

# Loyal Solutions A/S

Robert Jacobsens Vej 68  
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CVR-nr. 28 85 02 63

## **Annual Report**

1. juli 2020 - 30. juni 2021

Presented and adopted at the Annual General Meeting on 25 October 2021

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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 2020 - 30 June 2021.

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 2021 and of the result of the Company's operations for the financial year 1 July 2020 - 30 June 2021.

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, 28 September 2021

### **Executive board**

Peter Børge Kisbye

### **Board of Directors**

Frank Hansen  
*Chairman*

Morten Ingemann Hershøj

Henrik Ingemann Nielsen

Thomas Astrup Klitbo

## **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 01.07.19 - 30.06.20, 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 Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 30.06.20 and of the results of the company's operations and cash flows for the financial year 01.07.19 - 30.06.20 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

#### **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 our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the 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, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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

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:

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

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

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

Management is responsible for management's review.

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

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that management's review is in accordance

Søborg, 28 September 2021

### **Beierholm**

Statsautoriseret Revisionspartnerselskab  
CVR no. 32 89 54 68

Henrik Agner Hansen  
State Authorized Public Accountant  
MNE-no. 28682

## 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 financial year was dominated by the IPO (Initial Public Offering) process that was successfully completed with the listing on Nasdaq First North Growth Market Stockholm, 3 June 2021. The IPO were oversubscribed by 178% with over 1.400 new shareholders subscribing. The IPO raised DKK 27,3 million with net proceeds amounting to DKK 23,2 Million.

Thus, while the first half of the financial year was business as usual, the decision to do an IPO naturally demanded significant company resources and required additional staffing etc. for the second half of the financial year 2020/21. Despite this significant additional workload and the concurrent COVID situation, the Company managed to deliver all client solutions on time and achieve an organic revenue growth of 33% Year on Year, and an annual result in line with our budget. This was achieved due to strong and resilient SaaS business model and an impressive commitment and effort from the Loyal Solutions team.

During the financial year 2020/21, the Company continued to build its global pipeline further, with some of these new clients being announced after the end of the financial year. In addition, the Company reached an important milestone by becoming PCI-DSS level 1 certified. Level 1 certification is the highest available, and is required to service large companies, especially in the FinTech sector. The Company also continued to build new advanced features into the successful LoyalTfacts platform.

The Company still expects to see annual revenue in the current financial year as per our budget, with the expected increased activity from Airline and Hospitality clients is slowly beginning to materialize.

### 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 33% from DKK 10,9 million in financial year 2019/20 to DKK 14,5 million in financial year ended 30 June 2021. The growth is attributable to new clients launched and increase in monthly revenue from existing contracts.

#### Expenses

Total operating expenses, excluding depreciation and one-time costs for the IPO, amounted to DKK 17,4 million (DKK 10,2 million).

The increase is due to increased salary expenses: DKK 8,5 million. (DKK 5,8 million.) due to hiring new staff to facilitate the planned scaling up of the business. Issuance of warrants to key employees and management resulted in a onetime charge of DKK 1,2 million. Variable costs increased to DKK 7,5 (DKK 5,7 Million) primarily due to an increase in expenses to payment schemes and cloud hosting. Other external costs only minimally increased to DKK 2,7 Million (DKK 1,9 Million) mainly related to achieving PCI-DSS level 1 certification.

The amount activated as development costs decreased to DKK 1,9 million (DKK 3,3 million) due to additional client projects being brought live.

#### EBITDA

Earnings before interest, tax, depreciation, and amortization (EBITDA) was negative by DKK 5,9 Million (DKK 2 Million). EBITDA was impacted by DKK 3,2 Million in costs from the IPO.

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

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

#### Profit/Loss for the year

The income statement of the Company for 2020/21 shows a loss of DKK 9,8 Million (DKK -1,1 million). The result for 2020/21 was impacted by one-time costs related to the IPO which amounted to DKK 3,2 million.

#### Assets

Total assets amount to DKK 41,2 million (DKK 18,7 million).

The intangible assets relate to development costs for our SaaS platform LoyalTfacts.

The development costs include primarily capitalized salary costs and to a limited extent from external expenses. Development costs amount to DKK 7,3 million (DKK 9,2 million).

As per 30 June 2021 Cash and cash equivalents amount to DKK 26,6 million compared with DKK 4,4 million in last financial year ended 30 June 2020. The increase is mainly due to the Company's IPO in May 2021 where the Company received DKK 23,2 Million in net proceeds.

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

After 30 June 2021 the Company has experience a good inflow to its global pipeline and has also announced two new major agreements. One with Mastercard Nordics where our LoyalTfacts SaaS platform will be an integral component in enabling digital receipts for Mastercard cardholders in the Nordics and Baltics. Shortly thereafter the Company announced winning a global RFP for Visa Inc., who selected Loyal Solutions as the future technology supplier for all Visa SaaS loyalty solutions globally.

The scaling and recruitment plan as per our IPO prospectus was set in motion upon our successful listing and is proceeding on track.

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

## 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.

In previous years the company has not presented 'work performed for own account and capitalised under assets' in a separate line in the income statement according to the Danish Financial Statements Act but as a deduction in staff costs. This is in this annual report corrected together with the presentation of comparative figures. After this change in presentation staff costs in 2019/20 gone from DKK 2.509.795 to DKK 5.765.341.

### 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

## 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 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.

The Company has in the income year been jointly taxed with Loyalty Holdings A/S from 1 July 2020 until 27 May 2021.

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.

## **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>2020/21</b>	<b>2019/20</b>
Revenue		14.498.965	10.958.388
Work performed for own account and capitalised under assets		1.918.599	3.255.546
Other external expenses	1	-14.033.533	-7.655.302
Other operating income		92.396	1.251.996
<b>Gross Profit (GP)</b>		<b>2.476.428</b>	<b>7.810.628</b>
Staff costs	2	-8.463.016	-5.765.341
Depreciation and impairment losses on tangible and intangible fixed assets		-3.883.682	-2.994.632
<b>Profit from operating activities (EBIT)</b>		<b>-9.870.270</b>	<b>-949.344</b>
Financial income		33.726	12.411
Financial expenses		-926.023	-555.963
<b>Profit/loss before tax</b>		<b>-10.762.567</b>	<b>-1.492.896</b>
Tax for the year	3	981.296	349.779
<b>Profit/loss for the year</b>		<b>-9.781.271</b>	<b>-1.143.117</b>
<i>Distribution of profit:</i>			
Dividend		0	0
Retained earnings		-9.781.271	-1.143.117
<b>Profit for the year distributed</b>		<b>-9.781.271</b>	<b>-1.143.117</b>

**BALANCE SHEET 30 JUNE**

	Notes	<b>30.06.21</b>	<b>30.06.20</b>
Completed development costs	4	7.250.893	9.213.319
<b>Intangible assets</b>		<b>7.250.893</b>	<b>9.213.319</b>
Fixtures, fittings, tool and equipment		0	2.657
<b>Property, plant and equipment</b>		<b>0</b>	<b>2.657</b>
Deposits		197.221	17.080
Income tax		394.378	0
<b>Investments</b>		<b>591.599</b>	<b>17.080</b>
<b>Total fixed assets</b>		<b>7.842.492</b>	<b>9.233.056</b>
Trade receivables		3.092.547	3.404.569
Receivables from group enterprises		0	363.506
Income tax		586.918	0
Other receivables		2.869.620	1.187.158
Prepayments		199.916	74.853
<b>Receivables</b>		<b>6.749.001</b>	<b>5.030.086</b>
<b>Cash and cash equivalents</b>		<b>26.600.021</b>	<b>4.436.397</b>
<b>Current assets</b>		<b>33.349.023</b>	<b>9.466.483</b>
<b>Total assets</b>		<b>41.191.515</b>	<b>18.699.540</b>

**BALANCE SHEET 30 JUNE**

	Notes	<b>30.06.21</b>	<b>30.06.20</b>
Share capital		9.499.998	7.500.000
Share premium		27.321.105	0
Retained earnings		-17.019.543	-13.252.939
Reserve for development expenditure		5.655.697	7.186.392
Dividend		0	0
<b>Equity</b>		<b><u>25.457.257</u></b>	<b><u>1.433.453</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		7.589.713	5.500.643
Long-term payables to group enterprises		0	5.131.926
Other long-term payables		597.667	583.983
<b>Long-term liabilities</b>	5	<b><u>8.187.381</u></b>	<b><u>11.216.551</u></b>
Short-term debt to other credit institutions		1.938.911	1.094.270
Trade payables		3.738.304	2.443.012
Prepayments received from customers		316.950	798.252
Income tax		0	0
Other payables		1.552.712	1.714.002
<b>Current liabilities</b>		<b><u>7.546.877</u></b>	<b><u>6.049.535</u></b>
<b>Total liabilities</b>		<b><u>15.734.258</u></b>	<b><u>17.266.086</u></b>
<b>Total liabilities and equity</b>		<b><u>41.191.515</u></b>	<b><u>18.699.540</u></b>
Special items	8		
Contingent assets	9		
Contingent liabilities	10		
Disclosure of mortgage and collaterals	11		

## Statement of changes in the equity

<i>DKK</i>	Share capital	Share premium	Reserve development costs	Retained earnings	Total
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 co:	0	0	-1.530.695	1.530.695	0
Share-based payment		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>
Equity 1 July 2019	7.500.000	0	6.480.047	-11.403.477	2.576.570
Profit for the year	0	0	0	-1.143.116	-1.143.116
Transfer to reserve for development co:	0	0	706.345	-706.345	0
<b>Equity 30 June 2020</b>	<b>7.500.000</b>	<b>0</b>	<b>7.186.392</b>	<b>-13.252.938</b>	<b>1.433.454</b>



## Cash Flow Statement

<i>DKK</i>	Notes	<b>01-07-20 30-06-21</b>	<b>01-07-19 30-06-20</b>
Operating profit		-9.781.271	-1.143.116
Other non-cash adjustments	6	3.307.658	3.952.856
Change in working capital	7	-50.606	851.076
Interests etc. received		33.726	12.412
Interests etc. paid		-926.023	-555.964
Income taxes paid		0	0
<b>Cash flow from operating activities</b>		<b>-7.416.516</b>	<b>3.117.264</b>
Development costs activated		-1.918.599	-3.886.252
Change in other non-current assets		-180.141	19.400
<b>Cash flow from investing activities</b>		<b>-2.098.740</b>	<b>-3.866.852</b>
Dividend paid		0	0
Proceeds from loans and borrowings		3.689.174	2.400.000
Repayment of loans and borrowings		-463.320	-1.680.171
Proceeds from issue of shares		28.453.026	0
<b>Cash flow from financing activities</b>		<b>31.678.880</b>	<b>719.829</b>
<b>Net cash flow for the period</b>		<b>22.163.624</b>	<b>-29.759</b>
Cash, 1 July		4.436.397	4.466.156
		22.163.624	-29.759
<b>Cash, 30 June</b>		<b>26.600.021</b>	<b>4.436.397</b>

## Notes to the financial statements

	<b>30.06.21</b>	<b>30.06.20</b>
<b>1 Other external expenses</b>		
Variable expenses	-7.473.623	-5.724.844
Other operating expenses	-6.559.909	-1.930.458
	<b><u>-14.033.533</u></b>	<b><u>-7.655.302</u></b>
<b>2 Staff costs</b>		
Wages and salaries	-7.783.335	-5.379.285
Pensions	-595.759	-312.747
Other social security costs	-83.922	-73.308
	<b><u>-8.463.016</u></b>	<b><u>-5.765.341</u></b>
Average number of employees during the year	<u>11</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 (2020/21 either DKK 7,35 or DKK 14,70 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 2020	0	0	0	0
Granted	14.063	89.688	56.979	160.730
Exercised	0	0	0	0
Forfeited	0	0	0	0
<b>At 30 June 2021</b>	<b><u>14.063</u></b>	<b><u>89.688</u></b>	<b><u>56.979</u></b>	<b><u>160.730</u></b>

## Notes to the financial statements (continued)

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

No allotments have been exercised nor forfeited in 2020/21.

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

	<b>Type 1</b>	<b>Type 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%
<i>Additional information about the option program:</i>		
Exercise value per share, kr.	7,35	14,70
Fair value per share, kr.	4,00	2,08
Fair value in total, kr.	1.168.027	61.275
	<b>30.06.21</b>	<b>30.06.20</b>
<b>3 Tax for the year</b>		
Income tax	981.296	349.779
Deferred tax regulation	0	0
	<b>981.296</b>	<b>349.779</b>

### 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 2021 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 likelyhood 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.

**Notes to the financial statements (continued)**

	<b>30.06.21</b>	<b>30.06.20</b>
<b>5 Long-term liabilities</b>		
Afdrag indenfor 1 år	1.908.025	1.094.270
Restgæld efter 5 år	0	0
	<u><b>1.908.025</b></u>	<u><b>1.094.270</b></u>
<b>6 Other non-cash adjustments</b>		
Depreciation and impairment losses	3.883.682	2.994.631
Income taxes in the income statement	-981.296	-349.779
Other non-cash adjustments	405.272	1.308.004
	<u><b>3.307.658</b></u>	<u><b>3.952.856</b></u>
<b>7 Change in working capital</b>		
Change in receivables	889.632	-412.587
Change in payables and other liabilities	-940.237	1.263.663
	<u><b>-50.606</b></u>	<u><b>851.076</b></u>

**8 Special items**

The company has net received an amount of DKK 92.396 in COVID compensation from public authorities in the financial year recognized under other operating income.

Furthermore the company completed an IPO and was listed on the Swedish stock exchange in June 2021. Expenses related to this IPO constitute an amount of DKK 3.211.933 recognized under other external expenses.

**9 Contingent assets**

The company has per 30 June 2021 a non-recognized deferred tax asset of DKK 2.225.437 which primarily relates to losses carried forward. The tax losses can be carried forward indefinitely and have no expiry date.

**10 Contingent liabilities**

The Company's lease obligations from operating leases amounted to DKK 401.168 as of 30 June 2021.

The Company's total rental obligations regarding non-cancellable leases amounted to DKK 562.376 as of 30 June 2021.

The Company has from 1 July 2020 to 27 May 2021 been in joint taxation with other Danish entities and from 28 May 201 not been in joint taxation with any other entities.

In the period of being in joint taxation the Company are jointly and severally liable for tax on the group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The group as a whole is not liable to any other parties.

## Notes to the financial statements (continued)

### 11 Disclosure of mortgage and collaterals

As security for the Company's loan in credit institutions with a value of DKK 9.497.738 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 7.250.893

Trade receivables DKK 3.092.547