Loyal Solutions A/S

Edvard Thomsens Vej 10, 6.
2300 København S.

CVR-nr. 28 85 02 63

Annual Report
1. juli 2023 - 30. juni 2024

Presented and adopted at the Annual General Meeting on 10 October 2024

Frank Hansen
Chairman of the meeting

Management's Statement on the Annual Report

We have on this day presented the annual report of Loyal Solutions A/S for the financial year 1 July 2023 - 30 June 2024.

The Annual Report is presented in accordance with the 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 as at 30 June 2024 and of the result of the company's activities and cash flows for the financial year 1 July 2023 – 30 June 2024.

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

The annual report is submitted for adoption by the annual general meeting.

Copenhagen, 23 September 2024

Executive board

Peter Børge Kisbye

Board of Directors

Frank Hansen *Chairman*	Morten Ingemann Hershøj
Henriette Høyer	Per Kogut
Preben Hydeskov	

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 01.07.23 - 30.06.24, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including significant accounting policies. The financial statements are 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 30.06.24 and of the results of the company's operations and cash flows for the financial year 01.07.23 - 30.06.24 in accordance with the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (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.

Statement regarding the management's review
Management is responsible for management's review.

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

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

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

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of the management's review.

Management's responsibilities for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' report (continued)

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 ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Soeborg, Copenhagen, 23 September 2024

Beierholm
Godkendt 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 delivered a growth in revenue of 49% compared to previous fiscal year, and a growth in annual recurring revenue (ARR) of 9%. EBITDA was 34% better than budgeted.

During the fiscal year the Company saw all existing client programs perform well with several clients expanding into new markets. During the year the Company signed its first Asia based client.

LoyalTfacts®, the Company's market leading SaaS platform, was further enhanced with new intelligent modules, MIDAS® and TIMM® , automating additional functions for our clients.

The Company's pipeline continued to grow at the expected rate and has increased measurably over the last year.

Financial review

Revenue
Revenue is comprised of recurring subscription fees, implementation fees and revenue from ad-hoc work for clients and increased organically by 49% from DKK 26,9 million in financial year 2022/23 to DKK 40,1 million in financial year 2023/24. The growth is primarily attributable to existing clients.

Expenses
Other external expenses amounted to DKK 28,7 million (DKK 24,3 million). The increase is primarily related to variable expenses.

Staff costs increased from DKK 17,8 million in 2022/23 to DKK 18,1 million in 2023/24. The Company continued to maintain its cost focus, and despite a growth of 49% in revenue, staff cost remained constant, a testament to the Company´s SaaS business model.

Capitalised development costs increased from DKK 0,9 million to DKK 1,3 million.

Earnings before interest, tax, depreciation, and amortization (EBITDA) was negative by DKK 5,4 million compared to last financial year´s EBITDA which was negative by DKK 14,4 million.

Profit/Loss for the year
The income statement of the Company for 2023/24 shows a loss of DKK 8,7 Million (DKK -17,3 million).

Assets
Total assets amount to DKK 19,0 million (DKK 22,2 million).

The intangible assets relate to development costs for the Company's SaaS platform LoyalTfacts®. The development costs include primarily capitalised staff costs. Development costs amount to DKK 3,9 million (DKK 3,6 million).

As per 30 June 2024 Cash and cash equivalents amount to DKK 1,8 million (DKK 7,3 million).

Information as regards going concern
In September 2024 the Company has received loans from major shareholders in order to secure the Company´s liquidity basis for the coming financial year. Therefore, the financial statements are prepared on a going concern basis.

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 in general
Income is recognised in the income statement as earned. This includes value adjustments of financial assets and liabilities measured at amortised cost. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits associated with the asset will flow to the company, and the cost of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits associated with the liability 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.

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 of the annual report 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
Revenue
Income from the sale of services is recognised as delivery takes place. Income from the sale of SaaS 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 over time by reference to labour hours incurred to date relative to the 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.

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

Variable costs comprises cost directly linked to revenue in the financial year measured at cost. Variable expenses are included in other external expenses.

Staff costs
Staff costs comprise wages and salaries including holiday pay, share-based payments 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 equipement	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.

Income from investments in subsidiaries
Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the companies. However, dividends relating to earnings in the companies before they were acquired by the Parent Company are set off against the cost of the companies.

Financial income and expenses
Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised as financial income and expenses.

Accounting policies (continued)

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.

Balance sheet
Intangible assets
Development costs on an individual project are recognised as an intangible asset when the Company can demonstrate the following: the technical feasibility of completing the intangible asset so that the asset will be available for use or sale, the Company's intention to complete and its ability and intention to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset, the ability to measure reliably the expenditure during development.

The Company exercises judgment in determining whether internal development projects qualify for capitalisation. If one or more of these criteria are not met, development costs are expensed in the period in which they are incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit.

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

Acquisition for the year is recognised in the income statement as Own work capitalized.

When a development project is completed and ready for use, amortisation of the development project begins. It is amortised on a straight-line basis over the expected useful lives of the asset. The period of amortisation is between 5-10 years and does not exceed 20 years. The amortisation charges are based on judgments 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.

During the period of development, the asset is not amortised. Rather, it is tested for impairment annually.

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.

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.

Accounting policies (continued)

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.

Investments in subsidiaries
Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount of the investments, write-down is made to this lower value.

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 fair value of options granted is recognised as an expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

Accounting policies (continued)

Share-based payments (continued)

The fair value of the options is measured on grant date. Fair value is 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.

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	2023/24	2022/23
Revenue		40.091.672	26.887.955
Own work capitalized		1.302.344	855.073
Other external expenses	2	-28.725.714	-24.314.546
Gross Profit (GP)		**12.668.302**	**3.428.481**
Staff costs	3	-18.106.302	-17.787.617
Depreciation and impairment losses on tangible and intangible fixed assets		-1.026.134	-1.910.529
Profit from operating activities (EBIT)		**-6.464.134**	**-16.269.665**
Financial income	4	465.211	142.861
Impairment losses on financial assets		-354.879	0
Financial expenses		-2.611.216	-1.386.244
Profit/loss before tax		**-8.965.018**	**-17.513.048**
Tax for the year	5	281.517	188.116
Profit/loss for the year		**-8.683.501**	**-17.324.932**
Distribution of profit:			
Retained earnings		-8.683.501	-17.324.932
Profit for the year distributed		**-8.683.501**	**-17.324.932**

BALANCE SHEET 30 JUNE

	Notes	30-06-24	30-06-23
Development projects in progress	6	725.428	0
Completed development projects	6	3.170.985	3.564.106
Intangible assets		**3.896.413**	**3.564.106**
Fixtures, fittings, tool and equipment		85.606	141.702
Property, plant and equipment		**85.606**	**141.702**
Deposits		688.158	729.317
Investments in group enterprises		354	354
Income tax		286.516	188.116
Investments		**975.028**	**917.787**
Total fixed assets		**4.957.047**	**4.623.595**
Trade receivables		9.282.088	6.212.213
Receivables from group enterprises		384.796	406.573
Income tax		188.116	106.370
Other receivables		558.227	2.433.355
Prepayments		1.756.494	1.138.746
Receivables		**12.169.721**	**10.297.256**
Cash and cash equivalents		**1.838.570**	**7.288.466**
Current assets		**14.008.291**	**17.585.723**
Total assets		**18.965.338**	**22.209.317**

BALANCE SHEET 30 JUNE

	Notes	30-06-24	30-06-23
Share capital		9.499.998	9.499.998
Retained earnings		-30.885.460	-21.961.830
Reserve for development expenditure		3.039.202	2.780.003
Equity		**-18.346.260**	**-9.681.829**
Long-term debt to other credit institutions		16.497.636	15.672.075
Other long-term payables		650.360	632.048
Long-term liabilities	7	**17.147.996**	**16.304.123**
Short-term debt to other credit institutions		2.114.925	2.514.878
Trade payables		12.259.886	8.330.997
Prepayments received from customers		4.053.497	3.497.843
Other payables		1.724.014	1.232.088
Prepayments		11.280	11.217
Current liabilities		**20.163.602**	**15.587.023**
Total liabilities		**37.311.598**	**31.891.146**
Total liabilities and equity		**18.965.338**	**22.209.317**

Information as regards going concern	1
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Statement of changes in the equity

DKK	Share capital	Reserve development costs	Retained earnings	Total
Equity 1 July 2023	9.499.998	2.780.003	-21.961.829	-9.681.828
Profit for the year	0	0	-8.683.501	-8.683.501
Transfer to reserve for development costs	0	259.199	-259.199	0
Share-based payment		0	19.069	19.069
Equity 30 June 2024	**9.499.998**	**3.039.202**	**-30.885.460**	**-18.346.260**
Equity 1 July 2022	9.499.998	3.561.235	-5.411.174	7.650.058
Profit for the year	0	0	-17.324.932	-17.324.932
Transfer to reserve for development costs	0	-781.232	781.232	0
Share-based payment	0	0	-6.955	-6.955
Equity 30 June 2023	**9.499.998**	**2.780.003**	**-21.961.829**	**-9.681.829**

Cash Flow Statement

DKK	Notes	**01-07-23 30-06-24**	**01-07-22 30-06-23**
Operating profit		-6.464.134	-16.269.665
Other non-cash adjustments	8	734.908	1.711.382
Change in working capital	9	3.105.874	7.662.363
Interests etc. received		446.027	142.861
Interests etc. paid		-1.096.327	-1.086.187
Income taxes paid or received		101.371	394.378
Cash flow from operating activities		**-3.172.281**	**-7.444.868**
Development costs activated		-1.302.344	-855.073
Equipment purchases		0	-98.500
Investments in group enterprises		0	-354
Change in other non-current assets		-3.425	101.501
Cash flow from investing activities		**-1.305.769**	**-852.426**
Dividend paid		0	0
Proceeds from loans and borrowings		0	11.000.000
Repayment of loans and borrowings		-1.012.806	-1.327.635
Intercompany loan		40.960	-406.573
Cash flow from financing activities		**-971.846**	**9.265.792**
Net cash flow for the period		**-5.449.896**	**968.498**
Cash, 1 July		7.288.466	6.319.968
Net cash flow for the period		-5.449.896	968.498
Cash, 30 June		**1.838.570**	**7.288.466**

Notes to the financial statements

1 **Information as regards going concern**

The loss for the year 2023/24 amounts to DKK 8.683.501 and the equity is negative by DKK 18.346.260 as of 30 June 2024. In September 2024 the company has received loans from major shareholders in order to secure the company´s liquidity basis for the coming financial year. Therefore, the financial statements are prepared on a going concern basis.

	30-06-24	30-06-23
2 **Other external expenses**		
Variable expenses	-18.031.044	-15.199.987
Other operating expenses	-10.694.670	-9.114.559
	-28.725.714	**-24.314.546**
3 **Staff costs**		
Wages and salaries	-16.710.417	-16.403.054
Pensions	-1.257.287	-1.235.051
Other social security costs	-138.598	-149.512
	-18.106.302	**-17.787.617**
Average number of employees during the year	17	23

Share-based payment - stock option program

The company has an incentive program aimed for the Board of Directors, the Executive Board and 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 6,57 or DKK 13,13 depending on series).

The valuation method is Black-Scholes 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 vesting period which is between 12-36 month. Options can be exercised in a 4-week period after each yearly financial announcement from Loyal Solutions A/S.

DKK 19.069 was recognized as a cost regarding share-based payments for the year (2022/23: DKK 6.955).

Notes to the financial statements (continued)

Share-based payment - stock option program (continued)

There will over the warrant period be allocated in total 348.750 warrants equal to 3,7% of the share capital. The table below shows the movements in the share-based payment stock option program:

	Board of Directors	Executive Board	Employees	Total
At 1 July 2023	56.250	176.250	116.250	348.750
Granted	0	0	0	0
Exercised	0	0	0	0
Forfeited	0	0	0	0
At 30 June 2024	**56.250**	**176.250**	**116.250**	**348.750**

As at 30 June 2024, 343.125 warrants are vested and exercisable.

No allotments have been exercised in 2023/24.

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

	Series 1	**Series 2**
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, DKK	6,57	13,13
Fair value per share, DKK	2,83	1,69
Fair value in total, DKK	1.168.027	761.752

	Series 3	**Series 4**
Expected volatility	50,72%	52,36%
Expected duration	60 month	60 month
Expected dividend per share	0	0
Risk-free interest rate	1,312%	1,312%
Additional information about the option program:		
Exercise value per share, DKK	13,13	13,13
Fair value per share, DKK	1,69	1,69
Fair value in total, DKK	16.161	7.313

Notes to the financial statements (continued)

	30-06-24	30-06-23
4 **Financial income**		
Intercompany interest income	19.184	0
Other financial income	446.027	142.861
	465.211	**142.861**

5 **Tax for the year**		
Tax credit for disbursement	286.516	188.116
Tax credit for disbursement, regulation previous years	-4.999	0
	281.517	**188.116**

6 **Development projects**

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.

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 finanicial year consists solely of wages and salaries for employees and no external expenses.

Completed development projects are amortised 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)

		30-06-24	30-06-23
7	**Long-term liabilities**		
	Repayment within 1 year	2.114.925	2.456.715
	Liabilities after 5 years	0	0
		2.114.925	**2.456.715**
8	**Other non-cash adjustments**		
	Depreciation and impairment losses	1.026.134	1.910.529
	Other non-cash adjustments	-291.226	-199.147
		734.908	**1.711.382**
9	**Change in working capital**		
	Change in receivables	-2.430.976	145.881
	Change in payables, prepayments and other liabilities	5.536.850	7.516.482
		3.105.874	**7.662.363**

10 **Contingent assets**

The company has per 30 June 2024 a non-recognized defered tax asset of DKK 11.172.126 which primarily relates to losses carried forward. The tax losses can be carried forward indefinitely and have no expiry date.

11 **Contingent liabilities**

The Company's lease obligations from operating leases amounts to DKK 65.290 as of 30 June 2024.

The Company's total rental obligations regarding non-cancellable leases amounts to DKK 3.779.010 as of 30 June 2024.

12 **Disclosure of mortgage and collaterals**

As security for the Company's loan in credt institutions with a value of DKK 5.837.636 the Company has provided a floating charge with a nominel 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 3.896.412
Fixtures, fittings, tool and equipment DKK 85.606
Trade receivables DKK 9.282.088