads Juul Hansen

State-Authorised Public Accountant
Identification No (MNE) mne44386



CONSOLIDATED FINANCIAL STATEMENTS

Interim consolidated statement of comprehensive income

kDKK	Note	Q1 2021	Q1 2020	FY 2020
Revenue		7,417	5,045	24,699
Cost of sales		(1,976)	(1,363)	(5,995)
Gross profit		5,441	3,682	18,704
Other external expenses		(2,154)	(1,543)	(6,613)
Staff costs		(6,243)	(4,431)	(20,461)
Other operating income		879	-	-
Depreciation, amortisation and impairment losses		(1,968)	(914)	(5,823)
Operating profit/(loss)		(4,045)	(3,207)	(14,193)
Financial income		245	104	509
Financial expenses		(1,241)	(785)	(4,305)
Profit/(loss) before tax		(5,041)	(3,887)	(17,989)
Tax for the year		1,259	1,154	4,528
Profit/(loss) for the year		(3,782)	(2,733)	(13,461)
Other comprehensive income				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>				
Exchange differences on translation of foreign operations		(30)	(106)	166
Other comprehensive income for the year, net of tax		(30)	(106)	166
Total comprehensive income for the year		(3,812)	(2,839)	(13,295)
<i>Attributable to:</i>				
Shareholders of Linkfire A/S				
Earnings per share (DKK)		(0.35)	(0.26)	(1.28)
Earnings per share, diluted (DKK)		(0.31)	(0.23)	(1.14)



CONSOLIDATED FINANCIAL STATEMENTS

Balance Sheet

kDKK	Note	Q1 2021	Q1 2020	FY 2020
Assets				
Non-current assets				
Intangible assets		53,412	45,051	51,503
Property, plant and equipment		169	37	168
Right-of-use assets		2,925	4,153	3,226
Deposits		427	417	427
Total non-current assets		56,933	49,659	55,324
Current assets				
Trade receivables		2,276	324	2,195
Income tax receivables		5,787	5,330	4,528
Other receivables		665	391	664
Prepayments		579	170	292
Cash		753	518	783
Total current assets		10,060	6,733	8,462
Total assets		66,993	56,391	63,786



CONSOLIDATED FINANCIAL STATEMENTS

Balance Sheet

kDKK	Note	Q1 2021	Q1 2020	FY 2020
Equity and liabilities				
Equity				
Share capital		108	104	108
Retained earnings		(3,855)	4,179	(73)
Translation reserve		46	(129)	124
Other capital reserve		4,884	3,614	4,750
Total equity		1,183	7,768	4,909
Non-current liabilities				
Interest-bearing liabilities		33,275	20,677	33,617
Lease liabilities		1,595	2,856	1,809
Total non-current liabilities		34,870	23,534	35,426
Current liabilities				
Interest-bearing liabilities		11,826	4,605	3,995
Contract liabilities		8,455	8,004	5,702
Lease liabilities		1,388	1,386	1,487
Trade payables		3,634	3,753	2,888
Other payables		5,637	7,341	9,379
Total current liabilities		30,940	25,089	23,451
Total liabilities		65,810	48,623	58,877
Total equity and liabilities		66,993	56,391	63,786



CONSOLIDATED FINANCIAL STATEMENTS

Statement of changes in Equity

kDKK	Share capital	Retained earnings	Translation reserve	Other capital reserve	Total
Balance at January 1, 2021	108	(73)	124	4,750	4,909
Net profit/(loss) for the period	-	(3,782)	-	-	(3,782)
Other comprehensive income	-	-	(78)	-	(78)
Total comprehensive income	108	(3,855)	46	4,750	1,049
Capital increase	-	-	-	-	-
Share-based payments	-	-	-	134	134
Balance at March 31, 2021	108	(3,855)	46	4,884	1,183
<i>During the period no dividend was paid.</i>					
Balance at January 1, 2020	104	6,912	(83)	3,093	10,026
Net profit/(loss) for the period	-	(2,733)	-	-	(2,733)
Other comprehensive income	-	-	(46)	-	(46)
Total comprehensive income	104	4,179	(129)	3,093	7,247
Capital increase	-	-	-	-	-
Share-based payments	-	-	-	521	521
Balance at March 31, 2020	104	4,179	(129)	3,614	7,768

During the period no dividend was paid.



CONSOLIDATED FINANCIAL STATEMENTS

Cash flow statement

kDKK	Note	Q1 2021	Q1 2020	FY 2020
Operating loss		(4,046)	(3,207)	(14,193)
Depreciation, amortisation and impairment losses		1,968	914	5,823
Change in working capital		1,384	6,408	2,113
Share-based payment expense		134	521	1,657
Gain on disposal		-	-	(6)
Cash flow from ordinary operating activities		(560)	4,637	(4,606)
Income taxes received		-	-	4,177
Interest paid		245	104	(3,402)
Interest received		(1,241)	(785)	-
Cash flow from operating activities		(1,556)	3,957	(3,831)
Development expenditures		(3,532)	(3,407)	(13,657)
Investments in property, plant and equipment		(103)	-	(173)
Change in deposits		-	-	(10)
Cash flow from investing activities		(3,635)	(3,407)	(13,840)
Proceeds from borrowings		5,604	-	12,059
Repayment of borrowings		(434)	(3,136)	(1,668)
Payment of principal portion of lease liabilities		(373)	(443)	(1,667)
Proceeds from capital increase		-	-	6,481
Cash flow from financing activities		4,797	(3,579)	15,205
Change in cash and cash equivalents				
Net cash flow		(394)	(3,029)	(2,467)
Net foreign exchange difference		364	8	(289)
Cash, Begin		783	3,539	3,539
Cash, End		753	518	783



CONSOLIDATED FINANCIAL STATEMENTS

Notes Glossary

- 1 General information
- 2 Revenue specification
- 3 Share-based payment plans
- 4 Income tax
- 5 Intangible assets
- 6 Non-current liabilities and other current financial liabilities



CONSOLIDATED FINANCIAL STATEMENTS

Notes

1 General information

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

Basis of preparation

The interim report (condensed consolidated interim financial statements) for the period January 1 - March 31, 2021 has been prepared in accordance with IAS 34 “Interim financial statements” as adopted by the EU and additional requirements in the Danish Financial Statements Act. The parent company condensed interim financial statements have been included according to the Danish Executive Order on the Preparation of Interim Financial Reports.

These condensed consolidated interim financial statements incorporate the results of Linkfire A/S and its subsidiaries. The condensed consolidated interim financial statements refer to certain key performance indicators, which Linkfire and others use when evaluating the performance of Linkfire. These are referred to as alternative performance measures (APMs) and are not defined under IFRS. The figures and related subtotals give management and investors important information to enable them to fully analyse the Linkfire’s business and trends. The APMs are not meant to replace, but to complement the performance measures defined under IFRS.

Accounting policies

Except for the changes below, the condensed consolidated interim financial statements have been prepared using the same accounting policies as set out in note 1 of the 2020 annual report which contains a full description of the accounting policies for the Group and the parent company. The annual report for 2020 can be found on Linkfire’s web-site: <https://investor.lnk.to/2020annualreport>

Changes in accounting policies

No changes to the accounting policies were made in the period.

Significant accounting judgements, estimates, and assumptions

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. The significant accounting judgements, estimates and assumptions applied in these consolidated interim financial statements are the same as disclosed in note 2 in the annual report for 2020 which contains a full description of significant accounting judgements, estimates and assumptions.



CONSOLIDATED FINANCIAL STATEMENTS

Notes

2 Revenue specification

kDKK	Q1 2021	Q1 2020	2020
Revenue by business segment			
kDKK			
Subscriptions	5,009	4,383	19,148
Commissions	2,408	662	5,551
Total	7,417	5,045	24,699
%-split			
Subscriptions	68	87	78
Commissions	32	13	22
Total	100	100	100
Geographic information			
As an online platform, the Group generates revenue from customers located worldwide.			
For this purpose, internal reporting divides revenue according to the NAM (Northern America), the EMEA region (Europe, Middle East and Africa) as well as APAC (Asia and Oceania) and LATAM (Latin America and the Caribbean).			
kDKK			
NAM	4,288	1,754	9,486
EMEA	2,169	2,799	12,609
APAC	862	435	2,328
LATAM	98	57	275
Total	7,417	5,045	24,699
%-split			
NAM	58	35	38
EMEA	29	55	51
APAC	12	9	9
LATAM	1	1	1
Total	100	100	100



CONSOLIDATED FINANCIAL STATEMENTS

Notes

3 Share-based payment plans**2015 Warrant program:**

During the first quarter of 2021, the company did not grant any warrants and no warrants were exercised under this program. The total share based compensation expense recognised for Q1 2021 is 0 kDKK (Q1 2020: 2 kDKK).

2020 Warrant programs:

During the first quarter of 2021, the company did not grant any warrants and no warrants were exercised under this program. The total share based compensation expense recognised for Q1 2021 is 134 kDKK (Q1 2020: 519 kDKK).

4 Income tax

kDKK	Q1 2021	Q1 2020	FY 2020
Current tax for the year income	1,259	1,154	4,528
Changes in deferred tax	0	0	0
Recognised as receivable tax credit	5,787	5,330	4,528
Income tax benefits for all periods relate to tax credit for research and development expenses at the applicable tax rate under the Danish Corporate Income Tax Act.			
Tax calculated as 22% of profit/loss before tax	1,109	855	3,958
Non-capitalised tax assets	0	0	0
Non-deductible expenses	150	299	570
Effective tax	1,259	1,154	4,528
Tax rate for the year (%)	25.0%	29.7%	25.2%

Due to uncertainty of utilisation of the tax loss carry-forward, the Group has not recognised any deferred tax assets.



CONSOLIDATED FINANCIAL STATEMENTS

Notes

5 Intangible assets

kDKK	Completed development projects	Development projects in progress	Total
Cost at January 1, 2021	55,764	2,642	58,406
Transfers	0	0	0
Additions	0	3,532	3,532
Cost at March 31, 2021	55,764	6,174	61,938
Amortisation and impairment at January 1, 2021	(6,903)	0	(6,903)
Amortisation during the year	(1,623)	0	(1,623)
Amortisation and impairment at March 31, 2021	(8,526)	0	(8,526)
Carrying amount at March 31, 2021	47,238	6,174	53,412
Cost at January 1, 2020	18,050	26,699	44,749
Transfers	0	0	0
Additions	0	3,407	3,407
Cost at March 31, 2020	18,050	30,105	48,156
Amortisation and impairment at January 1, 2020	(2,586)	0	(2,586)
Amortisation during the year	(519)	0	(519)
Amortisation and impairment at March 31, 2020	(3,104)	0	(3,104)
Carrying amount at March 31, 2020	14,946	30,105	45,051



CONSOLIDATED FINANCIAL STATEMENTS

Notes

6 Non-current liabilities and other current financial liabilities

Debt to credit institutions:

As per March 31, 2021, Linkfire has drawn DKK 9.6 m on the credit facility established with Danske Bank.

Lease liabilities:

Non-current and current lease liabilities, of DKK 1.4 m and DKK 1.6 m, respectively.



PARENT COMPANY FINANCIAL STATEMENTS

Interim statement of comprehensive income for the parent company

kDKK	Q1 2021	Q1 2020	FY 2020
Gross profit	218	377	3,045
Staff costs	(3,547)	(2,643)	(11,648)
Depreciation, amortisation and impairment losses	(1,635)	(524)	(4,351)
Operating profit/(loss)	(4,964)	(2,790)	(12,954)
Financial income	245	104	508
Financial expenses	(1,201)	(727)	(4,109)
Profit/(loss) before tax	(5,920)	(3,413)	(16,555)
Tax for the year	1,259	1,154	4,528
Profit/(loss) for the year	(4,661)	(2,259)	(12,027)
<i>Proposed distribution of profit and loss:</i>			
Proposed dividend	0	0	0
Retained earnings	(4,661)	(2,259)	(12,027)
Profit/(loss) for the year	(4,661)	(2,259)	(12,027)



PARENT COMPANY FINANCIAL STATEMENTS

Balance Sheet

kDKK	Q1 2021	Q1 2020	FY 2020
Assets			
Completed development projects	47,238	41,645	48,861
Development projects in progress	6,174	3,407	2,642
Total intangible assets	53,412	45,051	51,503
Other fixtures and fittings, tools and equipment	86	37	94
Leasehold improvements	-	-	2
Total property, plant and equipment	86	37	96
Deposits	427	417	427
Investments in subsidiaries	0	-	-
Total fixed asset investments	427	417	427
Total fixed assets	53,925	45,505	52,026
Trade receivables	2,276	324	2,195
Other receivables	640	389	489
Income tax receivables	5,787	5,330	4,528
Prepayments	572	170	280
Total receivables	9,275	6,213	7,492
Cash	670	413	700
Total current assets	9,945	6,626	8,192
Total assets	63,870	52,131	60,218



PARENT COMPANY FINANCIAL STATEMENTS

Balance Sheet

kDKK	Q1 2021	Q1 2020	FY 2020
Equity and liabilities			
Share capital	108	104	108
Reserve for development costs	41,661	35,140	40,173
Retained earnings	(42,074)	(27,620)	(35,925)
Total equity	(305)	7,624	4,356
Interest bearing liabilities	33,275	18,737	32,780
Total non-current liabilities	33,275	18,737	32,780
Current portion of non-current liabilities other than provisions	2,227	1,940	3,120
Interest bearing liabilities	9,599	4,605	3,995
Prepayments from customers	8,455	8,004	5,702
Trade payables	3,625	3,753	2,886
Payables to group enterprises	1,491	126	1,764
Other payables	5,503	7,342	5,615
Total current liabilities	30,900	25,770	23,082
Total liabilities	64,175	44,507	55,862
Total equity and liabilities	63,870	52,131	60,218



PARENT COMPANY FINANCIAL STATEMENTS

Statement of changes in Equity

kDKK	Share capital	Share premium	Reserve for development costs	Retained earnings	Total
2021					
Equity beginning of year	108		40,173	(35,925)	4,356
Increase of capital	-				-
Transferred from share premium					-
Transfer to reserves			1,488	(1,488)	-
Proposed dividend					-
Profit/(loss) for the year				(4,661)	(4,661)
Equity end of year	108	-	41,661	(42,074)	(305)
2020					
Equity beginning of year	104	-	32,887	(23,108)	9,883
Increase of capital					-
Transferred from share premium					-
Transfer to reserves			2,253	(2,253)	-
Proposed dividend					-
Profit/(loss) for the year				(2,259)	(2,259)
Equity end of year	104	-	35,140	(27,620)	7,624