

Loyal Solutions A/S

Edvard Thomsens Vej 10, 6.
2300 Copenhagen S.

CVR-no. 28 85 02 63

Annual Report

1. juli 2022 - 30. juni 2023

Presented and adopted at the Annual General Meeting on 4 October 2023

Anders Birkenfeldt
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 2022 - 30 June 2023.

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 2023 and of the result of the company's activities and cash flows for the financial year 1 July 2022 – 30 June 2023.

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, 20 September 2023

Executive board

Peter Børge Kisbye

Board of Directors

Frank Hansen
Chairman

Morten Ingemann Hershøj

Henriette Høyer

Per Kogut

Independent auditors' report

To the Shareholders of Loyal Solutions A/S

Opinion

We have audited the financial statements of Loyal Solutions A/S for the financial year 01.07.22 - 30.06.23, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 30.06.23 and of the results of the company's operations and cash flows for the financial year 01.07.22 - 30.06.23 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for opinion

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' 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 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 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 management's review.

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.

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

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

- 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 the 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, 20 September 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Thomas Thomsen
State Authorized Public Accountant
MNE-no. 34079

Management's review

Key activities

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

Development in activities

The Company delivered a growth in annual recurring revenue (ARR) of 70%, and a growth in revenue of 47% compared to previous fiscal year and with an EBITDA being 23% better than budgeted.

During the fiscal year the Company signed agreements with a range of global brands, including Qatar Airways, Emirates, Visa Germany and Marriott International. As these agreements were all signed in the latter part of the fiscal year, they do not have any substantial impact on the revenue for the financial year. Most will have full effect in the coming fiscal year.

The Company's pipeline continued to grow at the expected rate and has increased measurably over the last year. Lead times continue to be 9-12 months.

Financial review

Revenue

Revenue is comprised of recurring subscription fees, implementation fees and revenue from ad-hoc work from clients and increased organically by 47% from DKK 18,3 million in financial year 2021/22 to DKK 26,9 million in financial year 2022/23. The growth is primarily attributable to existing clients.

Expenses

Other external expenses amounted to DKK 24,3 million (DKK 18,2 million). The increase is primarily related to variable expenses (increase of DKK 5,3 million) and premise costs as the Company moved to new facilities (increase of DKK 0,9 million).

Staff costs increased from DKK 14,9 million in 2022/23 to DKK 17,8 million in 2022/23. As the Company continued to execute its post IPO expansion plan, adding staff was a key component, with staff cost increase being as planned and budgeted.

Capitalised development costs increased from DKK 0,4 million to DKK 0,9 million.

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

Profit/Loss for the year

The income statement of the Company for 2022/23 shows a loss of DKK 17,3 Million (DKK -18,5 million). The loss for 2022/23 was slightly less than budgeted (budget 2022/23 was DKK -22,8).

Assets

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

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

As per 30 June 2023 Cash and cash equivalents amount to DKK 7,3 million (DKK 6,3 million).

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 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.

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.

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 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.

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	2022/23	2021/22
Revenue		26.887.955	18.226.678
Own work capitalised		855.073	354.442
Other external expenses	1	-24.314.546	-18.140.017
Gross Profit (GP)		3.428.481	441.103
Staff costs	2	-17.787.617	-14.936.663
Depreciation and impairment losses on tangible and intangible fixed assets		-1.910.529	-3.050.931
Profit from operating activities (EBIT)		-16.269.665	-17.546.491
Financial income		142.861	399.673
Financial expenses		-1.386.244	-1.443.095
Profit/loss before tax		-17.513.048	-18.589.913
Tax for the year	3	188.116	106.370
Profit/loss for the year		-17.324.932	-18.483.543
<i>Distribution of profit:</i>			
Retained earnings		-17.324.932	-18.483.543
Profit for the year distributed		-17.324.932	-18.483.543

BALANCE SHEET 30 JUNE

	Notes	30-06-23	30-06-22
Completed development costs	4	3.564.106	4.565.686
Intangible assets		3.564.106	4.565.686
Fixtures, fittings, tool and equipment		141.702	97.079
Property, plant and equipment		141.702	97.079
Deposits		729.317	906.651
Investments in subsidiaries		354	0
Income tax		188.116	106.370
Investments		917.787	1.013.021
Non current assets		4.623.595	5.675.785
Trade receivables		6.212.213	5.528.555
Receivables from subsidiaries		406.573	0
Income tax		106.370	394.378
Other receivables		2.433.355	3.351.688
Prepayments		1.138.746	779.428
Receivables		10.297.256	10.054.048
Cash and cash equivalents		7.288.466	6.319.968
Current assets		17.585.723	16.374.016
Total assets		22.209.317	22.049.801

BALANCE SHEET 30 JUNE

	Notes	30-06-23	30-06-22
Share capital		9.499.998	9.499.998
Retained earnings		-21.961.829	-5.411.175
Reserve for development expenditure		2.780.003	3.561.235
Dividend		0	0
Equity		-9.681.829	7.650.058
Long-term debt to other credit institutions		15.672.075	6.751.985
Other long-term payables		632.048	610.340
Long-term liabilities	5	16.304.123	7.362.325
Short-term debt to other credit institutions		2.514.878	1.582.023
Trade payables		8.330.997	4.181.186
Prepayments received from customers		3.497.843	388.578
Other payables		1.232.088	885.631
Prepayments		11.217	0
Current liabilities		15.587.023	7.037.417
Total liabilities		31.891.146	14.399.743
Total liabilities and equity		22.209.317	22.049.801
Contingent assets	8		
Contingent liabilities	9		
Disclosure of mortgage and collaterals	10		

Statement of changes in the equity

<i>DKK</i>	Share capital	Share premium	Reserve development costs	Retained earnings	Total
Equity 1 July 2022	9.499.998	0	3.561.235	-5.411.174	7.650.058
Profit for the year	0	0	0	-17.324.932	-17.324.932
Transfer to reserve for development costs	0	0	-781.232	781.232	0
Share-based payment		0	0	-6.955	-6.955
Equity 30 June 2023	9.499.998	0	2.780.003	-21.961.829	-9.681.829
Equity 1 July 2021	9.499.998	27.321.105	5.655.697	-17.019.543	25.457.257
Transfer to free reserves	0	-27.321.105	0	27.321.105	0
Profit for the year	0	0	0	-18.483.543	-18.483.543
Transfer to reserve for development costs	0	0	-2.094.462	2.094.462	0
Share-based payment		0	0	676.344	676.344
Equity 30 June 2022	9.499.998	0	3.561.235	-5.411.174	7.650.058

Cash Flow Statement

		01-07-22	01-07-21
<i>DKK</i>	Notes	30-06-23	30-06-22
Operating profit		-16.269.665	-17.546.491
Other non-cash adjustments	6	1.711.382	-541.913
Change in working capital	7	7.662.363	1.305.315
Interests etc. received		142.861	356.563
Interests etc. paid		-1.086.187	-1.391.339
Income taxes paid or received		394.378	586.918
Cash flow from operating activities		-7.444.868	-17.230.946
Development costs capitalised		-855.073	-354.442
Equipment purchases		-98.500	-108.360
Investments in group enterprises		-354	0
Change in other non-current assets		101.501	-709.430
Cash flow from investing activities		-852.426	-1.172.232
Dividend paid		0	0
Proceeds from loans and borrowings		11.000.000	0
Repayment of loans and borrowings		-1.327.635	-1.868.227
Intercompany loan		-406.573	0
Cash flow from financing activities		9.265.792	-1.868.227
Net cash flow for the period		968.498	-20.271.406
Cash, 1 July		6.319.968	26.600.021
Net cash flow for the period		968.498	-20.280.052
Cash, 30 June		7.288.467	6.319.968

Notes to the financial statements

	30-06-23	30-06-22
1 Other external expenses		
Variable expenses	-15.199.987	-9.932.928
Other operating expenses	-9.114.559	-8.207.090
	-24.314.546	-18.140.017
2 Staff costs		
Wages and salaries	-16.403.054	-13.821.075
Pensions	-1.235.051	-973.592
Other social security costs	-149.512	-141.996
	-17.787.617	-14.936.663
Average number of employees during the year	23	18

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 6,31 or DKK 12,61 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 6.955 was recognized as income regarding share-based payments for the year (2021/22: DKK - 676.344).

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 2022	50.625	176.250	110.625	337.500
Granted	5.625	0	11.250	16.875
Exercised	0	0	0	0
Forfeited	0	0	-5.625	-5.625
At 30 June 2023	56.250	176.250	116.250	348.750

As at 30 June 2023, 338.439 warrants are vested and exercisable.

Notes to the financial statements (continued)

Share-based payment - stock option program (continued)

No allotments have been exercised in 2022/23.

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, kr.	6,31	12,61
Fair value per share, kr.	3,84	2,35
Fair value in total, kr.	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, kr.	12,61	12,61
Fair value per share, kr.	2,35	2,35
Fair value in total, kr.	16.161	7.313

3 Tax for the year

	30-06-23	30-06-22
Tax credit for disbursement	188.116	106.370
Deferred tax regulation	0	0
	188.116	106.370

Notes to the financial statements (continued)

4 Completed development costs

Development projects relates to the Company's software LoyalTfacts® from design, construction and testing of the overall software as well as modules to the software. The projects are being carried out based on demand from existing customers, and varies in time for finalization. Per 30 June 2023 the Company has no projects in progress, as all projects in progress was finalized just before the end of the financial year, and new projects will start up in the new financial year.

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

Completed development projects are 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.

	30-06-23	30-06-22
5 Long-term liabilities		
Repayment within 1 year	2.456.715	1.426.092
Liabilities after 5 years	0	0
	2.456.715	1.426.092

Notes to the financial statements (continued)

6 Other non-cash adjustments

Depreciation and impairment losses	1.910.529	3.050.931
Other non-cash adjustments	-199.147	-3.592.844
	1.711.382	-541.913

7 Change in working capital

Change in receivables	145.881	3.114.204
Change in payables, prepayments and other liabilities	4.395.999	-1.808.889
	4.541.881	1.305.315

Notes to the financial statements (continued)

8 **Contingent assets**

The company has per 30 June 2023 a non-recognized deferred tax asset of DKK 9.755.483 which primarily relates to losses carried forward. The tax losses can be carried forward indefinitely and have no expiry date.

9 **Contingent liabilities**

The Company's lease obligations from operating leases amounts to DKK 177.466 as of 30 June 2023.

The Company's total rental obligations regarding non-cancellable leases amounts to DKK 4.562.470 as of 30 June 2023.

10 **Disclosure of mortgage and collaterals**

As security for the Company's loan in credit institutions with a value of DKK 6.850.442 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 3.564.106

Fixtures, fittings, tool and equipment DKK 141.702

Trade receivables DKK 6.212.213

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  Per Ove Kogut bestyrelsesmedlem 32c96180-28f3-47b2-b325-1c0aa45fc9a7 2023-09-20 10:49:02Z	  Henriette Høyer Bestyrelsesmedlem 7591759c-1a2e-4c4d-813f-960838f26822 2023-09-20 10:53:56Z
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