Linkfire

# Invitation to subscribe for shares in Linkfire A/S

Sole Global Coordinator and Bookrunner

Pareto Securities

Retail Distributor

AVANZA

Selling Agent

Nordnet

**The Prospectus was approved by the Swedish Financial Supervisory Authority on 16 June 2021**
**The Prospectus is valid up to twelve months from the date of approval. The obligation to provide supplements to the Prospectus in the event of new circumstances of significance, factual errors or material errors will not be applicable when the Prospectus is no longer valid. The obligation to provide supplements to the Prospectus applies from the time of approval of the Prospectus until the end of the application period. The Company has no obligation to prepare supplements to the Prospectus after the end of the application period.**

CVR no. 35 83 54 31

## Important information

This prospectus (the **"Prospectus"**) has been prepared in connection with the offering to the general public in Sweden as well as to institutional investors in Sweden and abroad (the **"Offering"**) to subscribe for new shares in Linkfire A/S, corporate reg. no. 35835431, a Danish public limited liability company, and admission to trading of the Company's shares on Nasdaq First North Premier Growth Market (**"First North Premier"**). In the Prospectus **"Linkfire"**, the **"Company"** or the **"Group"**, depending on the context, refers to Linkfire A/S, the group in which Linkfire is the parent company or a subsidiary of the group. Pareto Securities AB (**"Pareto Securities"**) acts as Sole Global Coordinator and Bookrunner in connection with the Offering. Aktieinvest FK AB ("**Aktieinvest**") acts as issuing agent in connection with the Offering For definitions of other terms used in this Prospectus, see section "*Glossary*".

**Approval of prospectus**

This Prospectus has been prepared in accordance with the rules set out in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the **"Prospectus Regulation"**). This Prospectus has been approved and registered by the Swedish Financial Supervisory Authority in accordance with the provisions of the Prospectus Regulation following the Danish Financial Supervisory Authority ceding the authority to review and approve the Prospectus to the Swedish Financial Supervisory Authority. The Swedish Financial Supervisory Authority approves the Prospectus only as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, and the approval from the Swedish Financial Supervisory Authority does not mean that the Swedish Financial Supervisory Authority guarantees that the information in the Prospectus is complete or correct.

The Prospectus has been prepared in an English version only, except for the summary which has been prepared in both an English version and a Swedish translation. In the event of any inconsistency between the different language versions of the summary, the English language version shall take precedence. The Offering and the Prospectus are governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Offering or the Prospectus.

The Prospectus is available electronically on the Company's website (www.linkfire.com), on Pareto Securities' website (www.paretosec.se), and on the Swedish Financial Supervisory Authority's website (www.fi.se).

**Offering restrictions**

The Offering is not intended for the general public in any other jurisdiction than Sweden. Neither is the Offering made to such persons whose participation presupposes additional prospectuses, registration or other measures than those that follow from applicable law in Sweden. No action has been taken, or will be taken, in any jurisdiction other than Sweden, which would allow the shares to be offered to the general public, or allow this Prospectus or any other documents pertaining to the Company or the Company's shares to be held or distributed in such a jurisdiction.

The shares in the Offering have not, and will not be, registered under the United States Securities Act of 1933, as amended (**"Securities Act"**) or securities laws in any state or jurisdiction of the United States and may not be offered, subscribed for, exercised, pledged, sold, resold, assigned, delivered or transferred, directly or indirectly, in or to the United States or to persons residing there, except in applicable exceptions from the registration requirements of the Securities Act. No offer will be made to the public in the United States. The shares in the Offering are being offered and sold in the US only to qualified institutional buyers, as defined in and in reliance on Rule 144A under the US Securities Act, or another exemption from the registration requirements under the US Securities Act, and outside the United States in accordance with Regulation S under the US Securities Act. Any offer of shares in the Offering in the US will solely be made by one or more broker-dealers registered in accordance with the United States Securities Exchange Act of 1934, as amended. The shares in the Offering have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of the Prospectus. Any representation to the contrary is a criminal offence in the United States. Moreover, the Offering is not made to persons resident in Australia, Canada, Japan, or to persons whose participation would require additional prospectuses, registration or other measures than those imposed by Swedish law.

The Prospectus and/or other documents pertaining to the Offering may not be distributed in or to any country or any jurisdiction where the Offering requires measures according to the above or would be in conflict with applicable regulation of such jurisdiction. Application to subscribe for shares in the Company in violation of the restrictions above may be void. Persons who receive copies of this Prospectus are required to inform themselves about, and comply with, such restrictions. The Company does not take any legal responsibility for violations of such restrictions by any person, regardless of whether the violation is committed by a potential investor or someone else. Any failure to comply with the restrictions described may result in a violation of securities regulations.

In the member states of the European Economic Area (**"EEA"**) – with the exception of Sweden – an offer of securities may be made only in accordance with an exception in the Prospectus Regulation.

An investment in the Company's shares involves certain risks; see section "*Risk Factors*". When investors make an investment decision, they must rely on their own assessment of the Company and the terms of the Offering, including applicable facts and risks, and in that respect only rely on information in the Prospectus (and any possible supplements to the Prospectus). Prior to making an investment decision, potential investors should engage their own professional advisors and carefully evaluate and consider their investment decision. No person is authorised to provide any information or make any statements other than those made in this Prospectus, and should such information or statements nevertheless be made, they should not be considered to have been approved by the Company, and the Company is not responsible and assume no liability for such information or statements. Neither the publication of this Prospectus nor any transaction made in respect of the Prospectus shall under any circumstances imply that the information contained herein is accurate or applicable at any time other than on the date of publication of this Prospectus, or that there have been no changes in the Company's business since this date. If significant changes to the information in this Prospectus occur after the Prospectus has been published, which may affect an investor's assessment of the Company or the shares, such changes will be announced in accordance with the provisions on supplements to a prospectus under the Prospectus Regulation.

**Forward-looking statements**

This Prospectus contains certain forward-looking statements that reflect the Company's current views or expectations with respect to future events as well as financial and operational performance. The words "intend", "estimate", "expect", "may", "plan", "anticipate" or other expressions regarding indications or forecasts of future developments or trends that are not based on historical facts constitute forward-looking information. This applies, in particular, to statements and opinions in the Prospectus concerning the future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability and general economic and regulatory environment and other matters affecting the Company. Although the Company believes that the forward-looking statements are based on reasonable assumptions and expectations, the Company cannot guarantee that such forward-looking statements will be realised. Forward-looking information is inherently associated with both known and unknown risks and uncertainties since it depends on future events and circumstances. Forward-looking information does not constitute a guarantee of future results or performance, and the outcome may differ materially from what is set out in the forward-looking information. Factors that could cause the Company's future results or performance to differ from what is expressed in the forward-looking statements include, but are not limited to, those described in the section "*Risk factors*". Forward-looking information in this Prospectus applies only to the date of the publication of the Prospectus. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or similar circumstances, other than as required by applicable law.

**Industry and market information**

This Prospectus contains market information and industry forecasts from third parties, including information regarding the size of the markets in which the Company operates. Although the Company considers that these sources are reliable and the information has been reproduced properly in the Prospectus, the Company has not independently verified the information, which is why its accuracy and completeness cannot be guaranteed. The Company has presented this information accurately and, as far as the Company's board of directors is aware and can ascertain from information that has been published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Some of the information and statements in the Prospectus relating to the industry in which the Company operates are not based on published statistics or information from independent third parties, but rather reflect the Company's best estimates based on information obtained from industry and business organisations and other contacts. Although the Company is of the view that its internal analyses are reliable, these have not been verified by any independent source.

**Presentation of financial information**

Unless otherwise indicated, **"DKK"** means Danish krona, **"SEK"** means Swedish krona, **"USD"** means US dollars and **"EUR"** means Euro. To make the information easily accessible to the reader, certain financial and other figures presented in the Prospectus have been rounded off. Consequently, the numbers in certain columns do not exactly correspond to the total amount specified.

**Stabilisation**

In connection with the Offering and the admission to trading of the Company's shares on First North Premier, Pareto Securities may carry out transactions that stabilise, maintain or otherwise affect the price of the shares in order to keep the market price of the shares at a higher level than the price which might otherwise have been preva-lent in the market. For further information about stabilisation measures, see section "*Terms and conditions – Stabilisation*".

**Important information regarding First North Premier**

The board of directors of the Company intends to apply for listing of the Company's shares on First North Premier. First North Premier is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Sweden, Denmark and Finland, operated by an exchange within the Nasdaq group. Issuers on First North Premier are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead, they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on First North Premier may therefore be higher than investing in an issuer on the main market.

The respective Nasdaq exchange approves the application for admission to trading. All issuers with shares admitted to trading on First North Premier have a Certified Adviser who monitors that the rules are followed. The Company has appointed Aktieinvest as Certified Adviser for the planned listing on First North Premier.

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## Summary of the Offering

**Offering price**
SEK 11.20 per share

**Subscription period for the general public**
17 June – 23 June 17:00 CET 2021

**Subscription period for institutional investors**
17 June – 24 June 13:00 CET 2021

**Publication of the outcome of the Offering**
28 June 2021

**Preliminary first day of trading of the Company's shares**
28 June 2021

**Settlement date**
30 June 2021

## Financial calendar

Interim financial report Q2 2021
25 August 2021

Interim financial report Q3 2021
18 November 2021

Interim financial report Q4 2021
24 February 2022

## Other information

| | |
|---|---|
| Trading venue: | Nasdaq First North Premier Growth Market |
| Ticker: | LINKFI |
| ISIN code: | DK0061550811 |
| LEI code: | 984500Z56C097569I250 |

# Summary

## Introductions and warnings

| | |
|---|---|
| **The securities** | The Offering includes new shares in Linkfire A/S with ISIN code DK0061550811. |
| **Identity and contact details of the issuer** | Linkfire A/S, corporate reg. no. 35835431<br>LEI code: 984500Z56C097569I250<br>Address: Artillerivej 86, DK-2300 Copenhagen, Denmark<br>www.linkfire.com |
| **Competent authority** | The Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*)<br>Box 7821, SE-103 97 Stockholm, Sweden<br>+46 (0)8 408 980 00<br>www.fi.se |
| **Date of approval of the Prospectus** | 16 June 2021 |
| **Warnings** | This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor.<br><br>Investors can lose all or parts of their invested capital.<br><br>If a claim related to the information in this Prospectus is brought before a court of law, the investor who is plaintiff under national legislation might have to bear the cost of translating the Prospectus before the legal proceedings are initiated.<br><br>Liability under civil law covers only those persons who have tabled the summary, including translations of it, but only if the summary is misleading, incorrect or inconsistent with the other parts of the Prospectus or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities. |

## Key information on the issuer

| | |
|---|---|
| **Who is the issuer of the securities?** | **The issuer's domicile, legal form and law**<br>Linkfire was formed in April 2014 by Lars Ettrup and Jeppe Faurfelt. The Company is a Danish public limited company established in Denmark with its registered office in Copenhagen, Denmark. The Company was incorporated in 2014 and was registered with the Danish Business Authority in the same year. The Company is regulated by, and its operations are conducted in accordance with, the Danish Companies Act. The Company's LEI code is 984500Z56C097569I250.<br><br>**The issuer's principal activities**<br>Linkfire provides digital marketing services for the entertainment and music industries. The Company's offering consists of two solutions: *the Linkfire Marketing Platform* and *the Linkfire Discovery Network.* The Linkfire Marketing Platform is a SaaS marketing platform allowing labels and artists, its customers, to create Smart Links for music products such as songs, albums, tickets and merchandise, which can be shared on websites and applications. The Smart Links route consumers to a landing page from which they can easily engage further with the content. Furthermore, the platform offers complex data insights, helping Linkfire's customers to better understand their target audiences and consumer journeys. The Linkfire Discovery Network is a network of Smart Links on partner websites and applications as well as traffic channels, which connects consumers to music products. The service enables Linkfire's Traffic Partners to have the Company's Smart Linking technology deeply integrated in the partner application. The discovery network is currently integrated in the multi-messaging application Snapchat, as well as the streaming service Twitch. |

## Key information on the issuer

**Who is the issuer of the securities?**

**The issuer's major shareholders**

As per the date of the Prospectus, the Company has 25 shareholders. The table below shows the Company's five largest direct shareholders and shareholder structure immediately prior to and after the Offering, based on the assumption that the Offering is fully subscribed, that the Over-allotment Option is not exercised and fully exercised, respectively, and that certain subscription undertakings from members of the board of directors and management are fully utilised. Per the date of the Prospectus, there are 40,000,013 shares issued by the Company. In connection with the Offering, up to 4,813,489 new shares may be issued pursuant to existing warrants that become exercisable in connection with the listing on First North Premier (the "**Accelerated Warrants**") which are included in the column "Immediately prior to the Offering" below.

| | Immediately prior to Offering | | After Offering, Over-allotment Option not exercised | | After Offering, Over-allotment Option fully exercised | |
|---|---|---|---|---|---|---|
| **Shareholder** | **Number** | **%** | **Number** | **%** | **Number** | **%** |
| **Major shareholders** | | | | | | |
| NCP-IVS Fund III K/S | 14,606,610 | 32.6% | 14,934,868 | 25.7% | 14,934,868 | 24.8% |
| Rocket Group ApS[1] | 12,161,785 | 27.1% | 12,161,785 | 20.9% | 12,161,785 | 20.2% |
| Faurfelt Invest IVS[2] | 3,713,930 | 8.3% | 3,713,930 | 6.4% | 3,713,930 | 6.2% |
| Bobhund ApS[3] | 2,129,651 | 4.8% | 2,281,497 | 3.9% | 2,281,497 | 3.8% |
| Mal Investments ApS | 703,427 | 1.6% | 703,427 | 1.2% | 703,427 | 1.2% |
| **Board of directors and Group management other than above** | 489,210 | 1.1% | 669,592 | 1.2% | 669,592 | 1.1% |
| **Other shareholders including new shareholders due to Offering** | 6,195,400 | 13.8% | 23,741,260 | 40.8% | 25,750,188 | 42.8% |
| **Maximum number of new shares due to exercise of warrants in connection with the listing** | 4,813,489 | 10.7% | - | - | - | - |
| **Total:** | **44,813,502** | **100.00%** | **58,206,359** | **100.00%** | **60,215,287** | **100.00%** |

1 Rocket Group ApS is partly owned (80 per cent) by the Company's CEO, Lars Ettrup.
2 Faurfelt Invest IVS is wholly-owned by the Company's CCO, Jeppe Faurfelt.
3 Bobhund ApS is wholly-owned by the Company's board member Thomas Rudbeck.

**Board of directors, management and auditors**

The Company's board of directors comprises four board members, including the chairman. The Company's board members are Jesper Eigen Møller (chairman), Thomas Weilby Knudsen, Thomas Rudbeck and Charlotte Klinge.

The Company's management comprises Lars Ettrup, Co-founder and CEO, Jeppe Faurfelt, Co-founder and CCO, Tobias Demuth, CFO, Andrea Arcari, Chief Business Development Officer, Verena Gutheim, Chief People Officer and Jannik Jepsen, Chief Technology Officer.

Deloitte Statsautoriseret Partnerselskab, with address Weidekampsgade 6, DK-2300 Copenhagen, Denmark, has been the Company's auditor since 2016. Bjørn Winkler Jakobsen and Mads Juul Hansen are the co-principal auditors. Bjørn Winkler Jakobsen and Mads Juul Hansen are members of FSR – Danish Auditors (professional institute for authorised public accountants in Denmark).

## Key information on the issuer

**Key financial information regarding the issuer**

The selected historical financial information below (except for alternative performance measures) is derived from the following financial reports:

- The financial information for the 2020 and 2019 financial years is derived from Linkfire's 2020 annual report for the Group, which has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and additional requirements of the Danish Financial Statements Act (the "**DFSA**") and audited by the Company's auditor.
- The financial information for the 2018 financial year is derived from Linkfire's 2018 annual report for the parent company, with a separate cash flow statement, which have been prepared in accordance with the DFSA and audited by the Company's auditor.
- The financial information for the period January – March 2021, with comparative figures for the corresponding period in 2020, is derived from Linkfire's Q1 2021 interim financial report for the Group, prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union ("**IAS 34**") and reviewed by the Company's auditor.

**Income statement in summary**

| | Financial year (Jan-Dec) | | | Q1 (Jan-Mar) | |
|---|---|---|---|---|---|
| | Group IFRS Audited | | Parent DFSA Audited | Group IAS 34 Reviewed | |
| **DKK thousand** | **2020** | **2019** | **2018** | **2021** | **2020** |
| Revenue | 24,699 | 17,227 | - | 7,417 | 5,045 |
| Operating profit/loss | -14,193 | -12,993 | -10,065 | -4,045 | -3,207 |
| Profit/loss for the period | -13,461 | -11,850 | -9,952 | -3,782 | -2,733 |
| Revenue growth, %[1] | 43.4% | - | - | 47.0% | - |
| Gross margin, %[1] | 75.7% | 60.8% | - | 73.4% | 73.0% |

[1] Alternative performance measure

**Statement of financial position in summary**

| | 31 December | | | 31 March | |
|---|---|---|---|---|---|
| | Group IFRS Audited | | Parent DFSA Audited | Group IAS 34 Reviewed | |
| **DKK thousand** | **2020** | **2019** | **2018** | **2021** | **2020** |
| Total assets | 63,786 | 60,408 | 39,551 | 66,993 | 56,391 |
| Total equity | 4,909 | 10,026 | -10,525 | 1,183 | 7,768 |

**Statement of cash flow in summary**

| | Financial year (Jan-Dec) | | | Q1 (Jan-Mar) | |
|---|---|---|---|---|---|
| | Group IFRS Audited | | Parent DFSA Audited | Group IAS 34 Reviewed | |
| **DKK thousand** | **2020** | **2019** | **2018** | **2021** | **2020** |
| Cash flow from operating activities | -3,831 | -2,286 | -4,045 | -1,556 | 3,957 |
| Cash flow from investing activities | -13,840 | -12,658 | -11,657 | -3,635 | -3,407 |
| Cash flow from financing activities | 15,205 | 18,238 | 11,252 | 4,797 | -3,579 |
| Cash flow at the end of the period | 783 | 3,539 | -3,109 | 753 | 518 |

## Key information on the issuer

**Key risks that are specific to the issuer**

**Risks related to technology changes and trends in the industry in which the Company operates**
The Company operates in an industry characterised by innovation and rapid technology development, evolving industry standards and practices as well as changing customer and consumer needs and preferences. The Company may not be able to develop its technology or release new features and services if and when needed, keep pace with current technological development or predict and adapt to industry trends and changes, which could reduce the demand for the Company's service offering.

**Risks related to music consumer behaviour and consumer trends**
The Company is dependent on high consumer activity, as well as the general popularity of consumption of music and merchandise through Digital Service Providers in order to generate revenue. Any decrease in such consumer activity, needs or preferences, or changes in the popularity of music and use of social media, could negatively affect the Company's revenue or require more financial resources and research.

**Risks related to competition**
The Company operates in an industry that is rapidly evolving with low barriers to entry. Existing or potential future competitors may have advantages over the Company, respond more quickly to changes or enter strong alliances. This could lower the competitiveness of the Company, forcing a reduced price or change in revenue model, potentially resulting in fewer customers, reduced traffic and revenue loss.

**Risks related to the Company's ability to generate commission revenue**
If the Company fails to enter into new and favourable affiliate agreements, its future revenue and growth strategy may be affected. If the Company fails to maintain and increase the traffic volume that it can monetise, or if consumers do not subscribe or purchase tickets, merchandise and other general items, it may also negatively affect the Company's revenue.

**Risks related to partnerships with Digital Service Providers**
The Company is dependent on partnerships with data, traffic and affiliate partners and restrictions or terminations of these partnerships, including access to and integration with APIs, or failure to enter new partnerships, may negatively affect the Company's service offering, growth prospects and future revenue.

**Risks related to the Company's ability to generate subscription revenue**
The Company is dependent on its ability to attract new subscription customers and retain and increase the spending of existing subscription customers. If customers cancel or do not renew their subscriptions, it will negatively affect the Company. A major part of the Company's subscription revenue is generated through contracts with major music labels. Renegotiations of these contracts present a risk to the Company.

**Risks related to customer support**
The customers of the Company rely on its customer support to respond to inquiries and resolve potential issues related to their use of the Company's platform quickly and effectively. Any failure to maintain a high-quality customer support organisation could harm the Company's reputation and its ability to successfully market and sell its service offering.

**Risks related to suppliers and third parties who operate the Company's platform**
The Company uses cloud-based services to host its platform and services. Capacity constraints, disruptions and security issues may damage the Company's business, customer relationships and reputation.

**Risks related to IT infrastructure**
The Company may experience technical errors and disruptions to its IT infrastructure. Problems with failure, software, hardware, attacks or physical damages, as well as unforeseen events to the Company's IT systems, can lead to delays and increased costs and could negatively impact the Company's operations.

**Risks related to protection of intellectual property rights and other proprietary technology**
The Company does not rely on any patent or trademark protection. There is a risk that the Company may not achieve and maintain sufficient protection of its intellectual property rights, which includes its brand, domain names, customer data, copyrights, trade secrets, and similar proprietary technology.

**The Company may not show profitability in subsequent periods and may experience uneven cash flows**
The Company has historically incurred significant costs for the development of its current operations and expects that such costs will continue to incur in the future to a certain extent. Such activities, together with anticipated general and administrative expenses and the anticipated increase of costs and expenses associated with the expected growth of the Company, could result in the Company sustaining significant losses and/or operating costs for the foreseeable future.

## Key information on the securities

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|---|---|
| **The main features of the securities** | **Type, class and ISIN of the securities**<br>The present Offering and admission to trading refers to new shares in the Company with ISIN code DK0061550811. The Company has one class of shares.<br><br>**Currency, nominal value and number of securities**<br>The shares are denominated in DKK. As per 1 January 2020, the Company's registered share capital amounted to DKK 104,138.93 divided into 10,413,893 shares. As per 31 December 2020 and 31 March 2021, the Company's registered share capital amounted to DKK 108,086.61 divided into 10,808,661 shares. On the date of the Prospectus, the registered share capital amounts to DKK 400,000.13 divided into 40,000,013 shares, excluding up to 4,813,489 additional shares that may be issued pursuant to the exercise of the Accelerated Warrants. All shares are fully paid up and the nominal value is DKK 0.01. Through the new issue in the Offering, the number of shares in the Company can increase by a maximum of 13,392,857 and, if the Over-allotment Option is fully exercised, by an additional 2,008,928.<br><br>**Rights attached to the securities**<br>Shareholders are entitled to vote for their full number of shares and each share entitles to one vote at general meetings in the Company. All shares in the Company give an equal right to dividends, a share in the Company's profit and in the Company's assets as well as any surplus in the event of liquidation. The Company's shares have been issued in accordance with Danish law and the rights associated with the Company's shares, including those pursuant to the Company's articles of association, can only be amended in accordance with the procedures set out in the Danish Companies Act.<br><br>Existing shareholders normally have a preferential right to subscribe for new shares, warrants and convertibles pro rata in relation to their holdings. The general meeting or the board of directors, with authorisation from the general meeting, may, however, decide to deviate from the shareholders' preferential rights in accordance with the Danish Companies Act. The new shares carry the right to dividends for the first time as of the record date for dividends that falls after the shares have been registered with the Danish Business Authority and entered into the share register kept by Euroclear Sweden AB.<br><br>**Transferability of the securities**<br>There are no restrictions of the free transferability of the shares in the Company.<br><br>**Dividend policy**<br>Linkfire intends to reinvest cash flow to fund the development and growth of its business, and therefore the board of directors does not anticipate proposing to declare or pay any cash dividends in the foreseeable future. Resolutions regarding dividends are passed by the general meeting or the board of directors. Dividends may only be distributed to the extent that there will be full coverage for the Company's restricted equity after the dividend distribution and only to the extent that such distribution is prudent, taking into consideration the demands with respect to the size of the equity which are imposed by the nature, scope and risks associated with the operations of the Company and the Group as well as the business prospects, results of operations, industry trends and financial position of the Company and the Group. |
| **Where will the securities be traded?** | On 16 June 2021, Nasdaq Stockholm AB has assessed that the Company meets First North Premier's listing requirements, provided that customary conditions, including the dispersion requirement for the Company's shares, are met no later than on the first day of listing and that the Company applies for admission to trading in the Company's shares on First North Premier. The first day of trading on First North Premier is expected to be 28 June 2021. First North Premier is a market, classified as a growth market for small and medium-sized companies, which is regulated by certain rules and regulations and which does not have the same legal status as a regulated market. |
| **Key risks that are specific to the securities** | **An active, liquid and orderly trading market for the Company's shares may not develop, the price of the shares may be volatile, and potential investors could lose parts or all of their investment**<br>Prior to the planned listing on First North Premier, there has been no public market for the Company's shares. The Company cannot predict the investors' interest in the Company, and there is therefore a risk that an active and liquid market will not develop or, if developed, that it will not be sustained after the completion of the Offering. The price of the Company's shares may from time to time be subject to significant fluctuations in the stock market in general, which may occur regardless of the Company's performance.<br><br>**Major shareholders will continue to have a significant influence over the Company following the Offering**<br>Following the completion of the Offering, the major shareholders are likely to continue to have a significant influence over the Company in matters that are subject to the shareholders' approval at the general meeting. The interests of the major shareholders may differ significantly from those of other shareholders and the major shareholders could thus exercise their influence in a manner that may conflict with the interests of other shareholders. |

## Key information on the securities

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|---|---|
| **Key risks that are specific to the securities** | **Intentions to subscribe for shares in the Offering from Anchor Investors are not formally binding and the formal undertakings to subscribe for shares in the Offering received from certain investors are not secured**<br>The Anchor Investors have expressed an interest to subscribe for shares in the Offering. In addition, external investors and certain existing shareholders, including members of the board of directors, have formally undertaken to subscribe for shares in the Offering. The indications from the Anchor Investors do not constitute formal commitments from the Anchor Investors to finally invest in the Offering and there is hence no certainty that the Anchor Investors will finally subscribe for shares in the Offering. In addition, the undertakings are not covered by any bank guarantee, blocked funds, pledging or similar arrangement. Consequently there is a risk that Anchor Investors will not finally subscribe for shares in the Offering and that the external investors and existing shareholders that have provided the undertakings will not fulfil their undertakings, which could have an adverse effect on the completion of the Offering. |

## Key information on the Offering and the admission to trading on Nasdaq First North Premier

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| **Under which conditions and timetable can I invest in these securities?** | **Admission to trading**<br>On 16 June 2021, Nasdaq Stockholm AB has assessed that the Company meets First North Premier's listing requirements, provided that customary conditions, including the dispersion requirement for the Company's shares, are met no later than on the day of listing and that the Company applies for admission to trading in the Company's shares on First North Premier. The first day of trading on First North Premier is expected to be 28 June 2021.<br>**The Offering**<br>The Offering is made to the public in Sweden as well as to institutional investors in Sweden and abroad. The Offering comprises a maximum of 13,392,857 newly issued shares offered by the Company (excluding the Over-allotment Option described below).<br>**Over-allotment Option**<br>In order to cover any over-allotment in the Offering, the Company has committed to issue, at the request of Pareto Securities, additional shares corresponding to 15 per cent of the total number of shares included in the Offering ("the **Over-allotment Option**"). The Over-allotment Option can be utilised in whole or in part during 30 days from the first trading day on First North Premier. If the Offering is fully subscribed and the Over-allotment Option is fully exercised, the total number of shares offered will amount to 15,401,785 shares. The Over-allotment Option may only be exercised for the purpose of covering any over-allotment in the Offering but the shares included in the Over-allotment Option may also be used for potential stabilisation measures.<br>**Offering Price**<br>The price in the Offering has been set to SEK 11.20 per share.<br>**Application period and application**<br>The application period takes place during the period 17 June – 23 June 17:00 CET 2021 for the public in Sweden and during the period 17 June – 24 June 13:00 CET 2021 for institutional investors. Any extension of the application period will be announced by the Company through a press release before the end of the application period.<br>**Allotment**<br>A decision regarding the allotment of shares will be made by the Company's board of directors in consultation with Pareto Securities, the goal being to achieve a good institutional shareholder base and a broad distribution of the shares among the general public so as to facilitate regular and liquid trading in the Company's shares on First North Premier.<br>**Dilution as a result of the Offering**<br>Per the date of the Prospectus, there are 40,000,013 shares issued by the Company. In connection with the Offering, the Accelerated Warrants become exercisable which may result in the issue of additional up to 4,813,489 shares if the Accelerated Warrants are fully exercised, totalling the maximum number of shares in the Company prior to the Offering to 44,813,502.<br>If the new share issue in the Offering is fully subscribed, the number of shares in the Company will increase by 13,392,857 if the Over-allotment Option is not exercised and 15,401,785 if the Over-allotment Option is fully exercised, entailing a dilution of 23.0 per cent and 25.6 per cent, respectively, in relation to the total number of shares in the Company immediately prior to the Offering assuming that the Accelerated Warrants are fully exercised. |
| | **Offering costs**<br>The Company's costs relating to the Offering and the listing of the Company's shares on First North Premier are estimated to approximately DKK 10 million. Such costs are in particular related to expenses for auditors, financial and legal advisors, printing and distribution of the Prospectus, and expenses related to marketing materials and other presentations. Investors are not charged any costs. Brokerage is not paid. |

## Key information on the Offering and the admission to trading on Nasdaq First North Premier

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| **Who is the offeror and/or the person asking for admission to trading?** | Linkfire A/S, corporate reg. no is 35835431, with registered office in Copenhagen, is a Danish public limited company founded in Denmark in accordance with Danish law and operates in accordance with Danish law. The Company's form of association is governed by the Danish Companies Act. The Company's LEI code is 984500Z56C097569I250. |
| **Why is this Prospectus being produced?** | **Proceeds and costs relating to the Offering**<br>Upon full subscription in the new issue in the Offering, the Company expects to receive proceeds of SEK 150 million, before deduction of customary costs relating to the Offering. The costs relating to the Offering are estimated to approximately DKK 10 million (SEK 13.5 million using a SEK/DKK exchange rate of SEK 1 = DKK 0.74). Consequently, the Company expects to obtain net proceeds of approximately SEK 136.5 million through the Offering, corresponding to DKK 101 million. If the Over-allotment Option is exercised in full, the Company will receive an additional SEK 22.5 million.<br>**Reasons for the Offering and use of Proceeds**<br>The Company wants to expand its market position further through scaling and expanding its operations organically as well as through potential M&A opportunities and believes that the Offering and the listing will support the Company to pursue these growth opportunities.<br>In light of the above-mentioned growth plans, the Company has assessed that its existing working capital is insufficient to cover the Group's needs over the upcoming twelve months from the date of the Prospectus. The Company estimates that its working capital needs for the upcoming twelve months will amount to approximately DKK 25 million and that its existing working capital is sufficient to finance its operations until July 2021. The Company estimates that the working capital deficit for the upcoming twelve months amounts to approximately DKK 25 million.<br>The Company intends to fund its working capital needs and planned activities through the new share issue in the Offering. The Company intends to use the net proceeds from the Offering to finance the following activities:<br>1. Approximately 55 per cent to organic growth incentives. This includes scaling the current product and organisation, expanding geographically, developing new product features and pursuing general business opportunities.<br>2. Approximately 35 per cent to corporate purposes and M&A. This includes strengthening and developing existing business departments and pursuing M&A opportunities.<br>3. Approximately 10 per cent to restructure part of its existing debt. The Company will amortise part of its current debt.<br>**Intentions to subscribe for shares in the Offering from Anchor Investors**<br>The Anchor Investors have expressed an interest to subscribe for shares in the Offering corresponding to a total of SEK 81.6 million which corresponds to 54.4 per cent of the shares in the Offering if the Over-allotment Option is not exercised, 47.3 per cent if the Over-allotment Option is fully exercised and 12.1 per cent of the shares in the Company after the Offering, assuming that the Offering is fully subscribed and that the Over-allotment Option is fully exercised. These indications from the Anchor Investors do however not constitute formal commitments from the Anchor Investors to finally invest in the Offering and there is hence no certainty that the Anchor Investors will finally subscribe for shares in the Offering. Anchor Investors are not guaranteed allotment in the Offering but may be may be given special consideration at the allotment.<br>In addition, external investors and certain existing shareholders, including members of the board of directors, have formally undertaken to subscribe for shares in the Offering corresponding to a total of approximately SEK 10.3 million, which corresponds to 6.9 per cent of the shares in the Offering if the Over-allotment Option is not exercised, 6.0 per cent if the Over-allotment Option is fully exercised and 1.5 per cent of the shares in the Company after the Offering, assuming that the Offering is fully subscribed and that the Over-allotment Option is fully exercised. These external investors and existing shareholders are not guaranteed allotment in the Offering but may be may be given special consideration at the allotment.<br>**Conflicts of interest**<br>Pareto Securities provides financial advice and other services to the Company in connection with the Offering. Setterwalls Advokatbyrå AB is legal advisor to the Company as to Swedish law and Bruun & Hjejle Advokatpartnerselskab is legal advisor to the Company as to Danish law in connection with the Offering and the admission to trading on First North Premier. Aktieinvest acts as issuing agent in connection with the Offering and acts as Certified Adviser to the Company. Nordnet acts as selling agent and Avanza act as retail distributor in connection with the Offering. These advisors (and their related parties) have provided, and may be providing in the future, various banking, financial, investment, commercial and other services to the Company for which they have obtained, and may obtain, customary remuneration. |

# Risk factors

Prior to a possible investment decision, it is important to carefully analyse the risk factors that are deemed to be of importance to Linkfire and the future development of the share. The risk factors that are deemed to be significant for the Company are described below. Linkfire has, in cases where a risk could not be quantified, assessed the materiality of the risk factors on the basis of the probability of their occurrence and the expected extent of their negative effects on the Company's operations, earnings and/or financial position, and the risk factors have therefore been graded on a qualitative scale with the designations low, medium and high. The statements below are based on information available as of the date of the Prospectus. The risk factors have been divided into the categories Risks related to the Company's industry, Risks related to the Company's operations, Legal risks, Financial risks and Risks related to the share and the Offering. The risk factors currently considered most significant are presented first in each category, while the risk factors are then presented without any specific ranking.

The Prospectus contains forward-looking statements that may be affected by future events, risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements for a variety of reasons, including but not limited to, those described below and elsewhere in the Prospectus.

This section includes a number of terms and definitions used in the industry and by the Company, such as "Affiliate Partner", "Digital Service Provider" and "Social Media Platform". See section "*Glossary*" for explanations to such terms and definitions used herein.

## Risks related to the Company's industry

**Risks related to technology changes and trends in the industry in which the Company operates**

The Company is a technology company that provides marketing and promotional services for artists and record labels (together **"customers"**) within the music and entertainment industries that simplifies music discovery for fans (**"consumers"**) and drives consumption of music and music products. The Company's offering consists of the Linkfire Marketing Platform, a SaaS marketing platform enabling customers to create links for music products such as songs, albums, tickets and merchandise, which can be shared on websites and applications (**"Smart Links"**) and the Linkfire Discovery Network, a network of Smart Links on partner websites and applications, traffic channels, which connects consumers to music products. Through its services, the Company supports consumer and user traffic generation for Affiliate Partners and Digital Service Providers, such as Spotify, Apple Music and Pandora, while also providing its platform customers with valuable insights on user activity helping them better understand their target audiences, and consumer journeys.

As a Digital Service Provider, the Company operates in a fairly young industry characterised by innovation and rapid technological development, evolving industry standards and practices as well as changing customer and consumer needs and preferences. In order to remain successful and execute on its growth strategy, the Company must continuously adapt and respond effectively to such changes, and develop its technology and service offering on a timely and cost-effective basis. One example of an emerging potential industry trend is voice-based interfaces and voice controlling which, if it continues to develop and grow, may require the Company to adapt its technology and service offering in the future.

The Company's technology must function and integrate with a variety of network, hardware, browser, mobile and software platforms, and the Company must continuously modify and enhance its technology to adapt to such changes in innovation and technologies that might be required in order to meet the demands of the market. Such continuous development work as well as development of new functionality and improved services could entail additional significant costs, which may affect the Company's operating results.

If the Company is unable to develop its technology or release new features and services if and when needed, or keep pace with current technological developments, its operations, revenues and operating results could be adversely affected. Any failure to predict and adapt to future industry trends and changes as well as customer and consumer needs and preferences could reduce the demand for the Company's platform and services, which could negatively affect the Company's future earnings prospects.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as medium and that the risks, if they occur, could have a medium impact on the Company.

**Risks related to music consumer behaviour and consumer trends**

The Company generates revenue from its customers that are music creators, such as artists and music labels, subscribing to its marketing platform to promote their content to fans and music consumers, as well as from generating user traffic to various Digital Service Providers which results in a kickback, so-called commission revenue. As such, the Company is dependent on high consumer activity, as well as the general popularity of consuming music and merchandise through Digital Service Providers, including streaming services. Any decrease in such consumer activity or popularity of music and streaming services, could result in a decrease in consumer traffic which would negatively affect the Company's ability to generate revenue.

The underlying music industry on which the Company is dependent may also be subject to changes due to consumer behaviour, needs and preferences, such as the manner in which music is discovered and consumed or activity and engagement with creators and fans on Social Media Platforms, which may affect the Company's possibilities to offer efficient tools to artists and music labels to reach out to consumers. The industry has experienced, and is likely to continue to experience, rapid change due to evolving trends, interests and preferences of consumers, including social media activity. If the Company fails to predict and adapt to such changes and consumer trends as might be needed, or if the Company's functionality and services do not continue to achieve market acceptance due to changes in trends and consumer behaviour, the Company's competitiveness and service offering could be harmed. If consumers for example adopt new Social Media Platforms and networks to discover and consume music, the Company may need to develop integrations and services related to such new platforms, which may require significant research and development (**"R&D"**) as well as financial resources. Furthermore, such new Social Media Platforms may not provide the Company with the same access to data and insights as its current partners, which could also limit the competitiveness of the Company's service offering to customers.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as low and that the risks, if they occur, could have a high impact on the Company.

**Risks related to competition**

The industry in which the Company operates is rapidly evolving and highly competitive, with relatively low barriers to entry. The Company faces competition from other marketing platforms such as SmartURL and Feature.fm targeting music labels and artists, as well as a long tail of small, local market players. Thereto, there are providers of Smart Links that operate both in the Smart Linking Market for music as well as the general Smart Linking market, such as Linktree and Bit.ly. The Company may in the future also face competition from other SaaS companies or players within the online marketing industry that decide to innovate or invest in similar, or superior, services and technologies that may compete with the Company's platform and services, for example by delivering solutions at lower prices, more conveniently or more securely. This includes

companies providing marketing services that are operating within adjacent industry verticals, for example video on demand or gaming, who chose to expand their services into music marketing. Furthermore, there is a risk that search engines and Social Media Platforms, with larger financial resources than the Company, may develop and change their business models to offer services similar to those of the Company.

Existing and potential future competitors may have larger financial and technical resources, greater brand recognition and longer operating histories, more varied services and more established relationships with social media networks, customers and Digital Service Providers. Competitors may also respond more quickly and efficiently to evolving technology and market changes and opportunities, or may enter into alliances and establish or strengthen cooperative relationships with partners, technology and application providers, or other parties.

To remain competitive, the Company must deliver features and functionality that enhance the utility of its platform to new and existing customers, without any software defects, and ensure that its platform and services are easy to use and that its prices are perceived as competitive. The Company must also maintain and develop integrations with Digital Service Providers to maintain and grow consumer traffic.

Any failure by the Company to compete effectively may force the Company to reduce prices or change its revenue models, resulting in fewer customers, reduced traffic, reduced revenue as well as loss of market share. It could also harm the Company's ability to increase sales and establish future relationships with important partners and customers.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as medium and that the risks, if they occur, could have a low impact on the Company.

**Risks relating to the outbreak of COVID-19 and adverse economic developments**

The outbreak of the COVID-19 pandemic, including the measures attempting to contain and mitigate the effect of the virus, such as remote working, business closure and other restrictive orders, and the resulting changes in consumer behaviour, have disrupted the Company's normal operations and impacted its employees and customers. In response to the COVID-19 pandemic, the Company has taken a number of actions that have impacted, and may continue to impact, its business, including transitioning employees across all of its offices to remote working and imposing travel and related restrictions. All of these actions have been disruptive to the Company's business and could, if continued, negatively impact the Company's long-term operations. Given the continued spread of the COVID-19 virus, the Company may have to take additional actions that could harm its business further due to additional disruptions and negatively affect its financial condition.

Moreover, the COVID-19 pandemic and related restrictions may affect the business of the Company's partners and customers. For example, labels and artists may postpone or cancel music releases as a consequence of the pandemic, which could affect the Company's ability to market such releases or to generate user traffic due to such releases. The COVID-19 pandemic and subsequent restrictions may also cause delays or disruptions in services provided by external suppliers, such as software suppliers and suppliers of certain technologies and cloud services utilised by the Company.

Even though some of the effects of the COVID-19 pandemic have had a positive impact on the Company's operations, such as social distancing encouraging more consumers to be digitally active, which has resulted in a general increased level of consumer traffic, the impact of the pandemic on the global economy and economic activity remains uncertain, and consumers may cut back on personal consumption and recreational spending, which may negatively impact the Company's partners' and customers' revenue and, in turn, the Company's business prospects. Furthermore, the cancellation of concerts has resulted in less traffic to ticketing channels and live events. As a result, the Company has experienced a significant decline in sales of tickets and merchandise in connection with concerts, and had to lower its financial expectations for the financial year 2020 as well as adjust its future growth plan for 2021. The advent of live streaming concerts has to some extent compensated for the loss in ticket sales, and has opened the doors for digital merchandise, such as badges, rewards and digital collectibles, but it has not fully replaced the previous cash flows generated from ticket sales.

The degree to which COVID-19 will affect the Company's business and results of operations going forward will depend on future developments that are

highly uncertain and cannot currently be predicted. If the economic conditions of the general economy or markets in which the Company operates worsen from present levels, the demand for the Company's offering may decrease, which could negatively affect the Company's business and future revenue.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as medium and that the risks, if they occur, could have a low impact on the Company.

## Risks related to the Company's operations

**Risks related to the Company's ability to generate commission revenue**

A growing part of the Company's business consists of generating commission revenue, which is achieved as the Company drives traffic to Digital Service Providers that are Affiliate Partners, for example Apple Music, Pandora, Amazon and Ticketmaster. The Company earns commission when consumers sign up to Affiliate Partners' services or buy merchandise, tickets or other general items, routed through one of the Company's Smart Links or landing pages. For the 2020 financial year, commission revenue made up for 22 per cent[1] of the Company's total revenue, but the Company's goal is to increase its commission revenue, as part of its business strategy and growth plan, by focusing on monetising its growing traffic further and negotiating new affiliate deals. If the Company fails to enter into new affiliate agreements, or fails to reach such agreements on favourable terms, the Company's future commission revenue and growth strategy may be adversely affected. Furthermore, if the Company fails to maintain and increase the traffic volume that it can monetise, or if consumers do not sign up for subscriptions or purchase tickets, merchandise or other general items to the extent expected, it may also negatively affect the Company's commission revenue. The Company may also have to renegotiate existing affiliate agreements which could result in a lower revenue share. The Company's position and possibilities to successfully negotiate new and better deals with Affiliate Partners is partly dependent on the Company's ability to maintain and increase its subscription customer base, including relationships with artists and major music labels.

The commission revenue stream and kick-backs the Company receives vary between different Affiliate Partners, and are usually based on the type of subscription or purchase made by the consumer as calculated by the Affiliate Partner. At the determination of each kick-back, there is a risk of miscalculation, including but not limited to miscalculations as a result of fraudulent or negligent behaviour by the partner, or due to human error. If such miscalculations occur without being detected or subsequently remedied or adjusted, the Company may receive a lower commission revenue than entitled or expected.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as medium and that the risks, if they occur, could have a high impact on the Company.

**Risks related to partnerships with Digital Service Providers**

A key part of the Company's strategy is to work with strategic partners and integrate the Company's marketing platform with third-party application providers and Social Media Platforms. As per the date of the Prospectus, the Company has entered into three different types of partnerships with various Digital Service Providers; with Data Partners, Traffic Partners and Affiliate Partners. Data Partners, such as YouTube, Deezer and Apple Music, provide Linkfire with valuable data and insights on consumer patterns on digital service platforms, which the Company subsequently shares with its customers. Furthermore, the Company's Smart Links are integrated with various Traffic Partners, such as Snapchat and Twitch, through which the Company can generate user traffic to other Digital Service Providers. The Company has also partnered with Affiliate Partners, such as Apple Music, Amazon, Pandora and Ticketmaster, from which Linkfire generates commission every time a new consumer signs up to the services of such Affiliate Partners. In addition to these Digital Service Providers, the Company's customers can also share Smart Links on other Social Media Platforms such as Instagram, Facebook and SoundCloud, through which consumers can connect to various other Digital Service Providers. As such, the Company must maintain and establish well-functioning collaborations with Digital Service

[1] See section "*Selected historical financial information*".

Providers and all of its partners, in order to keep benefiting from such partnerships.

The Company is also dependent on maintaining access to and integration with APIs (Application programming interfaces) of third-party applications. Any changes or restrictions on such APIs, including changes to terms and conditions, or denial of access may affect or limit the functionality and accessibility of the Company's services. Potential errors, bugs or defects in the technologies of third-party platforms may also affect the Company's services. As such changes, restrictions or errors are not within the Company's control, the Company must continuously develop its services in conjunction with such third-party systems to ensure compatibility.

Furthermore, the Company is dependent on obtaining insight and traffic data, which is typically not generally available, from Data Partners such as YouTube Music, Apple Music, Deezer and Pandora. Any restrictions on the type and amount of data that can be shared, for example due to regulatory changes, may result in the Company not being able to provide its customers with insights and data statistics, which is a key part of the Company's service offering. Furthermore, the insight data received may not be accurate or reliable, and if the Company would provide its customers with such inaccurate or misleading insight data, the Company's customer relationships and reputation may be harmed.

Moreover, there is a risk that the Company's partners introduce strategies to start developing similar services as those of the Company in-house, which may render the Company's services redundant. Such development may also erode the Company's share of traffic and potential earnings. There is also a risk that consumers on Social Media Platforms report posts or similar publications in which the Company's links are included. This could result in the Company's link domains not working properly or the Company being temporarily banned or blacklisted from such channels, which may be difficult to rectify unless the Company has established a good relationship with the channel owner.

Any termination of the Company's collaborations or partnerships with Digital Service Providers, or failure to successfully identify and engage in new partnerships with Digital Service Providers, as well as interruptions, loss of access or inaccurate data may negatively affect the Company's service offering, possibilities to maintain and increase consumer traffic, growth prospects and future revenue.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as low and that the risks, if they occur, could have a high impact on the Company.

**Risks related to the Company's ability to attract new subscription customers and retain and increase the spending of existing subscription customers**

In addition to generating commission revenue, the Company derives, and expects to continue to derive, a significant part of its revenue and cash flows from sales of subscriptions to its platform and services. The Company's ability to maintain and generate increasing revenue is dependent on its capacity to retain and increase the spending of its existing customers, for example by getting its customers to sign up for more extensive subscription plans, including seasonal add-ons, as well as acquiring new subscription customers. The Company's success in attracting and retaining customers depends on a number of factors, including the Company's ability to offer a compelling platform, execute its sales and marketing strategy, effectively hire and retain competent and professional personnel, develop and expand its relationships with partners, expand into new geographical and market segments and maintaining an efficient pricing model.

As of the date of the Prospectus, the Company generates a major part of its subscription revenues from contracts with major music labels, such as Universal Music Group, Sony Music Entertainment and Warner Music Group. These contracts must be renegotiated regularly, with upcoming negotiations in the near-term. At such renegotiations, the Company strives to improve the terms of the contract in favour of the Company and to establish a longer duration of the contracts, to secure future partnership and to minimise the risk of losing any large customer. There is a risk that one or more of the Company's major customers terminates the contracts in advance, which can be done for various reasons pursuant to relatively short notice periods, or decides not to extend the contracts or renegotiates the contracts in a way that is unfavourable for the Company. Any such termination of the contracts, or renegotiation to the detriment of the Company, could have an adverse negative impact on the Company's subscription revenues and cash flow. Failure to retain major music

labels as customers may also negatively affect the Company's reputation.

The Company must also be able to attract new customers, such as smaller record labels and individual artists, in order to generate a higher subscription rate. New customers sign up for monthly or yearly subscription plans on the Company's website. The Company's customers have no obligation to renew their subscriptions, and it might be difficult for the Company to predict any future renewal rates. If the Company's customers cancel or choose not to renew their subscriptions, the Company's subscription revenues and growth prospects may decline.

To attract and retain customers, the Company must also be able to meet customer demands and manage customer experiences through flexible solutions designed to address the customers' needs. The Company must provide and maintain an attractive offering, creative ideas and concepts and must continue to develop its systems, functions and ideas to ensure future growth. Any inability to meet customer demand and manage customer experience may negatively affect the Company's customer relationships and reputation, as well as the Company's earnings and growth prospects.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as low and that the risks, if they occur, could have a medium impact on the Company.

**Risks related to the Company's ability to offer high-quality customer support**

The customers of the Company rely on its customer support to respond to inquiries and resolve potential issues related to their use of the Company's platform quickly and effectively. The Company provides and performs different types of customer services, depending on the type of customers. The Company's bigger customers have been designated special account managers, who work closely with the customers, for example on marketing strategy and use of the Company's platform, while the other customers are provided support from an in-house help centre. The Company's in-house help centre is dependent on third party software, which may be subject to disruptions or other technical errors. Such technical errors may negatively affect the Company's ability to provide high-quality customer support in a timely manner.

Furthermore, the Company may experience a high load of customers requiring service, which may result in an increase in customer requests and significant delays in responding to such requests. An increased demand for the Company's customer services, without corresponding increases in revenue, may increase the Company's costs and harm its operating results. As the Company continues to grow, it needs to continue to provide and maintain a high level of customer services and high-level support that meets the needs of future new customers. Any failure to maintain a high-quality customer support organisation could harm the Company's reputation and its ability to successfully market and sell its service offering. The Company's response times to customers may also be impacted by factors outside the Company's control, such as technical disruptions or changes in the technology used.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as low and that the risks, if they occur, could have a medium impact on the Company.

**Risks related to suppliers and third parties who operate the Company's platform**

The Company uses cloud-based services to host its platform and services. The majority of the Company's cloud-based services are outsourced to Amazon Web Services (**"AWS"**), and a minor part to Microsoft Azure (**"Azure"**). While centralised in the EU, the Company's services are globally offered from five different server locations covering the world. The Company's customers are dependent on being able to access the Company's platform at any time when needed, without interruption or degradation of performance, and the Company is therefore vulnerable to any such interruptions at AWS and Azure.

The Company and its third-party suppliers may experience interruptions, delays and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints. Capacity constraints could be due to a number of potential causes including technical failures, natural disasters, fraud or security attacks. If the Company's security is compromised, or if its platform and services are unavailable to its customers and users, the Company's business, customer relationships and reputation may be negatively affected.

Any changes in service levels from AWS and Azure may also adversely affect the Company's ability to meet its customers' needs. Although third party software services may be replaceable with adequate alternatives, any such replacements would incur additional costs and resources for the Company.

Furthermore, the Company relies on a third-party subscription management platform to process the subscription plans and billing frequencies of its customers. Any disruptions or delays in service and availability of this service may also harm the Company's reputation and customer relationships, as well as the Company's ability to collect subscription payments.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as low and that the risks, if they occur, could have a medium impact on the Company.

**Risks related to technical errors and disruptions to the Company's IT infrastructure**
The Company is dependent on maintaining a secure and well-functioning IT environment for all aspects of its operations. There is a risk that the Company's IT environment, as well as its partners' IT environment, is affected by problems with software, hardware, computer viruses, improper or negligent operation of the Company's IT systems by the Company's employees or contractors, attacks or physical damages as well as other unforeseen events. Such failures and interruptions can lead to delays, increased costs and could negatively impact the very basis of Company's digital operations.

An increasing number of companies are experiencing cyber-attacks, some of which are highly sophisticated targeted attacks on the computer networks that may shut down, disable, slow down, or otherwise disrupt operations, business processes, website access or functionality. One example of such attacks are so-called DDoS attacks (Distributed Denial of Service attacks), which are attacks where a user sends multiple requests to the attacked web resource, with the aim of exceeding the website's capacity to handle such an amount of requests, preventing the website from functioning correctly. Should the Company be subject to any such cyber-attack, the Company's operations could be interrupted and its service offering could be negatively affected. Despite actions taken to secure that employees only get access to the content they need for their work, as well as off-boarding procedures to secure that former employees have their access revoked, current and former employees with access to sensitive data, such as website credentials, may also be in position to harm the Company by gross in acts similar to hacking. Because the techniques used to sabotage systems or obtain unauthorised access to, disable or degrade services develop constantly, and are often unknown or not recognised until launched against a target, the Company may be unable to anticipate these techniques or implement effective and efficient countermeasures in a timely manner.

A cybersecurity breach could result in the loss or theft of customer data, the inability to access electronic systems (so-called denial of services), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). Furthermore, the Company uses open-source software which imposes more risks than third-party commercial software because open-source licensors generally do not provide contractual protections with respect to the software, nor are they obliged to maintain their software or provide any support. In addition, open-source software could present additional security risks as the source code for open-source software is publicly available, making it easier for hackers and other third parties to determine how to breach the Company's sites and systems. Such incidents could cause the Company to incur regulatory penalties, reputational damage and additional compliance costs. Finally, any real or perceived errors, failures or bugs in the Company's platform and services may harm the Company's reputation.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as low and that the risks, if they occur, could have a medium impact on the Company.

**The Company is dependent on its key employees and its ability to retain and hire qualified personnel**
The Company is highly dependent on its management team and the daily work from other key employees. It is important to the Company's daily operations and growth that the Company is able to attract, hire, develop and retain members to its management team as well as other key employees with relevant experience and skills, such as code

developing and programming. The Company has historically experienced a relatively high turnover in employment tenure, though not unusual for the tech market. There is a key group of 20 core employees who have been with the Company for a longer period of more than four years. These key employees hold important know-how of the Company's legacy systems and development over time, as well as knowledge of the company culture and industry. The loss of such key employees or any member of the management team could negatively affect and disrupt the Company's business due to the time and resources that could be required to find suitable replacements. If the Company would fail to attract or retain such personnel, it could have a material adverse effect on the Company's business and strategy, as well as on the Company's ability to ensure successful growth and onboarding and internal training of new employees.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as low and that the risks, if they occur, could have a low to medium impact on the Company.

**Risks related to the Company's limited operating history and its ability to successfully manage growth**
The Company was incorporated in 2014 and thus its platform and services were only launched in the past few years. As a result of this limited operating history, the Company's ability to forecast its future operating results is limited and may be subject to a number of uncertainties. If the Company is not successful in assuming risks or making predictions, its operating and financial results could differ materially from its expectations and its business could suffer due to unexpected material risks or costs. As a start-up company, the Company may also experience difficulties to make long-term projections and to estimate the effects and impact of a global financial crisis, changes in legislation and new marketing methods or technology.

Furthermore, the Company has experienced significant growth since the start of its operations in 2014 and has the ambition to continue to grow in the future. In order to achieve its growth strategy, which involves, among other things, increasing its subscription user base, exploring the opportunities of expanding into new geographical markets, exploring the opportunities of expanding into adjacent verticals within the entertainment industries as well as entering into new traffic partnerships and pursuing M&A activities, the Company must manage all aspects of its operations and increase its capacity while maintaining the same service level to current and potential new customers and partners.

Pursuing this growth strategy is likely to lead to increased complexity of operations and could place additional requirements on the Company's organisation, internal controls, procedures and technology. As such, there is a risk that the Company's current and planned organisation, procedures and technology will not be adequate to support the Company's future operations and, if so, that the Company is unable to make the necessary organisational, technological or procedural changes to adapt to new requirements as they arise. If the Company is unable to successfully manage commercial opportunities or any similar operational and organisational development or otherwise adapt to new requirements resulting from growth, it could have a material adverse effect on the Company's business, growth strategy and results of operations.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as low to medium and that the risks, if they occur, could have a medium impact on the Company.

## Legal risks

**Risks relating to compliance with privacy regulation**
The Company's services and functionality entails gathering and processing of personal data to a certain extent, such as personal data regarding customers and artists who sign up for subscriptions, as well as employees. As such, the Company is required to comply with applicable privacy legislation regarding the collection and processing of personal data. If the Company is unable to comply with such legislation, sanctions or other penalties may be imposed, which could entail increased costs and reputational damage to the Company.

In the EU, Regulation (EU) 2016/679 of the European Parliament and of the Council (General Data Protection Regulation) (**"GDPR"**) entails specific rules regarding the handling of personal data with considerable administrative fines. In addition, several jurisdictions outside the EU have adopted similar data protection legislation, which the Company needs to monitor and adapt to, to be compliant. The Company has designated persons responsible for privacy matters and have continuous contacts with

its major customers' compliance teams, which requires significant time and resources. The Company has taken measures in relation to GDPR regulation compliance and expects that it will continue to devote significant resources for data privacy compliance as well as to monitor the development of the GDPR and similar privacy regulations, and evaluate the need for additional compliance measures. Such compliance may be costly and time-consuming, and there is a risk that the Company may not be able to dedicate such resources if and when the need arises, any failure of which may result in sanctions or other penalties.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as low and that the risks, if they occur, could have a medium impact on the Company.

**Risks related to protection of intellectual property and similar proprietary technology**

The Company is dependent on its brand, domain names, customer data, copyrights, trade secrets, know-how and similar proprietary technology, which constitute a key aspect of the Company's operations. For protection of such rights, the Company relies on copyright to its website, domain registrations and trade secret protection, as well as confidentiality agreements with employees and relevant third parties regarding confidential and sensitive information. The Company does currently not rely on any patents or trademark protection. There is a risk that the Company may not achieve and maintain sufficient protection for such proprietary rights in the future. Furthermore, the confidentiality agreements may not provide meaningful protection for the Company's trade secrets and know-how in the event of unauthorised use, misappropriation or disclosure of trade secrets and know-how.

Due to the low barriers to entry, and the lack of registered trademarks and patents by the Company, the Company may be subject to infringement by third parties. As an example, the Company has previously experienced affiliate websites copying or reposting the Company's content as their own. The Company may experience similar conduct in the future, and may be unable, due to lack of resources or lack of protection, to successfully make a claim to stop any such infringement or receive compensation, which could damage the Company and its operations and negatively affect the Company's commercial opportunities.

Furthermore, some of the Company's brand names, domain names or other intellectual property might be held by third parties in other jurisdictions, impeding, limiting or otherwise delaying a potential expansion or a new market entry by the Company. If the Company should fail to establish, manage and protect its intellectual property, such as key domain names, and if the Company becomes subject to claims or demands related to brand names, domain names, trademarks or other intellectual property that limit the use of such intellectual property or entail significant costs, the Company could lose competitive advantages.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as low and that the risks, if they occur, could have a medium impact on the Company.

**Risks related to compliance with laws and regulations in the jurisdictions in which the Company operates**

The Company does not conduct any operations subject to license, but is obliged to comply with local regulations in the jurisdictions in which the Company operates, such as laws and regulations relating to online marketing and other digital business activities. Such regulations may be subject to changes, which may affect the use of the internet as a commercial forum. As an example, some countries require specific information to be published by website owners on their websites, such as copyright notices, privacy policies or legal notices. This is the case in Germany, Austria and Switzerland, where media laws require the addition of a so-called imprint (Ger. *Impressum*), including certain information on the website owner, on websites and social media networks to be visited by the public. Any failure to adhere to these requirements could result in a fine.

Furthermore, compliance measures are time-consuming and costly and may increase in the future due to changes in legislation and other regulations. Such changes may thus entail that the Company needs to allocate additional resources for regulatory compliance measures, which may entail additional costs. Changes in regulations can also affect the Company's sales opportunities. For example, potential changes in different jurisdictions' regulations regarding online marketing that include content restrictions may affect the Company's opportunities to operate in and generate customers from such jurisdictions.

Failure of the Company in its compliance measures may also lead to sanctions, fines, penalties, sales stoppages or other compensation claims from authorities or other persons, which may adversely affect the Company's reputation, for example through negative publicity. Failure in compliance measures can thus have a significant negative impact on the Company's operations, costs and earnings.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as low and that the risks, if they occur, could have a low to medium impact on the Company.

**Risks related to taxation**
The Company is subject to a number of tax regulations in Denmark and in other jurisdictions, which involves for example corporate income tax including the Danish tax credit regime for R&D activities, VAT, social security taxes and transfer pricing regulations. The tax considerations made by the Company are based on interpretations of current tax laws, tax treaties and other tax regulations and the requirements of the relevant tax authorities. Laws, treaties and other regulations on taxation have historically been subject to frequent changes and any future changes could have a significant impact on the Company's tax burden, as well as a material adverse effect on the Company's results of operations and financial position. For example, there are ongoing discussions at EU level regarding new rules for taxation of digital business activities, which may result in a future digital services tax in the EU. If such legislation is enacted it may affect the Company should its activities fall within the scope of the legislation.

In the event the Company's interpretation of tax laws, treaties and other tax regulations or their applicability is incorrect, if one or more governmental authorities successfully make negative tax adjustments with regard to the Company, or if the applicable tax laws, tax treaties, regulations or governmental interpretations thereof or administrative practice in relation thereto change, including with retroactive effect, the Company's past or current tax positions may be reassessed. In the event of tax authorities succeeding with such claims, an increased tax cost could result, including tax charges and interest costs which could have a material adverse effect on the Company's business, results of operations and financial position.

Furthermore, there is a risk that tax audits and reviews may result in the Company having additional tax imposed or deductions denied, for example due to financings or intra-group transactions deemed not made on arm's length terms. Transfer pricing issues in particular are a complex area that tax authorities recently have increased their focus on. If intra-group transactions have not been made on arm's length terms, this could lead to disputes or arbitration proceedings, which could result in additional costs for the Company.

As of the date of the Prospectus, the Company assesses the probability that the risks will occur in whole or in part as low to medium and that the risks, if they occur, could have a low impact on the Company.

## Financial risks

**The Company may not show profitability in the future and may experience uneven cash flows**
The Company has historically incurred significant costs for the development of its current operations and expects that such costs will continue to incur in the future to a certain extent. Such activities, together with anticipated general and administrative expenses and the anticipated increase of costs and expenses associated with the Company's growth strategy, could result in the Company sustaining significant losses and/or operating costs for the foreseeable future. There is a risk that the Company will not earn sufficient revenues or reach and maintain profitability to conduct its operations in accordance with set goals and strategies, which could impair the Company's ability to sustain operations or to obtain any required additional funding.

In addition, the Company may experience uneven cash flows, including due to seasonality in user traffic, for example due to the occurrence of big music releases or shows. Moreover, upfront payments from contracts with major labels, which make up for a large part of the Company's revenues, normally occur three times per year, which also contributes to uneven cash flows.

As a result, period-to-period comparisons of financial results are not necessarily meaningful and results of operations in prior periods should not be relied upon as an indication of future performance. Any future deviations in results of operations expected by securities analysts or investors could

have a material adverse effect on the market price of the Company's shares.

**Risks related to future financing needs**
As part of its business strategy, the Company wants to increase its subscription user base and expand its market position further through scaling and expanding its operations organically as well as through potential M&A opportunities. The Company is also exploring the opportunities of expanding into new geographical markets as well as into adjacent verticals within the entertainment industries. In light of the above-mentioned growth plans, the Company estimates that its existing working capital is sufficient to finance its operations until September 2021. The Company intends to fund its working capital needs and planned activities over the next twelve months through the new share issue in the Offering, and intends to use the net proceeds from the Offering to finance organic growth incentives, corporate activities and M&A as well as to restructure debt. However, the Company believes it is likely that it may have to turn to the capital market to finance its business further in future, e.g. to pursue new M&A opportunities that may arise due to consolidation trends in the industry. If additional financing cannot be raised when needed, if financing cannot be raised on terms favourable to the Company, or if such financing should prove insufficient to fund the Company's future operations, this could have a material adverse effect on the Company's ability to conduct business operations as planned, pursue M&A activities, its growth strategy and ultimately its financial position.

**Risks related to foreign currency exposure**
Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's revenues are mainly invoiced in USD, while the majority of the Company's expenses, such as employee costs, are denominated in DKK. Currency fluctuations could cause currency transaction losses or gains which the Company cannot predict and if the currency fluctuations are detrimental to the Company, it could have a material adverse effect on the Company's results of operations and cash flows. A ten per cent increase in USD exchange rate against DKK for the financial year 2020, with all other factors being unchanged, would have had a negative effect on profit before tax of DKK 1.914 thousand. Furthermore, fluctuations in the value of USD and other foreign currencies may make the Company's subscriptions more expensive for international customers, which could harm its business.

## Risks relating to the share and the Offering

**An active, liquid and orderly trading market for the Company's shares may not develop, the price of the shares may be volatile, and potential investors could lose parts or all of their investment**
Share ownership is always associated with risk and risk taking. Since an investment in shares can both rise and fall in value, there is a risk that investors will not get back the invested capital. Both the general development on the stock market and the Company's share price depend on a number of factors, including the development of the Company's operations, changes in the Company's earnings and financial position, changes in the market's expectations of future profits and dividends, as well as supply and demand for the Company's shares. The price of the Company's shares may also to some extent be affected by factors which may be beyond the Company's control, such as relative market position and competitors' activities.

Prior to the planned listing on First North Premier, there has been no public market for the Company's shares. The Company cannot predict the investors' interest in the Company, and there is therefore a risk that an active and liquid market will not develop or, if developed, that it will not be sustained after the completion of the Offering. The price of the Company's shares may from time to time be subject to significant fluctuations in the stock market in general, which may occur regardless of the Company's performance. Conditions associated with the Company's industry, such as regulatory developments and economic and political changes in relevant jurisdictions are examples of other impacting factors.

Furthermore, the price of the Company's share is affected by monitoring and reporting on the Company by equity and industry analysts. If one or more of these analysts ceases to follow the Company or does not publish periodic reports, the Company may become less visible in the financial markets, which in turn can lead to fluctuations in share price and/or trading volumes.

If any of the aforementioned risks would occur, it may result in a decline in the price or the trading volume of the Company's share.

**Any potential major shareholders will continue to have a significant influence over the Company following the Offering**

Following the completion of the Offering, the major shareholders are likely to continue to have a significant influence over the Company in matters that are subject to the shareholders' approval at the general meeting, including resolutions for paying dividends, the election of directors, mergers, consolidations, and the sale of all or substantially all of the Company's assets or other corporate actions. The interests of the major shareholders may differ significantly from those of other shareholders and the major shareholders could thus exercise their influence in a manner that may conflict with the interests of other shareholders.

**Intentions to subscribe for shares in the Offering from Anchor Investors are not formally binding and the formal undertakings to subscribe for shares in the Offering received from certain investors are not secured**

The Anchor Investors (as defined in the section "*Invitation to subscribe for shares in Linkfire*") have expressed an interest to subscribe for shares in the Offering corresponding to a total of SEK 81.6 million, which corresponds to 54.4 per cent of the shares in the Offering if the Over-allotment Option is not exercised, 47.3 per cent if the Over-allotment Option is fully exercised and 12.1 per cent of the shares in the Company after the Offering, assuming that the Offering is fully subscribed and that the Over-allotment Option is fully exercised. These indications from the Anchor Investors do however not constitute formal commitments from the Anchor Investors to finally invest in the Offering and there is hence no certainty that the Anchor Investors will finally subscribe for shares in the Offering. In addition, external investors and certain existing shareholders, including members of the board of directors, have formally undertaken to subscribe for shares in the Offering corresponding to a total of SEK 10.3 million which corresponds to 6.9 per cent of the shares in the Offering if the Over-allotment Option is not exercised, 6.0 per cent if the Over-allotment Option is fully exercised and 1.5 per cent of the shares in the Company after the Offering, assuming that the Offering is fully sub-scribed and that the Over-allotment Option is fully exercised. The undertakings are not covered by any bank guarantee, blocked funds, pledging or similar arrangement. Consequently there is a risk that Anchor Investors will not finally subscribe for shares in the Offering and that the external investors and existing shareholders that have provided the undertakings will not fulfil their undertakings, which could have an adverse effect on the completion of the Offering.

**Shareholders could be diluted due to new issues or upon utilisation of warrants**

If the Company decides to raise additional capital, for example through an issue of new shares or other securities, there is a risk that shareholders who cannot participate in such an issue, or choose not to participate, could have their ownership interests diluted. The same applies if an issue is directed to persons other than the Company's shareholders. Furthermore, the Company has issued warrants under several incentive programs. The utilisation of such warrants, if and when that occurs, will entail a dilution for other shareholders.

4,813,489 warrants issued under the period 2015-2020 become exercisable in connection with the planned listing on First North Premier (the Accelerated Warrants). Any unexercised warrants will lapse. If all warrants are exercised in full, the total number of shares in the Company will increase by 4,813,489 shares, resulting in a total number of shares in the Company of 44,813,502 prior to the Offering.

Furthermore, on an extraordinary general meeting held on 15 June 2021, it was resolved to implement a new warrant-based incentive program for board members, key employees, consultants and members of executive management comprised of up to 3,747,844 warrants. The new warrants can be exercised following the third anniversary of the date of grant for each participant and until the expiry date on the fifth anniversary. In case all new warrants are issued and fully exercised, a total of 3,747,844 new shares will be issued entailing a dilution of approximately 5.9 per cent of the total number of shares in the Company after the Offering, assuming that the Offering is fully subscribed, that the Over-allotment Option is utilised in full and that the Accelerated Warrants are fully exercised in connection with the listing on First North Premier.

# Invitation to subscribe for shares in Linkfire

The Company's board of directors has resolved to diversify the Company's shareholder base through a new issue of shares in the Company. The Company's board of directors therefore intends to apply for listing of the Company's shares on First North Premier. On 16 June 2021, Nasdaq Stockholm assessed that the Company fulfils First North Premier's listing requirements and will approve an application for admission to trading of the Company's shares on First North Premier, provided that the Company submits the application and that the dispersion requirements for the Company's shares are met no later than on the first day of trading. The first day of trading on First North Premier is expected to be 28 June 2021.

The Offering is aimed at the general public[2] in Sweden and to institutional investors in Sweden and abroad.[3] Investors are hereby invited, in accordance with the terms of the Prospectus, to subscribe for a maximum of 13,392,857 shares in the Company which will be issued pursuant to a shareholders resolution on or around 27 June 2021.

The price in the Offering has been set to SEK 11.20 per share. The Offering price has primarily been determined through a customary book building procedure which took place in May and June 2021. During this book building procedure, certain institutional investors were offered to indicate interest to subscribe for shares in the Company and to tender for the price level at which they were interested in acquiring shares in the Company. The result of this book building procedure was that the Anchor Investors (see further below) have expressed an interest to, at the same price as other investors, subscribe for shares in the Offering corresponding to a total of SEK 81.6 million. In light of this, the Offering price is deemed to reflect the market value.

In addition to this book building procedure, the Offering price is to some extent based on discussions between the Company's board of directors and Pareto Securities regarding the current market conditions, the operations' historical development and an assessment of the Company's business potential and future prospects, where a certain comparison with the market value of listed shares in comparable companies listed on regulated markets and alternative trading venues has been made.

In order to cover any over-allotment in the Offering, the Company has committed to issue, at the request of Pareto Securities, additional shares corresponding to 15 per cent of the total number of shares included in the Offering (the **"Over-allotment Option"**). The Over-allotment Option can be utilised in whole or in part during 30 days from the first trading day on First North Premier. If the Offering is fully subscribed and the Over-allotment Option is fully exercised, the total number of shares offered will amount to 15,401,785 shares. The Over-allotment Option may only be exercised for the purpose of covering any over-allotment in the Offering but the shares included in the Over-allotment Option may also be used for potential stabilisation measures.

[2] The general public includes private individuals and legal entities in Sweden who register for the subscription of a maximum of 90.000 shares.
[3] Institutional investors include private individuals and legal entities who register for the acquisition of more than 90.000 shares.

If the new share issue in the Offering is fully subscribed, the number of shares in the Company will increase by 13,392,857 to 58,206,359, which corresponds to a dilution of approximately 23.0 per cent of the total number of shares in the Company immediately prior to the Offering.[4] If the Over-allotment Option is exercised in full, an additional 2,008,928 shares will be issued, entailing a total dilution of 25.6 per cent.

Three institutional investors (the "**Anchor Investors**") have expressed an interest to subscribe for shares in the Offering corresponding to a total of SEK 81.6 million which corresponds to 54.4 per cent of the shares in the Offering if the Over-allotment Option is not exercised, 47.3 per cent if the Over-allotment Option is fully exercised and 12.1 per cent of the shares in the Company after the Offering, assuming that the Offering is fully subscribed and that the Over-allotment Option is fully exercised. These indications from the Anchor Investors do however not constitute formal commitments from the Anchor Investors to finally invest in the Offering and there is hence no certainty that the Anchor Investors will finally subscribe for shares in the Offering. Anchor Investors are not guaranteed allotment in the Offering but may be may be given special consideration at the allotment.

In addition, external investors and certain existing shareholders, including members of the board of directors, have formally undertaken to subscribe for shares in the Offering corresponding to a total of SEK 10.3 million which corresponds to 6.9 per cent of the shares in the Offering if the Over-allotment Option is not exercised, 6.0 per cent if the Over-allotment Option is fully exercised and 1.5 per cent of the shares in the Company after the Offering, assuming that the Offering is fully subscribed and that the Over-allotment Option is fully exercised. These external investors and existing shareholders are not guaranteed allotment in the Offering but may be may be given special consideration at the allotment.

Please refer to section "*Legal considerations and supplementary information – Intentions and undertakings to subscribe for shares in the Offering*" for further information on the subscription intentions from the Anchor Investors and the subscription undertakings from external investors and existing shareholders.

The total value of the Offering amounts to approximately SEK 150 million if the Over-allotment Option is not exercised and approximately SEK 172.5 million of the Over-allotment Option is exercised in full.

*For further information, please refer to the Prospectus in its entirety, which has been prepared by the board of directors of the Company in connection with the Offering and the application for admission to trading of the Company's shares on First North Premier.*

Copenhagen, 16 June 2021

**Linkfire A/S**

The Board of Directors

[4] Assuming that the Accelerated Warrants are exercised in full in connection with the listing. See section "*Share capital and ownership structure – Warrants*".

# Background and reasons

Linkfire provides digital marketing services for the entertainment and music industries. The Company's offering consists of two solutions: *the Linkfire Marketing Platform* and *the Linkfire Discovery Network*. The Linkfire Marketing Platform is a SaaS marketing platform allowing labels and artists, its customers, to create Smart Links for music products such as songs, albums, tickets and merchandise, which can be shared on websites and applications. The Smart Links route consumers to a landing page from which they can easily engage further with the content. Furthermore, the platform offers complex data insights, helping Linkfire's customers to better understand their target audiences, and consumer journeys. The Linkfire Discovery Network is a network of Smart Links on partner websites and applications as well as traffic channels, which connects consumers to music products. The service enables Linkfire's Traffic Partners to have the Company's Smart Linking technology deeply integrated in the partner application. The discovery network is currently integrated in the multi-messaging application Snapchat, as well as the streaming service Twitch.

Through its offering, the Company simplifies music discovery for consumers and supports traffic generation for digital music content providers such as Apple Music, Spotify and Pandora. The Company generates subscription revenue from customers using the Linkfire Marketing Platform and commission revenue whenever a potential consumer signs up for or transacts at Digital Service Providers, with whom Linkfire has an affiliate agreement, through a Linkfire link.

Affiliate Partners consist of music service companies, ticketing companies and e-commerce companies. Linkfire's platform has over 85,000 users, and is used by the vast majority of the top 100 Billboard artists and the three largest record labels: Universal Music Group, Sony Music Entertainment and Warner Music Group. In 2020, 1.5 billion consumers were connected through Linkfire.

Linkfire was founded in 2014 by Lars Ettrup and Jeppe Faurfelt, who remain with the Company as CEO and COO. The Company is headquartered in Copenhagen, Denmark, with additional offices in the US, in New York and Los Angeles, and in Lisbon, Portugal. As of 31 December 2020, the Group had 59 employees, most of which were stationed in Copenhagen. In 2020, the Company's revenue amounted to DKK 24.7 million, corresponding to a year-on-year growth of 43 per cent.[5]

The Company's board of directors believes that now is the right time to diversify the shareholder base and apply for a listing of the Company's shares on First North Premier. The Company wants to expand its market position further through scaling and expanding its operations organically as well as through potential M&A opportunities and believes that the Offering and the listing will support the Company to pursue these growth opportunities. The listing is expected to provide Linkfire with improved access to capital markets and a more diversified shareholder base of both Swedish and international investors. Linkfire also believes that the listing will increase

[5] See section "*Selected historical financial information*".

awareness of the Company among customers, investors and other stakeholders.

In light of the above-mentioned growth plans, the Company has assessed that its existing working capital is insufficient to cover the Group's needs over the upcoming twelve months from the date of the Prospectus. The Company estimates that its working capital needs for the upcoming twelve months will amount to approximately DKK 25 million and that its existing working capital is sufficient to finance its operations until July 2021. The Company estimates that the working capital deficit for the upcoming twelve months amounts to approximately DKK 25 million.

The Company intends to fund its working capital needs and planned activities through the new share issue in the Offering, which, if fully subscribed, is expected to provide the Company with gross proceeds of approximately SEK 150 million. After deduction of estimated transaction costs of DKK 10 million (SEK 13.5 million using a SEK/DKK exchange rate of SEK 1 = DKK 0.74), the Company expects to obtain net proceeds of approximately SEK 136.5 million through the Offering, corresponding to DKK 101 million. If the Over-allotment Option is exercised in full, the Company will receive an additional SEK 22.5 million. The Company intends to use the net proceeds from the Offering to finance the following activities:

1. Approximately 55 per cent to organic growth incentives. This includes scaling the current product and organisation, expanding geographically, developing new product features and pursuing general business opportunities.

2. Approximately 35 per cent to corporate purposes and M&A. This includes strengthening and developing existing business departments and pursuing M&A opportunities.

3. Approximately 10 per cent to restructure part of its existing debt. The Company will amortise part of its current debt.

In the event that the Offering is not completed (see section "*Terms and conditions – Conditions for the completion of the Offering*") or a sufficient degree of subscription is not reached, the Company will then seek alternative sources of financing to fund the Company's operations and, if necessary to ensure the Company's financial position, change the Company's long-term strategy and by reducing costs.

*For further information, please refer to the Prospectus in its entirety, which has been prepared by the board of directors of the Company in connection with the Offering and the application for admission to trading of the Company's shares on First North Premier. The board of directors of Linkfire is responsible for the content of the Prospectus. To the best of the board of directors' knowledge, the information contained in the Prospectus is in accordance with the actual facts and the Prospectus makes no omission likely to affect its import.*

Copenhagen, 16 June 2021

**Linkfire A/S**

The Board of Directors

# Terms and conditions

## The Offering

The Offering is directed to the general public in Sweden as well as institutional investors in Sweden and abroad. The Offering comprises of up to a maximum of 13,392,857 shares offered by the Company (not taking into account the Over-allotment Option described below). All shares in the Offering have the ISIN code DK0061550811 and will have the ticker symbol LINKFI on First North Premier.

The Offering is divided into two parts:

1. The offer to the general public in Sweden;[6] and

2. The offer to institutional investors in Sweden and abroad.[7]

The outcome of the Offering is expected to be announced by the Company through a press release on or about 28 June 2021.

## The Over-allotment Option

To cover any over-allotment in connection with the Offering, the Company has issued an option to Pareto Securities in their capacity as Sole Global Coordinator, which can be utilised, in full or in part, during a period of 30 days from the first day of trading in the Company's shares on First North Premier, to issue a maximum of 2,008,928 shares, corresponding to a maximum of 15 per cent of the maximum total number of shares included in the Offering. Provided that the Offering is fully subscribed and that the Over-allotment Option is fully exercised, the Offering will comprise a maximum of 15,401,785 shares, corresponding to approximately 25.6 per cent of the shares and votes in the Company after completion of the Offering.

## The Offering price

The Offering price has been determined to SEK 11.20 per share. The Offering price is the same for institutional investors and the general public in Sweden. Brokerage commission will not be charged.

The Offering price has primarily been determined through a customary book building procedure which took place in May and June 2021. During this book building procedure, certain institutional investors were offered to indicate interest to subscribe for shares in the Company and to tender for the price level at which they were interested in acquiring shares in the Company. The result of this book building procedure was that a number of international institutional investors, the Anchor Investors, have expressed an interest to, at the same price as other investors, subscribe for shares in the Offering corresponding to a total of SEK 81.6 million. In light of this, the Offering price is deemed to reflect the market value. These indication from the Anchor Investors do however not constitute formal commitments from the Anchor Investors to finally invest in the Offering and there is hence no certainty that the Anchor Investors will finally subscribe for shares in the Offering. See section "*Legal considerations and supplementary information – Intentions and undertakings to subscribe for shares in the Offering*" for additional information on indications received from the Anchor Investors.

In addition to this book building procedure, the Offering price is to some extent based on discussions between the Company's board of directors and Pareto Securities regarding the current market conditions, the operations' historical development and an assessment of the Company's business potential and future prospects, where a certain comparison with the market value of listed shares in comparable companies listed on regulated markets and alternative trading venues has been made.

[6] The general public includes private individuals and legal entities in Sweden that apply to subscribe for a maximum of 90,000 shares.
[7] Institutional investors include private individuals and legal entities that apply to subscribe for a minimum of 90,000 shares.

## Offering to the general public in Sweden

Applications for acquisition of shares are to be made during the period 17 June – 23 June 17:00 CET 2021. An application to subscribe for shares must be for a minimum of 500 shares and a maximum of 90,000 shares, in even lots of 10 shares.

Application can be made via Pareto, Aktieinvest, Avanza and Nordnet as set out below and in accordance with each bank's instructions.

The application is made on a specific application form which can be obtained through the Company or Aktieinvest. The application form is also available on the Company's website: www.linkfire.com and on Aktieinvest's website: www.aktieinvest.se. The application can also be done electronically using "BankID" on www.aktieinvest.se/emission/linkfire2021.

The application form must be delivered to Aktieinvest no later than at 17:00 CET on 23 June 2021. No changes or additions may be made in printed text. Incomplete or incorrectly completed application forms may be disregarded. Only one application per person may be made. If several application forms are submitted, only the most recently received will be considered. Please note that the application is binding. Completed and signed application form must be delivered to:

**Aktieinvest FK AB**
Emittentservice
P.O. Box 7415
103 91 Stockholm, Sweden
Telephone: +46 (0)8-5065 1795
E-mail: emittentservice@aktieinvest.se

Those who do not have a securities account or securities deposit, must open a securities account or securities deposit before the application form is submitted. Note that opening a securities account or securities deposit may take some time with some managers.

If an application refers to an amount in excess of EUR 15,000, if you are a PEP (Politically Exposed Person) or related party to a PEP, or if you reside outside the EU/EEA, a customer identification form and a certified copy of a valid identification document must be included in order for the application form to be valid. For legal entities, a customer information form, a certified copy of a valid identification document for the authorised signatory and a current certificate of registration proving the authorised signatory must be attached to the application form in order for it to be valid.

Investors who have an account with specific rules for securities transactions, such as IPS depository, ISK depository or depository with endowment insurance, must check with their custodian bank or trustee if and how they can subscribe for shares in the Offering.

The Company, in consultation with Pareto Securities, reserves the right to prolong the application period. Such a prolongation will be published through a press release before the end of the application period.

**Application via Pareto Securities**
Custody account holders at Pareto Securities can apply for the acquisition of shares via Pareto Securities' online services during the period 17 June 2021 up to and including 23 June 2021 at 17:00 CET. In order not to risk losing the right to any allotment, custody account holders at Pareto Securities must have cash available in the depository at the latest on the settlement date which is expected to be on 30 June 2021. More information on the application procedure via Pareto Securities can be found at www.paretosec.se/emissioner/aktuellt/linkfire2021.

**Application via Aktieinvest**
Custody account holders at Aktieinvest can apply for the acquisition of shares via Aktieinvest's online services during the period 17 June 2021 up to and including 23 June 2021 at 17:00 CET. In order not to risk losing the right to any allotment, custody account holders at Aktieinvest must have cash available in the depository from 23 June 2021 at 23:59 CET, up to the settlement date, which is expected to be on 30 June 2021.

More information on the application procedure via Aktieinvest can be found at www.aktieinvest.se/nyheter/teckna-aktier-i-linkfire/.

**Application via Avanza**
Persons applying to acquire shares through Avanza must hold a securities depository account or an investment savings account at Avanza. Persons who do not hold an account at Avanza must open such account prior to submission of the application form. Opening a securities depositary account or an investment savings account at Avanza is free of charge and takes approximately three minutes.

Customers with Avanza can apply to aquire shares via Avanza's internet service. Applications via Avan-

za can be submitted from 17 June 2021 up to and including 23 June 2021 at 17:00 CET. To ensure that they do not lose their right to any allotment, Avanza customers must have sufficient funds available in their depository account from 23 June 2021 at 23:59 CET until the settlement date, which is expected to be 30 June 2021. More information on the application procedure via Avanza can be found at (www). avanza.se.

**Application via Nordnet**
Nordnet clients in Sweden can apply through Nordnets webservice. Application to acquire shares is made via Nordnet's webservice and can be submitted from 17 June 2021 up to and including 17:00 CET on 23 June 2021. To ensure that they do not lose their right to any allotment, Nordnet customers must have sufficient funds available in their account from 23:59 CET on 23 June 2021 until the settlement date, which is expected to be 30 June 2021. Full details of how to become a Nordnet customer and the application procedure via Nordnet are available on www.nordnet.se. For customers that have an investment savings account at the Company, should an application result in allotment, Nordnet will purchase the equivalent number of shares to the Offering and resell the shares to the customer at a price corresponding to the Offering.

## Allotment

As soon as possible after a decision regarding allotment has been made, a contract note will be sent to those who have been allotted shares in the Offering. Those who were not allotted any shares will receive no notification. A decision regarding the allotment of shares will be made by the Company's board of directors in consultation with Pareto Securities, the goal being to achieve a good institutional shareholder base and a broad distribution of the shares among the general public so as to facilitate regular and liquid trading in the Company's shares on First North Premier. The allocation does not depend on when the application is received during the application period. In the event of over-subscription, the allotment may be withheld or made with a smaller number of shares than specified in the application, whereby the allotment may be made wholly or in part by random selection. Applications from employees, business partners, existing shareholders and other related parties to the Company as well as certain customers to Pareto Securities may be given special consideration at the allotment. Allotment may also be made to employees at Pareto Securities, Aktieinvest, Avanza and Nordnet, without these being prioritised. In such a case, the allotment is carried out in accordance with the Swedish Securities Dealers Association's rules and the regulations issued by the Swedish Financial Supervisory Authority.

**Via Pareto Securities**
Those applying via Pareto Securities' internet service receive notification of allotment through a notification of the acquisition of shares against a simultaneous debiting of cash on the specified depository, which is expected to take place on or about 28 June 2021.

**Via Aktieinvest**
Those applying via Aktieinvest's internet service receive notification of allotment through a notification of the acquisition of shares against a simultaneous debiting of cash on the specified depository, which is expected to take place on or about 28 June 2021.

**Via Avanza**
Those who applied via Avanza's internet service will receive information on allotment by the allotted number of shares being booked against payment of funds in the specified account, which is expected to take place on or about 28 June 2021 at 09:00 CET.

## Payment

Full payment for allotted shares shall be paid in cash no later than the date stated on the contract note. Please note that if full payment is not made in due time, allotted shares may be transferred to another party. Should the selling price in the event of such a transfer be less than the price in accordance with the Offering, the person who received allotment of the shares in the Offering may be liable for the difference. Please note that those who have applied in the Offering belonging to the general public who pays allotted shares in accordance with instructions on the contract note to the specified bank giro account, will receive the acquired shares to the specified securities account or securities deposit only when full payment has been received. This may, depending on where, how, and at what time of day payment is made, take two to three business days from the time of payment, which may affect the possibility of trading.

**Via Pareto Securities**
For those who are custody account holders at Pareto Securities, allotted shares will be booked against debiting of cash at the specified depository on or about 28 June 2021, when notification of allotment

is sent, and at the latest on the settlement date of 30 June 2021. Note that funds for the payment of allotted shares must be available in the depository at the latest on the settlement date of 30 June 2021.

**Via Aktieinvest**
For those who are custody account holders at Aktieinvest, allotted shares will be booked against debiting of cash at the specified depository on or about 28 June 2021, when notification of allotment is sent, and at the latest on the settlement date of 30 June 2021. Note that funds for the payment of allotted shares must be available in the depository from the final application date of 23 June 2021 through the settlement date of 30 June 2021.

**Via Avanza**
For those who are custody account holders at Avanza, allotted shares will be booked against debiting of cash at the specified depository on or about 28 June 2021, when notification of allotment is sent, and at the latest on the settlement date of 30 June 2021. Note that funds for the payment of allotted shares must be available in the depository from the final application date of 23 June 2021 at 23:59 CEST through the settlement date of 30 June 2021.

**Allotment and payment via Nordnet**
Clients who have applied through Nordnets webservice will receive information about allotment by the allotted number of shares being booked against payment of funds in the specific account, which is expected on or about 28 June 2021. Note that funds for payment of allotted shares are to be available from 23:59 CET on 23 June 2021 up to and including 8:00 a.m CET on 30 June 2021.

**Inadequate or incorrect payment**
If sufficient funds are not available in the bank account, securities deposit or investment savings account on the settlement date, or if full payment is not made at the correct time, allotted shares can be assigned or sold to another party. Should the selling price during such a transfer be less than the Offering price according to the Offering, the party originally allotted these shares may be responsible for the difference.

## Offering to institutional investors

**Application**
For institutional investors in Sweden and abroad the application period is 17 June – 24 June 13:00 CET 2021. The application shall be made to Pareto Securities in accordance with specific instructions. The Company retains the right to shorten or prolong the application period for the institutional offering. Such a shortening or prolongation of the application period will be publicised by the Company in the form of a press release prior to the expiration of the application period.

**Allotment**
A decision regarding the allotment of shares will be made by the Company's board of directors and in consultation with Pareto Securities, the goal being to achieve a good institutional shareholder base and a broad distribution of the shares among the general public so as to facilitate regular and liquid trading in the Company's shares on First North Premier. The allotment decision will be entirely discretionary and there will be no guarantee for allotment. Anchor Investors that have provided indications of intentions to subscribe for shares in the Offering and the external investors and existing shareholders that have undertaken to subscribe for shares in the offering are not guaranteed allotment in the Offering but may be given special consideration at the allotment.

**Notification of allotment**
Institutional investors are expected to be notified about the allotment in a specific order on or about 28 June 2021 and the contract note is sent thereafter.

Payment Full payment for allotted shares shall be made in cash against the delivery of shares no later than 28 June 2021 in accordance with instructions on the issued contract note.

**Inadequate or insufficient payment**
Note that if full payment is not received within the prescribed time, allotted shares may be assigned to another party. Should the selling price during such a transfer be less than the Offering price according to the Offering, the party originally allotted these shares may be responsible for the difference.

## Registration and accounting of allotted and paid shares

For both institutional investors and the general public in Sweden, registration of allotted and paid shares with Euroclear Sweden is expected to take place on or about 28 June 2021, after which Euroclear Sweden will send a securities notice, indicating the number of shares in the Company registered on the recipient's securities account. Notification to shareholders whose shares are nominee-registered

takes place in accordance with the respective nominee's procedures.

## Announcement of the outcome of the Offering

The final outcome of the Offering will be published in the form of a press release which will also be available on the Company's website, www.linkfire.com, on or about 28 June 2021.

## Listing of the shares on First North Premier

The Company's board of directors intend to apply for the listing of the Company's shares on First North Premier, which is an alternative marketplace operated by the various exchanges within the Nasdaq Group. Companies on First North Premier are not subject to the same rules as companies on the regulated main market. Instead, they are subject to a less extensive set of rules and regulations adjusted to smaller growth companies. The exchange approves the application for admission to trading.

Nasdaq Stockholm AB has on 16 June 2021 assessed that the Company fulfils First North Premier's listing requirements, provided that customary conditions, including the dispersion requirement for the Company's shares, are met no later than on the listing date and that a listing application is submitted. Based on this, the Company's board of directors intend to apply for listing with expected first day of trading on 28 June 2021. The shares will be traded under the short name (ticker) LINKFI and with the ISIN code DK0061550811.

## Stabilisation

In connection with the Offering, Pareto Securities may conduct transactions to support the share price or market price of the shares or otherwise affect the price of the shares for up to 30 calendar days from the first day of trading of the shares on First North Premier. Such stabilisation transactions may be conducted on First North Premier, the OTC Market or otherwise. Pareto Securities is not obliged to take such stabilisation measures, and such stabilisation measures, if they occur, may be discontinued at any time without prior notice.

Stabilisation transactions will not be carried out at a higher price than the Offering price. No later than by the end of the seventh trading day following the day on which a stabilisation transaction was conducted, Pareto Securities shall publish information on the stabilisation transaction in accordance with Article 5 (4) of the Market Abuse Regulation (EU) 596/2014. Within one week of the end of the stabilisation period, Pareto Securities shall disclose whether stabilisation transactions have been taken, the dates on which stabilisation transactions have been taken, including, where appropriate, the deadline for such transactions, and within which price interval the stabilisation transactions were carried out, for each of the dates on which stabilisation transactions were carried out.

## Dividend right

The shares offered in connection with the Offering carry the right to dividend from the first dividend record date following the Offering. If provided, dividends are paid on the basis of a decision taken at the general meeting in the Company. Payment will be administered by Euroclear Sweden or, for nominee-registered share ownership, in accordance with the respective nominee's procedures. See also the section "*Share capital and ownership structure – Rights associated with the shares*".

## Important information regarding the possibility of selling allotted shares

Notification about the allotment to the general public in Sweden is made by the sending of a contract note, which is expected to take place on or about 28 June 2021. After payment for allotted shares are handled by Aktieinvest, paid shares will be transferred to the securities deposit or securities account specified by the acquirer. The time required for transfer and registration of payment and transfer of paid shares to the acquirers of shares in the Company may mean that these acquirers will not have acquired shares available on the designated securities deposit or securities account until at the earliest on or about 30 June 2021. Trading in the Company's shares on First North Premier is expected to commence on or about 28 June 2021. Investors are advised that shares may not be available on the acquirer's securities account or securities deposit until at the earliest on or about 30 June 2021, which may entail that the acquirer does not have the opportunity to sell these shares on the trading venue from the date the trading in the share commenced, but only when the shares are available on the securities account or the securities deposit.

## Important information regarding LEI and NID when acquiring shares

According to the Directive 2011/61/EU of the European Parliament and of the Council (MiFID II) all investors need a global identification code to be able to carry out securities transactions from 3 January 2018.

These requirements call for all legal entities to apply for registration of a LEI-code (Legal Entity Identifier), and all physical persons to learn their NID-number (National Client Identifier), in order to be able to subscribe for shares in the Offering. Observe that it is the investor's legal status that determines whether a LEI-code or NID-number is required, and that Aktieinvest may not be able to execute the transaction for the person in question if a LEI-code or NID-number (as applicable) is not presented. Legal entities needing to acquire a LEI-code can turn to any of the suppliers available on the market. Instructions regarding the global LEI-system can be found on www.gleif.org. For physical persons with only a Swedish citizenship, the NID-number is "SE" followed by the personal identity number. If the person in question has multiple citizenships or another citizenship than Swedish, the NID-number can be any other type of number.

## Conditions for the completion of the Offering

The Offering is conditional upon the Company and Pareto Securities entering into a placing agreement (the **"Placing Agreement"**), which is expected to take place on or about 27 June 2021, that certain terms and conditions in the Placing Agreement are fulfilled and that the Placing Agreement is not terminated.

Pursuant to the Placing Agreement, Pareto Securities' undertaking to procure purchasers for or, if Pareto Securities fails to do so, purchase such shares themselves, is conditional upon, inter alia, that certain force majeure events and material adverse changes to the Company's business do not occur, as well as certain other customary conditions, such that the interest in the Offering according to Pareto Securities is considered sufficient enough for satisfactory trading in the share and that Nasdaq approves the board of director's application for listing on First North Premier. Force majeure events may, for example, be economic, financial or political in nature and may relate to such events in Sweden or abroad. When determining if the interest in the Offering is sufficient for a satisfactory trading in the Company's shares, factors such as the number of received applications and the aggregated amount applied for will be considered. This assessment is made by Pareto Securities.

If the conditions described above are not met, the Offering may be cancelled, which can happen until the settlement date on 30 June 2021. In that case, neither delivery nor payment for shares will be completed in connection with the Offering. Any payments will be refunded in the event that the Offering is not completed. If the Offering is cancelled it will be announced by the Company by way of a press release no later than 28 June 2021 and received applications will be disregarded.

## Intentions and undertakings to subscribe for shares in the Offering

For full information regarding indications of intentions from Anchor Investors to subscribe for shares in the Offering and undertakings from external investors and existing shareholders to subscribe for shares in the Offering, please refer to the section "*Legal considerations and supplementary information – Intentions and undertakings to subscribe for shares in the Offering*".

## Other information

In the event that a larger amount than required has been paid by an applicant for the acquisition of shares, Aktieinvest will arrange for the excess amount to be refunded. However, amounts less than SEK 100 will not be refunded. Incomplete or incorrectly completed application forms may be disregarded. If the acquisition payment is made too late or is insufficient the application for acquisition of shares may be disregarded. The acquisition payment will in such case be refunded.

Aktieinvest acts as issuing agent for the Company. Prior to the Offering, Aktieinvest holds no shares in The Company. The fact that Aktieinvest acts as issuing agent does not imply that Aktieinvest regards any party that applies for an acquisition in the Offering (**"the acquirer of shares"**) as a client of Aktieinvest for the investment. The consequence of Aktieinvest not regarding the acquirer of shares as a client for the investment is that the rules for protecting investors under the Securities Market Act (Sw. *lagen om värdepappersmarknaden (2007:528)*) will not apply. Among other things, this means that neither client classification nor suitability assessment will be applied in connection with the investment. As a result, the acquirers of shares are themselves responsible for having adequate experience and knowledge to understand the risks associated with the investment.

## Tax consequences for investors

Investors should note that the tax legislation in Sweden or in a member state to which the investor has a connection or in which the investor is domiciled for tax purposes may impact the proceeds

from the securities. There are no special rules in Sweden governing the type of investment encompassed by the Offering.

## Information on handling personal data

**AKTIEINVEST**

Anyone applying to subscribe for shares in the Offering will submit personal data to Aktieinvest FK AB. Personal data submitted to Aktieinvest will be processed in data systems to the extent required to provide services and manage customer arrangements. Personal data obtained from sources other than the applicant may also be processed. The personal data may also be processed in the data systems of companies or organisations with whom Aktieinvest cooperates. Information pertaining to the handling of personal data is provided by Aktieinvest, which is the data controller for the handling of personal data. Aktieinvest accepts requests for the correction or deletion of personal data at the address specified in section *"Addresses".*

**NORDNET**

In connection with acquiring shares in the Offering through Nordnets online service personal data may be submitted to Nordnet. Personal data submitted to Nordnet will be processed and stored in data systems to the extent required to provide services and administer customer arrangements. Personal data obtained from other than the customer in question may also be processed. The personal data may also be processed in the data systems of companies or organisations with which Nordnet cooperates. All relevant personal data will be deleted when the customer relationship ends, in accordance with applicable law. Information on processing of personal data is provided by Nordnet, which also accepts requests for correction of personal data. For further information on how Nordnet processes and stores personal data, please contact Nordnet's customer service, email: info@nordnet.se.

**AVANZA**

Avanza processes its customers' personal data in accordance with current personal data legislations. Personal data submitted to Avanza will be processed in data systems to the extent required to provide services and manage customer arrangements. Personal data obtained from sources other than the applicant may also be processed. The personal data may also be processed in the data systems of companies or organisations with whom Avanza cooperates. More information can be found on Avanza's website (www.avanza.se).

## Information to distributors

In consideration of the product governance requirements in: (a) EU Directive 2014/65/EU on markets in financial instruments (**"MiFID II"**), (b) Articles 9 and 10 of Commission Delegated Directive (EU) No 2017/593 supplementing MiFID II, and (c) Chapter 5 of the Swedish Financial Supervisory Authority's regulations regarding investment services and activities (FFFS 2017:2) (jointly referred to below as **"MiFID II's product governance requirements"**), and with no liability to pay damages for claims that may rest with a "**manufacturer**" (in accordance with MiFID II's product governance requirements) that may otherwise be relevant, the shares in the Company have been subject to a product approval process whereby the target market for the Company's shares comprises (i) retail clients, and (ii) investors who meet the requirements for non-retail clients and equivalent counterparties, each in accordance with MiFID II (the **"target market"**). Notwithstanding the assessment of the target market, distributors are to note the following: the value of the Company's shares may decline and it is not certain that investors will recover all or portions of the amount invested; the Company's shares offer no guaranteed income and no protection of capital; and an investment in the Company's shares is suitable only for investors who do not require a guaranteed income or protection of capital, who (either themselves or together with an appropriate financial advisor or other type of advisor) are capable of evaluating the benefits and risks of such an investment and who have sufficient funds with which to sustain such losses as may arise from the investment. The assessment of the target market does not impact the requirements in the contractual, statutory, regulatory or sales restrictions in relation to the Offering.

The assessment of the target market is not to be considered to be: (a) an assessment of suitability and appropriateness under MiFID II, or (b) a recommendation to any investors or group of investors to invest in, procure or take any other action regarding shares in the Company.

Each distributor is responsible for performing its own assessment of the target market regarding the Company's shares and for deciding on suitable channels of distribution.

# Market overview

This section contains a brief overview of the markets in which the Company operates. The information concerning market size, market growth as well as the Company's position in relation to competitors comprises an overall assessment by the Company, which is based on both internal and external sources. The primary external sources providing the basis for the Company's assessment are third-party industry reports. References to such reports are included throughout the section. The Company has accurately reproduced such third-party information and, as far as the Company is aware and can confirm through comparison with other information published by the relevant third party, no information has been omitted in any way which could render the reproduced information inaccurate or misleading. Linkfire considers these sources reliable, but has not independently verified, and cannot guarantee the accuracy and completeness of the information. Market and business information may include estimates concerning future market trends and other forward-looking information. Forward-looking information in this section does not constitute a guarantee of future outcome and development, and actual events and circumstances may differ materially from expectations expressly stated or implied herein.

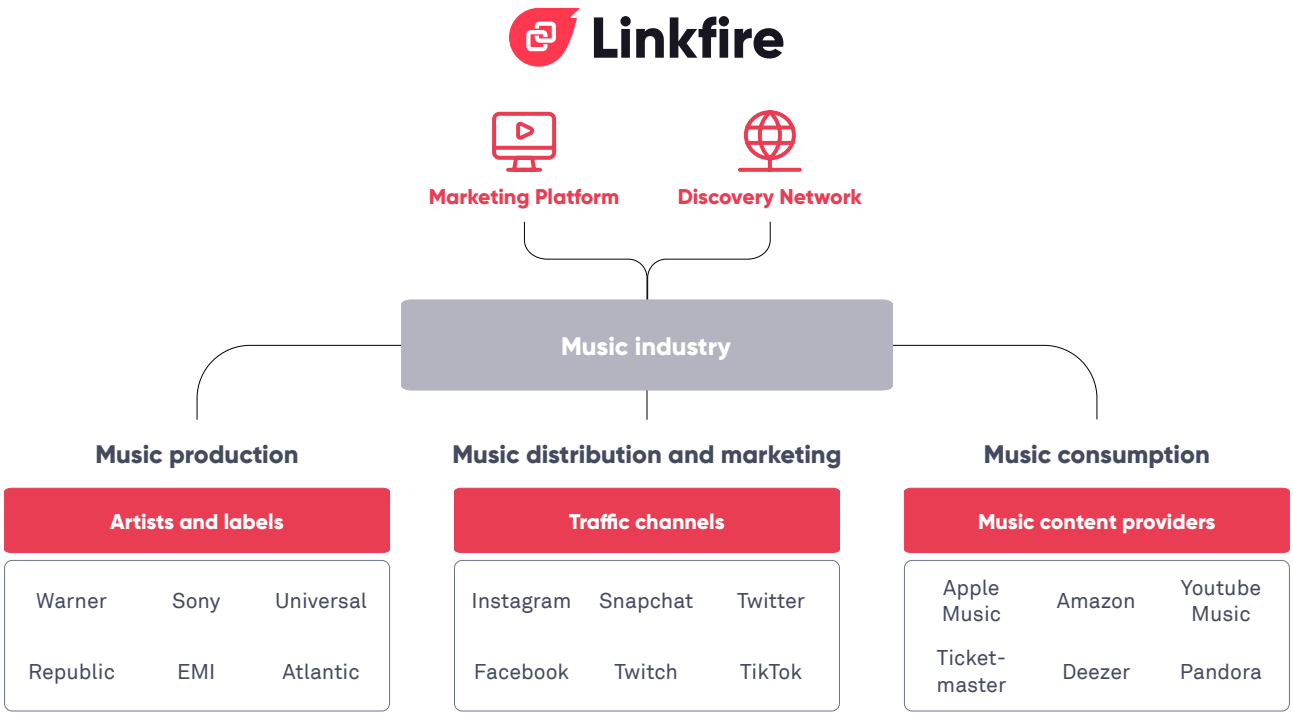
## Introduction

Linkfire provides digital marketing services for the entertainment and music industries. The Company's offering consists of two solutions: *the Linkfire Marketing Platform* and *the Linkfire Discovery Network*. The Linkfire Marketing Platform is a SaaS marketing platform allowing labels and artists, its customers, to create Smart Links for music products such as songs, albums, tickets and merchandise, which can be shared on websites and applications. The Smart Links route consumers to a landing page from which they can easily engage further with the content. Furthermore, the platform offers complex data insights, helping Linkfire's customers to better understand their target audiences, and consumer journeys. The Linkfire Discovery Network is a network of Smart Links on partner websites and applications as well as traffic channels, which connects consumers to music products. The service enables Linkfire's Traffic Partners to have the Company's Smart Linking technology deeply integrated in the partner application. The discovery network is currently integrated in the multi-messaging application Snapchat, as well as the streaming service Twitch.

Through its offering, the Company simplifies music discovery for consumers and supports traffic generation for digital music content providers such as Apple Music, Spotify and Pandora. The Company generates subscription revenue from customers using the Linkfire Marketing Platform and commission revenue whenever a potential consumer signs up for or transacts at Digital Service Providers, with whom Linkfire has an affiliate agreement, through a Linkfire link.

Linkfire is active in the digital marketing segment within the music industry and, due to the nature of its offering, it is closely connected to the music industry. The Company derives revenue globally with most of its revenue derived from North America, Europe and the Asia-Pacific region. For further information on the Company's geographical presence, see section "*Business description - Geographic presence*". The Company is currently headquartered in Copenhagen, Denmark, with additional offices in New York City and Los Angeles, United States as well as Lisbon, Portugal.

THE FOLLOWING FIGURE PROVIDES AN OVERVIEW OF THE COMPANY'S SERVICE OFFERING.




## The music industry

The total music industry consists of three segments: recorded music, live music and publishing. The recorded music market is by far the largest, amounting to USD 37 billion[8] in 2019. Live music amounted in turn to USD 28 billion, and publishing to USD 12 billion, which implies a total market of USD 77 billion in 2019. Linkfire's offer relates to two of these segments: recorded music and live music. The market for recorded and live music totalled USD 65 billion in 2019.[9]

### Recorded music market growth and size

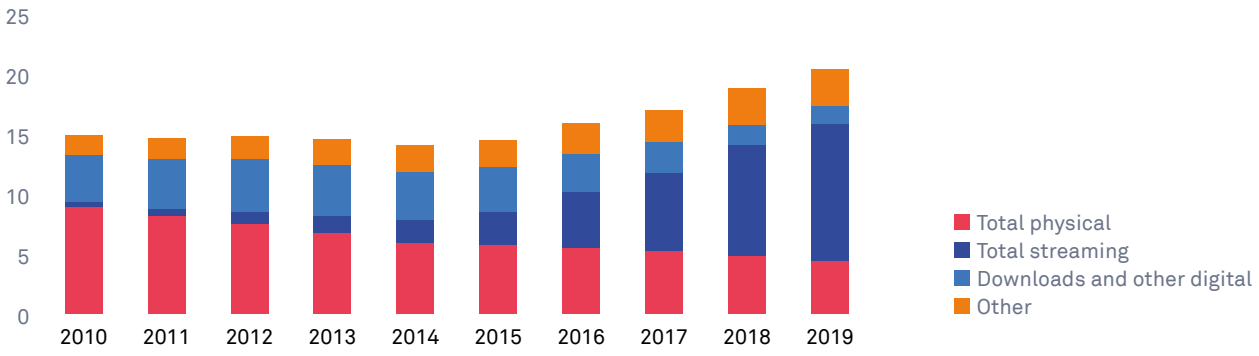
The recorded music industry had experienced 15 years of decline until 2015 due to piracy and unbundling. Since 2015, the industry has returned to growth, growing at an average rate of 10 per cent per annum, and in the last three years approximately 12 per cent per annum, based on IFPI (International Federation of the Phonographic Industry) reports. In 2019, the global recorded music revenues totalled USD 20.2 billion,[10] corresponding to an 8.2 per cent growth compared with 2018, leading to its fifth consecutive year of growth. The growth was primarily driven by fans' engagement with music on paid streaming services; the number of paid streaming accounts rose to 341 million in 2019 and associated revenue grew by 24.1 per cent. The world's top ten markets,[11] except Japan, experienced double-digit growth in paid streaming revenues.

Growing by 10.4 per cent in 2019, the US and Canada remain the largest regions for recorded music revenues, accounting for 39.1 per cent of the global market. The US region increased by approximately 10.5 per cent, while Canada increased by 8.1 per cent. Overall digital formats now exceed 77 per cent of the market in the regions. Europe, constituting the world's second largest region for recorded music revenues, grew by 7.2 per cent in 2019. Contributing

[8] Gross numbers.
[9] Music in the Air – The Show Must Go On, Report by Goldman Sachs, 14 May 2020, available at https://www.goldmansachs.com/insights/pages/infographics/music-in-the-air-2020/ (accessed on 9 June 2021).
[10] Net numbers; refers only to revenue going to artists and record labels.
[11] USA, Japan, UK, Germany, France, South Korea, China, Canada, Australia and Brazil.

GLOBAL RECORDED MUSIC INDUSTRY REVENUE[12]

In USD billion




factors were strong performance in some of the region's largest markets, such as the UK (7.2 per cent), Germany (5.1 per cent), Italy (8.2 per cent), and gains in streaming revenue which exceeded 21 per cent growth in 2019.[13]

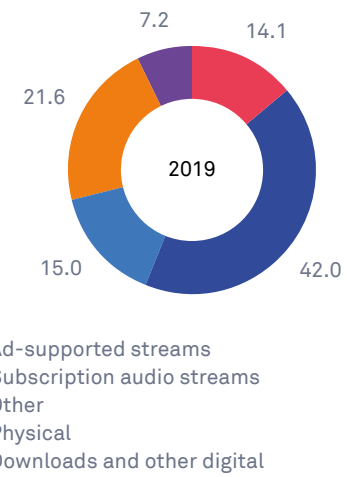
While parts of the music industry took a large hit from COVID-19 (live music experienced a 63.9 per cent decline year over year), recorded music revenue is likely to have remained resilient. With streaming growth remaining strong at over 18 per cent year over year, the total recorded music revenue is expected to have grown by 3 per cent. Industry disruptions related to COVID-19 (store closures, cancellation/postponement of live events) are expected to have a significant impact on a number of segments within the recorded music industry, particularly physical and merchandising sales.[14]

## Streaming

Streaming revenues has been the key driver of the recorded music segment in recent years, and is also expected to be the key growth driver in the future. Streaming revenues totalled USD 11.4 billion in 2019, corresponding to 22.9 per cent growth year over year. Consequently, streaming exceeded more than half of the global recorded music revenue for the first time in 2019, accounting for 56.1 per cent of the total market. The largest part of streaming revenues comes from subscription-based streaming, with 42.0 per cent of total recorded music revenue, while ad-supported streaming constitutes 14.1 per cent. These numbers can be compared with physical sales which constitute 21.6 per cent and downloads which constitute 7.2 per cent. Even though subscription-based streaming drives most of the record label revenue, over 75 per cent of music streaming users still use ad-funded streaming services.[15]

GLOBAL RECORDED MUSIC INDUSTRY REVENUE BY SEGMENT 2019[16]

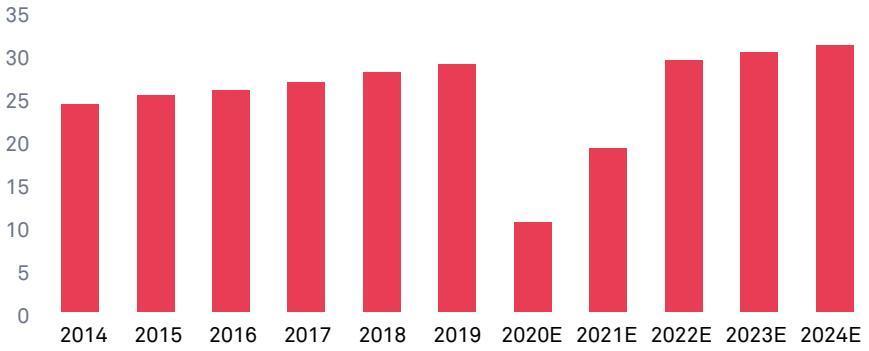
As a percentage of total revenues




[12] IFPI Global Music Report 2019, available at https://www.ifpi.org/wp-content/uploads/2020/07/Global_Music_Report-the_Industry_in_2019-en.pdf (accessed on 9 June 2021).
[13] IFPI Global Music Report 2019.
[14] IFPI Global Music Report 2019.
[15] IFPI Global Music Report 2019.
[16] IFPI Global Music Report 2019.

GLOBAL LIVE MUSIC INDUSTRY REVENUE[17]

USD billion




**Global live music market - Growth and size**

The live music market has been characterised by stable growth in recent years, and has been one of the most resilient parts of the music industry in the past two decades, even growing during economic downturn. During prior recessions, the annual growth in US concert revenue was 6.7 per cent, compared to 1.9 per cent for public consumption expenditure.

In 2019, the live music market totalled USD 28.9 billion globally, up from USD 27.9 billion in 2018, corresponding to a 3.5 per cent growth, and has grown at a similar rate over the last five years. The largest part of live music revenue comes from ticket sales, which in 2019 constituted USD 22.9 billion globally, or 79.5 per cent of total revenues. The remaining part comes from live music sponsorship, which in 2019 constituted USD 6.0 billion globally, or 20.5 per cent of total revenues. The CAGR from 2014 to 2019 was 3.6 per cent.[18]

The effects of the COVID-19 pandemic on the live music industry have been detrimental to revenue generation, affecting artists, venues and event companies alike. By April 2020, more than 750 festivals globally had been cancelled or postponed, including stalwarts such as the Glastonbury Festival in the UK and Coachella in the US. Not surprisingly, live music suffered the most dramatic revenue decline in its history, and the market is estimated to have fallen by approximately 63.9 per cent to USD 10.4 billion globally. After an expected 83 per cent bump from 2020 to 2021, it should surpass its pre-pandemic levels in 2022. Whilst a recovery is anticipated, naturally this depends on the number of venues that are able to reopen, the size of those venues, and the number of events allowed to take place.

The CAGR from 2019 to 2023 is expected to increase by 1.2 per cent, and in 2023 the market is expected to reach over the USD 30 billion mark.[19]

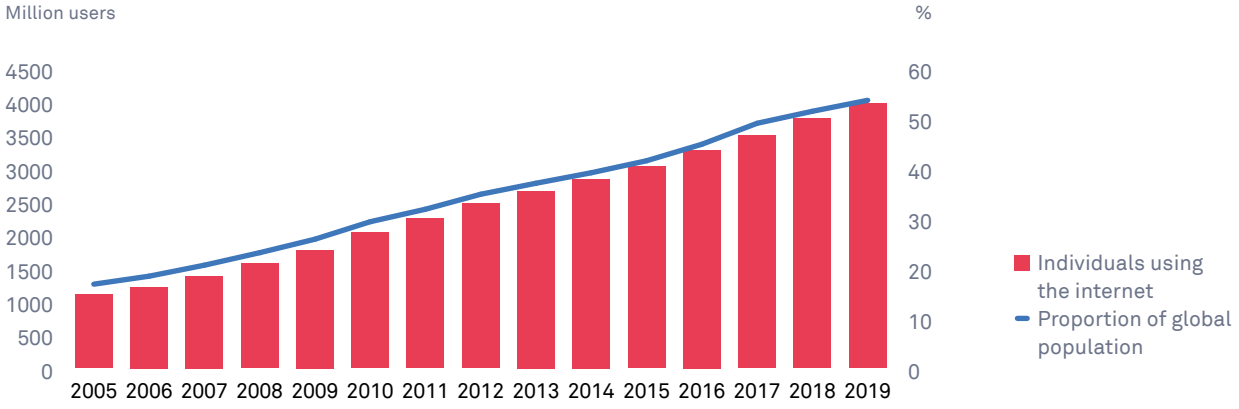
## Global growth opportunities within the music industry

In the early 21st century, the music industry suffered from increased piracy and declining revenues. As internet connections improved and hard disk space became cheaper, the illegal sharing of music through the internet became more and more prevalent, with little provided in the way of comprehensive legal services. The revenues of the music industry have been declining for a long time, but in 2015 the music industry once again returned to growth, and has been growing since. The shift from physical albums to streaming has been the main contributor in returning the total industry to growth. The shift from physical albums to digital consumption has been driven by the digital economy and global megatrends, such as increased internet and smartphone penetration.

The number of internet users has grown at a CAGR of 9.6 per cent since 2005, and in 2019, 53.6 per cent

[17] Global Entertainment and Media Outlook 2020-2024, PwC; IQ Magazine, available at https://www.pwc.com/gx/en/industries/tmt/media/outlook.html (accessed on 9 June 2021).
[18] Global Entertainment and Media Outlook 2020-2024, PwC; IQ Magazine.
[19] Global Entertainment and Media Outlook 2020-2024, PwC; IQ Magazine.

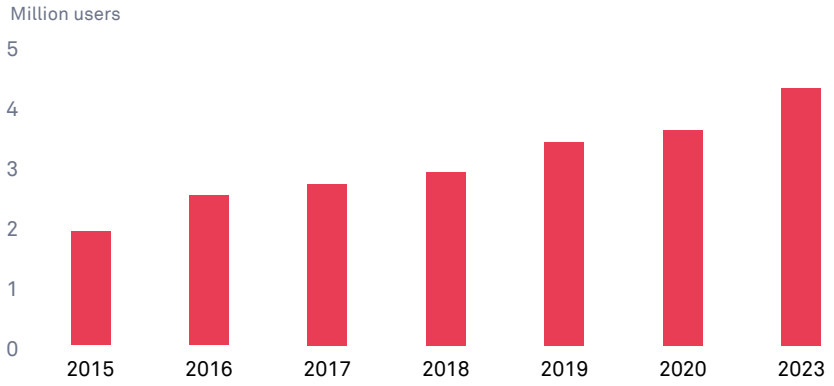
INTERNET USERS GLOBALLY[20]




of the total population were using the internet. The graph above shows the development of the number of internet users and the proportion of internet users of the total population.

Smartphone users worldwide have more than tripled since 2012. The current number of smartphone users as of 2020 is 3.4 billion, and the number is expected to grow to 4.3 billion by 2023.

SMARTPHONE USERS GLOBALLY[21]

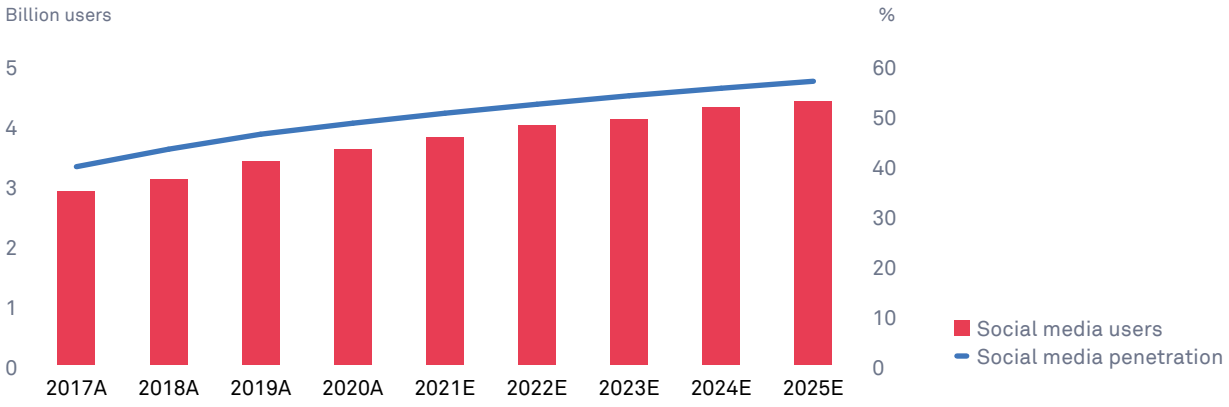



## Key trends

There are also several secular tailwinds that the Company believes will drive the music industry ahead. These include technological development and innovation, consumer preferences for access and experience over ownership (particularly amongst Gen Z/millennials fueling greater adoption of paid streaming services), government intervention to curb piracy and improve monetisation rates for content, and a growing relationship between social media, music discovery, fan engagement, artists and labels.

[20] Measuring Digital Development 2019 – Facts and figures, Report by ITU, available at https://www.itu.int/en/myitu/Publications/2020/12/10/08/25/Measuring-Digital-Development-2019 (accessed on 9 June 2021).
[21] Statista – Number of smartphone users worldwide, available at https://www.statista.com/statistics/330695/number-of-smartphone-users-worldwide/ (accessed on 9 June 2021).

SOCIAL MEDIA USERS GLOBALLY[22]




**Streaming penetration (recorded music)**
Streaming services were introduced with a goal to simplify the use and discovery of digital media content by streaming the content, rather than downloading it. The rising availability of internet access and smartphone penetration have therefore accelerated the adoption of streaming services, making streaming available to a larger population. Looking ahead, consumer demographics and technological tailwinds are expected to further aid the growth of streaming services in both developed and emerging markets. The trend of increased mobile data capacity is growing traffic on streaming services, which puts pressure on music product distributors to improve the functionality and quality of the experience in order to attract and retain consumers. The increasing paid streaming penetration rate is driving the increase in global music streaming revenue, and the shift from physical music to streaming will likely be accelerated due to the current COVID-19 crisis. Streaming should benefit the music industry given its recurring nature and higher gross margin, compared to physical music.

In 2020, only around 25 per cent of smartphone users in developed markets and 5 per cent in emerging markets were using paid music streaming services. As an example, China alone is estimated to have a 3 per cent penetration rate and is the 7th largest recorded music market as of 2019. The market has a huge addressable base of over 650 million Monthly Active Users (**"MAU"**), but currently only around 40 million paid subscribers. The estimated increase in penetration rate is expected to plateau at approximately 42 per cent in developed markets and approximately 17 per cent in emerging markets by 2030.[23] Therefore, increasing the paid streaming penetration rate offers significant upsides to the recorded music industry.

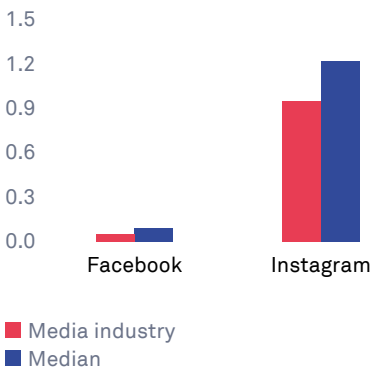
**Social media activity (recorded & live music)**
Consumer, demographic and technological tailwinds will most likely drive growth in social media penetration and usage. As of 2020, the penetration rate is still slightly below 50 per cent of the global population, but in 2021 it is expected to surpass 50 per cent. The total number of users is currently around 3.6 billion, a number expected to grow to approximately 4.4 billion by 2025.[24] The daily time spent on social networking by internet users has also been growing steadily. The average daily social media usage of internet users worldwide as of 2019 amounted to 144 minutes per day, or two hours and 24 minutes. In 2012, the daily time spent per user was 90 minutes.[25]

Increased usage and adoption of social media could benefit the music industry. 90 per cent of social

[22] Statista – Number of social network users worldwide from 2017 to 2025, available at https://www.statista.com/statistics/278414/number-of-worldwide-social-network-users/ (accessed on 9 June 2021).
[23] Music in the Air – The Show Must Go On, Goldman Sachs.
[24] Statista – Number of social network users worldwide from 2017 to 2025.
[25] Digital 2020: 3.8 billion people use social media, We Are Social, available at https://wearesocial.com/blog/2020/01/digital-2020-3-8-billion-people-use-social-media (accessed on 9 June 2021).

SOCIAL MEDIA ENGAGEMENT RATE[26]

% per post




media users engage in a music-related activity while on social media, 63 per cent agree that they discover new artists through social media and 60 per cent are visiting streaming services to listen to music after they see an update, tweet or post. The top category of celebrities or public figures followed on social media is music artists or bands, with 57 per cent of all social media users as followers. This can be compared with reality TV stars with 30 per cent of all users as followers and politicians/public figures with 25 per cent of all users as followers. The figure is most likely higher for artists and bands since followers have a sustained interest in the careers of their favourite artists and want updates on their music projects, live tours and lifestyles. The data shows that social media derives substantial benefit from the music industry. Music is a vital ingredient to the social conversation and artists make a cultural contribution and are valued influencers. The sustained desire for news about favourite artists or bands engenders engagement on Social Media Platforms.[27]

Furthermore, the relation between music and social media is likely to impact the long-term outlook of live music. The popularity of social media, particularly among millennials, greatly increases the pace at which content is shared, making both touring and music discovery, in particular outside the artist's residence, easier than before. Social media trends are improving the relationship between artists and fans, opening doors to new monetisation opportunities through ticket sales, merchandise and sponsorship.

**Social media engagement**

Engagement rate is a very important factor for brands and influencers on social media. The social media industry has had an engagement rate significantly below the industry median, both on Facebook and Instagram. This showcases the potential upside for social media to improve engagement and reach out to fans more successfully.

**Regulatory tailwinds (recorded music)**

There is also a significant upside for the recorded music industry from regulatory tailwinds and interventions. The national implementation of the European Union Copyright directive[28] expected before June 2021 will likely improve the bargaining power of content owners. In 2018, the passing of the Music Modernization Act in the US resulted in the provision of a public performance right for pre-1972 sound recordings streamed on digital radio services such as Pandora. Lastly, the US market is one of few markets where labels and artists do not get paid royalties when their music is played on radio stations. There has been legislation introduced in recent years to require approval for radio stations to play their music, although these have failed to gain enough traction from legislators. The US radio market was worth USD 17.9 billion in advertising revenues in 2019,[29] which highlights the significance of the potential revenue stream.

## Competitive landscape in the music industry

**Overview**

The actors who operate in the recorded music industry can be divided into four categories: artists, labels, Digital Service Providers and consumers. The artist (together with their team) creates music, which is then usually forwarded to a record label. The record label then signs the artist or, if the artist is already signed, starts promotion. The label then starts the production phase, during which it carries

[26] 2020 Social Media Industry Benchmark Report., Rival IQ, available at https://www.rivaliq.com/blog/social-media-industry-benchmark-report-2020/ (accessed on 9 June 2021).
[27] Music Scores A Gold Record on The Social Media Charts, MusicWatch, available at https://www.musicwatchinc.com/blog/music-scores-a-gold-record-on-the-social-media-charts/ (accessed on 9 June 2021).
[28] Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC (Text with EEA relevance.). The directive is yet to be implemented in Sweden.
[29] US Online and Traditional Media Advertising Outlook, 2019-2023., MarketingCharts, available at https://www.marketingcharts.com/advertising-trends-108995 (accessed on 9 June 2021).

out the recording, mixing, cutting and copying of the music content. When production is done, the music is due to be distributed. The content is then handed over to Digital Service Providers, who offer the music through their stores or services. The consumers can then consume the music.

**Labels**

The global recorded music industry is characterised by having a large proportion of the total market concentrated to three major labels, which together comprise over 68 per cent of the total recorded music market. Universal Music Group is the largest label, representing almost a third (31.8 per cent) of the market, with Sony Music Entertainment and Warner Music Group representing 20.3 per cent and 16.0 per cent respectively. While the three largest labels constitute the majority of recorded music revenue, technological advances have made it possible for artists to release music without signing to a label. This has led to a surge in independent artists and smaller labels.

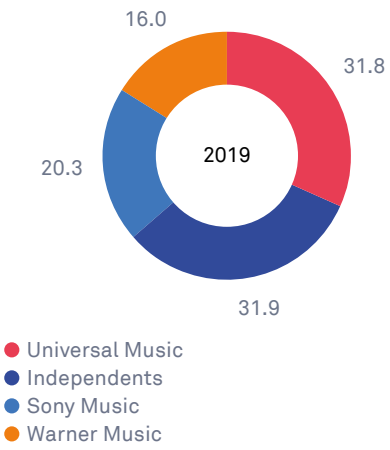
**Digital service providers**

Music streaming is characterised by a vast range of Digital Service Providers that have mostly undifferentiated product offerings. The Digital Service Providers offer approximately the same number of tracks and similar services. The few aspects where the offerings of Digital Service Providers differ include music videos, podcasts and whether the service is part of a larger ecosystem (i.e., there are more service offerings under the same product umbrella).

Spotify, the Digital Service Provider with the largest market share, released their service in 2007 and has since enjoyed a first mover advantage. The company is unique in relation to the other large digital service competitors, given that it only derives revenues from the streaming service, while other digital service companies are all subsidiaries of large, global technology companies. Spotify currently holds 35 per

TOTAL RECORDED MUSIC MARKET[30]

Market share per label worldwide, 2019
%



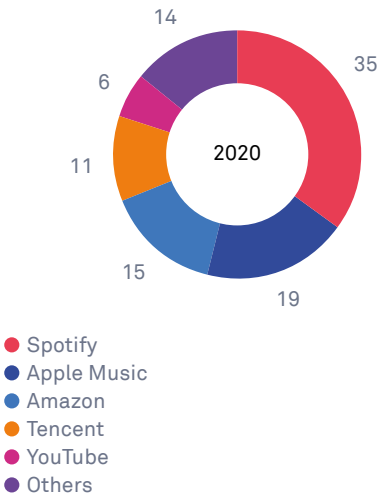

RECORDED DIGITAL MUSIC VALUE CHAIN


[30] UMG increases recorded-music market share lead, indies enhance publishing dominance, Music & Copyright, available at https://musicandcopyright.wordpress.com/2020/05/20/umg-increases-recorded-music-market-share-lead-indies-enhance-publishing-dominance/ (accessed on 9 June 2021).

cent of the total amount of paid music streaming subscribers globally, which is significantly greater than the two closest competitors, Apple Music (with a 19 per cent market share) and Amazon Music (with a 15 per cent market share). While Spotify has kept its first mover advantage and its position as the biggest player in the market, both Amazon Music and Apple Music have been improving their relative market position in relation to Spotify. Amazon Music has grown from a number of subscribers amounting to 19 per cent of Spotify's total subscriber base in 2015, to 40 per cent in 2019. The charts below show the market share of global music streaming subscribers, and the historical development of the market since 2015.

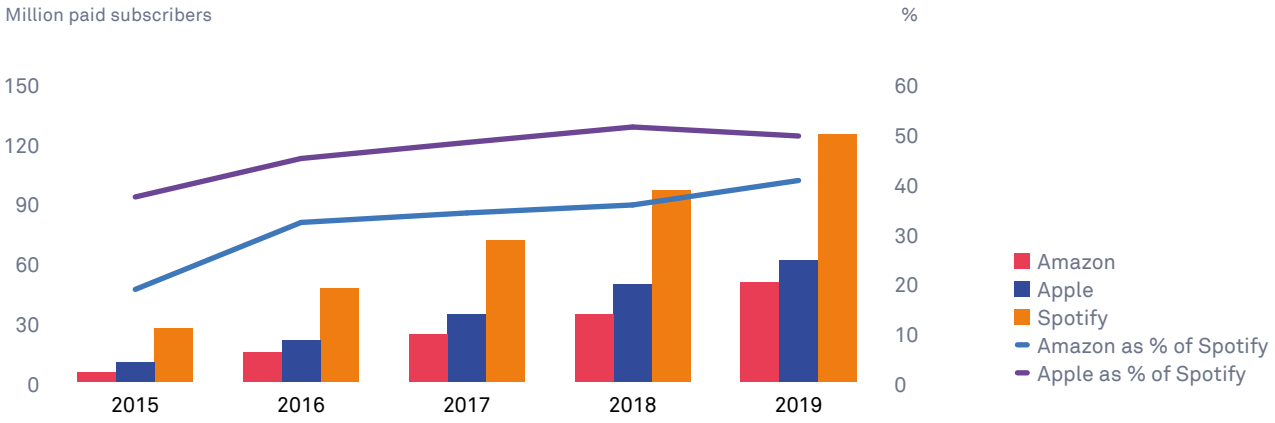
PAID STREAMING SUBSCRIPTION MARKET[31]

Per cent of total market, 2020
%




STREAMING SUBSCRIBERS PER COMPANY[32]

Million paid subscribers




## Digital marketing in the music industry

The music business is known for selling music as a product. Record labels help musicians to record their songs, manufacture the recordings as a mass of CDs or other formats, and to sell them through retail channels. In order to increase sales, several promotional strategies are created. Historically, the most important tool has been airing the songs through radio and TV, as the number of sales is closely related to the degree of exposure of the music in the media.

While still essential to the industry, the traditional PR driven promotional model is unmeasurable, not affordably scalable, and does not produce defensible metrics. As it is very difficult to tie back the efforts of a PR campaign to a number of streams, tickets or merchandise sales, identifying and optimising best marketing practices is also difficult. Furthermore, major record labels have had to substantially cut costs due to the continuing decline in overall music sales. The need for effective marketing decisions has therefore become increasingly important.

[31] Global Online Music Streaming Grew 32% YoY to Cross 350 Million Subscriptions in 2019, Counterpoint, available at https://www.counterpointresearch.com/global-online-music-streaming-grew-2019/ (accessed on 9 June 2021).
[32] Amazon Music: From Dark Horse to Thoroughbred, MIDiA Research, available at https://www.midiaresearch.com/blog/amazon-music-from-dark-horse-to-thoroughbred (accessed on 9 June 2021).

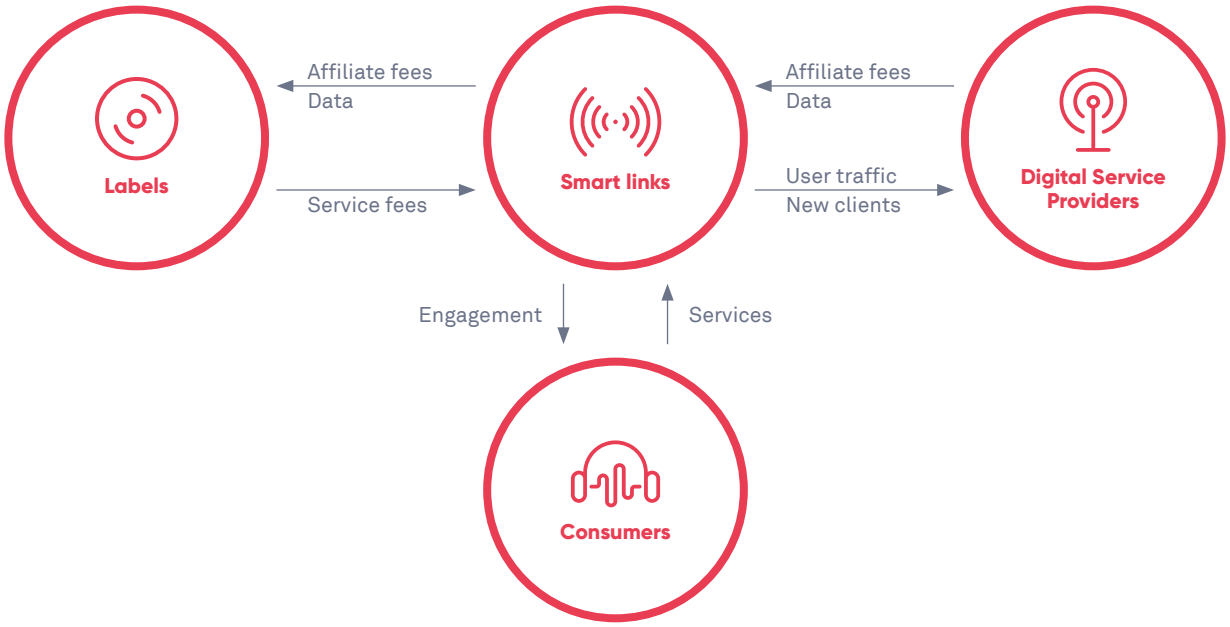
**Digital marketing**
Although traditional advertising, public relations and direct selling still exist and remain essential for the music industry, global trends such as internet, social media, and smartphone penetration have vastly increased the importance of digital marketing within the music industry. Digital marketing consists of marketing through digital channels such as Google search, social media, email and websites to connect with current and prospective consumers. Efficient digital marketing strategies determine which channels the audience uses and how each asset supports the overarching goals.

Social media is becoming an increasingly important tool used in the promotion of music. Advances in social media have reduced the communication gap between fans and artists. Social media enables instant, live communication, through both audio and visual presentations on numerous delivery platforms. With the help of social media, artists can easily interact with and appease their fans globally. Active social listening can create a unique insight into fans' preferences and how the artist can compete more efficiently.

In the digital age, music promotion is becoming increasingly data driven. Fans connect to music across dozens of different platforms and sites – from streaming services to social media – and all these touchpoints provide a broader picture of an artist's listenership. Data can provide artists and labels with a near real-time picture of fan engagement across all marketing, which enables them to assess, compare, and optimise. Furthermore, it is much easier to attribute outcomes to different marketing initiatives. The data sources that can be utilised include, but are not limited to, streaming data, social media data, paid advertising data, distribution data and ticketing data. Music marketers can utilise this data to optimise their marketing strategies.

**Smart links**
One tool developed for digital marketing purposes is the Smart Link. For music marketers in the digital age, Smart Links solve many problems related to audiences across the globe listening to music through hundreds of different services and applications. Whereas a regular link can connect visitors to one destination, Smart Links can route user traffic to several different services. This saves time not only

SMART LINK CONCEPT



for the consumers, as their music discovery journey is simplified, but also for the artists and labels, as they do not need to share separate links to several streaming platforms independently. Furthermore, the Smart Link collects data on its visitors, which is helpful when measuring marketing performance. Some Smart Link platforms also offer the opportunity to connect the link visitors to other related Digital Service Providers, such as ticket agencies and merchandise shops.

Smart link platforms interact with labels, Digital Service Providers as well as with music consumers. Artists and labels are provided with affiliate fees, data and simplified workflows in exchange for service fees. For Digital Service Providers, Smart Link platforms support user traffic generation and increased engagement amongst existing users. In exchange, Digital Service Providers provide the Smart Link platforms with data and affiliate fees. The consumers in turn get a simplified music discovery and content engagement process, while they generate data, engagement and user traffic to the Smart Link platforms.

For Smart Link platform subscriptions, the total market in terms of number of artists is difficult to measure. However, Spotify has confirmed that it hosts over 5.5 million artists on its services, while SoundCloud has stated that it hosts music from over 25 million artists and creators.[33]

**Trends in the Smart Linking market**

There are several trends that the Company believes will affect the Smart Linking market ahead, including use of big data, integration with social media channels, streaming user acquisition and growth of independent artists segment in the global music industry.

Big data

Large Smart Linking platforms have access to a significant amount of data through their user traffic. The generated data is becoming an important competitive advantage for Smart Link platforms in attracting customers, due to the platforms being able to provide their customers with important insights into their marketing performance. For the platforms themselves, the ability to efficiently analyse and use this data is another important driver for future growth. The platforms that are better at structuring and using data analysis effectively have the potential to both customise and expand the platform offering to serve individual customer needs.

Independent traffic channels

While artists and labels regularly post Smart Links on their social media accounts and websites, which indirectly creates traffic channels for the Smart Link platform, direct partnerships with Social Media Platforms and websites are still rare. As the Social Media Platforms compete for attention and strive to increase user engagement for monetisation, they will want to offer their users seamless avenues of engaging in shared content. Smart Link integration could provide platforms with a tool for doing so. Furthermore, Smart Links can provide the Social Media Platforms with valuable insights of user activity. Therefore, the integration of Smart Links into Social Media Platforms is likely to be a future growth avenue for the Smart Linking platforms.

Streaming user acquisition

Currently, the music streaming market is growing rapidly, and still offers significant upside in both emerging and developed markets. As the music streaming market is characterised by low differentiation, user acquisition is an important avenue of user growth for streaming providers. As the streaming market matures and eventually saturates, the streaming providers are likely to significantly increase investments in user acquisitions to grow their market share. Streaming providers will therefore be inclined to enter affiliate partnerships and will benefit from the Smart Link platforms to negotiate better affiliate fees in existing partnerships.

Independent artist inbounds

Independent artists are the fastest growing segment of the global recorded music business.[34] For artists, technological advancements that allow them to share their work with the world fuels their ability to make music and build their career at their own pace, and with their own style. With less of an adherence to labels, there will be new key players and new ways of doing business. As independent artists gen-

[33] Spotify Dreams of Artists Making a Living. It Probably Won't Come True, Rolling Stone Magazine, available at https://www.rollingstone.com/pro/features/spotify-million-artists-royalties-1038408/ (accessed on 9 June 2021).
[34] The Independent Artist Sector – Defining and Sizing the Music Industry's Fastest-Growing Sector, March 2020., Report by Raine, available at https://www.musicbusinessworldwide.com/files/2020/03/The-Independent-Artist-2020.03.14-vEXTERNAL.pdf (accessed on 9 June 2021).

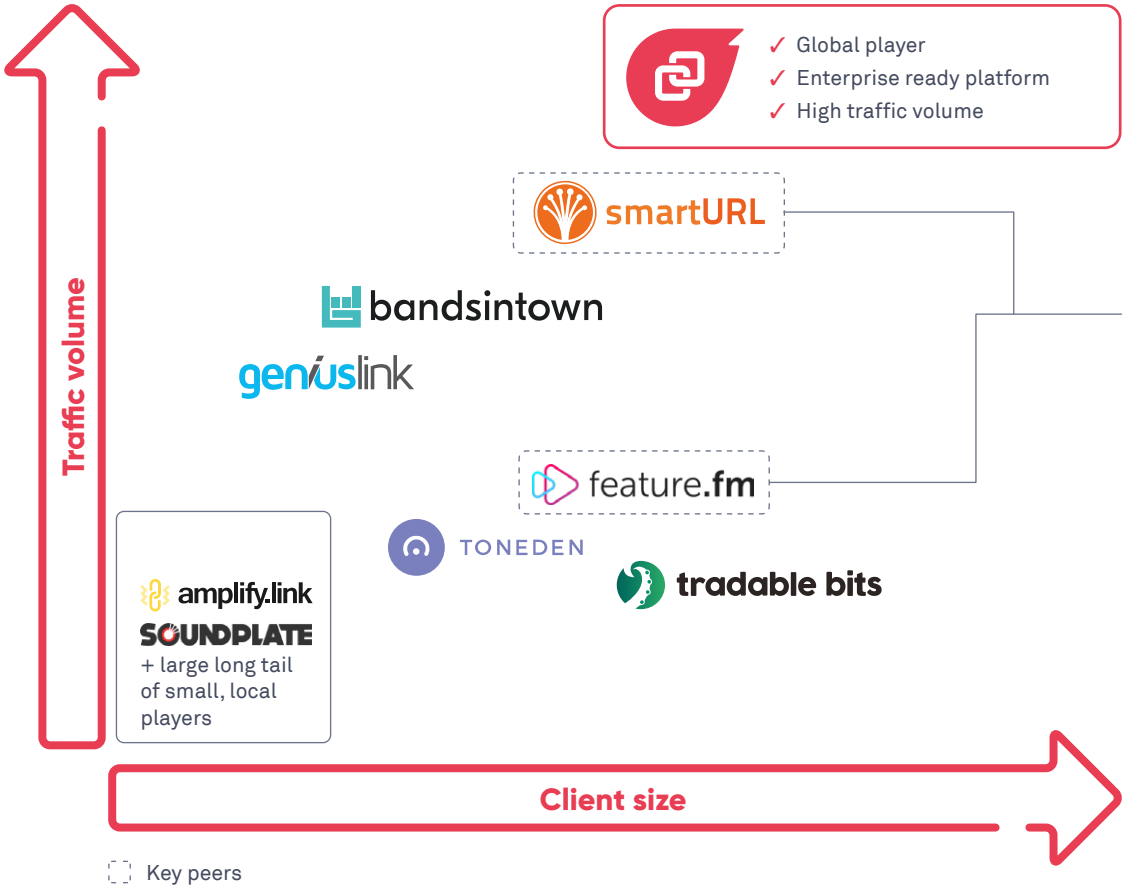
erally operate on a limited budget with no marketing teams, they will likely be exploring cost-efficient marketing options for promoting their music. Large inbound traffic could result from independent artists using Smart Linking platforms.

**Competitive landscape in the Smart Linking market for music**

The nascent Smart Linking market for music has undergone consolidation over the past few years, and Linkfire has been a major factor contributing to this trend. Signing deals with major labels is the key driver of growth for Smart Linking platforms. Another factor is economies of scale from a larger amount of traffic. The Company believes that besides Linkfire, there are currently very few market players who can satisfy larger, enterprise-like customers such as the major music labels.

While the larger players have been, and still are, consolidating the market, there is a significant long tail of small local players within the Smart Linking industry for music, with low traffic volumes and which seem to come and go in a three-year cycle, mainly due to a lack of capability to sign deals with the major labels. Furthermore, there is a set of Smart Linking service providers that operate both in the Smart Linking Market for music as well as the general Smart Linking market, such as Linktree and Bit.ly.

OVERVIEW OF THE SMART LINKING MARKET FOR MUSIC[35]




[35] Internal Company assessment based on the Company's experience and knowledge of the market as well as external market intelligence data.

Within the Smart Linking market for music the Company considers there to be only two market players competing on the larger scale; SmartURL and feature.fm. SmartURL was the first mover into the market and has created a large set of Smart Links since it was incorporated in 2009, which are still likely to accumulate significant user traffic. Linkfire believes it has significant competitive advantages compared to its peers due to key partnerships with Twitch and Snapchat, ongoing partnerships with all major music labels, an enterprise-ready platform, access to conversion data, and the highest user traffic volume compared to its competitors. Based on marketing intelligence data, Linkfire's Marketing Platform currently has more traffic than its four closest competitors combined.[36]

**Barriers to entry**

Scale

The business model of Smart Linking platforms is highly dependent on scale, both in terms of subscriptions and user traffic. As the subscriptions and/or usage fees are usually relatively low, the platforms need a significant number of subscribers to be able to generate cash flow to cover operational costs as well as ongoing and initial investments. To generate commission revenue, these digital platforms need to drive significant user traffic through their links.

Partnership with artists and labels

Partnerships with artists and labels lie at the foundation of the business model. If the Smart Link platform does not have any significant artist and label subscriptions, both subscription income and the number of Smart Links created will be low. The more artists that are engaged with the Smart Linking platform, the more power towards all other parts of the business. The ability to enter into partnerships with additional labels and artists gives Smart Linking platforms a significant edge in the deal-making process towards Digital Service Providers. Thus, entering the market successfully depends partly on the ability to amass an attractive catalogue of creative content.

Access to Traffic Partners

To capitalise on affiliate revenues, a Smart Linking platform needs to drive traffic. Currently, Linkfire has a number of partnerships with Traffic Partners, such as Snapchat and Twitch, which give the Company a significant competitive advantage when marketing their product, as it provides customers not only with a Smart Linking platform but a way to generate significant traffic.

Access to conversion data

While Smart Links can facilitate general insights on the digital platform to which users are connected, Linkfire's conversion data partnerships with a range of Digital Service Providers show artists and labels the conversion rate of their leads when users get redirected, and is a highly usable tool for fine-tuning digital marketing strategies.

Long customer relationships

Although the Smart Linking market is nascent, the existing customer relationships have now been developed for several years, and new players entering the market will face the challenge of creating new, solid customer relationships.

[36] Information gathered from https://www.similarweb.com/ (accessed on 9 June 2021).

# Business description

## Introduction to Linkfire

Linkfire provides digital marketing services for the entertainment and music industries. The Company's offering consists of two solutions: *the Linkfire Marketing Platform* and *the Linkfire Discovery Network*. The Linkfire Marketing Platform is a SaaS marketing platform allowing labels and artists, its customers, to create Smart Links for music products such as songs, albums, tickets and merchandise, which can be shared on websites and applications. The Smart Links route consumers to a landing page from which they can easily engage further with the content. Furthermore, the platform offers complex data insights, helping Linkfire's customers to better understand their target audiences, and consumer journeys. The Linkfire Discovery Network is a network of Smart Links on partner websites and applications as well as traffic channels, which connects consumers to music products. The service enables Linkfire's Traffic Partners to have the Company's Smart Linking technology deeply integrated in the partner application. The discovery network is currently integrated in the multi-messaging application Snapchat, as well as the streaming service Twitch.

Through its offering, the Company simplifies music discovery for consumers and supports traffic generation for digital music content providers such as Apple Music, Spotify and Pandora. The Company generates subscription revenue from customers using the Linkfire Marketing Platform and commission revenue whenever a potential consumer signs up for or transacts at Digital Service Providers, with whom Linkfire has an affiliate agreement, through a Linkfire link. Affiliate Partners consist of music service companies, ticketing companies and e-commerce companies.

Linkfire's platform has over 85,000 users, and is used by the vast majority of the top 100 Billboard artists and the three largest record labels: Universal Music Group, Sony Music Entertainment and Warner Music Group. In 2020, 1.5 billion consumers were connected through Linkfire.[37] Linkfire is headquartered in Copenhagen, Denmark, with additional offices in the US, in New York and Los Angeles, and in Lisbon, Portugal. As of 31 December 2020, the Group had 59 employees, most of which were stationed in Copenhagen. In 2020, the Company's revenue amounted to DKK 24.7 million, corresponding to a year-on-year growth of 43 per cent. 78 per cent of its revenue in 2020 was made up of subscription revenue and 22 per cent of commission revenue.[38]

## History

Linkfire was established in 2014 by Lars Ettrup and Jeppe Faurfelt, with the intention of simplifying marketing workflows within the increasingly fragmented digital music industry. The solution was a digital marketing platform, where record labels and artists could create Smart Links that allow consumers to connect directly to any music in their preferred music service.

### Start-up (2015-2016)

The first version of the digital marketing platform was developed in close collaboration with Danish record labels. In 2015, Linkfire launched its first campaign with a US major label, Republic Records, for the Weeknd's Grammy award-winning album, Beauty Behind the Madness.

Linkfire quickly became widely used in Denmark and throughout Europe. In 2016, Linkfire established a US subsidiary in New York to gain exposure to the largest global music market. Later that year, the Company signed deals with the three largest music labels: Universal Music Group, Sony Music Entertainment and Warner Music Group. In 2016, revenue amounted to DKK 5.2 million.[39]

### US expansion (2017-2018)

In 2017, Linkfire opened its second US office in Los Angeles to increase its market presence in the United States. Consequently, the adoption of Linkfire's services grew quickly among US record labels. The Company's total accumulated link visits exceeded 1 billion during 2018, corresponding to a 43 per cent

[37] Internal Company data.
[38] See section "*Selected historical financial information*".
[39] Internal Company data.

increase compared to 2017. Linkfire also announced its first ever data partnership with the US music streaming service Pandora. The number of users of Linkfire's marketing platform amounted to 12 thousand users in 2017 and 19 thousand users in 2018. In 2017, revenue amounted to DKK 10.9 million and DKK 13.7 million in 2018.[40]

**Market leader (2019)**
In 2019, Linkfire extended its reach beyond record labels and began offering its digital marketing platform directly to artists and their teams. During the same year, Linkfire strengthened its position as a global market leader within smart linking for music by connecting more major artists with consumers than any competitor. Furthermore, Linkfire announced an exclusive data partnership with Apple Music, and the first large US film studio started to use Linkfire's services for home entertainment releases. Linkfire also launched upgrades to its platform that improved commercial flexibility and security for its customers. The user traffic growth in 2019 exceeded the previous year's growth at 45 per cent, and revenue grew 43 per cent. The number of users of Linkfire's marketing platform amounted to 52 thousand in 2019. In 2019, revenue amounted to DKK 17.3 million.[41]

**Extended reach and partnership expansion (2020)**
In 2020, Linkfire entered into several new affiliate partnerships to monetise on the growing consumer traffic. Deezer and YouTube became Data Partners, providing advanced attribution insights back to Linkfire and its customers. The annual number of link visits exceeded 1 billion for the first time and the accumulated link visits exceeded 3 billion. Linkfire also formed important partnerships with Snapchat and Twitch to serve as in-app infrastructure, which significantly increased Linkfire's consumer traffic. Traffic increased by 78 per cent and revenue grew 43 per cent in 2020 on a year-to-year basis. Revenue in 2020 amounted to DKK 24.7 million. The number of users of Linkfire's marketing platform amounted to 85 thousand in 2020.[42]

## Mission and vision

**Mission**
Build the biggest global discovery network for music and entertainment.

**Vision**
Empowering entertainment discovery everywhere.

## Financial targets and dividend policy

The Company's financial targets set out below are subject to considerable uncertainty. The financial targets are based upon a number of assumptions relating to, among other things, the development of the Company's industry, business, results of operations and financial condition as well as the assumptions referred to above. The Company's business, results of operations and financial condition, and the development of the industry and macroeconomic environment in which the Company operates, may differ materially from, and be more negative than, those assumed by the Company when preparing the financial targets set out below. As a result, the Company's ability to reach these financial targets is subject to uncertainties and contingencies, some of which are beyond its control, including but not limited to the factors set out in the section "*Risk factors*" above. No assurances can be given that the Company will be able to reach these targets or that the Company's financial condition or results of operations will not be materially different from these financial targets.

The Company's financial targets furthermore constitute forward-looking statements. Such forward-looking statements constitute no guarantee of future results or developments. For further information on forward-looking statements, please refer to "*Important information – Forward-looking statements*" above.

**Organic revenue**
Midterm, Linkfire targets organic revenue CAGR between 50-70 per cent.

**Gross margin**
Midterm, Linkfire targets a gross margin of approximately 80 per cent.

**Dividend policy**
Linkfire intends to reinvest cash flow to fund the development and growth of its business, and therefore the board of directors does not anticipate proposing to declare or pay any cash dividends in the foreseeable future. Resolutions regarding dividends are passed by the general meeting or the board of directors. Dividends may only be distributed to the extent that there will be full coverage for the Company's restricted equity after the dividend distribution and only to the extent that such distribution is prudent, taking into consideration the demands with respect to the size of the equity which are imposed by the nature, scope and risks associated with the operations

[40] Internal Company data. See also section "*Selected historical financial information*".
[41] Internal Company data. See also setions "*Selected historical financial information*" and "*Market Overview – Digital marketing in the music industry – Competitive landscape in the smart linking market*".
[42] Internal Company data. See also section "*Selected historical financial information*".

of the Company and the Group as well as the business prospects, results of operations, industry trends and financial position of the Company and the Group.

## Business model

Linkfire's core value proposition is to provide the simplest path to music consumption across a fragmented market. Regardless of where consumers discover music or start their journey, the Company aims to make all music products just one click away. At the core of Linkfire's services is its SaaS marketing platform. The platform enables artists and record labels, the Company's customers, to create Smart Links that automatically personalise the experience for consumers, so that every click is unique and contextual to that consumer journey. These Smart Links are versatile in nature and can be shared on any website or application. When clicked, they connect consumers directly to a range of music and entertainment products across streaming services, ticketing vendors and e-commerce stores though Smart Links landing pages. The Company's customers can view detailed insights on consumer journeys and specific behaviours such as service click-through, downloads, purchases, streams and more.

The Company is remunerated through subscription fees and commission fees. Subscription fees are generated from customers subscribing to the marketing platform. Commission fees are generated from consumers signing up for or transacting at a Digital Service Provider, with whom Linkfire has an affiliate agreement, via a Linkfire Smart Link. The Company's business model is supported by an efficient and scalable technology platform, enabling the Company to rapidly expand its customer base, extend partnerships and easily integrate its services with various applications.

### Linkfire marketing platform

Linkfire's Smart Links enable music consumers to find their favourite songs, tickets and merchandise in one centralised destination. Artists and record labels can easily create Smart Links and access valuable marketing insights. The Linkfire Marketing Platform includes three core features: *Build*, *Promote* and *Measure*. Together, the three features encompass the complete marketing journey, from creation of a Smart Link to measuring the outcome with insights from the full-funnel tracking and attribution.

### Build

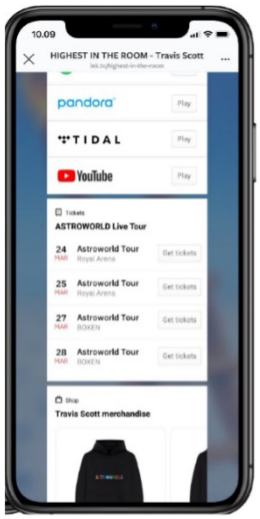
The Build feature is the initial step for the creation of Smart Links in Linkfire's platform. The user-centric platform allows for an intuitive creation process: customers simply copy and paste a URL (web address) from, for example, Spotify or Apple Music, to generate a Smart Link within a few seconds. The Smart Link can then be shared on any website or application, providing a one-click connection to a vast range of Digital Service Providers, from which music can be consumed. Linkfire connects consumers to over 400 different Digital Service Providers, including music providers Spotify, Apple Music, Amazon Music, Pandora and YouTube Music.

The Build feature enables the creation of many different Smart Link types, each serving a specific marketing purpose. Platform users can, for example, create a "pre-release" link for marketing a song or an album to build an audience before the broader launch. Fans can pre-add the song to their streaming service library, where it will automatically appear on the release date. Artists and labels can also encourage fans to listen to multiple songs by promoting complete playlists through Smart Links. Playlists are the most popular way of listening to music.[43]

In addition to albums and songs, Smart Links can be used to promote related content. Customers can include ticketing vendors and e-commerce stores on their Smart Links landing pages to increase engagement and monetisation. Linkfire is currently engaged in global partnerships with various ticket

**Artist and record labels can create several different types of links:**

- **Release link:** Promote an album or a song.
- **Pre-release link:** Increase awareness and engagement for an upcoming release.
- **Bio link:** Compile all content together in one microsite.
- **Tour link:** Promote a tour or any ticketed event.
- **Reward link:** Increase fan engagement with contests, coupon codes and secret pages.
- **Playlist link:** Promote a playlist across platforms.



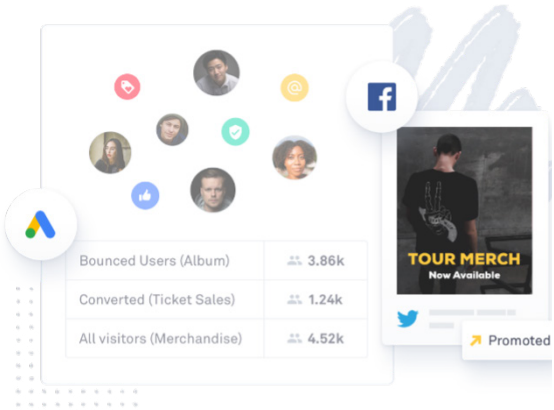

[43] Internal Company data.

vendors such as Ticketmaster, enabling artists and labels to promote tour dates, venues and ticketing options on their Smart Link landing pages. Similarly, Linkfire partners with merchandise stores to direct consumers to merchandise. This greatly simplifies the process of marketing products related to songs or albums, and provides customers with an efficient way to monitor how much user traffic a certain campaign is generating to each service.

**Promote**

The Promote feature contains an automated as well as a manual way of enhancing and personalising Smart Links to individual consumers. Linkfire's Smart Links work as small microsites (landing pages), embeddable widgets and buttons that customers can use across social media, websites, behind banners or in newsletters.

Smart Links can be further customised to track specific actions or channel behaviours by adding simple parameters at the end of the link. This allows platform customers to better segment and understand Smart Link performance. Linkfire offers an automated algorithm, which decides a default order of the streaming services and music providers recommended to the consumers, based on context such as country, city, time, relevance and affiliate commission. These recommendations can also be manually arranged by the customers. For example, if an artist has a preferred relationship with a certain streaming provider, it can tailor its recommendations towards that service provider.




**Measure**

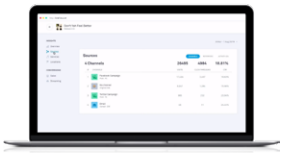
The Measure feature offers an intuitive but detailed overview of Smart Link performance. The feature provides Linkfire's customers with crucial insight into how their fans interact with their links and improves the customers' understanding of the global media landscape as a whole. Often these insights are used to understand the return on marketing investment.

Linkfire has been, and still is, enhancing the Measure function by entering into exclusive data partnerships with the Digital Service Providers, and has created a unique network of Affiliate Partners that is constantly growing. This gives Linkfire's customers unrivalled access to a full-funnel overview; they can track every step of the user connection process, from first to last click. The Company currently has data partnerships with Apple, Pandora, YouTube and Deezer, amongst others. The provision of extensive data to improve marketing decisions is helping Linkfire to attract and retain valuable customers, including industry-leading artists and record labels.

**Overview**

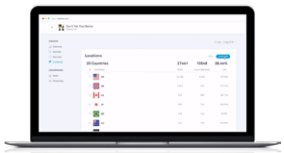
- ✓ Visitors
- ✓ Bounce rate
- ✓ Engagements
- ✓ Click-through number and rate
- ✓ Conversion

**Sources**



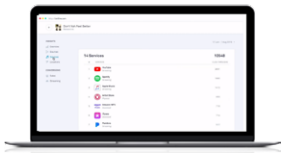
- ✓ Traffic analysis
- ✓ Referrals
- ✓ Determinate best channels
- ✓ Find which channel has the most engaged fans

**Services**



- ✓ Breakdown of service connections
- ✓ See favorite streaming services
- ✓ Observe if fans prefer to download or to stream the music

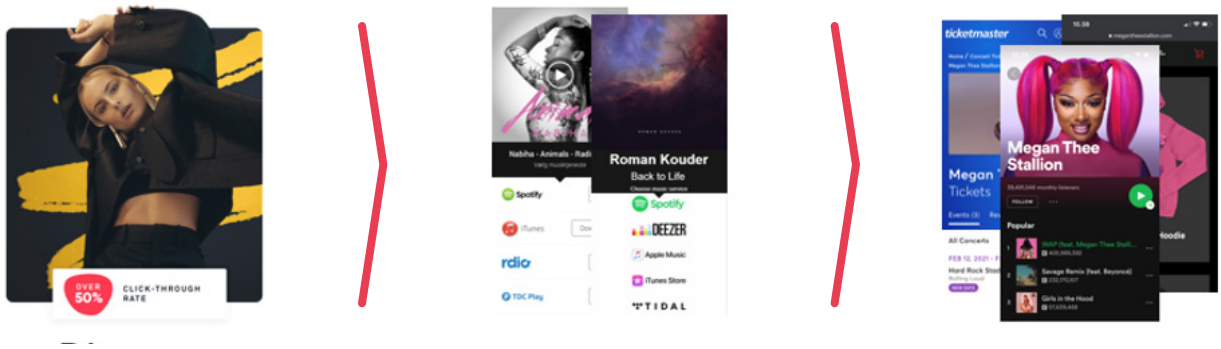
**Location**



- ✓ See how the track is performing in different cities and countries
- ✓ Know where to market the music
- ✓ Use the data for scheduling the next concert

## Linkfire Discovery Network

The Linkfire Discovery Network consists of a network of Smart Links on partner websites and applications that connect consumers to music products.




**Discovery**
Consumers engage with content and discover music

**Linkfire**
Linkfire guides and provides one-click connections to music products

**Consumption**
Consumers are connected to the relevant product

### Music discovery

Consumers discover music daily on social media, in messages and in videos. However, going from discovery to consumption is a challenge in the digital world, not only due to the millions of songs and hundreds of music services, but also because of the lowered attention span of consumers. Unless the path from discovery to consumption is simple, consumers typically never get to consuming. For this reason, Linkfire helps consumers discover music with just one click across any service provider.

### Discovery layer

The Company offers a discovery layer that recommends consumers and provides one-click connections to music products. Consumers interact with Linkfire's discovery layer partly through links that artists and record labels post, and partly through Traffic Partners, such as Snapchat and Twitch, who have incorporated Linkfire's discovery layer in their products. The discovery layer is adapted to geography to provide the best suggestions and optimise conversion. The discovery layer displays options for Digital Service Providers such as Spotify, YouTube, Apple Music, Pandora and Amazon Music. The discovery layer also includes links to e-commerce sites and live events such as concerts that are related to the music that the consumer is interested in.

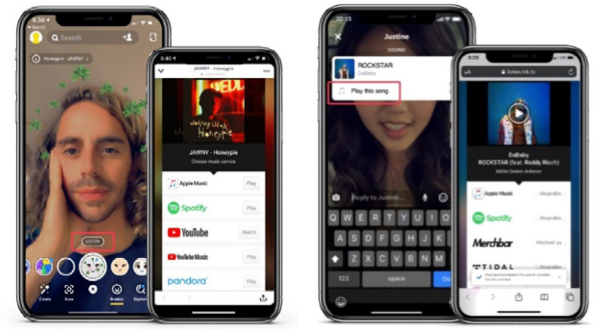
### Consumption

When a consumer clicks on a link, they are redirected to a third party site or application where they can enjoy the products they are interested in. This includes subscribing to the services of a Digital Service Provider, buying tickets and ordering merchandise.

### Traffic Partners

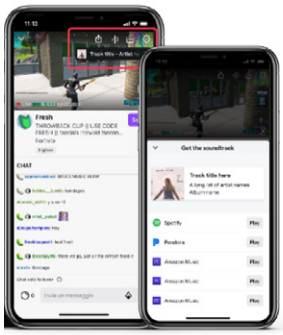
In addition to Smart Links posted by artists and record labels, which in 2020 generated around 89

per cent of the Company's consumer connections,[44] Linkfire's traffic is also derived from Traffic Partners. The Company currently has a number of Traffic Partners, but is planning on increasing the number of partnerships to increase the user traffic on its Smart Links. The Traffic Partners do not pay for the integration with Linkfire's Smart Links. They generate traffic to Linkfire, from which the Company generates commission revenue. Linkfire is currently integrated with two major Traffic Partners, namely Snapchat and Twitch. The Company believes that its consumer connections during 2021 and the coming years will increase from the integrations with these two Traffic Partners.



Snapchat

In the spring of 2020, Snapchat Inc. and Linkfire started a collaboration which involved the integration of Linkfire's Smart Links in the Snapchat platform. In August 2020, Linkfire signed an extension of the partnership with Snapchat Inc. to have the Company's links further integrated into Snapchat's product. Snapchat is a multimedia messaging application with approximately 250 million Daily Active Users (**"DAU"**) and is very popular among younger audiences.[45] The integration gives Snapchat users the ability to discover songs included in messages on online music stores and music streaming services. When a Snapchat user receives a message sent to them with an attached song, they can tap on a link and be redirected to a Linkfire discovery page. The integration is valuable for Snapchat as it increases user engagement and gives Snapchat further insights into its users and their relation to music through Linkfire's data.



Twitch

Following the partnership with Snapchat, the Company also signed a partnership with Twitch Interactive Inc. in October 2020 to have Linkfire's links integrated into Twitch. Twitch is a video streaming service owned by Amazon with approximately 140 million MAU.[46] It primarily focuses on video game live streaming, in addition to music broadcasts and streaming of other creative content. Through the integration, streamers can add a link to soundtracks which consumers can click on to discover the music on Digital Service Providers. This creates increased engagement and added value for the viewers.

Other Traffic Partners

Linkfire also works with other Traffic Partners such as big media and publisher websites including Letras, Blast Beat and SongFacts that combined have approximately 1 billion visitors annually.[47] Linkfire is looking to expand this type of Traffic Partner substantially, as the plug-and-play integration is very easy.

**Data partners**

When creators link out to a product hosted on a Digital Service Provider or a marketplace, they do

[44] Internal Company data.
[45] Internal Company data.
[46] Internal Company data.
[47] Internal Company data.

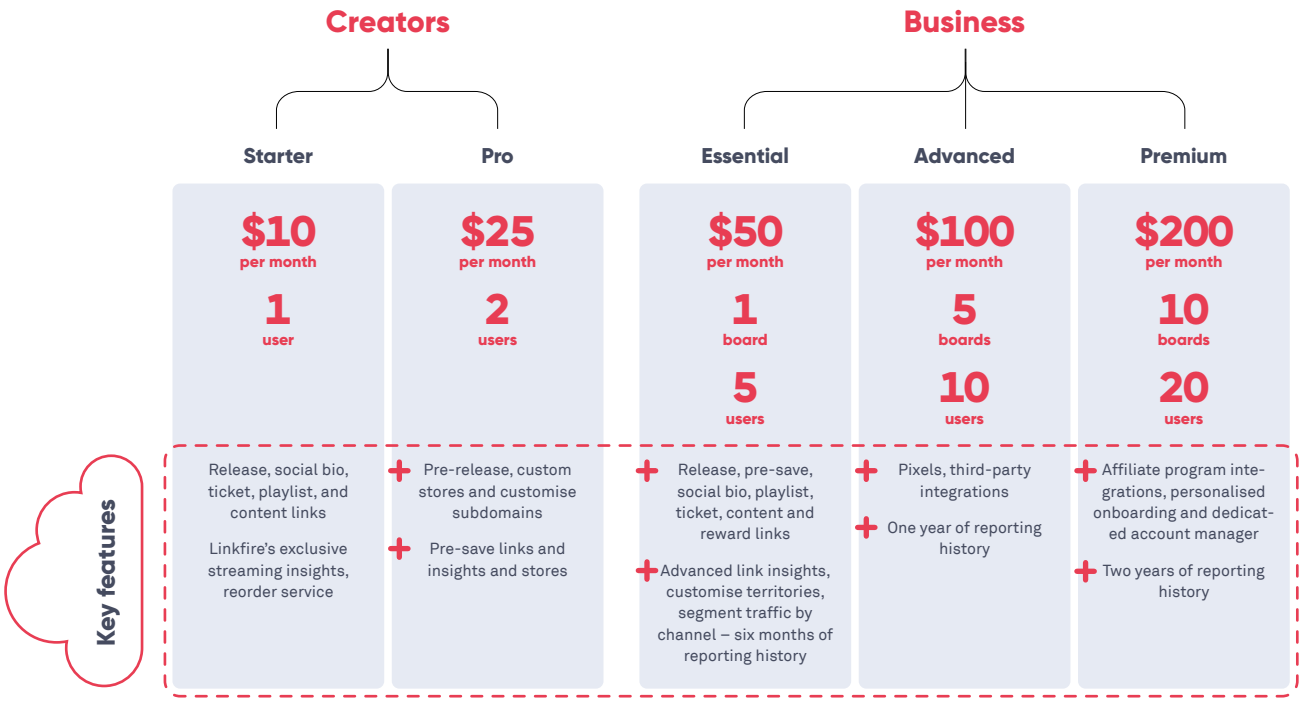
not have a way to measure if that traffic converted to the intended action (e.g. a stream, a purchase of a ticket, etc.). This is a large issue affecting ROI (Return on Investment) calculations and it makes it very difficult to optimise marketing towards better performing destinations. Linkfire has established deep data integrations with several of the largest music product destinations in the market, which allows the Company to ingest performance data reports, effectively offering full-funnel attribution to all of its customers. These data partnership deals are almost always exclusive in nature, and offer unmatched visibility into the performance of music products. It helps answer questions such as "Is my Facebook marketing campaign converting to streams on YouTube Music?" "Is the promotional widget on my website driving ticket sales?" and similar. Data partners of Linkfire include Apple Music, YouTube and YouTube Music, Ticketmaster, AXS, Deezer, Pandora, Boomplay, Anghami, Qobuz and several others.

**Privacy**

Linkfire's consideration of privacy creates a competitive edge for the Company, as it combines strong business opportunities with an imminent cookieless[48] future. Instead of focusing on personal identifiable information on consumers and cookies to facilitate its consumers' connections and product recommendations, the Company focuses on context and deep product metadata. The metadata uses factors such as genre, region, language, mood, tempo and style. The ability to operate without cookies lowers the barriers to enter into commercial discussions with Linkfire, as its customers and partners do not need to engage in costly processes that involve privacy or compliance teams. Furthermore, the Company believes that its aim to operate on a cookieless basis future-proofs the business as the tech landscape is constantly evolving its privacy requirements, and the demand for privacy-focused services will likely continue to remain high.

## Revenue model

The Company's business model is based on two revenue streams: subscription revenue, generated from the Linkfire Marketing Platform, and commission revenue, generated from the Linkfire Discovery Network. In 2020 78 per cent of the Company's revenue in 2020 was made up of subscription revenue and 22 per cent of commission revenue.[49]

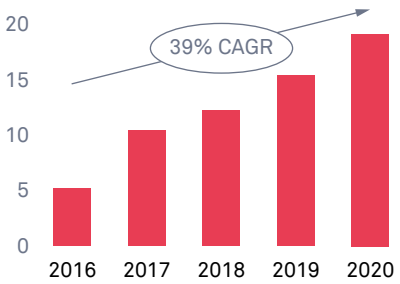



[48] A cookie is commonly a small amount of data generated by a website and stored by the user's web browser for the purpose of recording the user's browsing activity and site preferences, for example search settings.
[49] See section "*Selected historical financial information*".

**Subscription**
Subscription revenue is generated from recurring subscription fees which artists and record labels pay to use the Company's marketing platform. In 2020, 78 per cent of the Company's revenue was generated from such subscriptions. In Q1 2021, the figure was 68 per cent.[50] The Company estimates, based on internal data, that approximately 84 per cent of the subscription revenue came from record label customers and 16 per cent came from individual artists in 2020.

Pricing
The marketing platform is offered as a subscription service and the pricing model is based upon a tiered pricing strategy. For individual artists, the service is currently priced at USD 10 per month for the starter package, and USD 25 per month for the pro package. For record labels and businesses, the Company offers three packages which are currently priced at USD 50, USD 100 and USD 200 per month. The features included vary depending on the price level. For the starter package, access to release links, bio links, ticket links, content links, widgets, and streaming data insights is included. For the business premium package, access to the same links as the starter package is included, but also to conditional redirects, pre-release links, reward links, and a range of customisation options. The following figure provides an overview of the different price plans of the Company's subscription services as per the date of the Prospectus.

SUBSCRIPTION REVENUE DEVELOPMENT[51]
Thousand DKK




Growth
In 2020, the subscription revenue amounted to DKK 19,148 thousand, representing 78 per cent of the total revenue. The subscription revenue has grown with a CAGR of 39 per cent since 2016. The graph below demonstrates the development of the subscription revenue between 2016 and 2020. The figures for 2018-2020 are derived from the Historical Financial Statements, see section "*Selected Historical Financial Information*". The figures for 2016-2017 are unaudited and based on internal Company data derived from financial statements not included in the Prospectus by reference or otherwise.

**Traffic commission**
When consumers discover music and are funnelled from the Linkfire discovery layer to various Digital Service Providers, where consumers play music, purchase other related content, or sign up for subscriptions, Linkfire in some cases generates commission revenues through affiliate partnerships. This creates a win-win situation for consumers, artists, labels, Digital Service Providers and Linkfire. The Company divides its commission revenue into three segments: *Platform*, *Partner* and *Promotion*.

*Platform commission* is commission generated from Smart Links created in the Company's platform by a label or an artist, which leads to a consumer purchase made from one of the Company's Affiliate Partners. The majority of Linkfire's commission revenue is generated from such affiliations. This includes digital music service providers such as Apple Music, iTunes, Amazon Music, Pandora, Tidal and Qobuz, ticketing companies such as Ticketmaster, SeeTicket and Digitick as well as e-commerce and merchandise stores such as EMP Merch. Linkfire also receives commissions on general sales made on Amazon through a Linkfire link. For example, when a user is directed to Amazon via a link to a song but then decides to purchase a refrigerator, Linkfire receives a commission of that sale.

Linkfire furthermore pays a kickback to artists and record labels on purchases made through links posted by them. The kickback to record labels and artists incentivises them to use Linkfire and its marketing platform, which results in additional customers and more links created, which in turn generates commission to Linkfire. Since the start of the COVID-19 pandemic, the commission revenue

[50] See section "*Selected historical financial information*".
[51] Internal Company data.

from ticket sales has taken a big hit, but the Company expects that the lost revenue will rebound once restrictions cease and that the commission revenue generated from tickets will grow as a percentage of the total commission revenue.

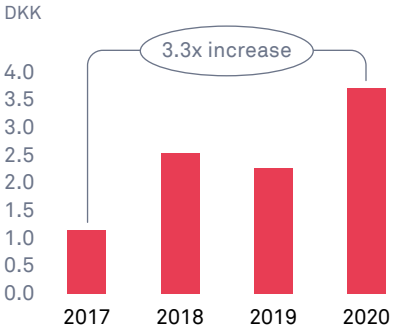
*Partner commission* is generated from visitor traffic through a Traffic Partner, for example Snapchat and Twitch. *Promotion commission* is from ads on links, from both platform and partners. For Linkfire's customers, partner commission can support in capturing the full value of their fanbases.

Revenue per mille (RPM)

An important metric for Linkfire is revenue per mille (thousand) visitors (**"RPM"**). RPM is calculated as total revenue divided by total number of visitors which is then multiplied by 1,000. Thus, this metric measures the monetisation rate of the Company's consumer connections (i.e. traffic). The RPM has increased 3.3 times from DKK 1.14 in 2017, to DKK 3.71 in 2020.[52] The Company aims to improve RPM by renegotiating current affiliate deals and entering into more partnerships in the future. As Linkfire's offering improves by network effects of entering other partnerships and growing their customer base, the Company expects the RPM to improve significantly over the coming years.

Spotify estimates that the lifetime value (**"LTV"**) of a streaming customer is USD 31.[53] It is Linkfire's assessment that the LTV is higher for companies with ecosystems like Apple, Amazon and Google and that the commission rates will increase in the future.

REVENUE PER MILLE (RPM) INCREASE




## Linkfire's position in the music industry value chain

In the past, fans had to visit a brick-and-mortar store to purchase new music they discovered, which likely came bundled with other unwanted content. Today, a significant portion of the interaction between fans, artists, labels and Digital Service Providers has shifted online. Fans have moved away from ownership of physical music to almost exclusively streaming music, and therefore have access to a greater volume of new music than ever before. In order to capitalise on this, artists and labels need to provide their fans with simple ways of accessing their marketed content.

Linkfire operates within the marketing and promotional leg of the music industry value chain, where it aspires to connect labels, Digital Service Providers and consumers seamlessly through its services. Most of the Company's revenue is generated from subscription fees from artists and labels who are customers of Linkfire's Marketing Platform. The marketing platform provides customers with a range of different types of Smart Links which can be utilised to drive user traffic to various streaming services or other Digital Service Providers, which in turn generates revenue for the artists and labels. Smart Links are a direct link between music discovery for fans and fan monetisation for artists, labels and Digital Service Providers, and Linkfire considers itself to be a leading provider of Smart Links within the music industry.[54]

### Adding value for artists and music labels

The music industry is characterised by a consolidated market, with three record labels making the global majority. Linkfire adds value by simplifying the shift to digital and providing customers with a marketing platform with significant and detailed data, derived from Smart Link traffic. However, the real competitive advantage compared to other Smart Linking platforms lies in its several data partnerships. From these partnerships, artists and labels can follow the complete fan journey, from music discovery to the fan signing up for streaming services or purchasing concert tickets. This data is essential for record labels and artists when designing and structuring marketing strategies.

[52] The figures for 2017 are unaudited and based on internal Company data derived from financial statements not included in the Prospectus by reference or otherwise. For 2020 figures, see section *"Selected historical financial information"*.
[53] Spotify listing prospectus, 2018, available at https://www.sec.gov/Archives/edgar/data/1639920/000119312518063434/d494294df1.htm (accessed on 9 June 2021).
[54] See section "*Market Overview – Digital marketing in the music industry – Competitive landscape in the smart linking market*".

**Adding value for Digital Service Providers**
The market for streaming providers is characterised by strong competition, with a wide range of streaming services that have very little differentiation between their service offerings. As the market is saturating, the market players are likely to compete for the same users. This means that the streaming providers will need to attract users who are currently subscribing to other services, and to do this they will likely engage in user acquisition activities. Linkfire offers traffic and direct contact with potential new users for streaming providers, from a large library of creative content.

**Adding value for fans**
An essential part of the value offered by Linkfire is the simplification of the music discovery process for music fans. Smart Links help fans easily access songs, albums or playlists by their favourite artists and bands, as well as share the content with their friends who use different streaming services. Furthermore, some landing pages allow fans to discover the artists' tour dates, purchase merchandise, and even receive promotional offers from Digital Service Providers, artists and labels.

## Technology platform
The Company's platform and IT infrastructure constitute the main part of its service offering. The Company has built, and continues to develop, its cloud-based marketing platform and highly scalable Smart Linking infrastructure. The marketing platform allows for the automated creation of Smart Links. Users can sign on directly from the Company's website, www.linkfire.com, or use the Company's API. The Smart Linking infrastructure is key to powering the Company's consumer connections. It is set up to handle large traffic volumes across multiple geographic regions with low latency, which gives consumers a fast and seamless experience when clicking on a Linkfire Smart Link. The majority of the Company's cloud-based services are outsourced to AWS, and a minor part is outsourced to Azure. While centralised in the EU, the Company's services are globally offered from five different server locations covering the world.

**Data collection**
Linkfire primarily collects non-personal identifiable data when consumers interact with its Smart Links. This is typically performance-based data such as clicks, engagements and service click-throughs, which provide the Company's customers with insights into how their links are performing.

If customers would like to obtain more personal data on consumers such as emails or cookie identifiers, the Company will ask for the appropriate consent and process the request and data according to the respective international compliance regulations, such as GDPR.

The Company also obtains data from Data Partners through its agreements. There is no universal standard for obtaining this data, so the methods are very individual. However, it is normally an automated and secure process where no personal information is being exchanged.

All Linkfire data is available both on its platform and via API, depending on which subscription tier the customer is on.

## Regulatory considerations
The legal environment of digital businesses is evolving rapidly, and the Company continuously monitors the development of such regulations. The Company does not conduct any operations subject to license, but is obliged to comply with local regulations in the jurisdictions in which the Company operates, such as laws and regulations relating to online marketing and other digital business activities. Such regulation may be subject to changes, which may affect the use of the internet as a commercial forum. As an example, some countries require specific information to be published by website owners on their websites, such as copyright notices, privacy policies or legal notices. This is the case in Germany, Austria and Switzerland, where media laws require the addition of a so-called imprint (Ger. *Impressum*), including certain information on the website owner, on websites and social media networks to be visited by the public.

Furthermore, as the Company's services and functionality entails gathering and processing of personal data to a certain extent, the Company is subject to data privacy regulations, such as the GDPR and similar privacy laws.

## Customer support

Customer service is an important part of the Company's service offering, and the Company strives to offer a high level of quality service to all of its customers. The Company provides and performs different types of customer services, depending on the type of customers. The Company's bigger customers have been designated special account managers, who work closely with the customers, for example on marketing strategy and use of the Company's platform, while the other customers are provided support from an in-house help centre.

## Partnerships and sales process

The Company's partners (Traffic Partners, Affiliate Partners and Data Partners) are serviced primarily via the Company's US offices in New York and Los Angeles. Many dialogues arise organically due to the Company's position in the market, but the Company also maintains a pipeline of potential partnerships and deals that it is considering and reaching out to itself.

## Customer acquisition and marketing

Since launching the self-sign-up service in May 2019, there has been a high inbound rate of sign-ups to Linkfire's platform, as the Company works with all the big artists and labels. In fact, until recently, the Company had signed all its customers through inbound leads. The Company expects the inbound rate to increase as it expands its customer base and improves its service offering. The Company has also begun to introduce new measures to further improve the client acquisition process.

### Paid client acquisition

As of Q2 2020, Linkfire has started to carry out paid customer acquisition, primarily through ads and placements on Google and Facebook. In order to expand and maintain speed, the Company hired an agency for assistance in Q4 2020. The Company plans to eventually handle paid client acquisition internally through a hired marketing team.

### Blogging and search engine optimisation

The Company has recently also started to publish blog posts and recommendations to artists and labels on how to effectively market their music. The Company has also started using Search Engine Optimisation for optimising marketing for organic customer inflow for the Linkfire Marketing Platform. Linkfire's links have historically not been indexed on Google and other search engines, but it is an area where the Company sees a lot of opportunity. Internal tests have indicated that optimising Smart Links for search engines will provide a 5-10 per cent traffic increase, which may contribute to commission revenue, as well as to more visibility in the market for the Company.

## Geographic presence

The Company derives revenue globally with most of its revenue derived from North America, Europe and the Asia-Pacific region. The table below shows revenue generated from each geographical region.[55]

| DKK thousand | Q1 2021 | Q1 2020 | 2020 | 2019 |
|---|---|---|---|---|
| North America | 4,288 | 1,754 | 9,471 | 5,319 |
| EMEA (Europe, the Middle East and Africa) | 2,169 | 2,799 | 12,665 | 10,733 |
| APAC (Asia (excluding the Middle East) and Oceania) | 862 | 435 | 2,289 | 987 |
| Latin America and the Caribbean | 97 | 57 | 274 | 188 |
| **Total** | **7,417** | **5,045** | **24,699** | **17,227** |

## Strengths and competitive advantages

### Strong partnership network

The Company targets three different types of partnerships that the Company believes will facilitate further growth and benefit Linkfire, its customers, its consumers and the partners themselves. These types of partnerships are Data Partners, Traffic Partners and Affiliate Partners.

#### Data Partners

The Company believes that its data attribution partnerships are essential for maintaining its market position. The Company's current data attribution partnerships include several service providers, such as YouTube, Deezer, Apple Music and Pandora. The network of Data Partners is growing consistently for several reasons, including that Data Partners generally receive more traffic from Linkfire services than others. One key reason for this is that labels are incentivised to route consumers to service

[55] See note 2 in the Q1 2021 interim report and note 5 in the 2020 Annual Report incorporated in the Prospectus by reference.

providers who share data, as it provides artists and labels with valuable insight on how to improve and fine-tune their marketing strategies.

Traffic Partners

Traffic Partners, such as Snapchat and Twitch, provide Linkfire with an extensive and active traffic base to monetise on. The application of Linkfire's technology is a win-win situation for the social media platforms, as they improve understanding of their users while also enabling a potential new income stream. Social Media Platforms also see potential to increase lifetime value of their users by integrating with Linkfire services. Through Linkfire's services, Snapchat and Twitch can follow their users' journeys and the music they listen to on another platform – an instrumental insight when negotiating licensing deals with labels. For Linkfire, the traffic generated by these platforms make its offering attractive for customers; not only can the Company provide the artists and labels with Smart Links and a marketing platform, but also with several traffic channels. The potential user traffic from current Traffic Partners is, and will likely continue to be, significant for the Company, as Snapchat has 250 million DAU and Twitch has 140 million MAU.[56]

Affiliate Partners

Affiliate Partners are incentivised to enter partnerships with Linkfire to funnel user traffic to their platforms. The Company currently has customised affiliate partnerships with Ticketmaster, Pandora, Apple Music and others, as well as standard deals with Amazon, iTunes and Amazon Music. The 1.5 billion consumer connections in 2020 alone underpins a significant revenue potential for Linkfire and its customers. On the back of an increased number of consumer connections routed through Linkfire, the Company improves its ability to sign customised affiliate deals. Furthermore, as there are low differentiators among the Digital Service Providers, such Digital Service Providers are, and will continue to be, forced to invest heavily in marketing and paid user acquisition to grow, especially as the streaming market matures. The Company therefore believes that even more Digital Service Providers will be entering into affiliate deals in the future. With increased traffic, Linkfire improves its position to negotiate affiliate deals with larger commissions, which the Company could choose to keep as profit or funnel down to its customers, creating a stronger service offering. Moreover, the music industry is not unique in wanting to leverage Linkfire's extensive network and traffic; for example, merchandise stores such as EMP Merch have entered into affiliate deals with Linkfire.

**A strong and complementary service offering**

The Company has built two products that go hand-in-hand to provide seamless connections to music and entertainment worldwide; the Linkfire Marketing Platform, an industry standard platform for major labels and artists promoting new music products, and the Linkfire Discovery Network, a network of micro-sites, Smart Links and partners that connects consumers directly to music products. The products are highly synergetic. For example, an increased number of customers on the Linkfire Marketing Platform will improve the attractiveness of using the Linkfire Discovery Network among Affiliate Partners. As Affiliate Partner deals grow and improve, the Company can provide a better offering to its Linkfire Marketing Platform customers. The same logic also applies to Data Partners and Traffic Partners. The Linkfire service offering is therefore highly complementary; any improvements in one business area also reinforce other business areas.

**A large and broad customer base**

Linkfire works with the largest music labels worldwide and its services are used by the vast majority of the top 100 Billboard artists.[57] Thus the Company generates Smart Links for some of the most prominent artists in the world. Linkfire Marketing Platform customers include music labels such as Universal Music Group, Sony EMI, Warner Music Group and Republic Records. World-famous artists who are currently using Linkfire services include Camilla Cabello, The Weeknd and Justin Bieber, amongst others. The Company has attracted these customers organically through inbound leads and has just recently started with paid client acquisition. With access to a large catalogue of creative content – a catalogue larger than its four closest competitors combined[58] – Linkfire believes its customer base is a significant competitive advantage. One reason is that with a large customer base, Linkfire achieves a strong negotiating position towards all other types of partners. Another reason is that, historically, the more artists the Company has covered, the larger the number of inbound clients has been from the long tail of artists.

[56] Internal Company data.
[57] Internal Company data.
[58] Internal Company data.

**A leader and consolidator in a growing market**
Linkfire considers itself to have a leading position among competitors with its digital Marketing Platform. The Company's customer base, encompassing 85,000 artists, is larger than its four closest competitors combined, and its Smart Links are driving more traffic than any of its competitors.[59] Outside of Linkfire, the market is characterised by a long tail of small local players, who generally have found it difficult to make their offerings profitable. Having a leading position within its market is essential, as it enables the Company to successfully negotiate new partnerships and therefore improve its offering. The more growth Linkfire experiences as a market leader, the harder it will be for its competitors to compete. Potentially, there will be a "get acquired or cease to exist" situation for competitors, if it becomes too difficult to match Linkfire's service offering in all aspects. The Smart Linking market within music is driven by secular tailwinds such as increased streaming penetration rate and social media usage – tailwinds themselves driven by global megatrends, including increased internet and smartphone penetration. To showcase the revenue potential, streaming revenues are expected to drive over 90 per cent of the expected 100+ per cent growth in recorded music revenue to 2030E, when the recorded music industry is expected to amount to USD 81 billion.[60]

**A scalable and flexible business model**
Linkfire's business of providing a digital marketing platform and generating leads is highly scalable. As a digital product, the cost of adding one more user to the platform or redirecting one more consumer to a streaming service is close to zero. Linkfire can significantly improve its margins by growing the number of platform customers. Moreover, while Linkfire currently focuses mainly on the music industry, the service offering is flexible, and the Company is exploring its options to address adjacent verticals such as video on demand, podcasts, audiobooks and video gaming. The Company's services could easily be tailored to suit needs in these industries, which together make up for a total addressable market of over USD 400 billion.[61]

**A privacy-first service offering**
A competitive differentiator for Linkfire is that its links and landing pages can operate without cookies. Linkfire's consideration of privacy creates a competitive edge for the Company, as it combines strong business opportunities with an imminent cookieless future. Instead of focusing on personal identifiable information on consumers and cookies to facilitate its consumers' connections and product recommendations, the Company focuses on context and deep product metadata. The metadata uses factors such as genre, region, language, mood, tempo and style. The ability to operate without cookies lowers the barriers to enter into commercial discussions with Linkfire, as its customers and partners do not need to engage in costly processes that involve privacy or compliance teams. Furthermore, the Company believes that its aim to operate on a cookieless basis future-proofs the business as the tech landscape is constantly evolving its privacy requirements, and the demand for privacy-focused services will likely continue to remain high.

## Growth strategy

**Growing subscription revenue**
There are two main ways of growing subscription revenue: by adding new clients and by increasing user monetisation.

Expanding the customer base
The Company aims to grow its customer base both through inbound leads and through lead acquisition which it has initiated. The Linkfire Marketing Platform currently has 85,000 users, which can be compared with the total number of artists with content on Spotify of 5.5 million, signalling a large upside. In the coming years, Linkfire estimates that most upside in subscription revenue will originate from signing new customers.

Renegotiating business contracts
The Company consistently revaluates business contracts and renegotiates its contracts regularly with its customers. The Company believes that the way to fully monetise subscription revenues is to increase user penetration under the labels (i.e. artists under the labels that use Linkfire). The Company expects that contract renegotiations will account for the

[59] See section "*Market Overview – Digital marketing in the music industry – Competitive landscape in the smart linking market*".
[60] Gross numbers; Music In The Air – The Show Must Go On, Goldman Sachs.
[61] Refers to total music market, total film industry, US podcast market, gaming video content market and book market. See sections "*Growth Strategy – Growing Subscription Revenue – Expanding into adjacent verticals*" and "*Market Overview – The Music Industry*" for the referred markets.

larger part of any potential growth in subscription revenue in the coming years.

### Entering and expanding into new geographies

Linkfire believes that there is significant potential to increase subscription revenue by expanding in new geographies. The Company uses a number of territories as a potential upsell argument when negotiating with enterprise customers. Furthermore, the Company believes that localisation is essential when expanding into new geographies, for example by ensuring the platform is well adopted to non-English-speaking customers, or creating a local presence by opening offices in new geographies. Moreover, M&A opportunities are consistently evaluated as a way of entering new geographies.

### Expanding into adjacent verticals

The Company is currently planning to explore the opportunities of expanding into adjacent verticals. This process is expected to be initiated in late 2021.

### Film industry

The film industry is a very large industry, and it likely has a higher willingness to pay than the music industry, as the commercial success of a film and the future revenues generated are generally closely related to the production budget and the costs of producing the film. The pricing method that the Company would use to approach the film industry would be commission per campaign, which could result in significantly higher revenues per account.

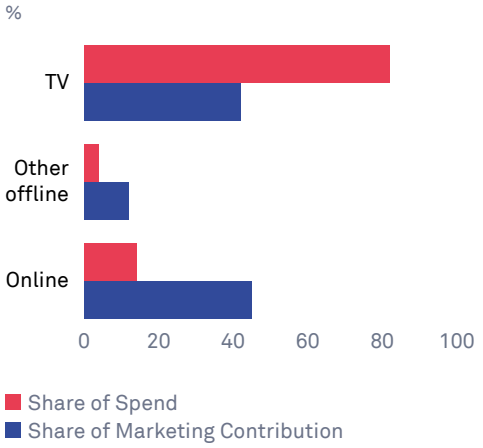
Video on demand is a large market driven by the same megatrends as music streaming; internet penetration, smartphone access and increased digitalisation. The global video streaming market is expected to grow from USD 50.2 billion in 2020 to USD 184.3 billion in 2027, implying a 20.4 per cent CAGR. Users of paid video streaming services are also expected to grow significantly, from 612.4 million in 2017 to 1,418.6 million in 2025.[64]

Moreover, the film industry today spends 82 per cent of its box office marketing budget on TV advertisements, and only 14 per cent on online marketing. Looking ahead, this is set to change, as TV advertisements' share of marketing contribution is 42 per cent, while online marketing constitutes 45 per cent, despite constituting much less of the total marketing budget.

### Podcast market

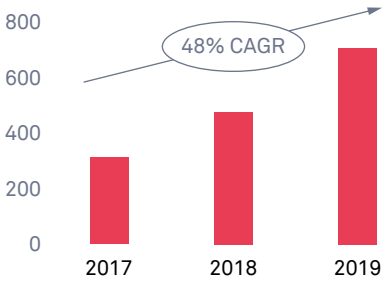
Podcasts are similar to music streaming; both are audio only and driven by the same megatrends: increased smartphone and internet penetration. But the podcast market is younger and much more fragmented than the music market. In the US alone, the podcast market has grown from USD 314 million in 2017 to USD 708 million in 2019, implying a 48 per cent CAGR. Furthermore, it is dominated by non-

**BOX OFFICE MARKETING[62]**




**US PODCAST MARKET[63]**

Revenue in USD million




[62] Neustar, Do Movie Marketing Budgets Need a Digital Reboot?, Neustar, available at https://ns-cdn.neustar.biz/creative_services/biz/neustar/www/resources/whitepapers/marketing/neustar-movie-marketing-budgets-whitepaper.pdf?_ga=2.60839016.593221599.1612288544- (accessed on 9 June 2021).

[63] U.S. Podcast Advertising Revenue Study, IAB, available at https://www.iab.com/wp-content/uploads/2020/07/Full-Year-2019-IAB-Podcast-Ad-Rev-Study_v20200710-FINAL-IAB_v2.pdf (accessed on 9 June 2021).

exclusive content. The market is growing and will consolidate further ahead, which will create demand for creative marketing services.

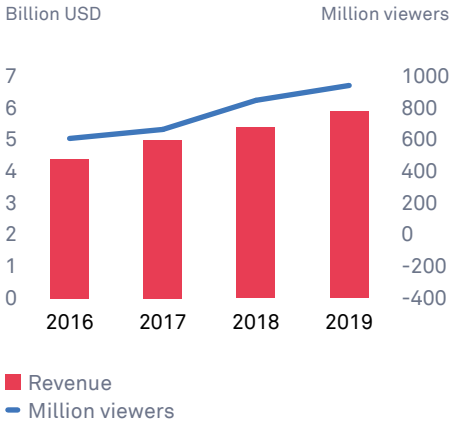
### Audiobooks

The growth of the digital audiobook format is transforming the declining traditional book market, currently worth USD 112 billion. The audiobook market is expected to grow by a CAGR of 24.4 per cent, from USD 3.3 billion in 2020 to USD 15.0 billion in 2027.

### Gaming video content market

Gamers spend a significant amount of time watching live streams and e-sports tournaments on platforms such as Twitch and YouTube Gaming. Reports show that 48.6 per cent of gamers globally watch other people play online weekly. People who play video games are also spending less time watching traditional sports, both online and on broadcast TV. Young people spend the most time watching video game content weekly: 18-25 year olds spent approximately 4.1 hours watching other people play video games, and 2.2 hours watching e-sports tournaments.[67] While gamers spend more time watching gaming video content, the total number of viewers has also increased. This has driven the size of the gaming video content market to record levels, illustrated in the chart below.

**GAMING VIDEO CONTENT MARKET[65 66]**




Gaming video content casters[68] share a deep, authentic relationship with their watchers that builds over time. This gives marketers a real opportunity to reach new and existing target audiences in a way that feels far more genuine than traditional advertising, if planned and integrated in the right way. Casters have a large influence over their watchers, and 25 per cent of watchers say that online videos influenced them to buy their last video game. Over 50 per cent of watchers indicate that watching gaming video content increases their chances of buying the game.[69]

### Creating upsell opportunities

One possibility to increase customer monetisation is by upselling current clients. Currently, Linkfire does not generate a high volume of revenue from upselling, but there are various ways in which the Company plans to do so. The Company sees opportunities in offering platform and link customisation, such as offering Normal or Premium links. The Premium links could offer a higher degree of customisation (e.g. a holiday theme add-on). The Company also sees future potential in allowing labels to run advertisements through Linkfire.

**Growing commission revenue**

Commission revenue has two components: commission rates and traffic. Thus, to improve it, the Company needs to influence either one or both of the components.

### Increasing revenue per mille (RPM)

Improving the Company's key monetisation metric, RPM, is very important for growing commission revenues. RPM can be improved by increasing the

[64] Statista, Video Streaming (SVoD), available at https://www.statista.com/outlook/dmo/digital-media/video-on-demand/video-streaming-svod/worldwide (accessed on 9 June 2021).
[65] Statista, Gaming video content (GVC) revenue worldwide from 2016 to 2019, available at https://www.statista.com/statistics/823289/gvc-revenue-worldwide/ (accessed on 9 June 2021).
[66] Statista, Gaming video content viewers worldwide from 2016 to 2020, available at https://www.statista.com/statistics/516754/gaming-video-content-viewer-number-global/ (accessed on 9 June 2021).
[67] The State Of Online Gaming – 2020, Report by Limelight Networks, available at https://img03.en25.com/Web/LLNW/%7Bd6493b33-3811-4b20-a410-64c25141adb4%7D_SOOG_MR_2020.pdf (accessed on 9 June 2021).
[68] Refers to a person that live streams gaming or produces on-demand gaming video content.
[69] Growth in the Video Gaming Ecosystem: the new role of games as media, Report by OC&C, available at https://www.occstrategy.com/media/2686/growth-in-the-video-game-ecosystem_the-new-modes-of-play_-online.pdf (accessed on 9 June 2021).

commission rates. The Company currently focuses on two tactics: signing new deals (e.g. affiliate payment on user leads from a Digital Service Provider that the Company did not have an agreement with in the first place), and negotiating better deals. Possibilities include increased commission rates, wider trigger points (e.g. moving from paid sign-up to lead) and more trigger points (e.g. adding win-backs as a commissionable action – users that revisit the sign-up flow through a Linkfire link and sign up).

Improving algorithmic optimisation in the discovery layer

The Company is actively working to optimise the algorithmic that successfully arranges Digital Service Providers in discovery layers and on Linkfire landing pages.

Entering partnerships with new Traffic Partners

In 2020, Linkfire entered its first partnerships with Traffic Partners, Snapchat and Twitch, which significantly increased traffic generation for the Company's Smart Links. While Snapchat and Twitch have 250 million DAU and 150 million MAU respectively, there are several other potential Traffic Partners with even more users that could generate additional user traffic. Entering new traffic partnerships is expected to affect traffic generation exponentially, which in turn may generate revenue. Furthermore, partnerships with additional traffic channels improve the Company's client offering and position when negotiating other partnerships.

Linkfire is continuously exploring and evaluating potential new traffic partnerships and is currently involved in several commercial discussions, one of which is well-progressed with a significant global industry player and concerns launching a set of new content promotion features on its platform using Linkfire's technology. If an agreement is reached, which the Company expects might be possible in the near-term, the integration may significantly increase the Company's monetisable traffic over the next twelve months and support its growth plans.

Acquiring traffic

Linkfire will likely have opportunities to engage in M&A activity. The main motives for engaging in M&A would be to buy consumer traffic. Integrating acquired Smart Links into Linkfire is a simple process: the old Smart Links from the acquisition target could be kept as they are, while Linkfire starts monetising them. The Company could also use a simple script to merge the acquired links into Linkfire's links. The Company therefore sees potential in acquiring undervalued inventory which is currently not monetised on and make it profitable. There are also intangible benefits of acquiring competitors, including better offering for partnerships, and a higher market share and influence over the Smart Linking market. The Company has also explored the opportunity to acquire media databases, such as film databases, and integrate Linkfire's technology into such databases. By utilising website traffic data, the Company deems it would be reliable and relatively simple to determine the value of potential acquisitions.

Linkfire is continuously exploring and evaluating potential acquisitions to support its strategy and is currently in well-progressed discussions with the intention to enter into a letter of intent for further discussions with a key competitor. A potential acquisition would magnify the core business of the Company and further support its growth plans. However no letter of intent or any other agreement has been made at this point why there is no certainty that an agreement may be concluded.

## Intellectual property rights, trade secrets and know-how

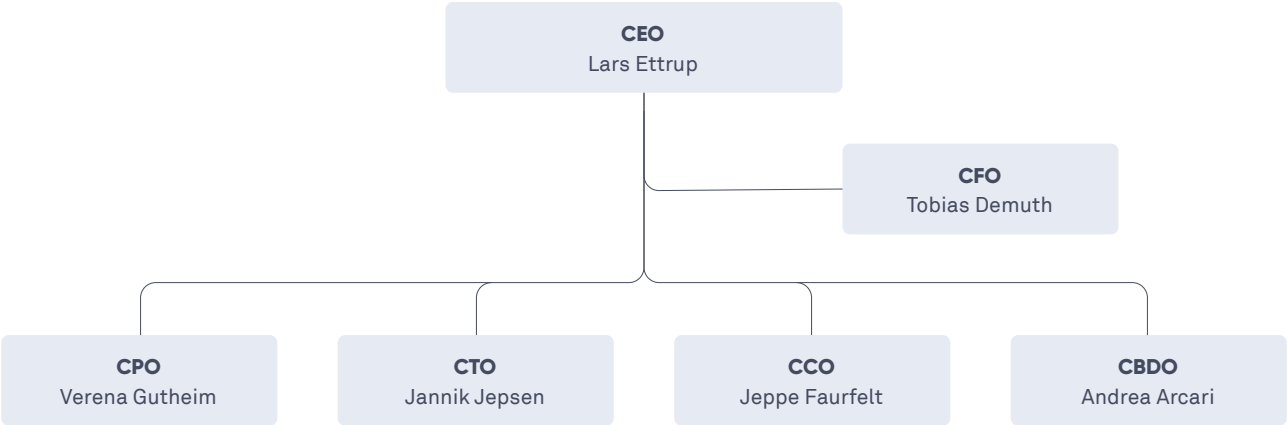
The Company uses in its operations its brand, domain names, customer data, copyrights, trade secrets, know-how and similar proprietary technology. For protection of such rights, the Company relies on copyright to its website, domain registrations and trade secret protection, as well as confidentiality agreements with employees and relevant third parties regarding confidential and sensitive information. The Company does not currently rely on any patents or trademark protection.

## Organisation and employees

### Organisation

The Company is led by co-founder and Chief Executive Officer (CEO) Lars Ettrup, who has been with the Company since it was founded in 2014. Ettrup has a wide range of experience as a leading decision maker, co-founder of a social media management agency, and Chief Technology Officer for another social media agency. In addition to the CEO, Linkfire is led by five other key personnel with experience in marketing, media and music, implying strong industry expertise and a broad network: Jeppe Faurfelt (Co-founder and Chief Commercial Officer, CCO), Tobias Demuth (Chief Financial Officer, CFO, since 2017), Andrea Arcari (Sales Operations Manager since 2015, Chief Operations Officer, COO, since 2016 and Chief Business Development Officer, CBDO, since 2017), Verena Gutheim (Head of People since 2016 and Chief People Officer, CPO, since 2019) and Jannik Jepsen (Lead Developer since 2014 and Chief Technology Officer, CTO, since 2015). Five out of six employees on the management team are based in Copenhagen, Denmark. Andrea Arcari operates from the Los Angeles office. The key personnel detailed above have on average 5-6 years of experience at the Company.

LINKFIRE ORGANISATION



**Breakdown of personnel**
The Company has its largest office in Copenhagen, Denmark, where the majority of the Group's employees work. As of 31 March 2021, the Group had 68 full-time employees. The tables below present the number of employees in the Group distributed by function and location.

| Function | 2018-12-31 | 2019-12-31 | 2020-12-31 | 2021-03-31 |
|---|---|---|---|---|
| Management/Administration | 8 | 7 | 8 | 10 |
| Sales & Marketing | 9 | 13 | 15 | 15 |
| Business development | 2 | 1 | 4 | 7 |
| R&D | 26 | 32 | 32 | 36 |
| **Total**[1] | **46** | **53** | **59** | **68** |

| Geographic distribution | 2018-12-31 | 2019-12-31 | 2020-12-31 | 2021-03-31 |
|---|---|---|---|---|
| Copenhagen | 36 | 39 | 41 | 42 |
| Lisbon | 0 | 3 | 4 | 7 |
| New York | 5 | 6 | 7 | 8 |
| Los Angeles | 2 | 2 | 4 | 5 |
| Hamburg | 1 | 0 | 0 | 0 |
| Remote freelancers | 2 | 3 | 3 | 6 |
| **Total**[1] | **46** | **53** | **59** | **68** |

[1] The total number of employees includes long-term remote employees, but does not include interns. Part-time employees are counted as 0.3 full-time employees.

## CORPORATE STRUCTURE

The issuing entity is Linkfire A/S, which wholly owns the subsidiaries Linkfire Inc. and Linkfire Sociedade Unipessoal Lda. An overview of the legal structure is presented below.


100% 100%

**Linkfire Inc.**
Subsidiary.
Employer Identification Number: 47-4375101

**Office Locations**
**NYC**
Linkfire Inc. | 240 Kent Ave
Brooklyn, NY 11249, USA

**LA – currently remote office**
Linkfire Inc. | 314 5th Avenue, Venice,
Los Angeles, CA 90291

**Linkfire Sociedade Unipessoal Lda**
Subsidiary.
Registration Number: 515971146 PORTUGAL

**Office Locations**
**Lisbon**
R. Filipe Folque 2, 1D, (Sala 8)
1050-113 Lisboa, Portugal

# Selected historical financial information

## General information

This section presents selected financial information derived from the Historical Financial Statements (as defined below) as well certain key performance measures used by the Company.

- The financial information for the period 1 January – 31 December 2020 (the **"2020 financial year"**) and 1 January – 31 December 2019 (the **"2019 financial year"**) is derived from Linkfire's 2020 annual report for the Group, which has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (**"IFRS"**) and additional requirements of the Danish Financial Statements Act (the **"DFSA"**) and audited by the Company's auditor (the **"2020 Annual Report"**).

- The financial information for the period 1 January – 31 December 2018 (the **"2018 financial year"**) is derived from Linkfire's 2018 annual report for the parent company, with a separate cash flow statement, which have been prepared in accordance with the DFSA and audited by the Company's auditor (the **"2018 Annual Report"**).

- The financial information for the period 1 January – 31 March 2021 (**"Q1 2021"**) with comparative figures for the corresponding period in 2020 (**"Q1 2020"** is derived from Linkfire's Q1 2021 interim financial report for the Group, prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union (**"IAS 34"**) and reviewed by the Company's auditor.

The above-listed financial reports are jointly referred to as the **"Historical Financial Statements"** and have been incorporated in the Prospectus by reference, see section "*Legal considerations and supplementary information – Documents incorporated by reference*". The information in this section shall be read together with the sections "*Operational and financial overview*" and "*Capitalisation, indebtedness and other financial information*".

It should be noted that the financial information for the 2019 financial year and the 2018 financial year is not fully comparable as it has been prepared based on different accounting standards. Furthermore, financial information for the 2019 financial year has been prepared on a consolidated basis (i.e. for the Group) whereas the financial information for the 2018 financial year has been prepared for the Company only (i.e. the parent company). As of the 2019 financial year, the Company applies IFRS. Further commentary and description of effects from consolidation and IFRS adoption is presented in the section "*Operational and financial overview*".

Except as expressly indicated herein, no information in the Prospectus has been audited or reviewed by the Company's auditor.

## Income statement

| | Q1 (Jan-Mar) | | Financial year (Jan-Dec) | | |
|---|---|---|---|---|---|
| | Group IAS 34 Reviewed | | Group IFRS Audited | | Parent DFSA Audited |
| **DKK thousand** | **2021** | **2020** | **2020** | **2019** | **2018** |
| Revenue | 7,417 | 5,045 | 24,699 | 17,227 | - |
| Cost of sales | -1,976 | -1,363 | -5,995 | -6,745 | - |
| **Gross profit/loss** | **5,441** | **3,682** | **18,704** | **10,482** | **-1,860** |
| Other external expenses | -2,154 | -1,543 | -6,613 | -4,910 | - |
| Staff costs | -6,243 | -4,431 | -20,461 | -15,815 | -7,798 |
| Other operating income | 879 | - | - | - | - |
| Depreciation, amortisation and impairment | -1,968 | -914 | -5,823 | -2,750 | -407 |
| **Operating profit/loss** | **-4,045** | **-3,207** | **-14,193** | **-12,993** | **-10,065** |
| Financial income | 245 | 104 | 509 | 83 | 175 |
| Financial expenses | -1,241 | -785 | -4,305 | -3,092 | -3,540 |
| **Profit/loss before tax** | **-5,041** | **-3,887** | **-17,989** | **-16,002** | **-13,430** |
| Tax for the year | 1,259 | 1,154 | 4,528 | 4,152 | 3,478 |
| **Profit/loss for the period** | **-3,782** | **-2,733** | **-13,461** | **-11,850** | **-9,952** |
| Other comprehensive income for the period | -30 | -106 | 166 | -86 | - |
| **Other comprehensive income for the period** | **-30** | **-106** | **166** | **-86** | **-** |
| **Total comprehensive income for the year** | **-3,812** | **-2,839** | **-13,295** | **-11,936** | **-9,952** |

## Statement of financial position

| | 31 March | | 31 December | | |
|---|---|---|---|---|---|
| | Group IAS 34 Reviewed | | Group IFRS Audited | | Parent DFSA Audited |
| **DKK thousand** | **2021** | **2020** | **2020** | **2019** | **2018** |
| **Assets** | | | | | |
| Intangible assets | 53,412 | 45,051 | 51,503 | 42,163 | 30,894[2] |
| Property, plant and equipment | 169 | 37 | 168 | 41 | 92 |
| Right-of-use assets | 2,925 | 4,153 | 3,226 | 4,359 | - |
| Deposits | 427 | 417 | 427 | 417 | 417 |
| **Total non-current assets** | **56,933** | **49,659** | **55,324** | **46,980** | **31,403** |
| Trade receivables | 2,276 | 324 | 2,195 | 5,096 | 3,704 |
| Receivables from group enterprises[1] | - | - | - | - | 120 |
| Income tax receivables | 5,787 | 5,330 | 4,528 | 4,177 | 3,478 |
| Other receivables | 665 | 391 | 664 | 574 | 430 |
| Prepayments | 579 | 170 | 292 | 42 | 124 |
| Cash | 753 | 518 | 783 | 3,539 | 291 |
| **Total current assets** | **10,060** | **6,733** | **8,462** | **13,428** | **8,147** |
| **Total assets** | **66,993** | **56,391** | **63,786** | **60,408** | **39,551** |

[1] Item presented in the 2018 Annual Report only.
[2] Includes the items "Completed development projects" and "Development projects in progress" in the 2018 Annual Report.

## Statement of financial position

| | 31 March | | 31 December | | |
|---|---|---|---|---|---|
| | Group IAS 34 Reviewed | | Group IFRS Audited | | Parent DFSA Audited |
| **DKK thousand** | **2021** | **2020** | **2020** | **2019** | **2018** |
| **Equity and liabilities** | | | | | |
| Share capital | 108 | 104 | 108 | 104 | 85 |
| Retained earnings | -3,885 | 4,179 | -73 | 6,912 | -34,708 |
| Translation reserve | 46 | -129 | 124 | -83 | - |
| Other capital reserve | 4,884 | 3,614 | 4,750 | 3,093 | 24,097[3] |
| **Total equity** | **1,183** | **7,768** | **4,909** | **10,026** | **-10,525** |
| Interest bearing liabilities | 33,275 | 20,677 | 33,617 | 20,677 | 14,252[4] |
| Other payables[1] | - | - | - | - | 19,427 |
| Lease liabilities | 1,595 | 2,856 | 1,809 | 2,873 | - |
| **Total non-current liabilities** | **34,870** | **23,534** | **35,426** | **23,550** | **33,679** |
| Interest bearing liabilities | 11,826 | 4,605 | 3,995 | 7,741 | 3,400[5] |
| Contract liabilities | 8,455 | 8,004 | 5,702 | 8,691 | 5,991[6] |
| Lease liabilities | 1,388 | 1,386 | 1,487 | 1,571 | - |
| Trade payables | 3,634 | 3,753 | 2,888 | 4,709 | 3,931 |
| Other payables | 5,637 | 7,341 | 9,379 | 4,120 | 3,075 |
| **Total current liabilities** | **30,940** | **25,089** | **23,451** | **26,832** | **16,397** |
| **Total liabilities** | **65,810** | **48,623** | **58,877** | **50,382** | **50,076** |
| **Total equity and liabilities** | **66,993** | **56,391** | **63,786** | **60,408** | **39,551** |

[1] Item presented in the 2018 Annual Report only.
[3] Includes the item "Reserve for development expenditure" in the 2018 Annual Report.
[4] Includes the item "Convertible and dividend-yielding debt instruments" in the 2018 Annual Report.
[5] Includes the item "Bank loans" in the 2018 Annual Report.
[6] Includes the item "Prepayments received from customers" in the 2018 Annual Report.

## Cash flow statement

| | Q1 (Jan-Mar) | | Financial year (Jan-Dec) | | |
|---|---|---|---|---|---|
| | Group IAS 34 Reviewed | | Group IFRS Audited | | Parent DFSA Audited |
| **DKK thousand** | **2021** | **2020** | **2020** | **2019** | **2018** |
| Operating loss | -4,046 | -3,207 | -14,193 | -12,993 | -10,065 |
| Depreciation, amortisation and impairment | 1,968 | 914 | 5,823 | 2,750 | 407 |
| Change in working capital | 1,384 | 6,408 | 2,113 | 5,979 | 4,997 |
| Share-based payment expense | 134 | 521 | 1,657 | 1,307 | - |
| Gain on disposal | - | - | -6 | -13 | - |
| Income taxes received | - | - | 4,177 | 3,478 | 2,820 |
| Interest paid | 245 | 104 | -3,402 | -2,804 | -2,379 |
| Interest received | -1,241 | -785 | - | 10 | 175 |
| **Cash flow from operating activities** | **-1,556** | **3,957** | **-3,831** | **-2,286** | **-4,045** |
| Development expenditures | -3,532 | -3,407 | -13,657 | -12,646 | -11,657 |
| Investments in property, plant and equipment | -103 | - | -173 | -12 | - |
| Change in deposits | - | - | -10 | - | - |
| **Cash flow from investing activities** | **-3,635** | **-3,407** | **-13,840** | **-12,658** | **-11,657** |
| Proceeds from borrowings | 5,604 | - | 12,059 | 2,919 | 11,252 |
| Repayment of borrowings | -434 | -3,136 | -1,668 | -14,252 | - |
| Payment of principal portion of lease liabilities | -373 | -443 | -1,667 | -1,497 | - |
| Proceeds from capital increase | - | - | 6,481 | 31,068 | - |
| **Cash flow from financing activities** | **4,797** | **-3,579** | **15,205** | **18,238** | **11,252** |
| **Change in cash** | | | | | |
| Net cash flow | -394 | -3,029 | -2,467 | 3,294 | -4,450 |
| Net foreign exchange difference | 364 | 8 | -289 | -182 | 0 |
| Cash at the beginning of the period | 783 | 3,539 | 3,539 | 427 | 1,341 |
| **Cash at the end of the period** | **753** | **518** | **783** | **3,539** | **-3,109** |

## Segment information

As of the 2019 financial year and based on internal reporting information, the Group is organised into two reportable segments, based on its services and online platforms:

- The Subscriptions segment, including ongoing revenues as a service provider.
- The Commissions segment, including revenues originating from fees and royalties.

The income statement is not separated into segments. The information below is derived from note 4 (Segment information) in the 2020 Annual Report.

| | Q1 (Jan-Mar) | | Financial year (Jan-Dec) | | |
|---|---|---|---|---|---|
| | Group IAS 34 Reviewed | | Group IFRS Audited | | Parent DFSA Audited |
| **DKK thousand** | **2021** | **2020** | **2020** | **2019** | **2018** |
| Subscription revenue | 5,009 | 4,383 | 19,148 | 15,421 | - |
| Commission revenue | 2,408 | 662 | 5,551 | 1,806 | - |

## Key performance measures

The Company applies the European Securities and Markets Authority's (ESMA) guidelines on alternative performance measures and financial reporting. The guidelines aim to make alternative performance measures in financial statements more comprehensible, reliable and comparable and thereby promoting their usefulness. According to these guidelines, an alternative performance measure refers to financial measures of historical or future earnings development, financial position, financial results or cash flows that are not defined or specified in the applicable rules for financial reporting; IFRS and the DFSA. The guidelines are mandatory for financial reports published after 3 July 2016.

The Company is of the opinion that these alternative performance measures, together with measures defined in accordance with IFRS, facilitate the understanding of the Company's financial trends. Furthermore, they are largely used by the Company's management team, investors, securities analysts and other stakeholders as complementary measures of earnings development.

Such alternative performance measures, as defined by the Company, should not be compared with other performance figures with similar names used by other companies. This is because the above-mentioned performance measures have not always been defined in the same way and because other companies may not calculate them in the same way as the Company. Definitions and descriptions of the reason behind the use of financial performance measures are presented under *"Definitions of alternative performance measures"* below.

The alternative performance measures presented below have been derived from financial information in the Historical Financial Statements unless otherwise stated. However, none of the alternative performance measures have been audited.

## Key performance measures

| | Q1 (Jan-Mar) | | Financial year (Jan-Dec) | | |
|---|---|---|---|---|---|
| | Group IAS 34 Reviewed | | Group IFRS Audited | | Parent DFSA Audited |
| **DKK thousand** | **2021** | **2020** | **2020** | **2019** | **2018** |
| Revenue on a constant currency basis (CCB) | 7,646 | 4,884 | 24,348 | 17,003 | - |
| Subscription revenue CCB | 5,211 | 4,204 | 18,745 | 15,268 | - |
| Commission revenue CCB | 2,434 | 680 | 5,603 | 1,736 | - |
| Revenue CCB growth, % | 57% | 22% | 43% | - | - |
| Organic revenue CCB growth, % | 57% | 22% | 43% | - | - |
| Subscription revenue CCB growth, % | 24% | 17% | 23% | - | - |
| Commission revenue CCB growth, % | 258% | 70% | 223% | - | - |
| Commission revenue per mille (thousand) in DKK | 6.87 | 2.37 | 3.76 | 2.08 | - |
| Commission revenue per mille growth, % | 190% | 1% | 81% | - | - |
| Gross margin, % | 73% | 73% | 76% | 61% | - |
| EBITDA margin, % | -28% | -45% | -34% | -59% | - |
| EBIT margin, % | -55% | -64% | -57% | -75% | - |
| Consumer connections in thousands (traffic)[1] | 354,217 | 286,487 | 1,489,011 | 834,578 | - |
| Consumer connections (traffic) growth, % | 24% | 68% | 78% | - | - |

[1] Operational (non-financial) measure.

## Definitions of alternative performance measures

| Alternative performance measure | Definition | Explanation |
|---|---|---|
| **Revenue CCB (constant currency basis)** | Revenue in original currencies converted to DKK at a currency conversion constant for the comparative periods. | Demonstrates total revenue independently of the effects of foreign currency fluctuations. |
| **Subscription revenue CCB** | Subscription revenue in original currencies converted to DKK at a currency conversion constant for the comparative periods. | Demonstrates subscription revenue independently of the effects of foreign currency fluctuations. |
| **Commission revenue CCB** | Commission revenue in original currencies converted to DKK at a currency conversion constant for the comparative periods. | Demonstrates commission revenue independently of the effects of foreign currency fluctuations. |
| **Revenue CCB growth, %** | Percentage change in the period's revenue compared to the previous period. | Demonstrates the growth rate of revenue for one period in relation to the previous period. |
| **Organic revenue growth, %** | Revenue growth excluding growth attributable to M&A acquisitions. | Demonstrates the growth rate of revenue from existing operations excluding effects of acquisitions. |
| **Subscription revenue CCB growth, %** | Percentage change in the period's subscription revenue CCB compared to the previous period. | Demonstrates the growth rate of subscription revenue on a constant currency basis. |
| **Commission revenue CCB growth, %** | Percentage change in the period's commission subscription revenue CCB compared to the previous period. | Demonstrates the growth rate of commission revenue on a constant currency basis. |
| **Gross margin, %** | Gross profit divided by revenue. | Demonstrates profitability after cost of sales. |
| **Commission revenue per mille (thousand) in DKK** | Revenue divided by number of thousand consumers connected to affiliate partners. | Demonstrates monetisation level of traffic generated to affiliate partners. |
| **Commission revenue per mille (thousand) in DKK growth, %** | Percentage change in the period's commission revenue per mille compared to the previous period. | Demonstrates the growth rate of commission revenue per mille. |
| **EBITDA margin, %** | Operating profit/loss before depreciations and amortisations (EBITDA) as a percentage of revenue. | Demonstrates the operating profitability before depreciation, amortisation, interest and taxes. |
| **EBIT margin, %** | Operating profit/loss (EBIT) as a percentage of revenue. | Demonstrates the operating profitability before interest and taxes. |
| **Consumer connections in thousands (traffic)** | Number of consumers connections to music products. | Demonstrates the volume of traffic on Linkfire's landing pages and components. |
| **Consumer connections (traffic), growth** | Percentage change in the period's consumer connections compared to the previous period. | Demonstrates the growth rate of consumer connections. |

## Reconciliation of alternative performance measures

**Revenue on a constant currency basis (CCB)**

The Company generates revenue from different geographical markets and in different currencies. Therefore it believes that revenue-based performance measures presented on a constant currency basis (CCB) can make it easier to compare revenue and growth as it excludes effects of foreign exchange rate fluctuations that may vary between periods. The Company calculates revenue on a CCB using an average exchange rate for the period in question. The reconciliation tables below highlight the differences revenue reported in the Company's financial statements and recalculated revenue on a CCB basis based on internal Company data.

| | Q1 (Jan-Mar) | | Financial year (Jan-Dec) | | |
|---|---|---|---|---|---|
| | Group IAS 34 | | Group IFRS | | Parent DFSA |
| **DKK thousand** | **2021** | **2020** | **2020** | **2019** | **2018** |
| Revenue, reported | 7,417 | 5,045 | 24,699 | 17,227 | - |
| Difference from elimination of exchange rate fluctuations | 229 | -161 | -351 | -224 | - |
| **Revenue on a constant currency basis (CCB)** | **7,646** | **4,884** | **24,348** | **17,003** | **-** |
| Subscription revenue, reported | 5,009 | 4,383 | 19,148 | 15,421 | - |
| Difference from elimination of exchange rate fluctuations | 202 | -179 | -403 | -153 | - |
| **Subscription revenue CCB** | **5,211** | **4,204** | **18,745** | **15,268** | **-** |
| Commission revenue, reported | 2,408 | 662 | 5,551 | 1,806 | - |
| Difference from elimination of exchange rate fluctuations | 26 | 18 | 52 | -70 | - |
| **Commission revenue CCB** | **2,434** | **680** | **5,603** | **1,736** | **-** |

**Revenue growth**

| | Q1 (Jan-Mar) | | Financial year (Jan-Dec) | | |
|---|---|---|---|---|---|
| | Group IAS 34 | | Group IFRS | | Parent DFSA |
| **DKK thousand** | **2021** | **2020** | **2020** | **2019** | **2018** |
| Revenue CCB | 7,646 | 4,884 | 24,348 | 17,003 | - |
| Revenue CCB, previous period | 4,884 | 3,997 | 17,003 | - | - |
| Change | 2,762 | 887 | 7,345 | - | - |
| **Revenue CCB growth** | **57%** | **22%** | **43%** | **-** | **-** |
| Revenue CCB growth | 57% | 22% | 43% | - | - |
| Acquired revenue CCB growth | 0% | 0% | 0% | - | - |
| **Organic Revenue CCB growth** | **57%** | **22%** | **43%** | **-** | **-** |
| Subscription revenue CCB | 5,211 | 4,204 | 18,745 | 15,268 | - |
| Subscription revenue CCB previous period | 4,204 | 3,598 | 15,268 | - | - |
| Change | 1,007 | 606 | 3,477 | - | - |
| **Subscription revenue CCB growth, %** | **24%** | **17%** | **23%** | **-** | **-** |
| Commission revenue CCB | 2,434 | 680 | 5,603 | 1,736 | 0 |
| Commission revenue CCB previous period | 680 | 399 | 1,736 | - | - |
| Change | 1,754 | 281 | 3,867 | - | - |
| **Commission revenue CCB growth, %** | **258%** | **70%** | **223%** | **-** | **-** |

**Commission revenue per mille (thousand)**

| | Q1 (Jan-Mar) | | Financial year (Jan-Dec) | | |
|---|---|---|---|---|---|
| | Group IAS 34 | | Group IFRS | | Parent DFSA |
| **DKK thousand** | **2021** | **2020** | **2020** | **2019** | **2018** |
| Commission revenue CCB | 2,434 | 680 | 5,603 | 1,736 | - |
| Consumers connected | 354,217 | 286,487 | 1,489,011 | 834,578 | - |
| **Revenue per mille (thousand) in DKK** | **6.87** | **2.37** | **3.76** | **2.08** | **-** |
| Revenue per mille (thousand) in DKK | 6.87 | 2.37 | 3.76 | 2.08 | - |
| Revenue per mille (thousand) in DKK previous period | 2.37 | 2.34 | 2.08 | - | - |
| Change | 4.50 | 0.03 | 1.68 | - | - |
| **Revenue per mille (thousand) in DKK growth, %** | **190%** | **1%** | **81%** | **-** | **-** |

**Gross margin, EBITDA margin, EBIT margin**

| | Q1 (Jan-Mar) | | Financial year (Jan-Dec) | | |
|---|---|---|---|---|---|
| | Group IAS 34 | | Group IFRS | | Parent DFSA |
| **DKK thousand** | **2021** | **2020** | **2020** | **2019** | **2018** |
| Revenue | 7,417 | 5,045 | 24,699 | 17,227 | - |
| Cost of sales | -1,976 | -1,363 | -5,995 | -6,745 | - |
| **Gross profit/loss** | **5,441** | **3,682** | **18,704** | **10,482** | **-** |
| Gross profit/loss | 5,441 | 3,682 | 18,704 | 10,482 | - |
| Revenue | 7,417 | 5,045 | 24,699 | 17,227 | - |
| **Gross margin, %** | **73%** | **73%** | **76%** | **61%** | **-** |
| Gross profit/loss | 5,441 | 3,682 | 18,704 | 10,482 | - |
| Other external expenses | -2,154 | -1,543 | -6,613 | -4,910 | - |
| Staff costs | -6,243 | -4,431 | -20,461 | -15,815 | - |
| Other operating income | 879 | - | - | - | - |
| Earnings before interest, depreciation and amortisation (EBITDA) | -2,077 | -2,292 | -8,370 | -10,243 | - |
| Revenue | 7,417 | 5,045 | 24,699 | 17,227 | - |
| **EBITDA margin, %** | **-28%** | **-45%** | **-34%** | **-59%** | **-** |
| Operating profit/loss (EBIT) | -4,045 | -3,207 | -14,193 | -12,993 | - |
| Revenue | 7,417 | 5,045 | 24,699 | 17,227 | - |
| **EBIT margin, %** | **-55%** | **-64%** | **-57%** | **-75%** | **-** |

# Operational and financial overview

The information in this section shall be read together with the sections "*Selected historical financial information*", "*Capitalisation, indebtedness and other financial information*" and the Historical Financial Statements which have been incorporated in the Prospectus by reference, see section "*Legal considerations and supplementary information – Documents incorporated by reference*". The information below contains forward-looking statements that are subject to various risks and uncertainties. The Company's actual results may deviate significantly from that which is expected in the forward-looking statements due to many different factors, including but not limited to that stated in the Prospectus, including those stated in the section "*Risk factors*" and elsewhere in the Prospectus.

## General overview

Linkfire is a technology company providing marketing and promotional services within the music and entertainment industries. Its offering consists of a SaaS marketing platform enabling artists and record labels to create links for music products such as songs, albums, tickets and merchandise, which can be shared on websites and applications. Additionally, the marketing platform provides access to complex data and analytics tools. Through its offering, the Company simplifies music discovery for consumers and generates traffic for service providers, such as Apple Music, Spotify and Pandora. Furthermore, the platform enhances marketing-related decision-making for labels and artists.

The company also offers a music discovery network service to partnering companies. The service enables partners to have Linkfire's linking technology deeply integrated in the partner application. The discovery network is integrated in the multi-messaging application Snapchat and the streaming service Twitch.

The Company generates revenues through subscription fees and commission fees. Subscription revenues are generated from artist and record labels subscribing to the digital marketing platform. Commission revenues are generated when a consumer signs up to or transacts at Digital Service Providers, with whom Linkfire has an affiliate agreement with, through a Linkfire link. Affiliate partners consist of music service companies, ticketing companies and e-commerce companies.

Linkfire's platform has over 85,000 users, and is used by the vast majority of the top 100 Billboard artists and the three largest record labels: Universal Music Group, Sony Music Entertainment and Warner Music Group. In 2020, 1.5 billion consumers were connected through Linkfire.

## Factors that impact the Company's result

Linkfire's financial position, cash flow and operating profit have historically been affected, and are expected to continue to be affected, by several key factors. The most important factors identified by the

Company from a performance and cash flow perspective are listed below. These factors are expected to be relevant for the Company's operations for at least the 2021 financial year:

- market growth
- ability to attract subscription customers
- ability to enter into new partnerships and retain existing partnerships
- operational efficiency
- innovative capacity
- availability of funds to continue expansion
- acquisition opportunities (primarily relevant long-term)
- tax and regulation
- exchange rate fluctuation and interest expense

**Market growth**

As the Company is offering its subscription service to artists and labels in order to simplify and streamline the marketing of their music products, the Company's earnings are affected by growth and trends relating to the music industry. Moreover, the Company generates commission fees from Digital Service Providers, whose operations are also affected by growth and trends relating to the music industry. The total value of the music industry verticals in which the Company operates amounted to USD 65 billion in 2019.[70] Recorded music, which is the vertical in which the Company mainly operates, accounted for USD 37 billion of the total value. This market is expected to grow by a CAGR of approximately 7.4 per cent between 2019 and 2030, and thereby reach USD 81 billion by 2030. Live music, which is a vertical to which Linkfire also provides services and therefore is affected by, is expected to grow from its current size of USD 28 billion in 2019 by a 3 per cent CAGR, reaching USD 39 billion in 2030.[71]

Linkfire, acting within the digital marketing sub segment of the music industry, has historically grown and is expected to continue to grow faster than other market players within the same market, mainly due to consolidation trends within the digital marketing sub segment.

Furthermore, as part of the Company's current revenues are generated from commission fees through traffic generated mainly from Social Media Platforms, the Company's earnings are also affected by the social media industry and social media activity and consumer behaviour. Between 2020 and 2025, the total amount of social media users is expected to increase by 0.8 billion users,[72] corresponding to an 8.4 percentage point increase in penetration of total population worldwide. Historically, user growth has also been coupled with increased social media usage; from 2012 to 2019 the average time spent on social media increased from 90 minutes to 144 minutes per day, which constitutes an increase of 60 per cent.[73]

There are different factors and trends that the Company believes are likely to affect the digital music and marketing industries, including increased internet and smartphone penetration, streaming penetration, increased mobile traffic, social media activity patterns, regulatory changes, emergence of new Smart Linking platforms and Digital Service Providers, as well as additional investments in digital music marketing.

Increased internet and smartphone penetration

Access to smartphones and to the internet is on the rise globally, and the bandwidth of mobile networks is improving, especially in emerging markets. These factors make digital music and social media increasingly available to more users, which is expected to drive the demand for digital music products. Demand for digital music marketing may thus be affected by these factors, which could in turn affect the Company's future earnings.

Streaming penetration

Within the recorded music market, music streaming is expected to grow by a 12 per cent CAGR from 2019 to 2030,[74] reaching USD 75 billion by 2030. Given Linkfire's exposure to the digital music landscape, increased streaming is likely to affect the Company's operations and future growth.

Emergence of new Smart Linking agencies

The Smart Linking market is fragmented and consists of a few large actors, including Linkfire, and several small actors. The entry barriers for releasing a Smart Linking service are low, as the infra-

[70] Music in the Air – The Show Must Go On, Goldman Sachs.
[71] Music in the Air – The Show Must Go On, Goldman Sachs.
[72] Statista – Number of social network users worldwide from 2017 to 2025.
[73] Digital 2020: 2.8 bilion people use social media, We Are Social.
[74] Music in the Air – The Show Must Go On, Goldman Sachs.

structure to create a Smart Link is not necessarily complicated. It is therefore relatively easy for a new, small company to enter the market. Historically, there has been a high frequency of new Smart Linking agencies entering the market, and the Company expects this trend to continue. However, without a large customer base of artists and labels and various partnerships, it is difficult for Smart Linking agencies to establish a sustainable value position within the music industry. Nevertheless, the emergence of competing Smart Linking agencies which have developed a similar customer base and similar partnerships as Linkfire, could affect the Company's growth prospects and future earnings.

Emergence of new Digital Service Providers
In general, Smart Linking agencies benefit from a high rate of service additions and competitiveness in the Digital Service Provider landscape. As competition increases and several large market players are improving their relative position to the current market leader in audio streaming, Spotify, client acquisition is an important aspect to enable future growth. Consequently, larger Smart Linking agencies such as Linkfire may establish a strong negotiating position when entering into affiliate partnerships, as such Smart Linking agencies generate and control a large amount of user traffic. New Digital Service Providers also tend to make large initial investments in marketing to strengthen their brand. The emergence of new Digital Service Providers may thus result in additional partnerships which could positively affect the Company's revenues.

Investments in digital music marketing
Due to the ongoing shift from physical to digital music, and due to subsequent changes in consumer preferences, digital marketing continues to increase in significance for the recorded music industry. Linkfire's offering is adapted to these trends, and the Company expects market players in the recorded music industry to spend more money on digital marketing efforts going forward.

The market for Linkfire's potential Affiliate Partners is becoming increasingly competitive and the Company believes that it will likely become saturated at some point in the future, as user penetration increases. An increased focus on digital marketing will therefore become more important in order for Digital Service Providers to differentiate their offerings, and to attract new and retaining existing users. One benefit of Linkfire's digital marketing is that it can generate measurable results. This means that Linkfire's Affiliate Partners have access to a low-risk marketing method where they normally do not need to pay for the service until visitors to their own services are generated and start to spend money. The Company expects this trend to continue and to be an important factor in maintaining strong partnerships and thus also continued strong growth.

**Ability to attract subscription customers**
Linkfire´s subscription revenue, growth and future earnings are dependent on the Company's ability to attract new customers and retain existing customers. The most important factor in attracting customers is the Company's ability to generate unique value additions for its customers when using Linkfire's services. Currently, Linkfire´s value additions include access to data partnerships and data attribution, more lucrative affiliate deals than artists and labels might have been able to achieve elsewhere, and the ability to generate extra traffic through Traffic Partners. This is carried out through a well-diversified service offering and multiple external partnerships. Furthermore, Linkfire is the only Smart Linking agency with data partnerships.

To achieve profitability, it is important for the Company to maintain a strong customer base and to sign and retain popular artists and labels. Linkfire achieves this through long-term and strong relationships with its customers. Attracting new customers requires offerings that are well-differentiated and competitive in comparison with those of the Company's main competitors. Linkfire's ability to attract customers is therefore dependent on the Company's ability to maintain a competitive service offering which offers its customers access to a full suite of Smart Links and attractive partnerships.

Long-term, strong and mutually beneficial partnerships are key aspects of Linkfire's customer relations management. The Company works very closely with the largest music labels worldwide to understand their specific needs and which model and offering that is best for each label. The Company signs individual agreements with labels which may entail distinct features tailored to each partnership. As label customers account for a significant part of the Company's subscription revenue, the Company's earnings may be affected by negotiation and renegotiation of new and existing partnerships with labels. The Company's ability to negotiate and renegotiate new and existing deals may thus affect the Company's earnings.

**Ability to enter into new partnerships and retain existing partnerships**
In order for the Company to attract new customers to its subscription services and for the Company to generate significant traffic and commission fees, it is essential that the Company enters into new partnerships which can add value to Linkfire´s service offering. The Company's revenue, growth and earnings are therefore dependent on maintaining existing partnerships as well as entering into new partnerships.

Traffic Partners
To increase the Company's attractiveness to Traffic Partners, it is essential that the Company can keep up with technological advances and that the Company is able to offer a well-functioning service which provides value to a potential Traffic Partner. Furthermore, the Company needs to provide a large and attractive content catalogue, in terms of partnerships with artists and labels, to attract new Traffic Partners. Linkfire is also dependent on Data Partners to provide a strong offering to its Traffic Partners, as the Traffic Partners are highly interested in tracking the consumption journey. To be able to receive data of how much revenue they generate for an artist or label is essential for Traffic Partners when negotiating licensing deals.

Linkfire is also dependent on the ability to retain and expand existing partnerships, such as with Snapchat and Twitch. The Company works closely with its Traffic Partners to understand their specific requirements and needs. The partnerships are tailored to fit each specific customer, and each agreement has distinct features with respect to the service offered. Currently, Linkfire does not pay to be featured on Traffic Partners platforms. Changes to this model may affect the Company's earnings.

Data Partners
Data partnerships are highly valuable for the Company to be able to provide an attractive service offering to Traffic Partners and subscription customers. To attract new Data Partners, Linkfire needs to continue the expansion of its customer base and increase the amount of traffic generated by the Company's Smart Links. Linkfire can do this by attracting new customers and entering additional traffic partnerships.

Linkfire is dependent on its ability to retain and expand existing data partnerships, such as with Apple Music and Amazon Music. The Company works closely with its Data Partners to highlight how their data attribution returns value by increasing the share of traffic that Linkfire Customers are directing towards their services. Retaining data partnerships is one of the most important aspects for maintaining an attractive value proposition for new clients and entering into new traffic partnerships, and loss of Data Partners or the ability to enter new partnerships may affect the Company's earnings.

Affiliate partners
Affiliate partnerships are very important for Linkfire. Traffic commission revenues are based purely on this partnership type. The Company therefore needs to actively pursue additional affiliate partnerships and extend existing partnerships. Affiliate partnerships improve the value proposition to Linkfire´s subscription customers and constitute a significant portion of Linkfire´s current revenues. To maintain growth in the commission revenue segment, the Company is highly dependent on its ability to retain and attract Affiliate Partners. In a scenario where Linkfire would fail to retain Affiliate Partners or commission sizes would be lowered, the Company's earnings would be adversely affected.

**Operational efficiency**
Linkfire´s earnings are affected by the Company's operational efficiency. The Company is focusing on cost awareness to maintain stable margins without having to compromise on the quality of the Company's services. The Company's biggest cost driver is staff costs followed by cost of sales, which includes for example hosting expenses and customer support.

**Innovative capacity**
Linkfire's innovative capacity and ability to develop new products is a key aspect of the Company's strategy for long-term profitability. This means that the Company must adapt its products to new techniques, new customer needs, and new preferences that emerge in the market. Product adaptation involves things like content design, compatibility with new platforms and product accessibility. One example of adaptation is the development of the marketing platform to better suit local preferences; such as versions of the platform in other languages as well as the development of the platform to better fit individual artists and smaller labels to better access the long tail of artists within the music industry.

**Availability of funds to continue expansion**
Linkfire is consciously investing in and focusing on margin-improving growth. The Company has a negative cash flow and will require access to capital in order to fund its operations and growth strategy. The Company intends to fund its operations for the upcoming 12 months through the new issue in the Offering.

**Acquisition opportunities**
Acquisition-driven growth is a potential part of Linkfire's growth strategy. Access to acquisitions can thus affect growth and therefore also the Company's earnings. The acquisition strategy is one factor which could accelerate the Company's growth, mainly in gaining access to new Smart Links and traffic as well as new geographical markets and industry verticals. As of the date of the Prospectus, the Company has not made any acquisitions, but it could potentially constitute a part of the Company's future growth strategy. Linkfire evaluates acquisition opportunities in both existing and new geographical markets, but also in adjacent markets, such as film, audiobooks, video gaming, and podcasts. The Company focuses on identifying companies that are well aligned with the Company's core values and that fit well into the organisation in general. Other than acquiring companies focusing on digital marketing, Linkfire also evaluates the opportunities to acquire websites, in which the Company can integrate its discovery layer and therefore generate traffic. The availability of acquisitions and a potential future acquisition could therefore affect the Company's revenue.

**Tax and regulation**
The company is incorporated and based in Denmark, which is also where the Company pays income tax. The corporate income tax rate in Denmark is 22 per cent which should be chargeable on the total income derived by each Danish established entity in a particular year.

As the Company has historically reported a loss for tax purposes, corporate tax has not been paid. Instead, the Company has utilised the Danish R&D tax credit regime which allows Danish companies in a tax loss position the possibility to earn a refund for deficit-related R&D expenditures. The Company expects to utilise this tax credit as long as it is in a tax loss position and Danish tax regulation allows for it. See also section *"Risk factors – Risks related to taxation"*.

**Exchange rate fluctuation and interest expense**
Linkfire operates its business from Denmark, but the Company generates revenue in several countries. The Company's revenues are mainly invoiced in USD, while a majority of the Company's expenses, such as employee costs, are denominated in DKK. However, currency fluctuations could cause currency transaction losses or gains which the Company cannot predict and if the currency fluctuations are detrimental to the Company, it could have an adverse effect on the Company's business, results of operations and financial position. Furthermore, fluctuations in the value of USD and other foreign currencies may make the Company's subscriptions more expensive for international customers, which could harm its business. Linkfire does not use any derivatives or exchange rate hedge to protect the business from currency exposure, which means that the Company's earnings may be affected by exchange rate fluctuation.

Linkfire finances parts of its business through debt instruments, and the Group is therefore exposed to interest rate risk. Should these interest rates be raised, Linkfire´s earnings would be adversely affected.

## Period to period comparison

**Comparison between the period Q1 2021 and Q1 2020**
The table shows Linkfire's results of operations as well as the change between the two periods.

| | Q1 (Jan-Mar) | | | |
|---|---|---|---|---|
| | Group IAS 34 | | | |
| **DKK thousand** | **2021** | **2020** | **+/-** | **+/- %** |
| Revenue | 7,417 | 5,045 | 2,372 | 47% |
| Cost of sales | -1,976 | -1,363 | -613 | 45% |
| **Gross profit/loss** | **5,441** | **3,682** | **1,759** | **48%** |
| Other external expenses | -2,154 | -1,543 | -611 | 40% |
| Staff costs | -6,243 | -4,431 | -1,812 | 41% |
| Other operating income | 879 | - | 879 | - |
| Depreciation, amortisation and impairment | -1,968 | -914 | -1,054 | 115% |
| **Operating profit/loss** | **-4,045** | **-3,207** | **-838** | **26%** |
| Financial income | 245 | 104 | 141 | 136% |
| Financial expenses | -1,241 | -785 | -456 | 58% |
| **Profit/loss before tax** | **-5,041** | **-3,887** | **-1,154** | **30%** |
| Tax for the period | 1,259 | 1,154 | 105 | 9% |
| **Profit/loss for the period** | **-3,782** | **-2,733** | **-1,049** | **38%** |
| Other comprehensive income for the period | -30 | -106 | 76 | -72% |
| **Other comprehensive income for the period** | **-30** | **-106** | **76** | **-72%** |
| **Total comprehensive income for the period** | **-3,812** | **-2,839** | **-973** | **34%** |

Revenue
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. The increase was primarily attributable to an increase in commission revenue.

Cost of sales
Cost of sales increased by DKK 613 thousand, or 45 per cent, from DKK 1,363 thousand in Q1 2020 to DKK 1,976 thousand in Q1 2021. The increase was primarily attributable to growing activity.

Other external expenses
Other external expenses increased by DKK 611 thousand, or 40 per cent, from DKK 1,543 thousand in Q1 2020 to DKK 2,154 thousand in Q1 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 organisational measures to ensure continuously efficient work-flow through the COVID-19 pandemic and beyond.

Staff costs
Staff costs increased by DKK 1,812 thousand, or 41 per cent, from DKK 4,431 thousand in Q1 2020 to DKK 6,243 thousand in Q1 2021. The increase was primarily attributable to new hires.

Depreciation, amortisation and impairment
Depreciation, amortisation and impairment increased by DKK 1,054 thousand, or 115 per cent, from DKK 914 thousand in Q1 2020 to DKK 1,968

thousand in Q1 2021. The increase was primarily attributable to amortisation of assets attributed to functional improvements.

Operating profit / loss

Operating loss increased by DKK 838 thousand, or 26 per cent, from DKK 3,207 thousand in Q1 2020 to DKK 4,045 thousand in Q1 2021. The increase was primarily due to increased costs partly offset by an increase in revenue as described above.

Financial income and expenses

Financial income increased by DKK 141 thousand, or 136 per cent, from DKK 104 thousand in Q1 2020 to DKK 245 thousand in Q1 2021. The increase was primarily attributable to the exchange rate development of USD to DKK and the residual adjustment.

Financial expenses increased by DKK 456 thousand, or 58 per cent, from DKK 785 thousand in Q1 2020 to DKK 1,241 thousand in Q1 2021. The increase was primarily attributable to the exchange rate development of USD to DKK and the residual adjustment.

Tax for the period

Tax for the period increased by DKK 105 thousand, or 9 per cent, from DKK 1,154 thousand in Q1 2020 to DKK 1,259 thousand in Q1 2021.

Profit / loss for the period

Loss for the period increased by DKK 1,049 thousand, or 38 per cent, from DKK 2,733 thousand in Q1 2020 to DKK 3,782 thousand in Q1 2021.

**Comparison between the 2020 and 2019 financial years**

The table shows Linkfire's results of operations as well as the change between the two periods.

| | Financial year (Jan-Dec) | | | |
|---|---|---|---|---|
| | Group IFRS | | | |
| **DKK thousand** | **2020** | **2019** | **+/-** | **+/- %** |
| Revenue | 24,699 | 17,227 | 7,472 | 43% |
| Cost of sales | -5,995 | -6,745 | 750 | -11% |
| **Gross profit/loss** | **18,704** | **10,482** | **8,222** | **78%** |
| Other external expenses | -6,613 | -4,910 | -1,703 | 35% |
| Staff costs | -20,461 | -15,815 | -4,646 | 29% |
| Depreciation, amortisation and impairment | -5,823 | -2,750 | -3,073 | 112% |
| **Operating profit/loss** | **-14,193** | **-12,993** | **-1,200** | **9%** |
| Financial income | 509 | 83 | 426 | 513% |
| Financial expenses | -4,305 | -3,092 | -1,213 | 39% |
| **Profit/loss before tax** | **-17,989** | **-16,002** | **-1,987** | **12%** |
| Tax for the year | 4,528 | 4,152 | 376 | 9% |
| **Profit/loss for the period** | **-13,461** | **-11,850** | **-1,611** | **14%** |
| Other comprehensive income for the period | 166 | -86 | 252 | -293% |
| **Other comprehensive income for the period** | **166** | **-86** | **252** | **-293%** |
| **Total comprehensive income for the year** | **-13,295** | **-11,936** | **-1,359** | **11%** |

Revenue

Revenue increased by DKK 7,472 thousand, or 43 per cent, from DKK 17,227 thousand in the 2019 financial year to DKK 24,699 thousand in the 2020 financial year. The fastest growing revenue line, commission revenue, increased by DKK 3,745 thousand, or 207 per cent compared to 2019, while subscription revenue increased by DKK 3,727 thou-sand, or 24 per cent.

Cost of sales

Cost of sales decreased by DKK 750 thousand, or 11 per cent, from DKK 6,745 thousand in the 2019 financial year to DKK 5,995 thousand in the 2020 financial year. The decrease was primarily driven by operational improvements to the infrastructure powering the Company's services.

Other external expenses

Other external expenses increased by DKK 1,703 thousand, or 35 per cent, from DKK 4,910 thousand in the 2019 financial year to DKK 6,613 thousand in the 2020 financial year. The increase was partly attributable to higher advertising cost as a result of added 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 organisational measures to ensure continuously efficient workflow through COVID-19 and beyond.

Staff costs

Staff costs increased by DKK 4,646 thousand, or 29 per cent, from DKK 15,815 thousand in the 2019 financial year to DKK 20,461 thousand in the 2020 financial year. As a percentage of revenue, staff costs decreased from 91.8 per cent to 82.8 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.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment increased by DKK 3,073 thousand, or 112 per cent, from DKK 2,750 thousand in the 2019 financial year to DKK 5,823 thousand in the 2020 financial year. This represented an increase in relation to revenue from 16 per cent in the 2019 financial year to 24 per cent in the 2020 financial year. The increase was primarily due to an increase in amortisation of intangible assets derived from the final release of and customer migration to the relaunched Linkfire platform holding several scalability and functionality improvements.

Operating profit / loss

Operating loss increased by DKK 1,200 thousand, or 9 per cent, from DKK 12,993 thousand in the 2019 financial year to DKK 14,193 thousand in the 2020 financial year. The increase was primarily due to increased costs partly offset by an increase in revenue as described above.

Financial income and expenses

Financial income increased by DKK 426 thousand, or 513 per cent, from DKK 83 thousand in the 2019 financial year to DKK 509 thousand in the 2020 financial year. The increase was primarily due to the exchange rate development of USD to DKK and the residual adjustment during 2020 on payables in USD.

Financial expenses increased by DKK 1,213 thousand, or 39 per cent, from DKK 3,092 thousand in the 2019 financial year to DKK 4,305 thousand in the 2020 financial year. The increase was primarily due to the exchange rate development of USD to DKK and the residual adjustment during 2020 on receivables in USD.

Tax for the year

The tax for the year, which comprises deferred tax recognised in the income statement, increased by DKK 376 thousand, or 9 per cent, from DKK 4,152 thousand in the 2019 financial year to DKK 4,528 thousand in the 2020 financial year. Income tax benefits for both the years 2020 and 2019 relate to tax credit for R&D expenses at the applicable tax rate under the Danish Corporate Income Tax Act.

Profit / loss for the year

Loss for the year increased by DKK 1,611 thousand, or 14 per cent, from DKK 11,850 thousand in the year ended 31 December 2019 to DKK 13,461 thousand in the year ended 31 December 2020.

**Comparison between the 2019 and 2018 financial years**

The table below shows Linkfire's results of operations as well as the change between the two periods.

As noted in section *"Selected Historical Financial Information – General information"*, the financial information for the two periods is presented based on different accounting standards. In addition, the financial information for the 2019 financial year is presented on a consolidated basis (for the Group) whereas the financial information for the 2018 financial year is presented on a non-consolidated basis (for the Company as parent company only). Therefore, the table below also shows the impact from the IFRS transition including the impact from the consolidation for the 2019 financial year. See also note 1 (Accounting Principles) for the 2020 financial year in the Audited Financial Statements.

| | 2019 financial year | | | | | 2018 financial year | 2018 to 2019 (Group, IFRS) comparison | |
|---|---|---|---|---|---|---|---|---|
| **DKK thousand** | **Parent DFSA[1]** | **Impact from adoption of IFRS[2]** | **Impact from consolidation[2]** | **Reclassification** | **Group IFRS** | **Parent DFSA** | **+/-** | **+/- %** |
| Revenue | 17,227 | - | - | - | 17,227 | - | - | - |
| Cost of sales | -6,745 | - | - | - | -6,745 | - | - | - |
| Other external expenses[3] | -11,410 | 1,497 | 5,003 | 4,910 | 0 | - | - | - |
| **Gross profit** | **-928** | **1,497** | **5,003** | **4,910** | **10,482** | **-1,860** | **12,342** | **-** |
| Other external expenses | - | - | - | -4,910 | -4,910 | - | - | - |
| Staff costs | -9,711 | -1,307 | -4,797 | - | -15,815 | -7,798 | -8,017 | 103% |
| Depreciation, amortisation and impairment | -1,427 | -1,347 | 24 | - | -2,750 | -407 | -2,343 | 576% |
| **Operating profit/loss** | **-12,066** | **-1,157** | **230** | **-** | **-12,993** | **-10,065** | **-2,928** | **29%** |
| Net financials | -2,770 | -235 | -4 | - | -3,009 | -3,365 | 356 | -11% |
| **Profit/loss before tax** | **-14,836** | **-1,392** | **226** | **-** | **-16,002** | **-13,430** | **-2,572** | **19%** |
| Tax for the year | 4,176 | - | -24 | - | 4,152 | 3,478 | 674 | 19% |
| **Profit/loss for the year** | **-10,660** | **-1,392** | **202** | **-** | **-11,850** | **-9,952** | **-1,898** | **19%** |
| Other comprehensive income | - | - | -86 | - | -86 | - | - | - |
| **Total Comprehensive income** | **-10,660** | **-1,392** | **116** | **-** | **-11,936** | **-9,952** | **-1,984** | **20%** |

[1] The information is derived from note 1 of the 2020 Annual Report and is not audited, but corresponds to the financial information in Linkfire's 2019 annual report for the parent company (prepared in accordance with the DFSA and audited by the Company's auditor), which is not incorporated in the Prospectus.
[2] The information is derived from note 1 of the 2020 Annual Report and is not audited.
[3] Following IFRS adoption, the item "Other external expenses" is presented after "Gross profit".

Gross profit

Gross profit increased by DKK 12,342 thousand from an operating loss of DKK 1,860 thousand in the 2018 financial year to an operating profit of DKK 10,482 thousand in the 2019 financial year. The increase was primarily attributable to organic revenue growth through new subscription customers.

Staff costs

Staff costs increased by DKK 8,017 thousand, or 103 per cent, from DKK 7,798 thousand in the 2018 financial year to DKK 15,815 in the 2019 financial year. The increase was primarily attributable to the impact from consolidation of group figures and IFRS adoption (fair value recognition of share-based payments) as well as to new recruitments during the year.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment collectively increased by DKK 2,343 thousand, or 576 per cent, from DKK 407 thousand in the 2018 financial year to DKK 2,750 thousand in the 2019 financial year. The increase was partly attributable to the impact from IFRS adoption (reclassification of leases), but also driven by increased amortisation of intangible assets and depreciation of right-of-use assets

Operating profit / loss

Operating loss increased by DKK 2,928 thousand, or 29 per cent, from DKK 10,065 thousand in the 2018 financial year to DKK 12,993 thousand in the 2019 financial year. Aside from the above-mentioned effects from IFRS adoption and consolidation, the increase was primarily driven by increased staff costs.

Financial income and expenses

Net financials increased by DKK 356 thousand, or 11 per cent, from a net financial cost of DKK 3,365 thousand in the 2018 financial year to a net financial cost of DKK 3009 thousand in the 2019 financial year. The increase was primarily attributable to lower interest expenses.

Tax for the year

The tax for the year, which comprises deferred tax recognised in the income statement, increased by DKK 647 thousand, or 19 per cent, from DKK 3,478 thousand in the 2018 financial year to DKK 4,152 thousand in the 2019 financial year. The change included a tax payment of DKK 24 thousand as an effect of consolidation. Income tax benefits relate to tax credit for R&D expenses at the applicable tax rate under the Danish Corporate Income Tax Act.

Profit / loss for the year

Loss for the year increased by DKK 1,898 thousand, or 19 per cent, from DKK 9,952 thousand in the year ended 31 December 2018 to DKK 11,850 thousand in the year ended 31 December 2019.

## Liquidity & capital resources

The Company has historically been funded through loans and equity contributions from shareholders as well as external financing. The operations have been, and are currently, loss-making as the Company is focusing on margin-improving growth. For the upcoming 12 months, the Company intends to finance its operations and growth strategy through the new issue in connection with the Offering. See also section *"Capitalisation, indebtedness and other financial information – Working capital statement"*. See also *"Capitalisation, indebtedness and other financial information – External financing"* for further information about the Company's current external financing arrangements.

As of 31 March 2021, the Group's equity amounted to DKK 1,183 thousand, as compared to DKK 7,768 thousand as of 31 March 2020. The decrease of DKK 6,585 thousand was primarily attributable to net loss of operations as well as equity contributions from shareholders. As of 31 March 2021, cash amounted to DKK 753 thousand, as compared to DKK 518 thousand as of 31 March 2020. The increase of DKK 235 thousand was primarily attributable to changes in cash flow as described below under "*Cash flows*".

As of 31 December 2020, the Group's equity amounted to DKK 4,909 thousand, as compared to DKK 10,026 thousand as of 31 December 2019. The decrease of DKK 5,117 thousand was primarily attributable to net loss of operations as well as equity contributions from shareholders. As of 31 December 2020, cash amounted to DKK 783 thousand, as compared to DKK 3,539 thousand as of 31 December 2019. The decrease was primarily attributable to changes in cash flow as further described below under "*Cash flows*".

As of 31 December 2019, the Group's equity amounted to DKK 10,026 thousand, as compared to a negative equity of DKK 10,525 thousand as of 31 December 2018 for the parent company. The increase of DKK 20,551 thousand was primarily attributable to net loss of operations and equity contributions from shareholders, as well as net impact of DKK 144 thousand from IFRS adoption and consolidation. As of 31 December 2019, the Group's cash amounted to DKK 3,539 thousand, as compared to DKK 291 thousand as of 31 December 2018 for the parent company. The increase was primarily attributable to changes in cash flow as further described below under "*Cash flows*" as well as an impact of DKK 21 thousand from IFRS adoption and consolidation.

The transition from to IFRS in 2019 also resulted in an increase in rights-of-use assets of DKK 4,359 thousand and an increase in current and non-current liabilities of DKK 4,444 thousand. This was due to the IFRS 16 accounting principle which entails recognising leases as assets and liabilities in the balance sheet instead of as operating expenses in the income statement as under the DFSA.

See also note 1 (Accounting principles) for the 2020 financial year in the Audited Financial Statements.

## Cash flows

The following table set forth the principal components of Linkfire's cash flows for Q1 2021 and Q1 2020 as well as the 2020, 2019 and 2018 financial years.

| | Q1 (Jan-Mar) | | Financial year (Jan-Dec) | | |
|---|---|---|---|---|---|
| | Group IAS 34 Reviewed | | Group IFRS Audited | | Parent DFSA Audited |
| **DKK thousand** | **2021** | **2020** | **2020** | **2019** | **2018** |
| Cash flow from operating activities | -1,556 | 3,957 | -3,831 | -2,286 | -4,045 |
| Cash flow from investing activities | -3,635 | -3,407 | -13,840 | -12,658 | -11,657 |
| Cash flow from financing activities | 4,797 | -3,579 | 15,205 | 18,238 | 11,252 |
| **Cash at the end of the period** | **753** | **518** | **783** | **3,539** | **-3,109** |

**Cash flow from operating activities**
The Group's cash flow from operating activities fell by DKK 5,513 thousand from a cash flow of DKK 3,957 thousand in Q1 2020 to a cash outflow of DKK 1,556 thousand in Q1 2021. The net cash flow from operating activities was primarily attributable to development activities and as well general and administrative expenses.

The Group's cash flow from operating activities fell by DKK 1,545 thousand from a cash outflow of DKK 2,286 thousand in the 2019 financial year to a cash outflow of DKK 3,831 thousand in the 2020 financial year. The net cash flow from operating activities was primarily attributable to development activities and as well general and administrative expenses.

The cash flow from operating activities improved by DKK 1,759 thousand, from a cash outflow of DKK 4,045 thousand for the parent company in the 2018 financial year to a cash outflow of DKK 2,286 thousand for the Group in the 2019 financial year. The net cash flow from operating activities was primarily attributable to development activities and as well general and administrative expenses.

**Cash flow from investing activities**
The Group's cash flow from investing activities fell by DKK 228 thousand from a cash outflow of DKK 3,407 thousand in Q1 2020 to a cash outflow of DKK 3,635 thousand in Q1 2021. The net cash flow from investing activities was primarily attributable to investments in intangible assets consisting of capitalised development costs.

The Group's cash flow from investing activities fell by DKK 1,182 thousand from a cash outflow of DKK 12,658 thousand in the 2019 financial year to a cash outflow of DKK 13,840 thousand in the 2020 financial year. The net cash flow from investing activities was primarily attributable to investments in intangible assets consisting of capitalised development costs.

The cash flow from investing activities fell by DKK 1,001 thousand from a cash outflow of DKK 11,657 thousand for the parent company in the 2018 financial year to a cash outflow of DKK 12,658 thousand for the Group in the 2019 financial year. The net cash flow from investing activities was primarily attributable to investments in intangible assets consisting of capitalised development costs.

**Cash flow from financing activities**
The Group's cash flow from financing activities improved by DKK 8,376 thousand from a cash outflow of DKK 3,579 thousand in Q1 2020 to a cash inflow of DKK 4,797 thousand in Q1 2021. The net cash flow from financing activities was primarily attributable to higher borrowings and lower repayments of borrowings.

The Group's cash flow from financing activities fell by DKK 3,033 thousand from DKK 18,238 thousand in the 2019 financial year to DKK 15,205 thousand the 2020 financial year. The net cash flow from financing activities was primarily attributable to lower equity contributions from shareholders while higher borrowings off-set parts of the lower equity contributions.

The cash flow from financing activities improved by DKK 6,986 thousand from DKK 11,252 thousand for the parent company in the 2018 financial year to DKK 18,238 thousand for the Group in the 2019 financial year. The net cash flow from financing activities was primarily attributable to higher equity contributions from shareholders.

## Significant investments

### Historical investments

The Company makes continuous investments in the development of its software platform to increase user experience and functionalities. As such, the Company's investments are mainly related to investments in intangible assets consisting of capitalised development costs. The Company also makes minor investments in tangible non-current assets relating mainly to office equipment when needed.

The table below sets out all of the Company's investments during the periods covered by the historical financial information in the Prospectus.

| | Q1 (Jan-Mar) | | Financial year (Jan-Dec) | | |
|---|---|---|---|---|---|
| | Group IAS 34 Reviewed | | Group IFRS Audited | | Parent DFSA Audited |
| **DKK thousand** | **2021** | **2020** | **2020** | **2019** | **2018** |
| Intangible assets | 3,532 | 3,407 | 13,657 | 12,646 | 11,657 |
| Tangible assets | 103 | - | 173 | 12 | - |
| **Total** | **3,635** | **3,407** | **13,830** | **12,658** | **11,657** |

Part of the investments included under intangible investments above are considered to be material to the Company. During the period 2016-2020, the Company spent material development resources to relaunch its platform and related infrastructure. The overall objective of the development work was to bring higher flexibility and applicability to Linkfire's offering. The total estimated cost of development related to intangible assets in this respect amounts to DKK 36.2 million, or 68 per cent of the intangible assets book value at 31 March 2021.

### Ongoing and planned investments

Other than continuous investments in line with, or slightly above, the historical spending on software development, the Company has no material ongoing investments and has no undertakings in terms of material future investments.

## Significant accounting policies, estimates and assessments

As stated above, Linkfire applies IFRS and additional requirements of the DFSA and prepares its financial statements on a consolidated basis as of the 2019 financial year. For the 2018 financial year, the DFSA has been applied and the financial statements have only been prepared for the parent company. See also note 1 (Accounting principles) for the 2020 financial year in the Audited Financial Statements as well as the section "*Accounting policies*" for the 2018 financial year in the Audited Financial Statements, which reports are incorporated in the Prospectus by reference.

# Capitalisation, indebtedness and other financial information

## Capitalisation and indebtedness

The tables in this section report the Company's interest-bearing receivables and interest-bearing liabilities (non-interest-bearing liabilities are not included) at Group level as per 31 March 2021. See the section *"Share capital and ownership structure"* for further information on the Company's share capital and shares. It should furthermore be noted that the tables do not include financial developments after 31 March 2021, including, inter alia, shareholder loans received during spring 2021 (see "*External financing*" below) or any potential proceeds from warrants that are exercisable in connection with the listing on First North Premier (see "*Share capital and ownership structure – Warrants*").

The tables in this section should be read together with the section *"Selected financial information"* and the Group's financial information included in the Prospectus by reference, see section *"Legal considerations and supplementary information – Documents incorporated by reference"*.

**Equity and liabilities**

| | DKK thousand |
|---|---|
| **Total current debt** (including current portion of non-current debt) | 11,826 |
| Guaranteed | - |
| Secured[75] | 11,826 |
| Unguaranteed / unsecured | - |
| **Total non-current debt** (excluding current portion of non-current debt) | 33,275 |
| Guaranteed | - |
| Secured[75] | 33,275 |
| Unguaranteed / unsecured | - |
| **Shareholder equity** | 1,183 |
| Share capital | 108 |
| Retained earnings | -3,855 |
| Other reserves | 4,930 |
| **TOTAL** | **46,284** |

[75] The Company has issued securities, see "*External financing*" below.

**Net debt**

| | DKK thousand |
|---|---|
| (A) Cash | 753 |
| (B) Cash equivalents | - |
| (C) Other current financial assets | - |
| **(D) Liquidity (A)+(B)+(C)** | **753** |
| | |
| (E) Current financial debt (including debt instruments, but excluding current portion of non-current financial debt) | 11,826 |
| (F) Current portion of non-current financial debt | - |
| **(G) Current financial indebtedness (E)+(F)** | **11,826** |
| **(H) Net current financial indebtedness (G)-(D)** | **11,073** |
| | |
| (I) Non-current financial debt (excluding current portion and debt instruments) | 33,275 |
| (J) Debt instruments | - |
| (K) Non-current trade and other payables | - |
| **(L) Non-current financial indebtedness (I)+(J)+(K)** | **33,275** |
| | |
| **(M) Total financial indebtedness (H)+(L)** | **44,348** |

## Contingent liabilities and security

The Company has issued corporate mortgages as security under its external financing arrangement. Under these financing arrangements, the lender is also entitled to an exit and performance bonus that may be payable under certain conditions. See "*External financing - Danish Growth Fund (Vækstfonden) Debt Financing*" below.

## External financing

The Company has a number of interest-bearing loans, including an overdraft facility, which are described below. As noted in section *"Background and reasons"*, the Company intends to restructure and repay parts of its external debt using the proceeds from the new issue in the Offering.

**Danish Growth Fund (Vækstfonden) debt financing**

The Company has six different loans from the Danish Growth Fund (Dan. *Vækstfonden*) that have been obtained between 2015 and 2020. Per the end of March 2021, the combined principal amount and accrued interest amounted to approximately DKK 33.5 million. The Company intends to re-structure the setup and terms as well as repay the loans in part with the net proceeds from the new issue in the Offering. See section "*Background and reasons*".

The loans are subject to quarterly or annual instalments commencing between October 2020 and January 2024, depending on the loan. The loans have different maturity dates ranging from September 2022 to January 2027. Interest rate varies between 5.00 and 12.07 per cent depending on the loan. The Company has issued corporate mortgages for an amount of DKK 9 million as security under the loans, which is shared by Vækstfonden and Danske Bank for the separate overdraft facility described further below under "*Overdraft facility*".

Under one loan, the Danish Growth Fund is entitled to an exit and performance bonus of up to DKK 600

thousand subject to certain financial performance measures (performance bonus) and/or valuation measures in connection with sale of at least 25 per cent of the shares or votes in the Company (exit bonus). Under three of the other loans, the Danish Growth Fund is entitled to a bonus payment equal to the principal amount of (combined DKK 11.5 million) upon a sale of shares by the founders Lars Ettrup and Jeppe Faurfelt or the major shareholder NCP-IVS Fund III K/S at valuation which is more than four times the valuation at which NCP-IVS Fund III K/S made an equity investment in connection with the loan.

**Shareholder loans**

The Company has obtained shareholder loans from its shareholders Rocket Group ApS and Jeppe Faurfelt. As per the date of the Prospectus, the shareholder loans amount to DKK 2.56 million, including loans of approximately DKK 2.25 million received in May 2021. The loans have been made on arm's length at an interest rate of 6 per cent as regards a loan of DKK 2.25 million provided by Rocket Group ApS in May 2021, and an interest rate of 12 per cent as regards a loan of DKK 0.31 million earlier provided by Jeppe Faurfelt. The Company intends to repay the loans in full using parts of the net proceeds from the new issue in the Offering.

**Overdraft facility**

The Company has a short-term overdraft facility of up to DKK 10 million with Danske bank. As per the date of the Prospectus, the overdraft facility is fully utilised. The Company intends to settle the current facility using parts of the net proceeds from the new issue in the Offering and set up a new short-term overdraft facility.

## Working capital statement

According to the Company's assessment, its existing working capital is insufficient to cover the Group's needs over the upcoming twelve months from the date of the Prospectus.

The Company estimates that its working capital needs for the upcoming twelve months will amount to approximately DKK 25 million and that its existing working capital is sufficient to finance its operations until July 2021. The Company estimates that the working capital deficit for the upcoming twelve months amounts to approximately DKK 25 million.

The Company intends to finance its working capital needs through the expected funds provided through the new share issue in the Offering that will be carried out in connection with the planned listing on First North Premier. Provided that the Offering is fully subscribed, the new share issue is expected provide the Company with gross proceeds of approximately SEK 150 million. After deduction of estimated transaction costs of DKK 10 million (SEK 13.5 million using a SEK/DKK exchange rate of SEK 1 = DKK 0.74), the Company expects to obtain net proceeds of approximately SEK 136.5 million through the Offering, corresponding to DKK 101 million. If the Over-allotment Option is exercised in full, the Company will receive an additional SEK 22.5 million.

In the event that the Offering is not completed (see section "*Terms and conditions – Conditions for the completion of the Offering*") or a sufficient degree of subscription is not reached, the Company will then seek alternative sources of financing to fund the Company's operations and, if necessary to ensure the Company's financial position, change the Company's long-term strategy and by reducing costs.

## Significant trends

Other than the effects of the ongoing COVID-19 pandemic, including remote working, business closure and other restrictive orders, and the resulting changes in consumer behaviour such as increased streaming activities, as well as any potential effects on the business of the Company's partners and customers such as cancelled music releases and concerts (for further information on the effects of the COVID-19 pandemic, see section "*Risk factors*"), the Company is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for the current financial year.

## Significant events after 31 March 2021

There have been no significant changes in the Group's financial performance, results or market position after 31 March 2021 until the date of the Prospectus.

# Board of directors, management and auditors

## Board of directors

The Company's board of directors consists of four ordinary members, including the chairman of the board of directors, with no deputy board members. All board members are appointed for the period until the end of the annual general meeting to be held in 2022. The table below shows the board members, their position, the year they were elected, their independence in relation to the Company and the management as well as major shareholders, and their holdings in the Company as per the date of the Prospectus. Presented further below is information about each board member with year of birth, position, the year in which they were first elected, education, other relevant experience, ongoing assignments and previous assignments held during the last five years as well as holdings of shares and share-related instruments in the Company. Assignments in subsidiaries within the Group have been excluded.

| | | | Independent in relation to | | |
|---|---|---|---|---|---|
| **Name** | **Position** | **Member since** | **The Company and the management** | **Major shareholders** | **Holdings in the Company*** |
| Jesper Eigen Møller | Chairman | 2021 | Yes | Yes | 480,454 W |
| Thomas Weilby Knudsen | Board member | 2020 | Yes | No | - |
| Thomas Rudbeck | Board member | 2019 | Yes | Yes | 2,129,651 S/ 184,270 W |
| Charlotte Klinge | Board member | 2021 | Yes | Yes | 184,270 W |

Refers to shares ("**S**") and warrants ("W") issued under the Company's incentive programs implemented during 2015-2021, held in their own name as well as by affiliated natural and legal persons. See section "*Share capital and ownership structure – Warrants*" for additional information regarding the incentive programs.

| Jesper Eigen Møller (born 1956, chairman of the board since 2021) | |
|---|---|
| **Professional background:** | Jesper Eigen Møller has extensive management experience from several listed international companies such as The Coca-Cola Company, Carlsberg A/S and ISS A/S. In addition to this, Eigen Møller held the position as CEO at Toms Gruppen A/S for nine years. Eigen Møller has solid experience from serving on boards in various listed and privately held companies, as well as The Confederation of Danish Industries. Eigen Møller's management experience includes specific competences within the areas of sales, marketing, HR, communication and strategic management. |
| **Education:** | M.Sc. Business Administration from Copenhagen Business School. |
| **Other ongoing assignments:** | The Speed Recruiters Company Aps and Thornæs Destilleri Aps. Deputy chairman of the board of directors of Brøndbyernes IF Fodbold A/S and Danish Industry foundation. Board member of Fonden Ungdomsbureauet, KFI Erhvervsdrivende Fond and Konsolidator A/S. Partner of JeMoCon. |
| **Previous assignments during the last five years:** | Chairman of the board of directors of Brøndbyernes IF Fodbold A/S, Mangaard & Partners Aps, Selskabet af 24. februar 2020 ApS and Simply Cooking A/S. Board member of Thornæs Destilleri Aps. |
| **Holdings in the Company:** | 480,454 warrants. |
| **Independence:** | Independent in relation to the Company and the management and in relation to major shareholders. |

| Thomas Weilby Knudsen (born 1972, board member since 2020) | |
|---|---|
| **Professional background:** | Thomas Weilby Knudsen has more than 10 year of experience as the General Partner of Northcap Partners, an investment company focusing on ICT start-ups in Northern Europe. Weilby Knudsen has worked with venture capital (VC) for more than a decade, and has gained extensive experience in establishing new businesses across Europe and has specialised in maturing businesses for the US market. Weilby Knudsen has a special interest in cloud computing and SaaS businesses, and has held several senior management positions in IT and Internet-based companies. In addition to this, Weilby Knudsen is active on several boards of portfolio companies, as well as ad hoc projects on other companies. |
| **Education:** | M.Sc. in Business and Economics from Aarhus University. |
| **Other ongoing assignments:** | Chairman of the board of directors of 22. Maj APS and Insurance Business Applications ApS. Board member of IntelePeer Cloud Communications LLC and Visiopharm A/S. Member of the management in IVS II GP ApS, Lekamo ApS, Lekamo Holding ApS, NCP-IVS III GP ApS and Northcap Partners ApS. CEO of IVS A/S. |
| **Previous assignments during the last five years:** | Chairman of the board of directors of Comparo A/S, Falcon.io ApS, Kolibri Technology A/S and Komfo ApS. Board member of 22. Maj ApS, GAN Integrity Solutions Holding ApS and Insurance Business Applications ApS. Member of the management in Anpartsselskabet AF 21. Juli 2005. |
| **Holdings in the Company:** | Thomas Weilby Knudsen does not hold any shares in the Company, but is closely related to NCP-IVS Fund III K/S that holds 14,606,610 shares in the Company. |
| **Independence:** | Independent in relation to the Company and the management, but not independent in relation to major shareholders. |

| Thomas Rudbeck (born 1968, board member since 2019) | |
|---|---|
| **Professional background:** | Thomas Rudbeck is a long-time investor in Linkfire and has an extensive experience from the financial industry. Rudbeck is Co-Founder Capital Four Management Fondsmæglerselskab A/S, and has previously served as Head of Credit Trading and Structured Derivatives Trading at Nordea and Senior Dealer at Nykredit Markets. |
| **Education:** | M.Sc. in Accounting and Finance from Copenhagen Business School, B.Sc. in Business and Economics from Storstrøms Business School. |
| **Other ongoing assignments:** | Board member of Copenhagen Cutlery A/S, Copenhagen Food Collective ApS and Fondsmæglerselskabet SRV Capital A/S. CEO of Bragesgade 8A ApS, Ejendomsselskabet Heimdalsgade 35-37, KØBENHAVN ApS, RM80 ApS and Sturlasgade, København ApS. Member of the management in Bobhund ApS. |
| **Previous assignments during the last five years:** | Board member and CEO of Skurup Holding ApS. Member of the management in Bergman Rock ApS. |
| **Holdings in the Company:** | Thomas Rudbeck owns Bobhund ApS which holds 2,129,651 shares in the Company. Thomas Rudbeck furthermore holds 184,270 warrants. |
| **Independence:** | Independent in relation to the Company and the management and in relation to major shareholders. |

| Charlotte Klinge (born 1972, board member since 2021) | |
|---|---|
| **Professional background:** | Charlotte Klinge has more than 15 years of experience within organisational development. Charlotte Klinge served as Global Director, CPO at Novo Nordisk for six years and has a strong focus on how to swiftly generate organisational structures that create motivation, trust and well-being along with effectiveness in flexible governance structures. |
| **Education:** | M.Sc. in Ecotoxicology from Copenhagen University, B.Sc. in Business Administration and Commercial Law from Copenhagen Business School. |
| **Other ongoing assignments:** | CEO of CK Holding 2019 ApS and CEO and partner of Charlotte Klinge Consulting. |
| **Previous assignments during the last five years:** | Board member of Cope IT ApS. |
| **Holdings in the Company:** | 184,270 warrants. |
| **Independence:** | Independent in relation to the Company and the management and in relation to major shareholders. |

## Group management

The Group management consists of six persons, of which two, Lars Ettrup and Tobias Demuth, make up the executive management. See section *"Corporate governance – Group Management"*. The table below shows the members of the Group management, their position, the year they were employed in the Company as well as their holdings in the Company as per the date of the Prospectus. Presented further below is information about each member of the Group management with year of birth, position, the year in which they were first elected, education, other relevant experience, ongoing assignments and previous assignments held during the last five years as well as holdings of shares and share-related instruments in the Company. Assignments in subsidiaries within the Group have been excluded.

| Name | Position | Member of the management since | Employed in the Company since | Holdings in the Company* |
|---|---|---|---|---|
| Lars Ettrup | Co-Founder and Chief Executive Officer | 2014 | 2014 | 9,743,696 S |
| Jeppe Faurfelt | Co-Founder and Chief Commercial Officer | 2014 | 2014 | 3,728,198 S |
| Tobias Demuth | Chief Financial Officer | 2017 | 2017 | 392,764 W |
| Andrea Arcari | Chief Business Development Officer | 2016 | 2015 | 906,787 W |
| Verena Gutheim | Chief People Officer | 2019 | 2016 | 273,471 W |
| Jannik Jepsen | Chief Technology Officer | 2015 | 2014 | 460,674 S / 65,969 W |

* Refers to shares ("**S**") and warrants ("**W**") issued under the Company's incentive programs implemented during 2015-2020, held in their own name as well as by affiliated natural and legal persons. Does not include warrants that can be allocated to Group management under a new incentive program that was implemented on an extraordinary general meeting on 15 June 2021. See section "*Share capital and ownership structure – Warrants*" for additional information regarding the incentive programs.

| Lars Ettrup (born 1982, co-founder and Chief Executive Officer since 2014) | |
|---|---|
| **Professional background:** | Lars Ettrup has extensive experience within the technology business sector, from having served as CTO at Nodes (Digital Agency), as well as from having founded and exited Social Media Agency and Look Curious ApS in 2015. |
| **Education:** | M.Sc. in eBusiness from the IT-University in Copenhagen, Bachelor's Degree in Film & Digital Media from Middlesex University. |
| **Other ongoing assignments:** | Member of the management in Ettrup Invest ApS and Rocket Group ApS. |
| **Previous assignments during the last five years:** | Co-founder of Helpr ApS, member of the management in Rocket Digital ApS and CEO of Ettrup Consult IVS. |
| **Holdings in the Company:** | Lars Ettrup owns 80 per cent of Rocket Group ApS which holds 12,161,785 shares in the Company. He furthermore owns 50 per cent of Ettrup Invest ApS which holds 28,536 shares in the Company. |

| Jeppe Faurfelt (born 1984, co-founder and Chief Commercial Officer since 2014) | |
|---|---|
| **Professional background:** | As co-founder and CCO of Linkfire, Jeppe Faurfelt has gained a vast experience within commercial strategy, operations, and developing the client-facing organisation to drive overall business growth. Before joining Linkfire, Faurfelt served as a project manager for the MeWe Group, a full-service ad agency specialising in business development, branding, and unique digital solutions. In addition, Faurfelt worked as a marketing project manager for Downtown.dk, focusing on brand management and website tracking. |
| **Education:** | B.Sc. in Social Science and Business Studies from Roskilde Universitetscenter. |
| **Other ongoing assignments:** | Member of the management in Faurfelt Invest IVS. |
| **Previous assignments during the last five years:** | - |
| **Holdings in the Company:** | Jeppe Faurfelt owns Faurfelt Invest IVS which holds 3,713,930 shares in the Company. He furthermore owns 50 per cent of Ettrup Invest ApS which holds 28,536 shares in the Company. |

| Tobias Demuth (born 1989, Chief Financial Officer since 2017) | |
|---|---|
| **Professional background:** | Tobias Demuth is a finance professional with 12 years of experience with the last 6+ years in financial management positions in global companies. Demuth started his financial career at Deloitte as a Financial Auditor which he held for more than 5 years. |
| **Education:** | Bachelor in Business Administration from University of Aarhus. |
| **Other ongoing assignments:** | - |
| **Previous assignments during the last five years:** | - |
| **Holdings in the Company:** | 392,764 warrants. |

| Andrea Arcari (born 1988, Chief Business Development Officer since 2017) | |
|---|---|
| **Professional background:** | Andrea Arcari is a professional musician who recently turned entrepreneur. Arcari has a background in partnerships and operations, and has experience from freelancing as Process and Operations Consultant founding several companies and working as Artist and Band Manager. |
| **Education:** | Bachelor's Degree in Foreign Language and Literature. |
| **Other ongoing assignments:** | - |
| **Previous assignments during the last five years:** | - |
| **Holdings in the Company:** | 906,787 warrants. |

| Verena Gutheim (born 1982, Chief People Officer since 2019) | |
|---|---|
| **Professional background:** | Verena Gutheim has previous experience as consultant at Kunde & Co between 2012 and 2016, Senior Accountant Executive at Kunde & Co between 2010 and 2012 and Accountant Manager CER/EMEA at AdPeople Worldwide between 2008 and 2010. |
| **Education:** | M.Sc. in Business and Economics from Lund University, B.A. in Advertising and Marketing Communication from Stuttgart Media University. |
| **Other ongoing assignments:** | - |
| **Previous assignments during the last five years:** | - |
| **Holdings in the Company:** | 273,471 warrants. |

| Jannik Jepsen (born 1989, Chief Technology Officer since 2014) | |
|---|---|
| **Professional background:** | Jannik Jepsen has a M.Sc. in Interaction Design, and extensive experience from various projects on consumer connectivity within in-car infotainment systems in collaboration with brands such as Volvo and Continental. Jepsen has had various student jobs related to Web and graphical design for eCommerce and marketing purposes, and has more than 5 years of experience of managing and developing Linkfire's infrastructure, technology and product. |
| **Education:** | M.Sc. in Interaction from Aalborg University. |
| **Other ongoing assignments:** | Director of JJepsen Holding IVS. |
| **Previous assignments during the last five years:** | - |
| **Holdings in the Company:** | Jannik Jepsen owns JJeppsen Holding IVS which holds 460,674 shares in the Company. He furthermore holds 65,969 warrants. |

## Other information about the board of directors and Group management

Except as set out below, none of the Company's board members or members of the Group management have during the last five years (i) been convicted of fraudulent offences, (ii) represented a company which has been declared bankrupt, filed for liquidation (other than voluntary liquidation) or undergone corporate restructuring, (iii) been subject to public incrimination or sanctions by statutory or regulatory authorities (including approved professional associations) or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

The Company's board member Thomas Weilby Knudsen served on the board of Kolibri Technology A/S, that filed for bankruptcy in April 2020. As per the date of the Prospectus, the bankruptcy process is ongoing, but has not yet been completed.

There are no family ties between any of the board members or members of the Group management, and none of the board members or members of the Group management have any other private interests that could conflict with the Company's interests. However, as stated above, some of the board members and members of the Group management have financial interests in the Company through holdings of shares and warrants. None of the board members or members of the Group management have entered into agreements, which entitle them to benefits upon termination of their assignments, except for regular severance pay for senior executives.

All board members and senior executives can be reached via the Company's address: Artillerivej 86, DK-2300, Copenhagen, Denmark.

## Auditor

Deloitte Statsautoriseret Partnerselskab, with address Weidekampsgade 6, DK-2300 Copenhagen, Denmark, has been the Company's auditor since 2016. Bjørn Winkler Jakobsen and Mads Juul Hansen is the co-principal auditors. Bjørn Winkler Jakobsen and Mads Juul Hansen are members of FSR – Danish Auditors (professional institute for authorised public accountants in Denmark).


Technics

# Corporate governance

## Corporate governance in Linkfire

The Company is a Danish public limited liability company (Dan. *Aktieselskab*). Prior to the listing on First North Premier, the Company's corporate governance was governed by the Danish Consolidated Companies Act no. 1089 of 14 September 2015, as amended (the **"Danish Companies Act"**), other applicable laws and regulations, the Company's articles of association and internal policy documents. Following the listing on First North Premier, the Company's corporate governance will also be based on the Nasdaq First North Growth Market rulebook, the Swedish Corporate Governance Code (the **"Code"**) and good practice in the Swedish stock market and other applicable rules and recommendations.

The most relevant Swedish and Danish corporate laws and regulations that the Company must comply with following the listing on First North Premier are described below. Principal rights associated with the Company's share are described in the next section *"Share capital and ownership structure"*. The main corporate laws and rules on governance relevant for shareholders in a Danish public limited liability company that is listed on First North Premier, and complying with the Code, are to a large extent materially similar to the corresponding Swedish rules that would apply for a Swedish public limited liability company under the same circumstances.

## The Swedish Corporate Governance Code

The Code works as a complement to legislation and other regulations by specifying a norm for good corporate governance at a higher level of ambition than the statutory regulation. The Code applies to all Swedish companies with shares listed on a regulated market in Sweden. A non-Swedish company with shares listed on a regulated market in Sweden must, in order to be compliant with good practice in the Swedish stock market, comply with either the Code or the applicable corporate governance code in the country in which such non-Swedish company has its registered office.

The Company has resolved that it will comply with the Code, as is customary for companies listed on First North Premier. The Code is based on the so-called "comply or explain" principle. This means that a company that complies with the Code may deviate from certain rules of the Code, but must then describe its alternative solution and explain the reason for the deviation in its annual corporate governance report. The Company will comply with the Code from the time of listing of the shares on First North Premier.

Any deviations from the Code will be reported in the Company's corporate governance report, which will be prepared for the first time in connection with the annual report for the financial year 2021. The Company does not expect to report any deviations from the Code, but it should be noted that the Company's articles of association state that general meetings shall be held in English and that the chair of the general meeting is appointed by the board of directors. However, the Company does not consider this to deviate from the requirements of the Code.

## General meeting

Pursuant to the Danish Companies Act, the shareholders' right to pass resolutions is exercised at the general meeting of the Company and the general meeting is the Company's superior decision-making body. The general meeting may resolve upon every issue for the Company which does not specifically fall within the scope of the exclusive powers of another corporate body such as the board of directors or the executive management (for example the power to appoint the executive management, which falls within the scope of the board of directors in

limited liability companies that are managed by a board of directors except if otherwise is agreed in the Company's articles of association).

At the general meeting, the shareholders exercise their voting rights on key issues, such as amendments of the Company's articles of association, approval of the annual report, appropriation of the Company's profit or loss (including distribution of any dividends), resolutions to discharge the members of the board of directors and the executive management from liability, the appointment and removal of members of the board of directors and auditors and remuneration for the board of directors and auditors. Other matters transacted at the meeting may include matters that, according to the articles of association or the Danish Companies Act, must be submitted to the general meeting.

**Time and place**
The annual general meeting must be held at a date that allows sufficient time to send the Danish Business Authority a copy of the audited and adopted annual report within four months of the end of the financial year. In addition to the annual general meeting, extraordinary general meetings may be convened and held when required. According to the Company's articles of association, general meetings must be held in Greater Copenhagen or Stockholm.

**Notice**
According to the Company's articles of association, general meetings must be convened by the board of directors giving written notice no earlier than five weeks and no later than three weeks prior to the general meeting. Pursuant to the Danish Companies Act, notices convening general meetings shall be made public on the Company's website. If requested, shareholders shall receive written notices of the general meetings as the case may be.

Extraordinary general meetings must be held upon request from the board of directors or the auditor elected by the general meeting. In addition, shareholders that individually or collectively hold five per cent or more of the share capital can make a written request to the board of directors that an extraordinary general meeting be held to resolve upon a specific matter. Such extraordinary general meetings must be convened within two weeks of the board of directors' receipt of a request to that effect.

The notice to convene a general meeting must be made in the form and substance for public limited liability companies admitted to trading on a regulated market as stipulated in the Danish Companies Act. The notice must specify the time and place of the general meeting and contain the agenda of the matters to be addressed at the general meeting. If an amendment of the Company's articles of association shall be resolved upon at a general meeting, the complete proposal must be included in the notice. For certain material proposals, the specific wording must be set out in the notice, e.g. proposals regarding electronic general meetings without any physical attendance, electronic communication and resolutions to amend the articles of association resulting in an increase of the shareholders' obligations to Company).

As regards the annual general meeting, the Company must announce the date for the meeting as well as the deadline for any shareholder proposals no later than in connection with the third quarter report as stipulated by the Code.

**Right to attend general meetings**
A shareholder's right to attend a general meeting and to vote on their shares is determined on the basis of the shares held by the shareholder at the date of registration. The date of registration is one week before the general meeting is held. The holdings of each individual shareholder is based on the number of shares held by that shareholder as registered in the Company's share register maintained by Euroclear Sweden as well as any notifications of ownership received by the Company for the purpose of registration in the share register, but not yet registered.

To attend the general meeting, a shareholder must, in addition to the above-mentioned, also notify the Company of his or her attendance no later than three calendar days prior to the date of the general meeting, as stipulated by the Company's articles of association.

Shareholders may attend general meetings in person, through a proxy or by postal vote, and may be accompanied by an advisor. All attending shareholders are entitled to speak at general meetings.

**Voting rights and shareholders initiatives**
At general meetings, each share entitles the holder to one vote. All matters addressed at the general meeting must be decided by a simple majority vote, unless otherwise stipulated by the Danish Companies Act or the Company's articles of association. A resolution to amend the articles of association requires that no less than two thirds of the votes cast as well as the share capital represented at the general meeting vote in favour of the resolution, unless a larger majority is required by the Danish Companies Act (for example resolutions to reduce shareholder rights to receive dividends or to restrict the transferability of the shares) or the Company's articles of association.

Shareholders who wish to have a specific matter brought before the general meeting must submit a written request to the Company's board of directors no later than six weeks prior to the general meeting. If the request is received less than six weeks before the date of the general meeting, the board of directors must decide whether the request has been made with enough time for the issues to be included on the agenda.

## Nomination committee
According to the Code, the Company shall have a nomination committee, the duties of which shall include the preparation and drafting of proposals regarding the election of members of the board of directors, the chair of the board of directors, the chair of the general meeting and auditors. In addition, the nomination committee shall propose fees for the board members and the auditor. At the extraordinary general meeting held on 28 May 2021, it was resolved to adopt instructions and rules of procedure for the nomination committee according to which the nomination committee shall consist of four members representing the three largest shareholders per the end of September, together with the chair of the board of directors. The names of the members of the nomination committee must be published by the Company no later than six months prior to the annual general meeting. The nomination committee's proposals are to be presented in the notice of the shareholders' meeting where the elections of board members or auditors are to be held as well as on the company's website.

## Board of directors
After the general meeting, the board of directors is the second most superior decision-making body of the Company. The duties of the board of directors are set forth in the Danish Companies Act, the Company's articles of association, the Code and the written rules of procedure adopted by the board of directors, which are revised annually. The rules of procedure regulate, inter alia, the practice of the board of directors, tasks, decision-making within the Company, the board of directors' meeting agenda, the chair's duties and allocation of responsibilities between the board of directors and the executive management. Rules of procedure for the executive management, including instruction for financial reporting to the board of directors, are also adopted by the board of directors.

The members of the board of directors are elected annually at the annual general meeting for the period until the end of the next annual general meeting. According to the Company's articles of association, the board of directors shall consist of no less than three and no more than seven board members. Currently, the board of directors is composed of four ordinary board members elected by the general meeting.

The board of directors meets according to a predetermined annual schedule. At least five ordinary board meetings shall be held between each annual general meeting. In addition to these meetings, extraordinary meetings can be convened for processing matters which cannot be referred to any of the ordinary meetings.

**Duties and responsibilities**
Pursuant to the Danish Companies Act, the board of directors is responsible for the organisation and management of the Company's affairs, which means that the board of directors is responsible for, inter alia, establishing targets and strategies, securing procedures and systems for monitoring of set targets, continuously assessing the Company's financial position and evaluating the executive management. Furthermore, the board of directors is responsible for ensuring that proper information is given to the Company's shareholders, that the Company complies with applicable laws and regulations, that the Company develops and implements internal policies and ethical guidelines and that the Compa-

ny establishes and maintains adequate risk management and internal control procedures. Moreover, the board of directors is responsible for ensuring that annual reports and interim reports are prepared in a timely manner. The board of directors also appoints the Company's executive management.

The chair of the board of directors is responsible for organising and leading the work of the board of directors and for ensuring that the work is carried out efficiently, and that the board of directors fulfils its obligations in accordance with applicable laws and regulations. According to the board of directors' rules of procedure, the chair of the board of directors shall, inter alia, ensure that the board of directors regularly updates and develops its knowledge of the Company, ensure that the board of directors receives sufficient information and documentation to enable it to conduct its work, decide which matters the board of directors shall discuss after consulting the executive management and conduct necessary day-to-day contact with the executive management. According to the Code, the chair of the board of directors is to be elected by the general meeting.

**Independence**

According to the Danish Companies Act, the majority of the members of the board of directors of a public limited company must not be executive officers of the company. No executive officer of a public limited company may be chair or vice chair of the company's board of directors.

According to the Code, the majority of the board members elected by the general meeting shall be independent of the Company and its management. In determining whether or not a board member is independent, an overall assessment shall be made of all the circumstances that could call into question the independence of the board member in relation to the Company or its management. According to the Code, at least two of the board members who are independent in relation to the Company and its management shall also be independent in relation to major shareholders. Major shareholders refer to shareholders who directly or indirectly control ten per cent or more of all shares and voting rights in the Company. To determine a board member's independence, the extent of the board member's direct and indirect relationships with the major shareholders must be considered for the assessment. A board member who is an employee or a board member of a company that is a major shareholder is not considered to be independent.

The members of the board and the board of directors' assessment of the board members' independence in relation to both the Company and its management and in relation to major shareholders are presented in the section "*Board of directors, management and auditors*". As indicated, the board of directors believes that the Company fulfils the Code's requirements in regard to independence.

**Board committees**

The board of directors has established two committees: the audit committee and the remuneration committee. The board of directors has adopted rules of procedure for both committees.

Audit committee

The audit committee is comprised of Thomas Weilby Knudsen (chair), Thomas Rudbeck and Jesper Møller. The audit committee's role is mainly to monitor the Company's financial position, to monitor the effectiveness of the Company's internal control, internal audit and risk management, to be informed about the audit of the annual report and the consolidated financial statements, to review and monitor the auditor's impartiality and independence and to monitor the Company's compliance with law and regulations related to financial matters.

Remuneration committee

The remuneration committee is comprised of Jesper Møller (chair) and Charlotte Klinge. The remuneration committee's role is primarily to prepare matters regarding remuneration and other terms of employment for the executive management and other key employees. The remuneration committee shall also monitor and evaluate ongoing and completed programs for variable remuneration to the Company's executive management and monitor and evaluate the implementation of the guidelines for remuneration to the executive management which the annual general meeting has adopted.

## Group management

According to the Danish Companies Act and the Company's articles of association, the board of directors appoints and removes the members of the

executive management. The executive management is responsible for the day-to-day management of the Company. Currently, the executive management consists of Lars Ettrup (CEO) and Jeppe Faurfelt (CCO).

The duties and responsibilities of the executive management are governed by the Danish Companies Act, the Company's articles of association, the rules of procedures for the executive management adopted by the board of directors, other instructions given by the board as well as other applicable laws and regulations. The executive management's duties and responsibilities include, inter alia, ensuring that the Company maintains adequate accounting records and procedures, that the board of directors' resolutions are implemented in the daily management of the Company, that the board of directors are up to date on all matters of importance to the Company and that the day-to-day management of the Company is carried out.

In addition to the executive management, the Company has established an extended non-executive management team consisting of Tobias Demuth (CFO), Andrea Arcari (CBDO), Verena Gutheim (CPO) and Jannik Jepsen (CTO) who together with the executive management form part of the Group management. The non-executive management team is not a formal corporate body according to the Danish Companies Act and therefore has no executive powers of its own.

The members of the Group management team are presented in further detail in the section *"Board of directors, management and auditor"*.

## Remuneration to the board of directors, CEO and Group management

**Remuneration to the board of directors**

Fees and other remuneration to board members elected by the general meeting are resolved by the general meeting. At the extraordinary general meeting on 15 June 2021 it was resolved that the chairman of the board of directors will be entitled to receive an annual remuneration of DKK 250,000, and that the other members of the Board will be entitled to receive an annual remuneration of DKK 125,000. It was furthermore resolved that participation in the remuneration committee and audit committee will entitle the chairman of such committees to receive DKK 50,000 per year and other members of such committees to receive DKK 25,000 per year.

**Remuneration to management**

Remuneration to management consists of basic salary, pension, share-based remuneration and benefits in kind. For the 2020 financial year, the total remuneration paid to the Company's management amounted to DKK 5,769 thousand and included basic salary and benefits in kind, but no pension contributions. As described in the section *"Board of directors, management and auditor"*, some members of management participate in the Company's warrant-based incentive programs.

At the extraordinary general meeting on 15 June 2021, the Company adopted a remuneration policy for remuneration offered to the members of the board of directors and the executive management with mainly the following content.

The overall objective of the remuneration policy is to attract, motivate and retain qualified members of the board of directors and the executive management as well as to align the interests of the board of directors and the executive management with the interests of the Company's shareholders and other stakeholders. The remuneration of the board of directors and the executive management shall be designed to support the strategic goals of the Company and to promote value creation for the benefit of the shareholders of the Company.

The board of directors may, in special circumstances, deviate from the remuneration policy if any part of the policy no longer drives business performance, the achievement of the Company's strategy or employee motivation and retention.

## Internal control

The board of directors has the overall responsibility for the internal control of the Company. The main purpose of the internal control is to ensure that the Company's strategies and objectives can be implemented within the business, that there are effective systems for monitoring and control of the Company's business and the risks associated with the Company and its business, and to ensure that the financial reporting has been prepared in accordance with applicable laws, accounting standards and

other requirements imposed on listed companies. The board of director's responsibility for the internal control and financial reporting is governed by the Danish Accounting Act, the Danish Annual Reports Act, the Danish Companies Act and the Code. In addition, the board of directors has adopted a number of governing documents and policies, including an IT policy, information policy, insider policy, instruction for insider lists and a code of conduct. The governing documents and policies have been implemented throughout the organisation and are evaluated annually, or when required, by the board of directors.

The internal control system involves risk analysis and review of information and business systems. The Company identifies, assesses and manages risks based on the Company's strategy and goals. The executive management shall annually prepare an internal risk management assessment which is reported to the board of directors and the audit committee. With regards to financial reporting, the CFO shall annually prepare a report for the audit committee, including a review of items subject to special risks and significant accounting estimates and judgements.

The Company has implemented certain control activities in its systems and procedures for the purpose of preventing, detecting and correcting any errors and irregularities, including fraud. Control activities include, for example, physical and electronic preventive access controls concerning sensitive and confidential information, preventive IT-based controls limiting access to systems, joint approval procedures for electronic bank transfers and detective controls.

Compliance and effectiveness of internal controls are continuously monitored. The executive management ensures that the board of directors receives continuous reports on the development of the Company's activities, including the Company's financial results and position, and information about significant events. Every year a self-evaluation of the efficiency of the control activities is to be performed and a risk report prepared and presented to the board of directors that summarises the performed evaluations and accounts for any deviations that must be managed.

## External audit

The Company's auditor is appointed by the annual general meeting for the period until the end of the next annual general meeting. The auditor audits the annual report and accounts as well as the management performed by the board of directors and the executive management. Following each financial year, the auditor shall submit an audit report to the annual general meeting. The Company's auditor reports its observations from the audit and its assessment of the Company's internal control to the board of directors.

At the annual general meeting held on 30 April 2021, Deloitte Statsautoriseret Revisionspartnerselskab was re-elected as the Company's auditor with Bjørn Winkler Jakobsen and Mads Juul Hansen as the co-principal auditors. It was also resolved that the fees to the auditors should be paid in accordance with normal charging standards and approved invoice. Information about the auditor can be found in the section *"Board of directors, management and auditors"*.

# Share capital and ownership structure

## General information

The Company's shares have been issued in accordance with Danish law and are denominated in DKK. As per 1 January 2020, the Company's registered share capital amounted to DKK 104,138.93 divided into 10,413,893 shares. As per 31 December 2020, as well as per 31 March 2021, the Company's registered share capital amounted to DKK 108,086.61 divided into 10,808,661 shares. On the date of the Prospectus, the registered share capital amounts to DKK 400,000.13 divided into 40,000,013 shares, excluding up to 4,813,489 additional shares that may be issued pursuant to warrants that will become exercisable in connection with the listing on First North Premier (see "*Warrants*" below). All issued shares are fully paid up and the nominal value is DKK 0.01

The ISIN code for the Company's shares is DK0061550811 and the shares will be traded on First North Premier under the ticker LINKFI. The shares will be traded in SEK and the new issue made in connection with the Offering will be made in SEK. See also section *"New issue in connection with the Offering"* below.

All shares are freely transferable and are not subject to any transferability restrictions. Neither the Company nor its subsidiaries own any shares in the Company.

## Tax consequences for investors

**Investors should note that the tax legislation in Sweden or in a member state to which the investor has a connection or in which the investor is domiciled for tax purposes may impact the proceeds from the securities. There are no special rules in sweden governing the type of investment encompassed by the Offering.**

## Central securities depository

The Company's articles of association contains a so-called central securities depository provision for electronic registration of the Company's shares, which are registered with VP Securities A/S, (Weidekampsgade 14 DK-2300 Copenhagen S, Denmark) (**"VP Securities"**) in Denmark and then mirrored in book-entry form in the central securities depository operated by Euroclear Sweden AB, (P.O. Box 191, SE-101 23 Stockholm, Sweden) (**"Euroclear Sweden"**) in order to facilitate trading of the Company's share on First North Premier.

Euroclear Sweden is registered in the central securities depository operated by VP Securities as the holder of all shares of the Company through Euroclear Sweden's account with VP Securities (an omnibus account). Shares held by the Company's shareholders are thus maintained and registered with Euroclear Sweden. The ISIN code for the Company's shares is DK0061550811 and the shares registered in Euroclear Sweden's system have the same ISIN code as the shares registered with VP Securities in Denmark.

Shares administered by Euroclear Sweden are registered in dematerialised form on central securities depository accounts and therefore no share certificates are issued. Share ownership is achieved by means of registration with Euroclear Sweden through banks or other securities institutions that act as account operators for Euroclear Sweden.

Shares registered in securities accounts can be entered in the share register maintained by Euroclear Sweden either in the name of the shareholder (directly-registered shares) or in the name of a nominee (nominee-registered shares). The relationship between the nominee and the beneficial shareholder is contractual. Shareholders wishing to exercise certain rights, for example the right to participate in general meetings, must temporarily register the shares in their own name. Nominees must regularly notify Euroclear Sweden of the holdings of beneficial shareholders.

As Euroclear Sweden is registered as holder of all shares in the Company in the central securities depository operated by VP Securities, the rights attached to the shares, that for example give the holders right to dividends and participation in share issues, belong to the shareholders registered as owners in the central securities depository maintained by Euroclear Sweden. Any dividends will hence be paid to the bank account specified by the shareholders registered with Euroclear Sweden. For nominee-registered shares, dividend payments, new shares subscribed, subscription rights or any similar rights will be received by the nominee on behalf of the beneficial shareholder. The nominee is responsible for the further distribution to the beneficial shareholder.

## Rights associated with the shares

The Company's shares have been issued in accordance with Danish law and the rights associated with the Company's shares, including those pursuant to the Company's articles of association, can only be amended in accordance with the procedures set out in the Danish Companies Act.

Right to participate and vote at general meetings

To participate in and vote at general meetings, the shareholder must be registered in the Company's share register one week prior to the general meeting. The shareholder must also notify the Company of its participation no later than three days prior to the general meeting. Each share entitles the holder to one vote at the general meeting and every shareholder is entitled to vote with the full number of shares owned and represented by him or her. A shareholder may attend the general meeting in person, through a proxy or by postal vote, and may also be accompanied by an advisor.

Pre-emptive rights in connection with new shares etc.

If the Company resolves to issue new shares, warrants or convertible bonds by means of a cash issue or offset issue, the shareholders generally have pre-emptive rights to subscribe for such securities in proportion to the number of shares held prior to such issues. Nothing in the Company's articles of association restricts the Company's ability to issue new shares, warrants or convertible bonds with deviation from the shareholders' pre-emptive rights as provided for in the Danish Companies Act.

Right to receive dividend payment and any surplus on liquidation

All shares will have equal rights to the Company's assets upon distribution of dividends and to any surplus in the event of liquidation. Neither the Danish Companies Act nor the Company's articles of association contain any restrictions regarding dividend rights of shareholders outside Denmark. Subject to any restrictions imposed by banks or clearing systems in the relevant jurisdiction, payments to such shareholders are made in the same manner as for shareholders resident in Denmark. However, shareholders with limited tax liability in Denmark are normally subject to Danish withholding tax.

On the record date established by the general meeting, holders recorded as owners of shares in the register of shareholders maintained by Euroclear Sweden will be entitled to receive dividends. If a shareholder cannot receive payment through Euroclear Sweden, such shareholder still retains its claim to the dividend amount, and the claim remains against the Company. Dividends not claimed by shareholders will be forfeited in favour of the Company, normally after three years, under the general rules of Danish law or statute of limitations.

The Company has not paid any dividends to shareholders during the 2018-2020 financial years. See also *"Business description – Financial targets and dividend policy"* regarding the Company's dividend policy.

## Trading in the shares

The Company's board of directors intends to apply for listing of the Company's shares on First North Premier. On 16 June 2021, Nasdaq Stockholm assessed that the Company fulfils First North Premier's listing requirements and will approve an application for admission to trading of the Company's shares on First North Premier, provided that the Company submits the application and that the dispersion requirements for the Company's shares are met no later than on the first day of trading. The first day of trading on First North Premier is expected to be 28 June 2021.

First North Premier is a market, classified as a growth market for small and medium sized companies, which is regulated by certain rules and regulations and which does not have the same legal status as a regulated market.

## Information on public takeover bids and redemption of minority shares

Provided that the Company's shares are admitted to trading on First North Premier, the Company will be subject to the rules regarding public takeover bids for certain trading platforms issued by the Swedish Corporate Governance Board. The rules are based on the same principles applying for companies listed on a regulated market in Sweden and include rules to be observed by offerors and offeree companies in connection with public takeover bids, as well as rules on so-called mandatory bids requiring shareholders acquiring 30 per cent or more of the shares and vote in a listed company to place a mandatory bid regarding the remaining shares. The rules on mandatory bids are, however, only applicable to Swedish limited companies whose shares are traded on a trading facility, and thus the rules are not applicable to the Company.

A shareholder who directly, or through a subsidiary, holds more than 90 per cent of the shares in a Danish limited liability company is entitled to redeem the remaining shares in the Company. Holders of the remaining shares are correspondingly entitled to have their shares redeemed by the majority shareholder. The procedure for such redemption is regulated in the Danish Companies Act.

## Certain minority shareholder rules

The Danish Companies Act contains a number of rights and abilities for minority shareholders. A brief summary of the most notable minority shareholder rules is set out below.

- Any shareholder holding at least five (5) per cent of the share capital may request an extraordinary general meeting to be held. In addition, decisions on mergers and de-mergers may in certain cases where the Company is the continuing entity (merger) or received entity (de-merger) be decided upon solely by the board of directors. However, shareholders holding at least five (5) per cent (in the aggregate) of the share of the Company may demand that the matter is decided upon a general meeting.

- Shareholders holding less than ten (10) per cent of the shares may demand a redemption of the shareholders' shares if a majority shareholder is holding more than 90 per cent of the shares (similarly, a shareholder holding more than 90 per cent of the shares, may force a redemption of minority shareholders).

- Shareholders holding at least ten (10) per cent of the shares may demand that an additional auditor is appointed to participate in the audit until the next general meeting.

- Where one or more shareholders have deliberately taken part in a decision at a general meeting, which is clearly qualified to grant certain shareholders or others an undue advantage at the expense of other shareholders, or if the decision contributes to non-compliance of the Danish Companies Act or the Company's articles of association or if the shareholders otherwise abused their influence over the Company, shareholders representing (in the aggregate) more than ten (10) per cent of the share capital may request the local court or dissolve the Company.

- In addition, if shareholders representing (in the aggregate) more than ten (10) per cent of the share capital oppose a resolution to grant an exemption from liability or waive the right to commence legal proceedings, any shareholder may commence such legal proceedings.

- Furthermore, any shareholder may submit a proposal to a general meeting for scrutiny of any specific matter relating to the Company's administration or to specific financial statements. If shareholders representing at least 25 per cent of the share capital vote in favour of the proposition to scrutinise, any shareholder may request the pertinent bankruptcy court to appoint scrutinisers. However, the bankruptcy court may decide not to accommodate the request if the court finds that the request is not based on reasonable grounds.

- Shareholders holding at least 33.33 per cent of the share capital have the ability to veto amendment of the articles of association, increase/reduction of the share capital as well as mergers, demergers and liquidation of the Company.

## Share capital development and new shares in connection with the Offering

The table below describes the changes of the share capital in the Company during the period 1 January 2018 to 31 December 2020, and any subsequent changes up until the date of the Prospectus that are known to the Company. All amounts are presented in DKK. In May 2021, the Company's previous share classes were consolidated into one share class. The table below does not include the potential share capital increase from warrants exercisable in connection with the listing on First North Premier (see "*Warrants*" below ), nor new shares that may be issued in the Offering (see "*New issue in connection with the Offering*" below)

| | | | After change | |
|---|---|---|---|---|
| **Year** | **Change** | **Change in share capital** | **Share capital** | **Number of shares** |
| 2019 | Conversion of convertible bonds | 13,913.08 | 99,183.08 | 9,918,308 |
| 2019 | New cash issue | 2,429.35 | 101,612.43 | 10,161,243 |
| 2019 | New cash issue | 400.84 | 102,013.27 | 10,201,327 |
| 2019 | New cash issue | 911.00 | 102,924.27 | 10,292,427 |
| 2019 | New cash issue | 1,214.67 | 104,138.94 | 10,413,894 |
| 2020 | New cash issue | 1,214.67 | 105,353.61 | 10,535,361 |
| 2020 | New cash issue | 303.67 | 105,657.28 | 10,565,728 |
| 2020 | New cash issue | 1,670.17 | 107,327.45 | 10,732,745 |
| 2020 | New cash issue | 759.17 | 108,086.62 | 10,808,662 |
| 2021 | Bonus issue and consolidation of share classes | 291,913.52 | 400,000.13 | 40,000,013 |

## Ownership structure

As per the date of the Prospectus, the Company has 25 shareholders. The table below shows the Company's five largest direct shareholders and shareholder structure immediately prior to and after the Offering, based on the assumption that the Offering is fully subscribe, that the Over-allotment Option is not exercised and fully exercised, respectively, and that certain subscription undertakings from members of the board of directors and management are fully utilised. Per the date of the Prospectus, there are 40,000,013 shares issued by the Company. In connection with the Offering, up to 4,813,489 new shares may be issued pursuant to the exercise of the Accelerated Warrants, which are included in the column "Immediately prior to the Offering" below.

| | Immediately prior to Offering | | After Offering, Over-allotment Option not exercised | | After Offering, Over-allotment Option fully exercised | |
|---|---|---|---|---|---|---|
| **Shareholder** | **Number** | **%** | **Number** | **%** | **Number** | **%** |
| **Major shareholders** | | | | | | |
| NCP-IVS Fund III K/S | 14,606,610 | 32.6% | 14,934,868 | 25.7% | 14,934,868 | 24.8 |
| Rocket Group ApS[1] | 12,161,785 | 27.1% | 12,161,785 | 20.9% | 12,161,785 | 20.2 |
| Faurfelt Invest IVS[2] | 3,713,930 | 8.3% | 3,713,930 | 6.4% | 3,713,930 | 6.2 |
| Bobhund ApS[3] | 2,129,651 | 4.8% | 2,281,497 | 3.9% | 2,281,497 | 3.8 |
| Mal Investments ApS | 703,427 | 1.6% | 703,427 | 1.2% | 703,427 | 1.2 |
| **Board of directors and Group management other than above** | 489,210 | 1.1% | 669,592 | 1.2% | 669,592 | 1.1 |
| **Other shareholders including new shareholders due to Offering** | 6,195,400 | 13.8% | 23,741,260 | 40.8% | 25,750,188 | 42.8 |
| Maximum number of new shares due to exercise of warrants in connection with the listing | 4,813,489 | 10.7% | - | - | - | - |
| **Total:** | **44,813,502** | **100.00%** | **58,206,359** | **100.00%** | **60,215,287** | **100.00%** |

[1] Rocket Group ApS is partly owned (80 per cent) by the Company's CEO, Lars Ettrup.
[2] Faurfelt Invest IVS is wholly-owned by the Company's CCO, Jeppe Faurfelt.
[3] Bobhund ApS is wholly-owned by the Company's board member Thomas Rudbeck.
[4] Individual holdings by the board of directors and management is described in the section "*Board of directors, management and auditor*".

As per the date of the Prospectus, there is one shareholders' agreement between the shareholders of the Company. The agreement regulates, among other things, that new issues of shares in the Company, such as the Offering, shall be resolved by the shareholders pursuant to a resolution on a general meeting in the Company. The shareholders' agreement terminates in connection with the listing of the Company's shares on First North Premier. After the listing of the Company's shares on First North Premier, there will, as far as the Company is aware, not exist any shareholders' agreement or other agreements between the shareholders in the Company with the purpose to exercise a collective influence over the Company.

In addition to the above, the Company is not aware of any agreements or equivalents which may result in a change of control over the Company. Despite this, the Company's larger shareholders can, through their shareholding, have a significant influence over the outcome of those matters which are referred to the Company's shareholders for approval. The Company has not taken any specific measures in order to guarantee that the control is not misused. However, the rules for protection of minority shareholders in the Danish Companies Act constitute a protection against a majority shareholder's eventual misuse of its control over a company. In addition, the Company will apply First North Premier's rules and regulations for issuers as well as the Code.

## New issue in connection with the Offering

The Company's shareholders intend to resolve on a new share issue of no more than 13,392,857 new shares in the Company for the purpose of the Offering. The shares are intended to be issued pursuant to a resolution to be made at an extraordinary general meeting in the Company on or around 27 June 2021. Provided that the Offering is fully subscribed, the number of shares in the Company will increase to 58,206,359, and Company's share capital will be increased by DKK 133,928.57 to DKK 582,063.59, corresponding to a dilution of approximately 23.0 per cent. If the Over-allotment Option is exercised in full, a total of 2,008,928 additional shares will be issued by the board of directors pursuant to an authorisation granted by the general meeting, entailing a total dilution of approximately 25.6 per cent in relation to the total number of shares in the Company immediately prior to the Offering.

The net asset value per share as per 31 March 2021 amounted to approximately DKK 0.11 per share. Net asset value per share is calculated as equity (assets less liabilities, in total DKK 1,231 thousand) divided by the total number of shares (10,808,662 shares) as per this date prior to the consolidation of share classes and bonus issue that occurred after 31 March 2021 (see "*Share capital development*" above). Taking into account the consolidation of share classes and bonus issue, the net asset value per share amounted to approximately DKK 0.03 per share, calculated as the same equity divided by the total number of shares (40,000,013 shares).

The Offering price is set to SEK 11.20 per share.

## Lock-up undertakings

Shareholders, including members of the board of directors and members of the Group management who hold shares and/or warrants in the Company, have committed, in relation to Pareto Securities, and subject to certain exemptions, not to offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or divest their holdings in the Company for a certain period after the first official day of trading of the Company's shares on First North Premier (the "**Lock-up Period**").

Such Lock-up Period shall be 360 days for Ettrup Invest ApS, Rocket Group Aps, Faurfelt Invest IVS, Bobhund ApS, NCP-IVS Fund III K/S, Jesper Møller (Chairman of the board of directors), Charlotte Klinge (Board member), Tobias Demuth (CFO) and Andrea Arcari (CBDO). For other shareholders who have provided lock-up undertakings, the Lock-up Period is 180 days for 67 to 100 per cent of their holdings and 90 days for up to 33 per cent of their holdings. Of the total number of shares in the Company prior to the Offering, 76.0 per cent are covered by a 360 days Lock-up Period, 13.2 per cent by a 180 days Lock-up Period and 4.6 per cent by a 90 days Lock-up Period.

The transfer restrictions are subject to certain customary exceptions, for example accept of an offer to all shareholders in the Company in accordance with applicable takeover rules, sale or other divestments of holdings as a result of an offer from the Company to acquire its own shares, or in case transfer of shares is required by legal, administrative or judicial requirements. In addition, Pareto Securities may grant further exemptions from the commitments. After the respective Lock up Period has expired, the holdings may be offered for sale.

Notwithstanding the above, with the exception of the above-listed members of management, the Company's chairman and certain minor shareholders who have previously been board members, the lock-up undertaking does not restrict holders of warrants issued during 2015-2020 from exercising such warrants and subscribing for new shares, and any such shares subscribed for shall not be subject to the above-mentioned lock-up undertaking. For further information on the Company's warrant programs, see "*Warrants*" below. Furthermore, the lock-up undertakings does not cover shares that are subscribed for and allocated in the Offering.

The Company will in the Placing Agreement undertake towards the Pareto Securities to, among other things, with some exemptions, for a period of 360 days from the first day of trading in the Company's shares on First North Premier, not without written consent from the Pareto Securities, propose a capital increase to the Company's shareholders, or take any other action that would enable the Company to, directly or indirectly, issue, offer, pledge, sell,

agree on sales, or in other ways transfer or divest securities that are essentially equated with shares in the Company, including securities that can be converted to or exchanged with, or that represents a right to obtain shares in the Company. The Company furthermore undertakes to not buy or sell any option or other security or enter swap, hedge, or other arrangements that would have an economic effect that correspond to such measures. The Company's commitment as above is subject to certain customary exceptions.

## Warrants

As per the date of the Prospectus, the Company's general meeting has issued and authorised the board of directors to issue a total of 8,561,333 warrants (equal to nominal DKK 85,613.33 warrants) under various incentive programs for board members, members of the executive management, advisors, consultants and employees. The incentive programs have been adopted during the period 2015-2021. As per 31 March 2021, a total number of 1,251,640 warrants were issued under these programs (prior to recalculation due to share consolidation and bonus issue, see "*Share capital development*" above. The number of warrants corresponds to 4,612,782 warrants post recalculation). More information about the incentive programs and the warrant terms and conditions are set out below.

**Warrant programs adopted in the period 2015-2020 exercisable in connection with the listing on First North Premier**

The warrant programs adopted during the period 2015-2020 comprise a total of 4,813,489 warrants (post recalculation due to share consolidation and bonus issue, see "*Share capital development*" above). As per the date of the Prospectus, all warrants under these warrant programs have been issued. Each warrant entitles the holder to subscribe for one new share in the Company with a nominal value of DKK 0.01 at an exercise price of DKK 0.2713 – 4.4677 per share.

The warrants become exercisable in connection with the planned listing on First North Premier (the Accelerated Warrants). Any unexercised warrants will lapse. If all warrants are exercised in full, the total number of shares in the Company will increase by 4,813,489 shares with a nominal value of DKK 0.01 each, and the Company will receive proceeds of DKK 11.0 million.

**Warrant-based incentive program adopted prior to the listing on First North Premier**

In addition to the above, on an extraordinary general meeting held on 15 June 2021, it was resolved to implement a new warrant-based incentive program for board members, key employees, consultants and members of executive management comprised of up to 3,747,844 warrants. The extraordinary general meeting resolved to issue 737,080 warrants to the Company's board members and to authorize the Company's board of directors to issue up to 3,010,764 additional warrants, of which up to 1,204,305 warrants can be allocated to the Company's executive management and up to 1,806,459 warrants can be allocated to key employees and consultants in accordance with the guidelines resolved by the extraordinary general meeting. Allocations to the executive management and key employees and consultants will occur after completion of the Offering.

Warrants are issued to the participants without consideration. Each warrant provides the owner with a right to acquire one new share in the Company with a nominal value of DKK 0.01 against payment of a cash exercise price equivalent to (i) for board members, the share price on the first date of trading plus 10 per cent, and (ii) for key employees, consultants and members of executive management, the Company's volume weighted average share price in the 10 business days after the date of grant plus 10 per cent. In general, the warrants can be exercised following the third anniversary of the date of grant and until the expiry date on the fifth anniversary. Warrants not exercised before the fifth anniversary of the date of grant shall lapse and become void without further notice or compensation.

In case all warrants are issued and fully exercised, a total of 3,747,844 new shares will be issued entailing a dilution of approximately 5.9 per cent of the total number of shares in the Company after the Offering, assuming that the Offering is fully subscribed, that the Over-allotment Option is utilised in full and that the above-mentioned warrants in the 2015-2020 programs are fully exercised in connection with the listing on First North Premier. The warrants are subject to customary recalculation provisions in connection with issues etc.

# Legal considerations and supplementary information

## The Prospectus

**The Prospectus has been approved by the Swedish Financial Supervisory Authority in accordance with the provisions of EU regulation 2017/1129 and following the Danish Financial Supervisory Authority ceding the authority to review and approve the Prospectus to the Swedish Financial Supervisory Authority. The Swedish Financial Supervisory Authority approves the Prospectus only as meeting the standards of completeness, comprehensibility and consistency imposed by EU regulation 2017/1129. This approval should not be considered an endorsement of the Company subject to the Prospectus or the quality of the securities subject to the Prospectus. Investors should make their own assessment as to the suitability of investing in these securities.**

## Corporate information and legal structure

The name of the Company and its trading name is Linkfire A/S. The Company is a Danish public limited liability company (Dan. *Aktieselskab*) and its form of association is governed by the Danish Companies Act. The Company was established on 15 April 2014 and registered with the Danish Business Authority on 24 April 2014. The Company's corporate registration number is 35835431 and its LEI code is 984500Z56C097569I250. The Company's address is found in the section *"Addresses"*. The Company's website is www.linkfire.com. The information on the Company's website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus. The Company conducts its business in accordance with the Danish Companies Act and the Company's registered office is in the municipality of Copenhagen, Denmark.

The Company is the parent company of the Group, which, as per the date of the Prospectus includes the Company and the two wholly-owned subsidiaries Linkfire Inc. (US), corporate registration number 47-4375101, and Linkfire Sociedade Unipessoal Lda (Portugal), corporate registration number 515971146 PORTUGAL. For an overview of the legal structure of the Group, please see section *"Business description – Corporate structure"* above.

## Agreements

The Group has entered into a number of agreements within the ordinary course of business, such as agreements with music labels, Affiliate Partners and Traffic Partners. The Group does not consider any such individual agreement to be of material importance to the Group's business operations as a whole. Other than agreements entered into within the ordinary course of business and loan arrangements described in section "*Capitalisation, indebtedness and other financial information – External financing*", the Group has not entered into any other material agreements during the past two years prior to the date of the publication of the Prospectus, or entered into any agreements prior thereto that include rights or obligations that are material to the Group.

## Placing agreement

Pursuant to the terms of the Placing Agreement, which is intended to be entered into on or around 27 June 2021 between the Company and Pareto Securities, the Company undertakes to issue the new shares included in the Offering, to purchasers procured by Pareto Securities. The Placing Agreement furthermore stipulates that the Company shall undertake to issue an additional 2,008,928 shares in accordance with the Over-allotment Option, if requested by Pareto Securities.

The Company provides certain customary warranties to Pareto Securities under the Placing Agreement, primarily that the information in the Prospectus is correct, that the Prospectus and the Offering comply with relevant legal requirements and that no legal or other restrictions prevent the Company from entering into the Placing Agreement or carry out the

Offering. Under the Placing Agreement, the Company has furthermore undertaken not to issue, offer, pledge, sell, agree on sales, or in other ways transfer or divest any shares in the Company for a period of 360 days from the first day of trading in the Company's shares on First North Premier, without written consent from the Pareto Securities. For further information, see section "*Share capital and ownership structure – Lock-up undertakings*" above.

Pareto Securities' obligation to procure purchasers to the shares in the Offering and to carry out the Offering is subject to certain conditions, including inter alia, that the warranties provided by the Company are true and accurate, that certain force majeure events and material adverse changes to the Company's business do not occur, as well as certain other customary conditions, such that the interest in the Offering according to Pareto Securities is considered sufficient enough for satisfactory trading in the share and that Nasdaq approves the board of director's application for listing on First North Premier. See also section "*Terms and conditions – Conditions for completion of the Offering*". Pareto Securities may terminate the Placing Agreement up until the settlement date which is expected to be 30 June 2021 if the completion conditions are not fulfilled.

## Stabilisation

In connection with the Offering, Pareto Securities may conduct transactions to support the share price or market price of the shares or otherwise affect the price of the shares for up to 30 calendar days from the first day of trading of the shares on First North Premier. For more information about such stabilisation measures, see section "*Terms and conditions – Stabilisation*".

## Legal proceedings and arbitration

The Group is not, and has not during the past 12 months been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), which may have, or have had in the recent past, significant effects on the Company's or the Group's financial position or profitability.

## Transactions with related parties

During the 2018-2020 financial years and the period Q1 2021, the Company has had transaction with related parties in the form of loans received from shareholders made on arms-lengths terms. For more information about such transactions and outstanding balances, see note 23 in the 2020 Annual Report which is incorporated in the Prospectus by reference. As from 1 April 2021 up until the date of the Prospectus, the Group has not carried out any significant transactions with related parties, other than shareholder loans of approximately DKK 2.25 million that have been made on market conditions. For further information on shareholder loans, please see section "*Capitalisation, indebtedness and other financial information – Shareholder loans*".

## Advisors interests

Pareto Securities is Sole Global Coordinator and Bookrunner and provides financial advice and other services to the Company in connection with the Offering. Pareto Securities (and its related parties) has provided, and may be providing in the future, various banking, financial, investment, commercial and other services to the Company for which Pareto Securities has obtained, and may obtain, customary remuneration. Setterwalls Advokatbyrå AB is legal advisor to the Company as to Swedish law and Bruun & Hjejle Advokatpartnerselskab is legal advisor to the Company as to Danish law in connection with the Offering. Aktieinvest acts as issuing agent in connection with the Offering and acts as Certified Adviser to the Company. Nordnet acts as selling agent and Avanza acts as retail distributor in connection with the Offering. None of the advisors holds any shares in the Company and will not achieve any other financial gains from the Company other than previously agreed fees for their services. The addresses to all advisors are set out in the section "*Addresses*".

## Transaction costs

The Company's costs attributable to the Offering are estimated to amount to approximately DKK 10 million. Such costs are primarily attributable to costs for financial advisors, auditors, legal advisors, preparation and layout of the Prospectus and costs related to marketing materials and other presentations.

## Intentions and undertakings to subscribe for shares in the Offering

Anchor Investors have expressed an interest to subscribe for shares in the Offering corresponding to a total of SEK 81.6 million, which corresponds to 54.4 per cent of the shares in the Offering if the Over-allotment Option is not exercised, 47.3 per cent if the Over-allotment Option is fully exercised and 12.1 per cent of the shares in the Company after the Offering, assuming that the Offering is fully subscribed and that the Over-allotment Option is fully exercised. One Anchor Investor, an international specialist investor managing three long-only, small and mid-

cap equities funds has indicated an interest to subscribe for shares in the Offering for an aggregate amount of SEK 50 million and one Anchor Investor, a European institutional fund manager with a portfolio of 18 funds across equities and fixed income has indicated an interest to subscribe for shares in the Offering in an aggregate amount of SEK 25 million. Apart from these two Anchor Investors, no other Anchor Investors has indicated an intention to subscribe for shares corresponding to more than five per cent of the total number of shares in the Offering. The indications from the Anchor Investors do however not constitute formal commitments from the Anchor Investors to finally invest in the Offering and there is hence no certainty that the Anchor Investors will ultimately subscribe for shares in the Offering. The Anchor Investors are not guaranteed allotment in the Offering but may be given special consideration at the allotment.

In addition, external investors and certain existing shareholders, including members of the board of directors, as detailed in the table below have formally undertaken to subscribe for shares in the Offering corresponding to a total of SEK 10.3 million which corresponds to 6.9 per cent of the shares in the Offering if the Over-allotment is not exercised, 6.0 per cent if the Over-allotment Option is fully exercised and 1.5 per cent of the shares in the Company after the Offering, assuming that the Offering is fully subscribed and that the Over-allotment Option is fully exercised. The undertakings were made in June 2021 and do not entitle to any compensation. The undertakings are not covered by any bank guarantee, blocked funds, pledging or similar arrangement, and consequently there is a risk that the external investors and existing shareholders will not fulfil their undertakings. See also section "*Risk factors – Intentions to subscribe for shares in the Offering from Anchor Investors are not formally binding and the formal undertakings to subscribe for shares in the Offering received from certain shareholders are not secured*". Information about the parties that have issued formal subscription undertakings and their respective commitments are detailed in the table below.

| Investor | Number of shares | Total commitment (SEK) |
|---|---|---|
| NCP-IVS Fund III K/S | 328,258 | 3,676,489.60 |
| Bobhund ApS* | 151,846 | 1,700,675.20 |
| CK Holding 2019 ApS** | 121,477 | 1,360,542.40 |
| Jesper Eigen Møller*** | 30,369 | 340,132.80 |
| Other investors**** | 285,948 | 3,202,617.60 |
| **Total:** | **917,898** | **10,280,457.60** |

* Bobhund ApS is wholly-owned by the Company's board member Thomas Rudbeck.
** CK Holding 2019 ApS is wholly-owned by the Company's board member Charlotte Klinge.
*** Jesper Eigen Møller is chairman of the board of directors in the Company.
**** External investors and existing shareholders holding less than 5 per cent of the shares in the Company prior to the Offering.

## Documents incorporated by reference

The following financial reports are incorporated into the Prospectus by reference. The documents incorporated by reference are available on the Company's website, www.linkfire.com.

- Linkfire's Q1 2021 interim report for the Group, in which reference is made to the consolidated statement of comprehensive income (p. 13), the consolidated balance sheet (p. 14-15), the consolidated statement of changes in equity (p. 16), the cash flow statement (p. 17), the notes (p. 18-23) and the audit report (p. 11-12).

- Linkfire's 2020 annual report for the Group, in which reference is made to the consolidated statement of income (p. 11), the consolidated statement of financial position (p. 12), the consolidated statement of changes in equity (p. 13), the cash flow statement (p. 14), the notes (p. 15-41) and the audit report (p. 4-6).

- Linkfire's 2018 annual report for the parent company, in which reference is made to the income statement (p. 7), the balance sheet statement (p. 8-9), the statement of changes in equity (p. 10), the notes (p. 11-18) and the audit report (p. 3-5), as well as the separate cash flow statement with the associated audit report.

## Documents available for inspection

The Company's updated memorandum of association (certificate of incorporation) and articles of association are available on the Company's website www.linkfire.com throughout the period of validity of the Prospectus.

# Articles of association

This is an unofficial translation of the articles of association adopted at the extraordinary general meeting in the Company held on 15 June 2021. Schedules are not included.

## 1. The name of the Company

1.1 The Company's name is Linkfire A/S.

## 2. Objects

2.1 The Company's purpose is to operate with-in information services and software and other related businesses.

## 3. The Company's share capital and shares

3.1 The share capital of the Company amounts to DKK 400,000.13 and is divided into shares of DKK 0.01 each or multiples thereof. The share capital is paid in full.

3.2 No shares carry any special rights. No shareholder is obliged to have his or her shares redeemed in full or in part.

3.3 The shares are negotiable but must be registered in the name of the holder and be registered in the Company's register of shareholders.

3.4 The shares are freely transferable.

3.5 The shares are issued through and registered with VP Securities A/S. Dividend, including any interim dividend, from the shares will be paid by way of transfer through VP Securities A/S.

3.6 The Company has appointed Euroclear Sweden AB, reg. no. 556112-8074 as keeper of the Company's register of shareholders for all shares issued by the Company.

## 4. Authorisations

4.1 In the period until the annual general meeting to be held in 2022, the board of directors is authorised to increase the Company's share capital in one or more issues without pre-emption rights for the Company's existing shareholders by up to a nominal amount of DKK 116,412.71. The capital increase(s) shall take place at market price and shall be effected by cash payment, by contribution in kind, by debt conversion or a combination hereof.

For the issuance of shares based on the above authorisation the following shall apply:

1. Partial payment of the subscription amount is not permitted.
2. The new shares will be without pre-emption rights for existing shareholders, and the pre-emption rights relating to the new shares will not be restricted in respect of future capital increases other than as provided for in the Company's articles of association.
3. There are no restrictions on the transferability of the shares. No shareholder is obliged to have his or her shares redeemed in full or in part.
4. The new shares will be issued through VP Securities A/S and will be admitted to trading and official listing on Nasdaq First North Premier Growth Market (the **"Exchange"**).
5. The new shares will be issued in the name of the holder and will be negotiable instruments.

The board of directors is authorised to make the necessary amendments to the articles of association in connection with the capital increase(s) being effected.

4.2 The board of directors is authorised to pass a resolution on acquisition of treasury shares on the following terms:

1. The Company may acquire up to nominal DKK 58,206.35 treasury shares in the period until the annual general meeting to be held in 2022.
2. Acquisitions of treasury shares should be made on the Exchange at a price per share which cannot deviate more than 10% from the price quoted on the Exchange on the date of acquisition.

## 5. Warrants

5.1 At the Company's general meeting held on 11 September 2015, it was in accordance with section 155(2), see section 169 of the Danish Companies Act resolved to authorise the board of directors to issue warrants until 11 September 2020, without pre-emptive rights to the existing shareholders, in one or more rounds, which gives the right to subscribe for shares up to a nominal amount of DKK 8,873 shares in the Ordinary Shares capital class. The board of directors is furthermore authorised the pertaining capital increase.

The authorisation can be used in connection with issuing warrants to the management (executive board and board of directors), other employees in the company and/or its subsidiaries, and after the board of directors' decision, the company's consultants and advisors.

The issued warrants give the right to subscribe for shares in the company to a price determined discretionary by the board of directors, and so the price can be lower than the market price but not lower than the par value per share.

Furthermore, the board of directors determine the detailed terms and conditions for the warrants issued in accordance to this authorisation.

According to this clause, the new shares will be non-negotiable instruments and be issued in the name of the holder in the shareholders' register, further after the exercise of the warrants and in future capital increases, the same pre-emptive rights will apply as for existing shareholders. The conditions of the articles of association and its transferability will apply on the new shares. The new shares shall entitle the holder the right to receive dividend and other rights in the company upon a date determined by the board of directors but no later than 12 months after the registration of share capital increase.

The board of directors are authorised to determine the detailed terms and conditions for the capital increases in accordance with the above authorisation. Further, the board of directors is authorised to amend the articles of association which may be required upon the board of directors' utilisation of the above authorisation.

5.2 At the meeting of the board of directors held on 11 September 2015, the board of directors resolved to use the authorisation to issue warrants pursuant to the articles of association clause 5.1 and resolved to issue additional warrants corresponding to shares of nominal 4,646, i.e. the highest amount of the capital increase which can be subscribed for based on the issued warrants amount to nominal DKK 4,646. In respect of the Company Act's section 169 (2), 2-7 and (3) reference is made to Appendix 1 and 2 in the articles of association, given that:

- Warrants of nominal DKK 2,500 equal to shares of nominal DKK 2,500 are issued in accordance with the terms and conditions of Appendix 1.
- Warrants nominal DKK 2,500 equal to shares of nominal DKK 2,500 are issued in accordance with the terms and conditions of Appendix 2.

5.3 At the meeting of the board of directors held on 3 October 2016, the board of directors resolved to use the authorisation to issue warrants pursuant to the articles of association clause 5.1 and resolved to issue additional warrants corresponding to shares of nominal 2,303, i.e. the highest amount of the capital increase which can be subscribed for based on the issued warrants amount to nominal DKK 2,303. In respect of the Company Act's section 169 (2), 2-7 and (3) reference is made to Appendix 5 in the articles of association.

5.4 At the meeting of the board of directors held on 1 July 2016, the board of directors resolved to use the authorisation to issue warrants pursuant to the articles of association clause 5.1 and resolved to issue additional warrants corresponding to shares of nominal 862, i.e. the highest amount of the capital increase which can be subscribed for based on the issued warrants amount to nominal DKK 862. At the meeting of the board of directors held on 20 December 2016, the board of directors resolved to use the authorisation to issue warrants pursuant to the articles of association clause 5.1 and resolved to issue additional warrants corresponding to shares of nominal 600, i.e. the highest amount of the capital increase which can be subscribed for based on the issued warrants amount to DKK 600. In respect of the Company Act's section 169 (2), 2-7 and (3) reference is made to Appendix 6 in the articles of association.

5.5 The Company's general meeting has on 27 February 2020 resolved to issue 956.44 warrants to management members and employees of the Company or group companies. The warrants are be subject to the terms and conditions attached as Appendix 5.

5.6 At the Company's general meeting held on 28 February 2020, it was in accordance with section 155(2), see section 169 of the Danish Companies Act resolved to authorise the board of directors to issue warrants until 1 January 2025, without pre-emptive rights to the existing shareholders, in one or more rounds, which gives the right to subscribe for shares up to a nominal amount of DKK 5,731.55 shares in the company. The board of directors is furthermore authorised the pertaining capital increase.

The authorisation may be used in connection with issuance of warrants to management and other employees in the Company and/or its subsidiaries based on the board of directors' discretion.

The board of directors is authorised to reuse or reissue any expired warrants that has not been duly exercised, provided that the reuse or reissuance observes the terms and limitations in time which is set out in the above authorisation. A reuse shall mean the access for the board of directors to allow another to take over a warrant that has already been issued. A reissuance shall mean the board of directors' access to issue new warrants as substitution for shares that has already been issued but which has terminated, provided the terms of the above authorisation are observed.

The warrants' exercise price and other terms for the warrants which are issued in accordance with the authorisation are subject to the terms and conditions of Appendix 3.9. Going forward, the board of directors are authorised to issue warrants pursuant to the articles of association clause 5.6 and the terms in Appendix 3.9.

According to this clause, the new shares will be non-negotiable instruments and be issued in the name of the holder in the shareholders' register, further after the exercise of the warrants and in future capital increases, the same preemptive rights

will apply as for existing shareholders. The conditions of the articles of association and its transferability will apply on the new shares. The new shares shall entitle the holder the right to receive dividend and other rights in the company upon the date of the subscription of the shares.

The board of directors are authorised to determine the detailed terms and conditions for the capital increases in accordance with the above authorisation. Further, the board of directors is authorised to amend the articles of association which may be required upon the board of directors' utilisation of the above authorisation.

5.7 At the meeting of the board of directors held on 28 February 2020, the board of directors resolved pursuant to the authorisation in the articles of association clause 5.6 to issue warrants and resolved to issue warrants corresponding to shares of nominal 3,934.

5.8 At the meeting of the board of directors held on 23 April 2021, the board of directors resolved pursuant to the authorisation in the articles of association clause 5.6 to ratify the issuance of 254,200 warrants and issue 147,483 warrants.

5.9 On 30 April 2021, the Company was converted to a public limited company and bonus shares were issued. In this connection, the number of warrants and exercise price for the Company's existing warrant holders have been adjusted to reflect the Company's amended capital structure. The authorisations in Appendices 1, 2, 5, 3.9 and 6 have not been adjusted at this stage.

5.10 At the meeting of the board of directors held on 20 May 2021, the board of directors resolved pursuant to the authorisation in the articles of association clause 5.6 to issue warrants and decided to issue 111,914 warrants corresponding to shares of a nominal amount of 1,119.14. The number of warrants and the exercise price were adjusted to reflect the company was converted to a public limited company and that the bonus shares were issued on 30 April 2021. The Company's existing warrant holders have received corresponding adjustment.

5.11 At a meeting of the board of directors held on 15 June 2021, the board of directors resolved pursuant to the authorisation in the articles of association clause 5.6 to ratify the issuance of 13,636 warrants.

5.12 On the extraordinary general meeting held on 15 June 2021, the general meeting authorised the board of directors to establish a long-term incentive program for the Company's key employees, consultants and members of executive management.

The board of directors is authorised in one or more issues to issue up to 3,010,764 warrants to the Company's key employees, consultants and members of the executive management granting them a right to subscribe for shares of up to a total nominal amount of DKK 30.107,64 against payment in cash without pre-emption rights for the Company's shareholders, and to adopt the necessary resolutions to carry out the required increase of the Company's share capital.

The authorisation is valid in the period until the Company's annual general meeting to be held in 2022.

The board of directors is authorised to reissue any expired warrants that have not been duly exercised, provided that the reissuance observes the terms and limitations in time which are set out in this authorisation. A reissuance shall mean the board of directors' access to issue new warrants as substitution for warrants that have already been issued but which have terminated.

The principal terms and conditions which shall apply to the issued warrants are enclosed as Schedule 7. The board of directors is authorised to determine the detailed terms and conditions of the issued warrants and the distribution thereof in accordance with the terms and conditions set out in Schedule 7.

The board of directors may determine any other terms relating to the issue of shares on the basis of the above authorisation, however, as provided under section 155(3)(4) of the Danish Companies Act the following shall apply:

1. Partial payment of the subscription amount is not permitted.
2. The new shares will be without pre-emption rights for existing shareholders, and the pre-emption rights relating to the new shares will not be restricted in respect of future capital increases.
3. The transferability of the new shares will not be restricted, and the new shareholders will not be obligated to let their shares be redeemed.
4. The new shares will be issued through VP Securities A/S and will be admitted to trading and official listing on the Exchange.
5. The new shares will be issued in the name of the holder and will be negotiable instruments.

5.13 On the extraordinary general meeting held on 15 June 2021, the general meeting resolved to issue 737,080 warrants without consideration to three board members of the company in the following order: Jesper Eigen Møller is granted 368,540 warrants, Charlotte Klinge is granted 184,270 warrants and Thomas Rudbeck is granted 184,270 warrants. Further, the general meeting decided to resolve on the necessary capital increase on the following terms:

1. The nominal value of the capital increase resulting from the exercise of the issued warrants will be at least nominally DKK 0.01 and maximum nominally DKK 737,080, provided that the maximum capital increase is subject to the adjustment mechanism set out in section 11 of Schedule 8 below.
2. Each warrant gives the holder a right to subscribe for one ordinary share in the Company with a nominal value of DKK 0.01 each. The new shares may be subscribed for against payment of a cash exercise price equivalent to the share price on the first date of trading plus 10%.
3. The subscription of the warrants must be made by signing of a subscription list presented at the extraordinary general meeting.

Furthermore, the warrants are subject to the terms and conditions as set out Schedule 8 below.

For the issuance of shares based on exercise of the issued warrants the following shall apply:

1. Partial payment of the subscription amount is not permitted. Payment of the exercise price for the shares must be made no later than in connection with the holder providing an exercise notice to the Company.
2. The new shares will be issued without pre-emption rights for existing shareholders, and the pre-emption rights relating to the new shares will not be restricted in respect of future capital increases other than as provided for in the Company's articles of association.
3. There are no restrictions on the transferability of the shares. No shareholder is obliged to have his or her shares redeemed in full or in part.
4. The new shares will be issued through VP Securities A/S and will be admitted to trading and official listing on the Exchange.
5. The new shares will be issued in the name of the holder and will be negotiable instruments.
6. The new shares shall entitle the holder the right to receive dividends and other rights in the Company upon registration of the capital increase with the Danish Business Authority.
7. The costs relating to the capital increase will be paid by the Company and are estimated at DKK 25,000 (exclusive of VAT).

## 6. General meetings

### 6.1 Shareholders' right to pass resolutions

6.1.1 The shareholders exercise their right to pass resolutions at the Company's general meetings.

### 6.2 Right to attend and vote

6.2.1 Each shareholder is entitled to attend and speak at general meetings cf. articles 6.2.2 – 6.2.4 of these articles of association.

6.2.2 A shareholder's right to attend a general meeting and to vote is determined on the basis of the shares held by the shareholder at the date of registration, which is one week before the date of the general meeting. The shareholding of each individual shareholder is determined at the date of registration, based on the number of shares held by that shareholder as registered in the register of shareholders and on any notice of ownership received by the Company for the purpose of registration in the register of shareholders, but not yet registered.

6.2.3 The shareholder is entitled to attend general meetings by proxy, who must produce a written and dated instrument of proxy. The shareholder or the proxy may attend the general meeting together with an advisor authorised to speak at the general meeting on behalf of the shareholder.

6.2.4 In order to attend the general meeting, it is a condition that the shareholder or the proxy, as the case may be, has notified the attendance for him or herself as well as any accompanying advisor within three calendar days of the general meeting at the latest.

### 6.3 Place

6.3.1 General meetings are held in (i) Greater Copenhagen, or (ii) the Municipality of Stockholm, Sweden, as decided by the board of directors.

### 6.4 Electronic general meetings

6.4.1 The board of directors is authorised to decide that general meetings are held as a completely electronic general meetings without physical attendance or partially electronic meetings.

6.4.2 Participation in completely electronic general meetings shall take place via electronic media enabling the shareholders of the Company to attend, speak and vote at the general meeting and ensuring that the general meeting can be conducted in a proper manner and in accordance with the Danish Companies Act. The board of directors is authorised to decide on the detailed requirements to the electronic systems to be used to conduct electronic general meetings.

### 6.5 Notice of general meetings

6.5.1 General meetings must be convened at no less than three weeks' and no more than five weeks' notice.

6.5.2 The board of directors convenes general meetings via the Company's website (www.linkfire.com) as well as in writing to all shareholders registered in the Company's register of shareholders having so requested.

6.5.3 Extraordinary general meetings are held when so decided by a general meeting, the board of directors or the Company's auditor or when so requested of the board of directors in writing by shareholders holding at least 5% of the share capital. Any such request by shareholders must specify the matters to be considered at the general meeting. Such extraordinary general meeting must be convened within fourteen days of receipt of the request by the board of directors.

6.5.4 No later than 3 weeks before a general meeting (including the date of the general meeting), the following information must be made available for the shareholders' inspection on the Company's website (www.linkfire.com):

1. Notice convening the general meeting.
2. The total number of shares and voting rights on the date of the notice.
3. The documents to be submitted to the general meeting.
4. The agenda and the complete proposals.
5. Forms to be used in connection with voting by proxy and by post, unless such forms are sent directly to the shareholders.

6.5.5 Shareholders have a right to have one or more specific issues treated at the general meeting if the board of directors has received such proposals in writing no later than six weeks before the date of the general meeting.

6.5.6 The shareholders may put questions in writing concerning the agenda or documents for use for the general meeting no later than 7 days before the date of the general meeting.

6.5.7 The notice convening an electronic general meeting must state the requirements to the electronic equipment to be used for attending the general meeting. The notice must also explain how shareholders may register for electronic attendance, and where they may find information on the procedure for electronic attendance at the general meeting.

**6.6 Annual general meetings**

6.6.1 The annual general meeting is held every year in time for the audited and approved annual report to be submitted to the Danish Business Authority within four months of the end of the financial year at the latest.

6.6.2 No later than eight weeks before the contemplated date of the annual general meeting, the board of directors shall publish the date of the general meeting and the deadline for submission of requests for specific business to be included in the agenda, see article 6.5.5.

6.6.3 The agenda of the annual general meeting must include the following items:

1. Appointment of the chairman of the general meeting.
2. The board of directors' report on the activities of the Company during the past financial year.
3. Presentation of the audited annual report and the consolidated financial statements for adoption.
4. Proposal by the board of directors concerning the appropriation of profits or covering of losses as recorded in the approved annual report.
5. Resolution to grant discharge of liability to members of the board of directors and the executive management.
6. Election of members of the board of directors, including the chairman of the board of directors.
7. Presentation of the remuneration report for the most recent financial year for advisory vote
8. Approval of the board of directors' remuneration for the current financial year
9. Election of auditor and determination of remuneration for the auditor.
10. Any proposals from the board of directors or the shareholders.

6.6.4 The accountant elected by the general meeting shall be present at the Company's annual general meetings.

**6.7 Voting**

6.7.1 At general meetings, each represented share of DKK 0.01 carries one vote.

6.7.2 Each shareholder must vote consistently in respect of all its shares. The shareholders may cast their votes in writing to the board of directors before the general meeting. Postal votes must reach the Company no later than 3 days before the general meeting, and when received by the Company such postal votes cannot be withdrawn.

6.7.3 Unless otherwise provided by the Danish Companies Act, all resolutions at general meetings will be passed by a simple majority of votes. In the event of a tied vote, the proposed resolution has not been passed.

6.7.4 If a person is to be elected, the person receiving the majority of the votes will be elected. In the event of a tied vote, the election will be resolved by lot.

**6.8 Chairman and minute book**

6.8.1 The general meeting is presided over by a chairman appointed by the board of directors.

6.8.2 The chairman of the meeting will ensure that the general meeting is held in a proper and efficient manner.

6.8.3 The business transacted at general meetings must be recorded in a minute book to be signed by the chairman of the meeting. All resolutions at general meetings must be recorded in the Company's minute book.

6.8.4 No later than two weeks after the date of the general meeting, such minute book or a certified copy thereof as well as the voting results for the general meeting must be made available on the Company's website (www.linkfire.com).

**6.9 Language of the general meeting**

6.9.1 General meetings must be held in English, without offering simultaneous interpretation between Danish and English.

6.9.2 Documents to be used for the general meeting in connection with or after the general meeting must be prepared in Danish. However, the board of directors may decide to prepare such documents in English provided that the Danish Business Authority does not require that such documents be prepared in Danish.

## 7. Electronic communication

7.1 The board of directors may choose that all communication from the Company to the individual shareholders is to be effected by electronic means, including by email, and that general notices are made available to the shareholders on the Company's website (www.linkfire.com), unless otherwise provided by law. The Company may at any time communicate to the individual shareholders by ordinary post in addition or as an alternative to electronic means of communication.

7.2 Notices to the shareholders of annual and extraordinary general meetings, including the complete proposals for proposed amendments of the articles of association, the agenda, annual reports, interim reports, Company announcements, admission cards, proxy and voting forms as well as any other general information from the Company to the shareholders, may be forwarded by the Company to the shareholders by electronic means, including by email. Except for admission cards to general meetings, the above documents may be found on the Company's website (www.linkfire.com).

7.3 Each shareholder is responsible for ensuring that the Company always has the correct email address of the shareholder. The Company is not obliged to verify such contact information or to send notices in any other way.

7.4 The shareholders may find information about the requirements for the systems to be used and the procedures to be followed when communicating electronically on the Company's website (www.linkfire.com).

## 8. Corporate language

8.1 The Company's corporate language shall be English.

## 9. The board of directors

9.1 The general meeting elects no less than three and no more than seven members to the board of directors of the Company.

9.2 Members of the board of directors are elected for a term of one year at a time until the next annual general meeting. Re-election is possible.

9.3 The chairman of the board of directors is elected by the general meeting. If such election has not been made, or if the chairman resigns during a term of election, the board of directors shall elect a chairman among its members to serve until the earlier of the next annual general meeting, or the time when a chairman of the board of directors has otherwise been elected by the general meeting.

9.4 The board of directors forms a quorum when more than half of all members are represented.

9.5 The board of directors prepares rules of procedure with detailed rules on the performance of the duties of the board of directors.

9.6 The remuneration payable to members of the board of directors is determined by the general meeting.

## 10. The executive management

10.1 The board of directors must appoint one or more executive managers to be responsible for the day-to-day management of the Company and determine the terms for their appointment and the detailed rules on their authority.

10.2 If more than one executive manager is appointed, the board of directors establishes the division of work and responsibility between the executive managers, and one of the executive managers may be appointed managing director.

## 11. Nomination committee

11.1 A nomination committee shall be appointed consisting of four members.

11.2 The main objective and responsibility of the nomination committee is to prepare proposals to the annual general meeting for the election of the chairman and other members of the board of directors, the remuneration to the board of directors, the chairman of the general meeting and election of and remuneration to the auditor.

11.3 The appointment of members to the nomination committee and the rules governing the work of the nomination committee are set forth in the rules of procedure for the nomination committee enclosed as Schedule 4.

## 12. Extraordinary dividends

12.1 The board of directors is authorised to resolve to distribute extraordinary dividends.

## 13. Power to bind the Company

13.1 The Company is bound by the joint signatures of two members of the board of directors, the joint signature of a member of the board of directors and a member of the executive board, or by the joint signatures of all members of the board of directors.

## 14. Financial statements and audit

14.1 The financial year of the Company runs from 1 January to 31 December.

14.2 The annual report of the Company shall be audited by one state-authorised public accountant, unless additional accountants are required under the legislation in force. The accountant is appointed at the general meeting for the period until the next annual general meeting. Re-appointment can occur.

14.3 The Company's annual reports are prepared and presented in English.

# Glossary

| | |
|---|---|
| **"Affiliate Partner"** | Digital Service Provider with which the Company has entered into an agreement regarding compensation for leads, sign-ups and transactions as a result of the Company's traffic. |
| **"Customer"** | Artist or record label who signs up for and uses the Company's marketing platform. |
| **The "Code"** | The Swedish Corporate Governance Code. |
| **The "Company", "Linkfire" or the "Group"** | Depending on the context, Linkfire A/S, corporate reg. no. 35835431, the group in which the Company is the parent company or a subsidiary of the Group. |
| **"Consumer"** | Fans, listeners and users, consuming music and related entertainment content. |
| **"Data Partner"** | Digital Service Provider with which the Company has entered into an agreement regarding the sharing of conversion data and insights on consumer behaviour. |
| **"DAU"** | Daily Active Users. |
| **"Digital Service Provider"** | Corporate entities that provide digital services built on a networked ecosystem of consumers and other service providers, e.g. online retail stores and streaming providers such as Amazon and Apple Music. |
| **"Euroclear Sweden"** | Euroclear Sweden AB. |
| **"First North Premier"** | The market segment First North Premier Growth Market, operated by Nasdaq Stockholm Aktiebolag. |
| **"LTV"** | Lifetime value. Used in marketing as an estimate of the average revenue that a customer will generate throughout its lifespan as a customer. |
| **"MAU"** | Monthly active users. |
| **The "Offering"** | The invitation to subscribe for shares in the Company according to this Prospectus. |
| **"Over-allotment Option"** | The over-allotment option provided by the Company to Pareto Securities. See section *"Background and reasons"*. |
| **"Pareto Securities"** | Pareto Securities AB. |
| **The "Placing Agreement"** | The placing agreement to be entered into by and between the Company and Pareto Securities. See section *"Legal considerations and supplementary information"*. |
| **The "Prospectus"** | This prospectus, which has been produced by reason of the Offering. |
| **"R&D"** | Research and development. |
| **"RPM"** | Revenue per mille (thousand). Used in conjunction with monetisation of traffic. Revenue per thousand consumers connected through Linkfire. |
| **"SaaS"** | Software-as-a-Service. |
| **"Smart Link"** | A link that automatically adapts and personalises itself to the consumer who is clicking on it. Linkfire's Smart Links use a range of parameters such as country, city, time and metadata to ensure every consumer journey is relevant. |
| **"Social Media Platform"** | Social media services such as Facebook, Twitter, Instagram, Snapchat and Twitch where users can interact, share and engage with and around content. |
| **"Streaming service" / "Streaming provider"** | A SaaS based Digital Service Provider that offers music via streaming to its subscribers. |
| **"Traffic Partner"** | Social Media Platforms, publishers, websites and applications where users engage around and discover music and entertainment, with which the Company has entered into an agreement regarding the integration of the Company's Smart Links, through which the Company connects consumers to Digital Service Providers. |
| **"VP Securities"** | VP Securities A/S. |

# Addresses

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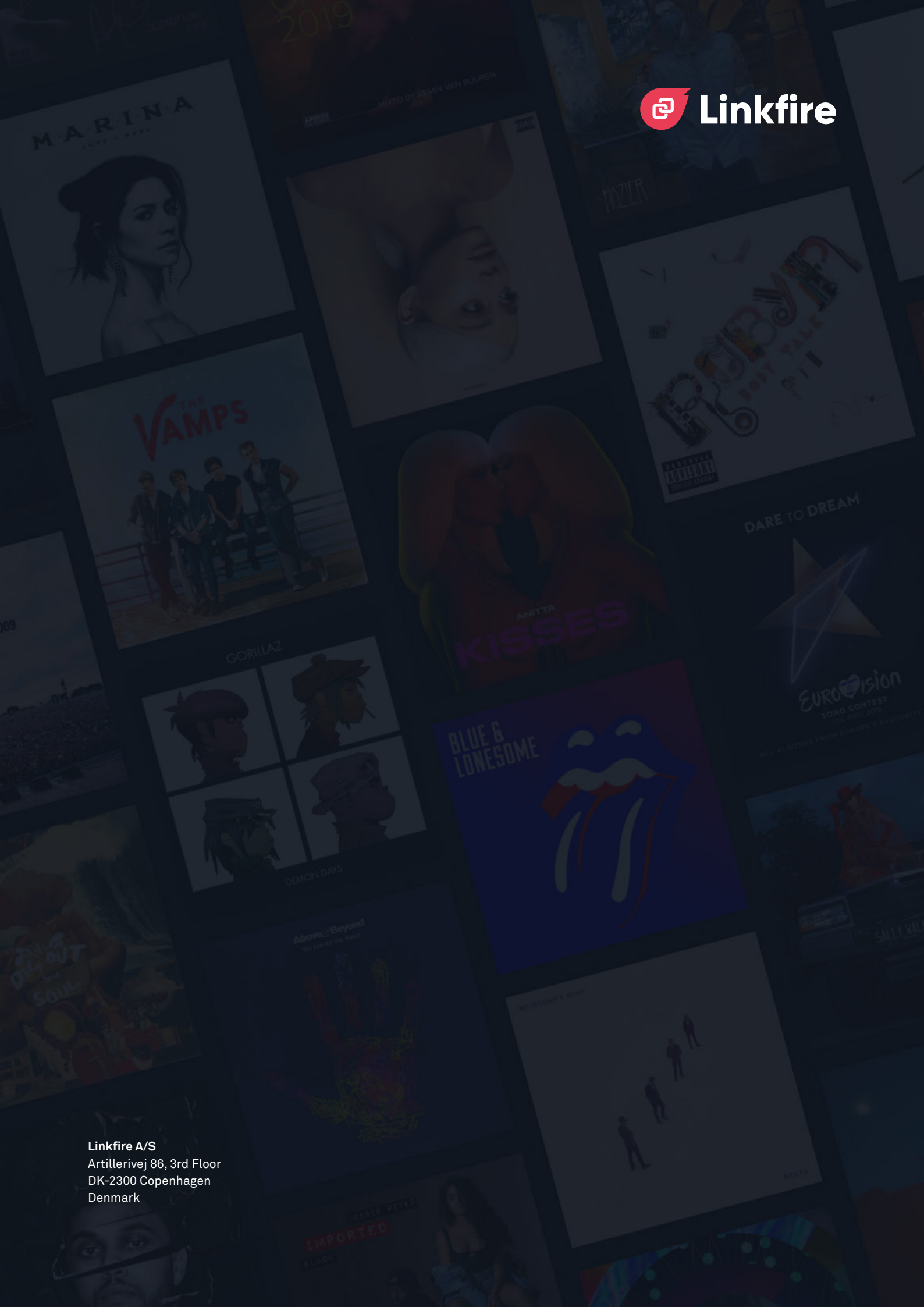


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