

# Loyal Solutions A/S

Edvard Thomsens Vej 10, 6.  
2300 København S.

CVR-nr. 28 85 02 63

## **Annual Report**

1. juli 2021 - 30. juni 2022

Presented and adopted at the Annual General Meeting on 3 October 2022

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Anders Birkenfeldt  
Chairman of the meeting

## Management's Statement on the Annual Report

Today the board of directors and executive board have discussed and approved the Annual Report of Loyal Solutions A/S for the financial year 1 July 2021 - 30 June 2022.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2022 and of the result of the Company's operations for the financial year 1 July 2021 - 30 June 2022.

In our opinion, the management's review includes a fair review of the matters discussed in the management review.

We recommend that the Annual Report be approved at the annual general meeting.

Copenhagen, 14 September 2022

### Executive board

Peter Børge Kisbye

### Board of Directors

Frank Hansen  
*Chairman*

Morten Ingemann Hershøj

Henriette Høyer

Thomas Astrup Klitbo

Per Kogut

## Independent auditors' report

### To the Shareholders of Loyal Solutions A/S

#### Opinion

We have audited the financial statements of Loyal Solutions A/S for the financial year 01.07.21 - 30.06.22, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the accompanying financial statements present fairly, in all material respects, the company's assets, equity and liabilities and financial position as at 30 June 2022 and the company's financial performance and cash flows for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

#### Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of the auditor's report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the Danish Financial Statements Act and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

## **Independent auditors' report (continued)**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting in its preparation of the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### **Statement regarding the management's review**

Management is responsible for management's review.

Our opinion on the financial statements does not include the management's review, and we do not express any form of opinion on the management's review.

In connection with our audit of the financial statements, it is our responsibility to read the management's review and in this connection consider whether the management's review is materially inconsistent with the financial statements or the knowledge we have obtained during our audit, or in any other way appears to be materially misstated.

Furthermore, it is our responsibility to consider whether the management's review contains the information required under the Danish Financial Statements Act.

Based on the work performed, we believe that the management's review is in accordance with the financial statements and has been prepared in accordance with the provisions of the Danish Financial Statements Act. We have not detected any material misstatement in the management's review.

Søborg, 14 September 2022

### **Beierholm**

Statsautoriseret Revisionspartnerselskab  
CVR no. 32 89 54 68

Thomas Thomsen  
State Authorized Public Accountant  
MNE-no. 34079

## Management's review

### Key activities

The Company's primary activity is development, implementation and operation of advanced global SaaS loyalty solutions.

### Development in activities

The company completed its first year as a listed company on Nasdaq First North Growth Market, Stockholm on June 30, 2022.

The company delivered a growth in annual recurring revenue (ARR) of 32%, with revenue for the fiscal year reaching 93% of budget. EBITDA were 40,8% better than budgeted.

During the fiscal year the company signed a global agreement with Visa Inc. as well as a regional agreement with Mastercard Nordics, both important foundations for the future growth of the Company. The company's pipeline grew at the expected pace. In the latter part of the fiscal year, the company did experience a degree of hesitancy in the market. As a consequence, the market approach was adjusted.

### Financial review

#### Revenue

Revenue is comprised of recurring subscription fees, implementation fees and revenue from ad-hoc work from clients and has increased organically by 26% from DKK 14,5 million in financial year 2020/21 to DKK 18,3 million in financial year 2021/22. The growth is primarily attributable to existing clients.

#### Expenses

Total operating expenses, excluding depreciation amounted to DKK 22,8 million (DKK 17,4 million excluding one-time expenses related the the IPO).

The increase is primarily related to an increase in staff costs: DKK 14,9 million (DKK 8,5 million) due to hiring of new staff to facilitate the planned scaling up of the business. Variable costs increased to DKK 10,0 (DKK 7,5 Million) as a result of increased activity. Other operating expenses increased to DKK 8,2 Million (DKK 6,6 Million) mainly related to continues PCI-DSS level 1 certification and IT infrastructure expenses.

The amount activated as development costs decreased to DKK 0,4 million (DKK 1,9 million) due to additional client projects being brought live.

#### EBITDA

Earnings before interest, tax, depreciation, and amortization (EBITDA) was negative by DKK 14,5 Million (DKK 5,9 Million).

#### Profit/Loss for the year

The income statement of the Company for 2021/22 shows a loss of DKK 18,5 Million (DKK -9,8 million). The loss for 2021/22 was less than expected (budget 2021/22 was TDKK -23,4).

#### Assets

Total assets amount to DKK 22,0 million (DKK 41,2 million).

The intangible assets relate to development costs for the Company's SaaS platform LoyalTfacts(r). The development costs include primarily capitalised staff costs and to a limited extent external expenses. Development costs amount to DKK 4,6 million (DKK 7,3 million).

## **Management's review (continued)**

### **Financial review (continued)**

As per 30 June 2022 Cash and cash equivalents amount to DKK 6,3 million (DKK 26,6 million). The decrease is mainly due to the planned scaling up of the business.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date which materially affects the assessment of the financial position of the Company.

## Accounting policies

### Basis of accounting

The Annual Report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous year.

### Recognition and measurement

Income is recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities. Furthermore, all expenses, including depreciation, amortisation, impairment losses and write-downs, are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of the liability can be measured reliably. Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any deductions and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

### Currency

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item.

Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement.

Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

## Accounting policies (continued)

### Income Statement

#### Gross profit

Gross profit comprises revenue and cost of sales and other external expenses.

#### Revenue

Income from the sale of services is recognised as delivery takes place. For annual subscription licences, revenue is recognised evenly over the subscription period for which the customer has paid.

Where a customer pays their subscription in advance, that amount is recorded as a liability on the balance sheet until the Company provides the purchased software subscription for that period.

Revenue from services are recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

#### Variable costs

Variable costs comprises cost directly linked to revenue in the financial year measured at cost.

#### Other external expenses

Other external expenses comprise expenses to the Entity's ordinary activities, such as expenses for sale, marketing, administration, premises, lease expenses and bad debts to the extent that these do not exceed normal write-downs.

#### Other operating income

Other operating income comprise items of secondary character compared to the company's primary activities.

#### Staff costs

Staff costs comprise wages and salaries including holiday pay and pensions as well as social security contributions to the company's employees.

#### Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Intangible assets	5-10	0 %
Leasehold improvements	3-5	0 %
Other plant, fixtures and equipment	3-5	0 %

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the impairment losses on fixed assets' section.



## Accounting policies (continued)

### Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

### Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company has been jointly taxed with Loyalty Holdings A/S, who acts as a management company, for a part of the financial year. The tax effect of the joint taxation with the parent company is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

### Balance sheet

#### Intangible assets

The Company has made judgements when assessing whether internal development projects meet the criteria to be capitalised, and measuring the costs and useful life attributed to such projects. The capitalisation of these assets and related amortisation charges are based on judgements about the value and useful life of such items.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Internal development projects comprises of wages and salaries as well as amortisation, which is directly and indirectly attributable to development activities.

Internal development projects are measured at cost less amortisation or at recoverable amount, whichever is lower.

When development is completed, amortisation of development expenses is calculated on a straight-line basis over the expected useful lives of the assets. Period of amortisation is between 5-10 years and does not exceed 20 years.

Development costs are only capitalised when it is probable that the project will be a success, the Company will use or sell the asset, the Company has sufficient resources and intent to complete the asset and the development costs can be measured reliably. If one or more of these criteria are not met, development costs are expensed in the period in which they are incurred.

#### Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

## Accounting policies (continued)

### Property, plant and equipment

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

### Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets. The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

### Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by provision for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable. Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

### Prepayments and deferred income

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

### Cash and cash equivalents

Cash and cash equivalents includes deposits in bank accounts as well as operating cash.

### Dividend

Dividend, which is expected paid for the year, is shown as a separate item under equity. Proposed dividend is recognised as a liability at the time of adoption at the Annual General Meeting.

### Share-based payments

Equity settled share based compensation benefits are provided to employees and Board of Directors. Equity settled transactions are awards of options over shares, that are provided to employees and Board of Directors.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

## Accounting policies (continued)

### Share-based payments (continued)

If equity settled awards are modified, as a minimum an expense is recognised as if the modification has not been made.

An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting periods but may impact profit or loss and equity.

### Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is nonamortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

### Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

## **Accounting policies (continued)**

### **Cash flow statement**

The cash flow statement shows the cash flows for the year, broken down by operating, investing and financing activities, and the year's change in cash and cash equivalents as well as the cash and cash equivalents at the beginning and end of the year.

Cash flows in currencies other than the functional currency are translated at average exchange rates, unless these deviate significantly from the rates at the transaction date.

Cash flows from operating activities are determined as operating profit adjusted for depreciations, amortization and impairment losses, non-cash operating items, change in working capital, pension contributions, interest received and paid, and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of intangible assets, property, plant and equipment, and other non-current assets. Leases are accounted for as non-cash transactions.

Cash flows from financing activities comprise changes in the size or composition of the share capital and associated expenses as well as the raising of loans, repayment of interest-bearing debt, purchase and sale of treasury shares, and payment of dividends as well as dividend received from subsidiaries.

Cash and cash equivalents comprise cash and securities with a maturity of less than three months at the time of acquisition that are readily convertible to cash and are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in liabilities in the balance sheet.

**INCOME STATEMENT 1 July - 30 June**

	Notes	<b>2021/22</b>	<b>2020/21</b>
Revenue		18.269.787	14.498.965
Own work capitalized		354.442	1.918.599
Other external expenses	1	-18.191.773	-14.033.533
Other operating income		0	92.396
<b>Gross Profit (GP)</b>		<b>432.456</b>	<b>2.476.428</b>
Staff costs	2	-14.936.663	-8.463.016
Depreciation and impairment losses on tangible and intangible fixed assets		-3.050.931	-3.883.682
<b>Profit from operating activities (EBIT)</b>		<b>-17.555.137</b>	<b>-9.870.270</b>
Financial income		356.563	33.726
Financial expenses		-1.391.339	-926.023
<b>Profit/loss before tax</b>		<b>-18.589.913</b>	<b>-10.762.567</b>
Tax for the year	3	106.370	981.296
<b>Profit/loss for the year</b>		<b>-18.483.543</b>	<b>-9.781.271</b>
<i>Distribution of profit:</i>			
Dividend		0	0
Retained earnings		-18.483.543	-9.781.271
<b>Profit for the year distributed</b>		<b>-18.483.543</b>	<b>-9.781.271</b>

**BALANCE SHEET 30 JUNE**

	Notes	<b>30-06-22</b>	<b>30-06-21</b>
Completed development costs	4	<u>4.565.686</u>	<u>7.250.893</u>
<b>Intangible assets</b>		<b><u>4.565.686</u></b>	<b><u>7.250.893</u></b>
Fixtures, fittings, tool and equipment		<u>97.079</u>	<u>0</u>
<b>Property, plant and equipment</b>		<b><u>97.079</u></b>	<b><u>0</u></b>
Deposits		906.651	197.221
Income tax		<u>106.370</u>	<u>394.378</u>
<b>Investments</b>		<b><u>1.013.021</u></b>	<b><u>591.599</u></b>
<b>Total fixed assets</b>		<b><u>5.675.785</u></b>	<b><u>7.842.492</u></b>
Trade receivables		5.528.555	3.092.547
Income tax		394.378	586.918
Other receivables		3.351.688	2.869.620
Prepayments		<u>779.428</u>	<u>199.916</u>
<b>Receivables</b>		<b><u>10.054.048</u></b>	<b><u>6.749.001</u></b>
<b>Cash and cash equivalents</b>		<b><u>6.319.968</u></b>	<b><u>26.600.021</u></b>
<b>Current assets</b>		<b><u>16.374.016</u></b>	<b><u>33.349.023</u></b>
<b>Total assets</b>		<b><u>22.049.801</u></b>	<b><u>41.191.515</u></b>

**BALANCE SHEET 30 JUNE**

	Notes	<b>30-06-22</b>	<b>30-06-21</b>
Share capital		9.499.998	9.499.998
Share premium		0	27.321.105
Retained earnings		-5.411.174	-17.019.543
Reserve for development expenditure		3.561.235	5.655.697
Dividend		0	0
<b>Equity</b>		<b><u>7.650.058</u></b>	<b><u>25.457.257</u></b>
Provision for deferred tax		0	0
<b>Provisions</b>		<b><u>0</u></b>	<b><u>0</u></b>
Long-term debt to other credit institutions		6.751.985	7.589.713
Other long-term payables		610.340	597.667
<b>Long-term liabilities</b>	5	<b><u>7.362.325</u></b>	<b><u>8.187.381</u></b>
Short-term debt to other credit institutions		1.582.023	1.938.911
Trade payables		4.181.186	3.738.304
Prepayments received from customers		388.578	316.950
Income tax		0	0
Other payables		885.631	1.552.712
<b>Current liabilities</b>		<b><u>7.037.417</u></b>	<b><u>7.546.877</u></b>
<b>Total liabilities</b>		<b><u>14.399.743</u></b>	<b><u>15.734.258</u></b>
<b>Total liabilities and equity</b>		<b><u>22.049.801</u></b>	<b><u>41.191.515</u></b>
Contingent assets	8		
Contingent liabilities	9		
Disclosure of mortgage and collaterals	10		

## Statement of changes in the equity

<i>DKK</i>	<b>Share capital</b>	<b>Share premium</b>	<b>Reserve development costs</b>	<b>Retained earnings</b>	<b>Total</b>
Equity 1 July 2021	9.499.998	27.321.105	5.655.697	-17.019.543	25.457.257
Transfer to free reserves	0	-27.321.105	0	27.321.105	0
Profit for the year	0	0	0	-18.483.543	-18.483.543
Transfer to reserve for development costs	0	0	-2.094.462	2.094.462	0
Share-based payment		0	0	676.344	676.344
<b>Equity 30 June 2022</b>	<b>9.499.998</b>	<b>0</b>	<b>3.561.235</b>	<b>-5.411.174</b>	<b>7.650.058</b>
Equity 1 July 2020	7.500.000	0	7.186.392	-13.252.939	1.433.453
Capital increase	1.999.998	27.321.105	0	0	29.321.103
Transaction costs	0	0	0	-868.077	-868.077
Profit for the year	0	0	0	-9.781.271	-9.781.271
Transfer to reserve for development costs	0	0	-1.530.695	1.530.695	0
Share-based payment	0	0	0	1.229.302	1.229.302
Group contributions	0	0	0	4.122.747	4.122.747
<b>Equity 30 June 2021</b>	<b>9.499.998</b>	<b>27.321.105</b>	<b>5.655.697</b>	<b>-17.019.543</b>	<b>25.457.257</b>



## Cash Flow Statement

<i>DKK</i>	Notes	<b>01-07-21</b> <b>30-06-22</b>	<b>01-07-20</b> <b>30-06-21</b>
Operating profit		-18.483.543	-9.781.271
Other non-cash adjustments	6	386.492	3.307.658
Change in working capital	7	1.305.315	-50.605
Interests etc. received		356.563	33.726
Interests etc. paid		-1.391.339	-926.023
Income taxes paid or received		586.918	0
<b>Cash flow from operating activities</b>		<b>-17.239.593</b>	<b>-7.416.516</b>
Development costs activated		-354.442	-1.918.599
Equipment purchases		-108.360	0
Change in other non-current assets		-709.430	-180.141
<b>Cash flow from investing activities</b>		<b>-1.172.232</b>	<b>-2.098.740</b>
Dividend paid		0	0
Proceeds from loans and borrowings		0	3.689.174
Repayment of loans and borrowings		-1.868.227	-463.320
Proceeds from issue of shares		0	28.453.026
<b>Cash flow from financing activities</b>		<b>-1.868.227</b>	<b>31.678.880</b>
<b>Net cash flow for the period</b>		<b>-20.280.052</b>	<b>22.163.624</b>
Cash, 1 July		26.600.021	4.436.397
Net cash flow for the period		-20.280.052	22.163.624
<b>Cash, 30 June</b>		<b>6.319.968</b>	<b>26.600.021</b>

## Notes to the financial statements

	<b>30-06-22</b>	<b>30-06-21</b>
<b>1 Other external expenses</b>		
Variable expenses	-9.974.375	-7.473.623
Other operating expenses	<u>-8.217.398</u>	<u>-6.559.909</u>
	<b><u>-18.191.773</u></b>	<b><u>-14.033.533</u></b>
<b>2 Staff costs</b>		
Wages and salaries	-13.821.075	-7.783.335
Pensions	-973.592	-595.759
Other social security costs	<u>-141.996</u>	<u>-83.922</u>
	<b><u>-14.936.663</u></b>	<b><u>-8.463.016</u></b>
Average number of employees during the year	<u>14</u>	<u>11</u>

### Share-based payment - stock option program

The company has an incentive program aimed for the Board of Directors, the Executive Board and the rest of the employees. The program entitles the holder to acquire shares in Loyal Solutions A/S to a rate based on the price around the time of allotment (either DKK 7,23 or DKK 14,46 depending on series).

There will over the warrant periods below be allocated in total 330.000 shares equal to 3,4 % of the share capital.

The valuation method is Black-Sholes option model.

The expected volatility is calculated as a 36-month historical volatility based on average prices. If the option recipients have not exercised the options at the expiry of the below period, the options lapse without compensation to the option recipients. Exercise of the options is conditional on an existing employment relationship during the above-mentioned vesting period. Options can be exercised in a 4-week period after each yearly financial announcement from Loyal Solutions A/S.

The table below shows the movements in the share-based payment stock option program:

	<b>Board of Directors</b>	<b>Executive Board</b>	<b>Employees</b>	<b>Total</b>
At 1 July 2021	14.063	89.688	56.979	160.730
Granted	34.219	79.375	49.323	162.917
Exercised	0	0	0	0
Forfeited	0	0	-208	-208
<b>At 30 June 2022</b>	<b><u>48.282</u></b>	<b><u>169.063</u></b>	<b><u>106.094</u></b>	<b><u>323.439</u></b>

## Notes to the financial statements (continued)

### Share-based payment - stock option program (continued)

No allotments have been exercised in 2021/22.

The assumptions for the calculation of the fair value of outstanding share options at the time of allotment can be stated as follows:

	<b>Series 1</b>	<b>Series 2</b>
Expected volatility	42,89%	42,89%
Expected duration	60 month	60 month
Expected dividend per share	0	0
Risk-free interest rate	-0,290%	-0,290%

*Additional information about the option program:*

Exercise value per share, kr.	7,23	14,46
Fair value per share, kr.	3,93	2,04
Fair value in total, kr.	1.168.027	731.335

	<b>Series 3</b>
Expected volatility	50,72%
Expected duration	60 month
Expected dividend per share	0
Risk-free interest rate	1,312%

*Additional information about the option program:*

Exercise value per share, kr.	14,46
Fair value per share, kr.	1,88
Fair value in total, kr.	6.285

	<b>30-06-22</b>	<b>30-06-21</b>
<b>3 Tax for the year</b>		
Income tax	0	0
Tax credit for disbursement	106.370	394.378
Tax credit for disbursement, regulation previous years	0	586.918
Deferred tax regulation	0	0
	<b><u>106.370</u></b>	<b><u>981.296</u></b>

## Notes to the financial statements (continued)

### 4 Completed development costs

Development projects relates to the Company's software LoyaltFacts from design, construction and testing of the overall software as well as modules to the software. The projects are being carried out based on demand from existing customers, and varies in time for finalization. Per 30 June 2022 the Company has no projects in progress, as all projects in progress was finalized just before the end of the financial year, and new projects will start up in the new financial year.

The projects are performed based on the resources, management has allocated hereto. It is the Company's assessment that the software have a technical and commercial likelihood at the present marked and to existing customers. Development projects capitalized in the financial year consists solely of wages and salaries for employees and no external expenses.

Completed development projects are amortized over their useful lives and estimated to 5-10 years. Completed development projects and development projects in progress are assessed for impairment whenever there is an indication that the development asset may be impaired.

The amortization period for completed development projects are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement as amortization. The estimated values of intangible assets are based on Management estimates and assumptions and are by nature subject to uncertainty.

	<b>30-06-22</b>	<b>30-06-21</b>
<b>5 Long-term liabilities</b>		
Afdrag indenfor 1 år	1.426.092	1.908.025
Restgæld efter 5 år	0	0
	<b><u>1.426.092</u></b>	<b><u>1.908.025</u></b>

## Notes to the financial statements (continued)

### 6 Other non-cash adjustments

Depreciation and impairment losses	3.050.931	3.883.682
Income taxes in the income statement	-106.370	-981.296
Other non-cash adjustments	-2.558.069	405.272
	<b>386.492</b>	<b>3.307.658</b>

### 7 Change in working capital

Change in receivables	3.114.204	889.632
Change in payables and other liabilities	-1.808.889	-940.237
	<b>1.305.315</b>	<b>-50.605</b>

### 8 Contingent assets

The company has per 30 June 2022 a non-recognized deferred tax asset of DKK 6.336.070 which primarily relates to losses carried forward. The tax losses can be carried forward indefinitely and have no expiry date.

### 9 Contingent liabilities

The Company's lease obligations from operating leases amounts to DKK 426.240 as of 30 June 2022.

The Company's total rental obligations regarding non-cancellable leases amounts to DKK 5.809.815 as of 30 June 2022.

### 10 Disclosure of mortgage and collaterals

As security for the Company's loan in credit institutions with a value of DKK 8.178.077 the Company has provided a floating charge with a nominal value of DKK 9.800.000. The floating charge comprises the following assets whose carrying amount at the balance sheet date is:

Intangible assets DKK 4.565.686  
Trade receivables DKK 5.528.555