

Loyal Solutions (“Loyal Solutions” or “The Company”) announces financial results for the first half of the financial year 2022/23 (1/7-31/12 2022)

COPENHAGEN, WEDNESDAY, 20 JANUARY 2023, 08:00 CET

CEO Peter Kisbye comments:

“The financial performance for the first half year is in line with expectations. The growth in our pipeline over the last 9-12 months is beginning to materialize in new contracts, resulting in an ARR growth for the first half year of 66%. During the first half year we have had additional contracts confirmed with several leading global brands. Bookable revenue is 41% above last year, however due to clients confirming contracts later than initially budgeted, revenue expected for the full financial year falls below budget by an estimated 20,5% to 27.500 MDKK.

We are seeing all our current client programs performing above last year, which is a testament to our technology and our business model. Our unique user experience for accruing and redeeming rewards globally, really resonates with the real boss – the customer. For the first time, it is just as easy to redeem the rewards a customer has earned as it is to accrue rewards in any program anywhere.

Our LoyalTfacts® technology also enables unique and interesting partnerships for our clients. For example, Etihad Guest, the award-winning loyalty program of Etihad Airways, is now rewarding sustainable choices made by members when shopping. SAS EuroBonus has launched a unique partnership with Foodora in Sweden, the market leading delivery service. In the Nordics, Receipt Hero is using the flexibility of LoyalTfacts® to scale their business and combat wasteful paper receipts. FDM, the Danish Automobile Association, uses LoyalTfacts® to offer members the largest rebates on fuel in the market and Accor ALL is providing guests across 12 countries with unique experiences.

We are very proud and honored to partner with these global and market leading programs. The feedback from both our clients and their ultimate customers confirms our thesis that simplicity works; a simple user experience and simple to use SaaS software are the enablers of unique experiences and a creator of customer loyalty. As always, none of this would be possible without the fantastic team at Loyal Solutions

HIGHLIGHTS FOR THE FIRST HALF YEAR of 2022/23 (1/7-31/12 2022)

Business and operational highlights

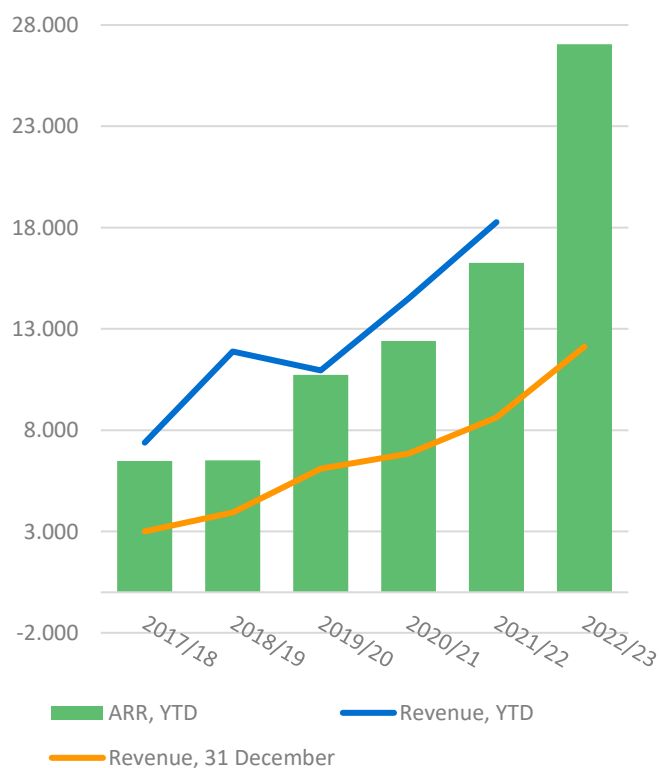
During the first half year of 2022/23 the Company reached several milestones, including.

- ✓ Substantial growth rates in all current client programs
- ✓ ARR growth of 66%
- ✓ GP growth of 35%
- ✓ Total revenue reached 95% of target. Gross profit at 105% of target.
- ✓ EBITDA 34% better than budget
- ✓ Loyal Solutions has been awarded the contract for Qatar Airways for a new card linking solution in Qatar Privilege Club
- ✓ Visa VMLS, using Loyal Solutions technology, was selected by Best Buy, a leading electronics retailer in North America
- ✓ Visa VMLS, using Loyal Solutions technology, was selected by Air Canada for their market leading Aeroplan program.
- ✓ Visa VMLS, using Loyal Solutions technology, have won contracts in Germany for rollout in April 2023
- ✓ Loyal Solutions was selected by Emirates to provide card linking solution for Emirates Skywards
- ✓ Implementation of a new advanced reporting module in LoyalTfacts®, rolled out on all our customers.
- ✓ Development of new campaign module and more predictive features for LoyalTfacts® on track for deployment in March 2023
- ✓ Appointment of Lago Kapital Ltd. as liquidity provider for the company's shares listed on Nasdaq First North Growth Market, Stockholm

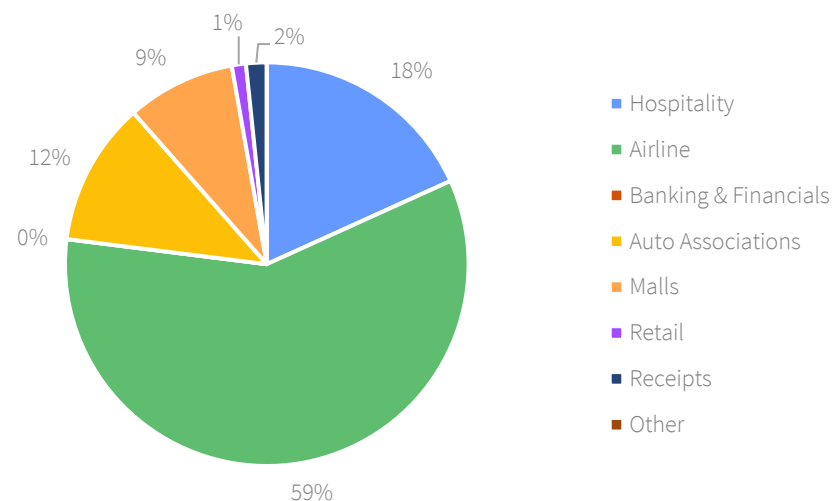
ARR (*) and customer update

ARR reached TDKK 27,054 on 31 December 2022, a 66% increase compared to an ARR of TDKK 16.264 entering the financial year 2022/23 (1 July 2022). The ARR growth is comprised of growth in existing programs (25%) and new business contracted (75%). The full year goal for ARR is TDKK 32,528.

Development in ARR and Revenue



ARR by verticals



(*) ARR is comprised of existing client recurring revenue plus recurring revenue on new confirmed contracts.

Financial highlights for first half-year of 2022/23 (1/7-31/12 2022)

Key figures for the first half year of 2022/23 are listed below, and at the end of this document detailed financial figures are listed for the first half year (1/7-31/12 2022) including comparative figures.

	First Half Year		YTD	
	01-07-2022 31-12-2022	01-07-2021 31-12-2021	01-07-2022 31-12-2022	01-07-2021 31-12-2021
TDKK				
Revenue	12,124	8,625	12,124	8,625
EBITDA before IPO costs, TDKK	-7,184	-5,678	-7,184	-5,678
Profit/loss, TDKK	-8,583	-7,691	-8,583	-7,691
Net income per share, DKK*	-0.91	-0.81	-0.91	-0.81
Equity, TDKK			-933	17,767
Cash and cash equivalents, TDKK			7,328	19,883
Annual Recurring Revenue (ARR) TDKK			27,054	15,605

The Company's net income per share equals the net income for the period divided with the average number of shares for the period. The outstanding shares as of 31 December 2022 were 9,499,998 shares and for the period July to December 2022, the average number of shares also amounted to 9,499,998.

Equity

The Company has a registered share capital of TDKK 9,500 and per 31/12 2022 the Equity is negative. The company is in a growth phase, thus it was expected and budgeted that the equity would hit negative territory for a limited period. The Company is going concern and a negative equity position has no impact on this.

In accordance with the Danish Company Act, a Company must convene a general meeting (EGM) no later than 6 months after recognizing that more than 50% of equity is lost. At the EGM, the Board of Directors will outline the Company's financial position and present the plans for how the Company aims to re-establish the registered share capital. The EGM will be held in March 2023.

Revenue

Revenue is comprised of subscription fees, implementation fees and revenue from ad-hoc work, and increased organically by 41% from TDKK 8,625 to TDKK 12,125 in the first half year of 2022/23. The growth is primarily driven by increased monthly revenue from existing clients¹.

The Company's business model entails a 3–7-month implementation period with an agreed “go live” date. Monthly subscriptions are invoiced from the “go-live” date onwards. Despite the large growth in ARR in the first half year of 2022/23 the bookable revenue from the new growth in ARR has therefore not yet fully kicked in. It is expected to fully impact the revenue in the second half year of 2022/23.

Operating expenses (OPEX)

Total operating expenses (OPEX) for the first half year of 2022/23 amounted to TDKK 12,337 compared to last year's TDKK 9,492.

OPEX has increased by TDKK 2,845 in the first half year of 2022/23 compared to same period last year, equal to 30%. The increase is primarily related to an expected increase in salary expenses in line with the budget.

Total expenses are currently TDKK 3,419 below budget as the Company continues to do more with less.

Earnings before interest, tax, depreciation (EBITDA)

Earnings before interest, tax, depreciation, and amortization (EBITDA), for the first half year of 2022/23 is TDKK -7,184 (TDKK -5,686) compared to a budgeted EBITDA of TDKK -10,844. The EBITDA for the first half year of 2022/23 is better than budgeted due to lower expenses than budgeted.

Auditor review

This first half year 2022/23 report has not been reviewed by the Company's auditor.

Accounting principles

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

¹ The Company's subscription model is primarily based on a percentage of sales generated from the use of the LoyalTfacts® platform, including a minimum monthly fee.

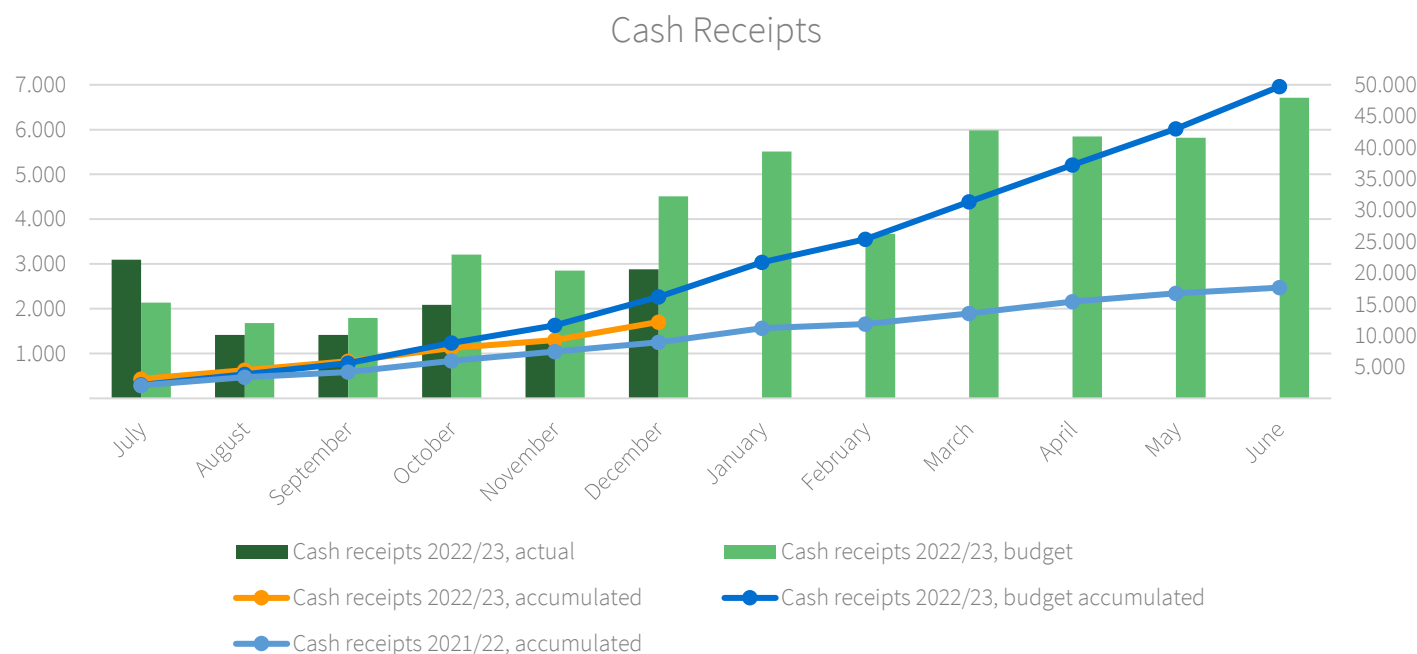
The Board of Directors decided to adopt International Financial Reporting Standards (IFRS) for the subsequent financial years. Accordingly, for the financial year 2022/2023, Loyal Solutions will prepare its first IFRS financial statements.

The date of transition to IFRS is the beginning of the earliest period for which Loyal Solutions presents full comparative information under IFRS standards in its first IFRS financial statements (i.e., 1 July 2021).

Cash Balance & Operating Cash Flow

Cash Balance on 31 December 2022 was TDKK 7,329. In December 2022, we strengthened our cash position with a responsible loan of TDKK 6,000 from the major shareholders.

Cash Receipts for the first half year of 2022/23 are TDKK 4,002 (25%) lower than the budget, but 36% above same period last year. The cash receipts for the first half year of 2022/23 are lower than budgeted as our new customers signed later than expected. These payments are due in Q3 2022/2023.

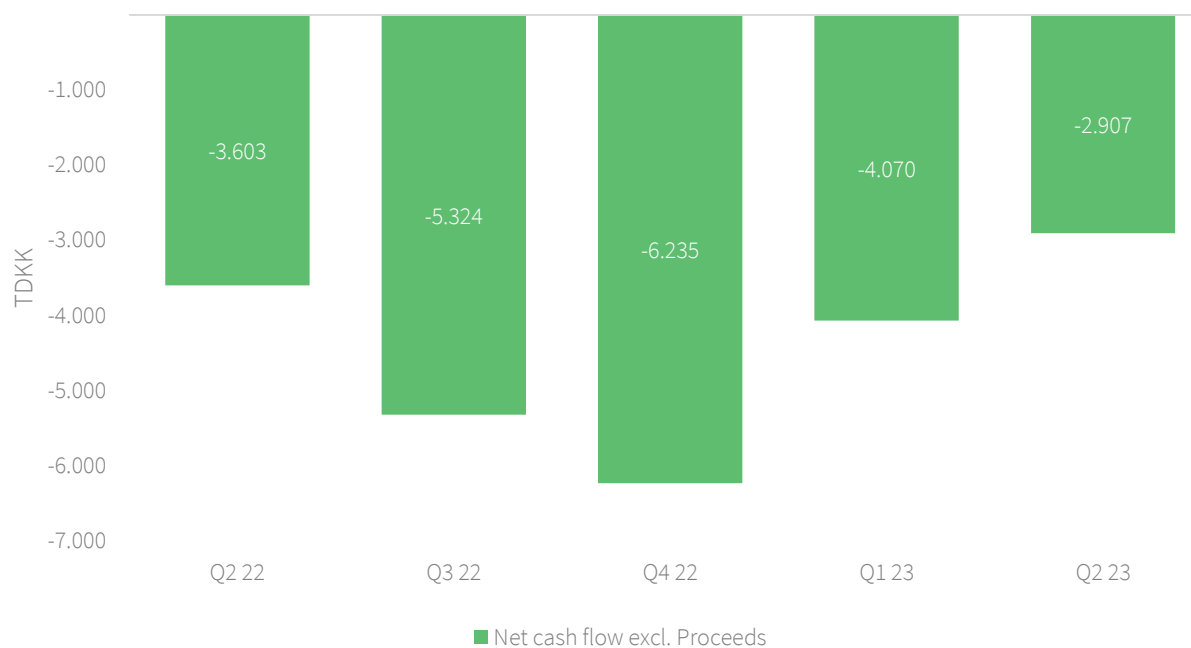


Net cash flow for the first half year of 2022/23 is TDKK -6,977 (TDKK -8,441) vs budgeted TDKK -8,984.

Net operating outflow for the first half year of 2022/23 is TDKK 19,357 compared to last period's outflow of TDKK 17,407.

As we scale the business, we will continue our focus on cash management.

Net operating Cash Flow by quarter excl. proceeds (IPO+Loans)



Outlook

With a healthy pipeline by the end of the first half year of 2022/23, the Company expects to maintain a healthy growth rate. We are well ahead of last year per 31/12 2022 but expect to be below budget for full fiscal year revenue as budgeted contracts were confirmed later than expected. We expect 27.5 Mill. in revenue end of fiscal year 22/23 but expect budgeted contracts to be signed before year end (ARR intact)

The management and the Board of Directors defined the long-term vision in our “*LS Global 2025*” strategy - becoming the leading global SaaS loyalty platform in selected global industries by 2025 which is still unchanged.

Our existing clients are still expected to keep the strong growth rates achieved in the current year, forming a solid baseline for our long-term vision together with the addition of new clients.

Organizational growth

Loyal Solutions are currently 22 employees with employees in both Denmark and South Africa. We are expecting to add a few more employees to the team during the second half year of 2022/23 in line with budget.

Research & development (“R&D”)

The Company’s product development pipeline is continuously augmented with own and client ideas. Several of the features identified as important to develop post the IPO are now in different stages of development with several new features having been deployed for selected clients.

Sales Pipeline

Our sales pipeline has grown better than expected both from direct sales and via partners.

Cash management

The company continues to have a focus on cash management as well as OPEX.

Financial goals

The financial goals for the full financial year 2022/23 (1/7 2022-30/6 2023) are adjusted as follows:

- ARR increase of 50% YoY to TDKK 32,528 maintained
- CHURN target of 2% changed from 0%
- Bookable revenue target of TDKK 27.500 reduced from TDKK 34,500, as new clients have confirmed contracts later than budgeted.
- EBITDA target of TDKK -20.300 reduced from originally TDKK -18,838 The EBITDA effect of the reduced bookable revenue is partially offset by a higher gross profit margin and lower operational expenses than budgeted

Conference call to present first half of financial year 2022/23

Loyal Solutions will present its first half year report 2022/23 results on a brief live webcast through MS Teams on 20 January 2023, at 10.00-10.30 CET. Please join and ask questions directly to our CEO, Peter Kisbye, and CFO, Pernille Normand Farup-Hansen, at this investor event.

To participate, please join the conference call on this [link](#).

Certified Adviser

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This financial report constitutes inside information that Loyal Solutions A/S is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was sent for publication, through the agency of the contact persons set out below, at the time stated by the Company's news distributor, Cision, at the publication of this press release.

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About Loyal Solutions

Loyal Solutions was set up in 2009 with the sole purpose of disrupting the loyalty industry with new technology, new transparent concepts and a 100% focus on the end customer.

Loyal Solutions has quickly become a leading global provider of loyalty concepts, solutions, and technology for selected industries for select clients. Our proprietary technology and global private cloud solutions are state of the art and market leading. We also offer clients full outsourcing options, making implementation of a full program seamless and easy.

We have our HQ in Copenhagen and an IT hub in Johannesburg. We are currently represented in Stockholm, Dubai, San Francisco and Melbourne.

INCOME STATEMENT

DKK

	First half year		YTD	
	01-07-2022	01-07-2021	01-07-2022	01-07-2021
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
	Non-Audited	Non-Audited	Non-Audited	Non-Audited
Revenue	12.123.511	8.625.061	12.123.511	8.625.061
Work performed for own account and capitalised under assets	505.070	0	505.070	0
Direct costs	-6.971.162	-4.819.042	-6.971.162	-4.819.042
Other external costs	-4.191.452	-3.937.730	-4.191.452	-3.937.730
	0	0	0	0
Gross profit	1.465.968	-131.711	1.465.968	-131.711
Staff costs	-8.650.243	-5.546.366	-8.650.243	-5.546.366
EBITDA	-7.184.275	-5.678.077	-7.184.275	-5.678.077
Depreciation on tangible and intangible assets	-1.109.717	-1.575.987	-1.109.717	-1.575.987
EBIT	-8.293.992	-7.254.064	-8.293.992	-7.254.064
Financial income	35.077	181.950	35.077	181.950
Financial expense	-323.817	-618.612	-323.817	-618.612
Profit before tax	-8.582.731	-7.690.726	-8.582.731	-7.690.726
Tax for the year	0	0	0	0
Operating profit	-8.582.731	-7.690.726	-8.582.731	-7.690.726

BALANCE SHEET

DKK

ASSETS

Development projects in progress

Completed development projects

Intangible assets

Fixture, fittings, tools and equipment

Property, plant and equipment

Deposits

Income tax

Deferred tax assets

Investments

Total fixed assets

Trade receivables

Income Tax

Other receivables

Prepayments

Receivables

Cash and cash equivalents

Current assets

	31/12-22	31/12-21	30-06-2022
	<i>Non-Audited</i>	<i>Non-Audited</i>	<i>Audited</i>
	0	0	0
	3.987.235	5.864.114	4.565.686
	3.987.235	5.864.114	4.565.686
	169.383	0	97.079
	169.383	0	97.079
	738.621	322.221	906.651
	106.370	0	106.370
	0	0	0
	844.991	322.221	1.013.021
	5.001.608	6.186.334	5.675.785
	7.617.680	3.240.382	5.528.555
	0	981.296	394.378
	2.101.756	5.029.110	3.351.688
	1.069.100	630.653	779.428
	10.788.537	9.881.442	10.054.048
	7.328.944	16.389.175	6.319.968
	18.117.481	26.270.617	16.374.016

BALANCE SHEET (continued)

DKK

EQUITY & LIABILITIES

	31/12-22 <i>Non-Audited</i>	31/12-21 <i>Non-Audited</i>	30-06-2022 <i>Audited</i>
Share capital	9.499.998	9.499.998	9.499.998
Retained earnings	-13.542.714	3.692.524	-5.411.174
Reserve for development expenditure	3.110.043	4.574.009	3.561.235
Equity	-932.673	17.766.531	7.650.058
Long-term debt to other credit institutions	11.986.641	7.444.345	6.751.985
Other long-term payables	610.340	597.667	610.340
Long-term liabilities	12.596.981	8.042.012	7.362.325
Short-term debt to other credit institutions	1.600.620	1.534.510	1.582.023
Prepayments received from customers	1.558.989	463.241	388.578
Trade payables	7.524.346	3.244.892	4.181.186
Other payables	770.826	1.405.765	885.631
Current liabilities	11.454.781	6.648.408	7.037.417
Total liabilities	24.051.762	14.690.421	14.399.743
Total equity & liabilities	23.119.089	32.456.951	22.049.801

CASH FLOW STATEMENT

DKK

Note

		01-07-2022 31-12-2022	01-07-2021 31-12-2021
		<i>Non-Audited</i>	<i>Non-Audited</i>
Operating profit		-8.293.992	-7.254.064
Other non-cash adjustments	1	532.986	1.998.659
Change in working capital	2	3.146.599	-1.639.363
Interests etc. received		35.077	181.950
Interests etc. paid		-323.817	-618.612
Income taxes paid or received		0	0
Cash flow from operating activities, net		-4.903.146	-7.331.430
Development costs activated		505.070	-189.207
Purchase of property, plant and equipment		98.500	0
Change in other non-current assets		130.114	-125.000
Cash flow from investing activities		733.684	-314.207
Dividend paid		0	0
Proceeds from loans and borrowings		6.000.000	0
Repayment of loans and borrowings		-821.561	-795.796
Proceeds from issue of shares		0	0
Cash flow from financing activities		5.178.439	-795.796
Net cash flow for the period		1.008.977	-8.441.433
Cash, 1 July		6.319.968	24.830.608
		1.008.977	-8.441.433

CASH FLOW STATEMENT (continued)

DKK

Note 1 - Other non-cash adjustments

Depreciation and impairment losses
Income taxes in the income statement
Other non-cash adjustments

Note 2 - Change in working capital

Change in inventories
Change in receivables
Change in payables and other liabilities

01-07-2022 31-12-2022	01-07-2021 31-12-2021
<i>Non-Audited</i>	<i>Non-Audited</i>
1.109.717	1.575.987
0	0
-576.731	422.672
532.986	1.998.659
0	0
928.587	-617.803
2.218.011	-1.021.560
3.146.599	-1.639.363

The above cannot be derived directly from the income statement and the balance sheet.

STATEMENT OF CHANGE IN EQUITY

	Share capital	Retained earnings	Reserve development expenditure	Total
	<i>Non-Audited</i>	<i>Non-Audited</i>	<i>Non-Audited</i>	<i>Non-Audited</i>
01-07-2022 - 31-12-2022				
Equity at 1 July 2021				
Share premium	9.499.998	-5.411.174	3.561.235	7.650.058
Dividend paid	0	0	0	0
Reserve for development expenditure	0	451.192	-451.192	0
Share-based payment	0	0	0	0
Profit for the year	0	-8.582.731	0	-8.582.731
Equity at 31 December 2021	9.499.998	-13.542.714	3.110.043	-932.673

	Share capital	Retained earnings	Reserve development expenditure	Total
	<i>Non-Audited</i>	<i>Non-Audited</i>	<i>Non-Audited</i>	<i>Non-Audited</i>
01-07-2021 - 31-12-2021				
Equity at 1 July 2021				
Share premium	9.499.998	10.301.562	5.655.697	25.457.257
Dividend paid	0	0	0	0
Reserve for development expenditure	0	1.081.688	-1.081.688	0
Profit for the year	0	-7.690.726	0	-7.690.726
Equity at 31 December 2021	9.499.998	3.692.524	4.574.009	17.766.531