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Lobyholco A/S

Vallensbæk Torvevej 9
2620 Albertslund
CVR No. 41479280

Annual report 2022

The Annual General Meeting adopted the annual report on 10.05.2023

Rasmus Muff
Chairman of the General Meeting

Contents

Entity details

Entity
Lobyholco A/S

Vallensbæk Torvevej 9

2620 Albertslund

Business Registration No.: 41479280

Registered office: Brøndby

Financial year: 01.01.2022 - 31.12.2022

Board of Directors
Kræn Østergård Nielsen, chairman

Thomas Brebøl Christensen

Marc Philippe Fischli

Executive Board
Jan Madsen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Lobyholco A/S for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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

We recommend the annual report for adoption at the Annual General Meeting.

Albertslund, 03.05.2023

Executive Board

Jan Madsen

Board of Directors

Kræn Østergård Nielsen
chairman

Thomas Brebøl Christensen

Marc Philippe Fischli

Independent auditor's report

To the shareholder of Lobyholco A/S

Opinion

We have audited the financial statements of Lobyholco A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of 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 Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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

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.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism 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 Entity'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 Entity'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 Entity 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 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 on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Albertslund, 03.05.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jens Sejer Pedersen
State Authorised Public Accountant
Identification No (MNE) mne14986

Henrik Hartmann Olesen
State Authorised Public Accountant
Identification No (MNE) mne34143

Management commentary

Financial highlights

	2022 DKK'000	2020/21 DKK'000
Key figures		
Gross profit/loss	16,157	30,965
Operating profit/loss	(105)	170
Net financials	(20)	(170)
Profit/loss for the year	15,099	(1,117)
Total assets	175,883	129,778
Equity	120,572	105,473
Ratios		
Equity ratio (%)	68.55	81.27

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Equity ratio (%):
Equity * 100
Total assets

Primary activities
The principal activity of the company is to own IP-rights to software solutions, other IT-systems as well as any other related business of Lobyco activities.

Development in activities and finances
In 2022 Lobyholco A/S has incurred a profit of 11 mDKK before tax driven by it's subsidiary Lobyco A/S.

In the subsidiary Lobyco A/S revenue has increased slightly compared to the prior period of 2020/2021 and reached 143 mDKK. Total profit in 2022 was 11 mDKK, which is a significant improvement from the prior year. The financial result is considered satisfactory.

Lobyco has during 2022 expanded its business by launching new innovative customer loyalty solutions for international grocery customers as well as developed and launched additional solutions for existing customers. The direct customer satisfaction is high, and the related app has also in 2022 been the number one app in appstore in a number of markets.

Profit/loss for the year in relation to expected developments
Total profit in 2022 was 15,1 m DKK impacted by a tax income related to last year. The financial result is considered satisfactory.

Outlook
The war in Ukraine as well as the macro-economic uncertainty with very high inflation is expected to impact Lobyco during 2023. Most of the development employees are located in the west of Ukraine and may thus be directly impacted by the war. Daily operation has been very stable and secured during 2022, but the war in Ukraine may also impact Lobyco in 2023. Management expects a result for 2023 around the level of 2022 due to continued customer implementation and customer product launches and considering the uncertainty related to the war in Ukraine as well as macro-economic situation.

Statutory report on corporate social responsibility
CSR-initiatives and CSR-results for Lobyholco A/S is included in Coop ambas annual report, which is available at www.coop.dk/årsrapport.

Events after the balance sheet date
There are no events after the reporting period, which is impacting the financial position in this annual report. The war in Ukraine is, however, may impact the 2023 performance as most of the development employees are located in Ukraine.

Income statement for 2022

	Notes	2022 DKK	2020/21 DKK
Gross profit/loss		**16,156,971**	**30,964,528**
Depreciation, amortisation and impairment losses	1	(16,261,503)	(30,794,588)
Operating profit/loss		**(104,532)**	**169,940**
Income from investments in group enterprises		11,174,295	(215,504)
Other financial expenses	2	(20,315)	(169,940)
Profit/loss before tax		**11,049,448**	**(215,504)**
Tax on profit/loss for the year	3	4,049,259	(901,500)
Profit/loss for the year	4	**15,098,707**	**(1,117,004)**

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2020/21 DKK
Completed development projects	6	53,033,387	32,716,451
Development projects in progress	6	30,105,433	13,508,867
Intangible assets	5	**83,138,820**	**46,225,318**
Investments in group enterprises		87,376,910	76,203,125
Deferred tax	8	1,723,493	5,068,000
Financial assets	7	**89,100,403**	**81,271,125**
Fixed assets		**172,239,223**	**127,496,443**
Receivables from group enterprises		0	118,732
Other receivables		10,513	0
Joint taxation contribution receivable		2,803,216	0
Receivables		**2,813,729**	**118,732**
Cash		**829,746**	**2,162,936**
Current assets		**3,643,475**	**2,281,668**
Assets		**175,882,698**	**129,778,111**

Equity and liabilities

	Notes	2022 DKK	2020/21 DKK
Contributed capital		601,000	601,000
Reserve for net revaluation according to the equity method		11,058,285	0
Reserve for development expenditure		83,138,820	41,157,318
Retained earnings		25,773,460	63,715,050
Equity		**120,571,565**	**105,473,368**
Trade payables		1,799	5,100
Payables to group enterprises		55,309,334	16,896,122
Joint taxation contribution payable		0	6,111,610
Other payables		0	1,291,911
Current liabilities other than provisions		**55,311,133**	**24,304,743**
Liabilities other than provisions		**55,311,133**	**24,304,743**
Equity and liabilities		**175,882,698**	**129,778,111**
Contingent liabilities	9		
Related parties with controlling interest	10		
Non-arm's length related party transactions	11		
Group relations	12		

Statement of changes in equity for 2022

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	601,000	0	41,157,318	63,715,050	105,473,368
Exchange rate adjustments	0	0	0	(510)	(510)
Transfer to reserves	0	11,058,285	41,981,502	(53,039,787)	0
Profit/loss for the year	0	0	0	15,098,707	15,098,707
Equity end of year	**601,000**	**11,058,285**	**83,138,820**	**25,773,460**	**120,571,565**

Notes

1 Depreciation, amortisation and impairment losses

	2022 DKK	2020/21 DKK
Amortisation of intangible assets	16,261,503	22,401,959
Impairment losses on intangible assets	0	8,392,629
	16,261,503	**30,794,588**

2 Other financial expenses

	2022 DKK	2020/21 DKK
Other interest expenses	18,807	169,826
Other financial expenses	1,508	114
	20,315	**169,940**

3 Tax on profit/loss for the year

	2022 DKK	2020/21 DKK
Current tax	0	5,969,500
Change in deferred tax	3,344,681	(5,068,000)
Adjustment concerning previous years	(4,590,724)	0
Refund in joint taxation arrangement	(2,803,216)	0
	(4,049,259)	**901,500**

4 Proposed distribution of profit and loss

	2022 DKK	2020/21 DKK
Retained earnings	15,098,707	(1,117,004)
	15,098,707	**(1,117,004)**

5 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	66,364,277	13,508,867
Transfers	36,578,439	(36,578,439)
Additions	0	53,175,005
Cost end of year	**102,942,716**	**30,105,433**
Amortisation and impairment losses beginning of year	(33,647,826)	0
Amortisation for the year	(16,261,503)	0
Amortisation and impairment losses end of year	**(49,909,329)**	**0**
Carrying amount end of year	**53,033,387**	**30,105,433**

6 Development projects

Development projects comprise work performed by Lobyco A/S staff related to intragroup development projects and software platforms. According to intragroup agreements all, generic development projects of software and IP rights are transferred to the parent company Lobyholco upon development.

7 Financial assets

	Investments in group enterprises DKK	Deferred tax DKK
Cost beginning of year	76,419,420	5,068,000
Disposals	0	(3,344,507)
Cost end of year	**76,419,420**	**1,723,493**
Share of profit/loss for the year	10,957,490	0
Revaluations end of year	**10,957,490**	**0**
Impairment losses beginning of year	(216,295)	0
Exchange rate adjustments	(510)	0
Share of profit/loss for the year	216,805	0
Impairment losses end of year	**0**	**0**
Carrying amount end of year	**87,376,910**	**1,723,493**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Lobyco A/S	Albertslund	A/S	100.00	87,376,910	11,174,295

8 Deferred tax

	2022 DKK	2020/21 DKK
Intangible assets	1,723,493	5,068,000
Deferred tax	**1,723,493**	**5,068,000**

Changes during the year	2022 DKK	2020/21 DKK
Beginning of year	5,068,000	0
Recognised in the income statement	(3,344,507)	5,068,000
End of year	**1,723,493**	**5,068,000**

Deferred tax assets
Recognition of referred tax assets are based on future expected taxable income in the joint taxation. Deferred tax relates to intangible assets.

9 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Coop Amba serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

10 Related parties with controlling interest

Coop Danmark A/S, Vallensbæk Torvevej 9, 2620 Albertslund, owns all shares in the Entity, thus exercising control.

11 Non-arm’s length related party transactions

Only related party transactions not conducted on an arm’s length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

12 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Coop Amba, Roskildevej 65, 2620 Albertslund, CVR-Nr. 43636510

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
COOP Danmark A/S, Roskildevej 65, 2620 Albertslund, CVR-Nr. 26259495

Accounting policies

Reporting class
This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements
Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Business combinations
Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc. where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from the sale of services and use of entity owned IP-rights is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc received from the individual group enterprises in the financial year.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-10 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

The accounting policies applied to material financial statement items of group enterprises are:

Own work capitalised
Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Cost of sales
Cost of sales comprises subcontracted services and software license payments directly related to revenue consumed in the financial year measured at cost.

Staff costs
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etcfor entity staff.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date. The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Joint taxation contributions receivable or payable
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash
Cash comprises bank deposits.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement
According to § 86(4) of the Danish Financial Statements Act, the cash flow statement has not been prepared, as this is contained in the annual report for the parent company Coop Danmark A/S.