Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	939 118 756
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	TENERITY AS
Forretningsadresse:	Kjørbokollen 30 1337 SANDVIKA

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Rikard David Holm Af Sandeberg
Dato for fastsettelse av årsregnskapet:	31.07.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 28.07.2024

Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Sales		25 513 092	28 580 946
Other revenue		29 341 477	31 284 186
Sum inntekter		**54 854 569**	**59 865 132**
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer		3 732 269	2 811 281
Employee benefits expense	2	41 928 393	40 646 870
Depreciations	3, 4	1 872 654	2 275 247
Other expenses	2	9 727 444	7 390 427
Sum kostnader		**57 260 759**	**53 123 824**
Driftsresultat		**-2 406 191**	**6 741 307**
Finansinntekter og finanskostnader			
Income from other group companies		98 909 885	
Annen renteinntekt			12
Other financial income		74 348	742 196
Sum finansinntekter		**98 984 233**	**742 208**
Annen rentekostnad		16 382	47 702
Other financial expenses		500 781	2 919 304
Sum finanskostnader		**517 163**	**2 967 006**
Netto finans		**98 467 069**	**-2 224 797**
Ordinært resultat før skattekostnad		**96 060 879**	**4 516 510**
Income tax expense	8		
Ordinært resultat etter skattekostnad		**96 060 879**	**4 516 510**
Årsresultat		**96 060 879**	**4 516 510**
Årsresultat etter minoritetsinteresser		**96 060 879**	**4 516 510**

Resultatregnskap

Beløp i: NOK	Note	2022	2021
Totalresultat		**96 060 879**	**4 516 510**
Overføringer og disponeringer			
Ordinært utbytte		104 000 000	
Net income attributable to equity	7	-7 939 121	4 516 510
Sum overføringer og disponeringer		**96 060 879**	**4 516 510**

Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Acquired intangible assets	3	1 846 723	2 979 936
Sum immaterielle eiendeler		**1 846 723**	**2 979 936**
Varige driftsmidler			
Property, plant and equipment, net	4	709 491	554 126
Sum varige driftsmidler		**709 491**	**554 126**
Finansielle anleggsmidler			
Investering i datterselskap	5	31 445 357	31 445 357
Sum finansielle anleggsmidler		**31 445 357**	**31 445 357**
Sum anleggsmidler		**34 001 571**	**34 979 419**
Omløpsmidler			
Varer			
Sum varer		**455 238**	**279 675**
Fordringer			
Accounts receivables		4 367 324	3 503 873
Other short-term receivables		1 876 183	719 118
Konsernfordringer	9	162 032 723	37 927 965
Sum fordringer		**168 276 229**	**42 150 956**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	10	4 656 570	7 182 431
Sum bankinnskudd, kontanter og lignende		**4 656 570**	**7 182 431**
Sum omløpsmidler		**173 388 037**	**49 613 062**
SUM EIENDELER		**207 389 608**	**84 592 481**

BALANSE - EGENKAPITAL OG GJELD

Balanse

Beløp i: NOK	Note	2022	2021
Egenkapital			
Innskutt egenkapital			
Share capital	6, 7	5 067 090	5 067 090
Overkurs	7	7 716 546	7 716 546
Sum innskutt egenkapital		**12 783 636**	**12 783 636**
Opptjent egenkapital			
Other equity	7	20 781 331	28 720 452
Sum opptjent egenkapital		**20 781 331**	**28 720 452**
Sum egenkapital		**33 564 967**	**41 504 088**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Konvertible lån	9	162 138 370	32 488 831
Leverandørgjeld		580 590	332 841
Liabilities to public autorities		3 833 023	3 643 523
Other current liabilities		7 272 659	6 623 197
Sum kortsiktig gjeld		**173 824 641**	**43 088 393**
Sum gjeld		**173 824 641**	**43 088 393**
SUM EGENKAPITAL OG GJELD		**207 389 608**	**84 592 481**

Tenerity AS

Income statement for the period 1. January to 31. December

All amounts in NOK

	Notes		2022	2021
Sales		Kr	**25 513 092**	28 580 946
Other revenue			**29 341 477**	31 284 186
Total operating income			**54 854 569**	59 865 132
Operating expenses:				
Cost of materials			**3 732 269**	2 811 281
Personnel expenses	2		**41 928 393**	40 646 870
Other operating expenses	2		**9 727 444**	7 390 427
Depreciations	3,4		**1 872 654**	2 275 247
Total operating expenses			**57 260 760**	53 123 825
Operating profit			**(2 406 191)**	6 741 307
Financial income and expenses				
Dividends from affiliated companies			**98 909 885**	0
Other interest income			**0**	12
Other financial income			**74 348**	742 196
Other interest expenses			**(16 382)**	(47 702)
Other financial expenses			**(500 781)**	(2 919 304)
Net financial items			**98 467 070**	(2 224 798)
Ordinary profit before tax			**96 060 878**	4 516 510
Taxes on ordinary profit	8		**0**	0
Net profit for the year			**96 060 878**	4 516 510
Allocations				
Other equity	7		**(7 939 122)**	4 516 510
Allocated for dividend			**104 000 000**	0
Total allocations			**96 060 878**	4 516 510

Tenerity AS

Balance sheet 31. December
Assets
All amounts in NOK

	Notes		2022	2021
Non-current assets				
Intangible assets				
Acquired intangible assets	3	Kr	**1 846 723**	2 979 936
Total intangible assets			**1 846 723**	2 979 936
Tangible fixed assets				
Property, plant and equipment, net	4		**709 491**	554 126
Total tangible assets			**709 491**	554 126
Financial fixed assets				
Investments in subsidiaries	5		**31 445 357**	31 445 357
Total financial fixed assets			**31 445 357**	31 445 357
Total fixed assets			**34 001 571**	34 979 419
Current assets				
Inventory			**455 238**	279 675
Receivables				
Intercompany receivables	9		**162 032 723**	37 927 965
Accounts receivables			**4 367 324**	3 503 873
Other receivables			**1 876 183**	719 118
Total receivables			**168 276 229**	42 150 956
Cash and cash equivalents	10		**4 656 570**	7 182 431
Total current assets			**173 388 037**	49 613 062
Total assets			**207 389 607**	**84 592 481**

Tenerity AS

Balance sheet 31. December
Equity and liabilities
All amounts in NOK

	Notes		2022	2021
Equity				
Paid-in capital				
Share capital	6,7	Kr	**5 067 090**	5 067 090
Share premium reserve	7		**7 716 546**	7 716 546
Total paid-in capital			**12 783 636**	12 783 636
Retained earnings				
Other equity	7		**20 781 330**	28 720 452
Total equity			**33 564 966**	41 504 088
Liabilities				
Current liabilities				
Intercompany debt	9		**162 138 370**	32 488 831
Trade creditors			**580 590**	332 841
Liabilities to public autorities			**3 833 023**	3 643 523
Other current debt			**7 272 657**	6 623 197
Total current liabilities			**173 824 640**	43 088 393
Total liabilities			**173 824 640**	43 088 393
Total equity and liabilities			**207 389 607**	**84 592 481**

Sandvika/Slough, July 28, 2023

Rikard David Holm Af Sandeberg
General Manager

Michele Conforti
Chairman of the board

Berit Solhjem
Member of the board

Tenerity AS

Notes to the financial statement

31. December 2022

1 Accounting principles

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

Use of estimates
The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

Revenues
Income from sale of goods and services are recognised at fair value of the consideration, net after deduction of VAT, returns, discounts and reductions. Sales are taken to income when the company has delivered its products to the customer and there are no unsatisfied commitments which may influence the customer's acceptance of the product. Delivery is not completed until the products have been sent to the agreed place, and risks relating to loss and obsolescence have been transferred to the customer. Historical data is applied to estimate and recognise provisions for quantity rebates and returns at the sales date. Provisions for expected guarantee work are recognised as expenses and provisions for liabilities. Services are recognised in proportion to the work performed.

Classification of balance sheet items
Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Intangible assets
R& D expenses are taken into the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the expenses can be reliably measured. Otherwise such expenses are expensed as and when incurred. R& D expenses are depreciated on a straight- line basis over the asset's expected useful life.

Fixed assets
Land is not depreciated. Other fixed assets are reflected in the balance sheet and depreciated to residual value over the asset's expected useful life on a straight- line basis. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/ improvements is calculated in proportion to the asset's condition at the acquisition date.
Leased assets are reflected in the balances sheet as assets if the leasing contract is considered a financial lease.

Investments in subsidiaries
The cost method is applied to investments in subsidiaries. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/ group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividend from other companies are reflected as financial income when it has been approved.

Asset impairments
Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ ownership) , the asset is written down to the highest of fair value less cost to sell and the recoverable amount.
Previous impairment charges, except writedown of goodwill, are reversed in later periods if the conditions causing the write- down are no longer present.

Debtors
Trade debtors are recognised in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor and an additional provision is made for other debtors to cover expected losses. Significant financial problems for the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the debtors should be written down.
Other debtors, both current and long term, are recognised at the lower of nominal and net realisable value. Net realisable value is the present value of estimated future payments. When the effect of a writedown is insignificant for accounting purposes this is, however, not carried out. Provisions for bad debts are valued the same way as for trade debtors.

Foreign currencies

Tenerity AS

Notes to the financial statement

31. December 2022

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as operating income and cost of goods

Liabilities
Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

Guarantee commitments/ complaints
Guarantee commitments relating to completed sales are valued at the estimated cost of such work. The estimate is made on the basis of historical figures for guarantee work, but adjusted for expected differences due to, for instance, changes in quality assurance routines and changes in product range. The provision is recognised under 'Other short term liabilities' and changes in the provision are recognised in income.

Pensions
The company has defined contribution plans, and the pension schemes are financed through payments to insurance companies.

Taxes
The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year- end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.
Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes) .
Deferred tax is reflected at nominal value.

Cash flow statement
The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

Tenerity AS

Notes to the financial statement

31. December 2022

2 Salary and personnel costs, number of employees, loans to employees and auditor's fee

Salary and personnel costs	2022	2021
Salaries/ wages	**31 234 623**	32 706 770
Social security fees	**4 557 252**	4 533 679
Pension expenses	**1 989 030**	1 870 770
Other remuneration	**4 147 487**	1 535 650
Total	**41 928 393**	40 646 870
Average man-years	58	60

Remuneration to management and board members	General manager	General manager
Salaries	1 898 516	1 516 640
Pension expenses	187 695	169 374
Other remuneration	96 000	96 000

Required occupation pension
The company is required to have an occupational pension scheme in accordance with the Norwegian Mandatory Occupational Pension Act ("Lov om Obligatorisk Tjenestepensjon"). The company's pension scheme meets the requirements of the law.

Auditor

Specification of auditor's fee (amounts ex VAT) as charged to the profit and loss	2022	2021
Statutory audit (incl. technical assistance with financial statements)	**177 500**	306 952
Other assurance services	**10 000**	30 000
Tax advisory fee (incl. technical assistance with tax return)	**17 500**	16 500
Total:	**205 000**	353 452

3 Intangible assets

	Franchise	Software	Total
Acquisition cost at 01.01.	562 615	18 756 560	19 319 175
Additions	0	401 368	401 368
Acquisition cost at 31.12.	562 615	19 157 928	19 720 543
Accumulated depreciation at 31.12.	562 615	17 311 205	17 873 820
Net value at 31.12.	**0**	**1 846 723**	**1 846 723**
Depreciation of the year (linear)	0	1 534 581	1 534 581
Useful economic life	3 years	3 years	

4 Fixed assets

	Movables	Total
Acquisition cost at 01.01.	6 049 199	6 049 199
Additions	493 437	493 437
Acquisition cost at 31.12.	6 542 637	6 542 637
Accumulated depreciation at 31.12.	5 833 146	5 833 146
Net value at 31.12.	**709 491**	**709 491**
Depreciation of the year (linear)	338 072	338 072
Useful economic life	3 -5 years	

Tenerity AS

Notes to the financial statement

31. December 2022

5 Subsidiaries

Investments in subsidiaries, associated companies and joint ventures are booked according to the cost method.

Subsidiaries	Acquistion year	Location	Ownership	Voting rights
Tenerity ApS, Denmark	1986	København	100 %	100 %
Tenerity AB, Sweden	1986	Stockholm	100 %	100 %
Affinion OY AB, Finland	1993	Helsinki	100 %	100 %

Subsidiaries	Costs	Result	Equity	Booked value
Tenerity ApS, Denmark	15 551 547	DKK 2 604 692	DKK 3 3931 543	15 551 547
Tenerity AB, Sweden	15 790 580	SEK 8 575 944	SEK 7 034 504	15 790 580
Affinion OY AB, Finland	212 800	EUR -179	EUR 11 538	103 229
Balance sheet value 31.12.				31 445 356

6 Share capital

The parent company Tenerity Inc has its registered offices in 6 High Ridge Park, Stamford, Connecticut, USA, CT 06905, where the consolidated accounts which include the company can be obtained.

The share capital of NOK 5 067 090 consist of 168 903 shares with nominal value of NOK 30 each.

List of (20) major shareholders at 31.12.	Number of shares	Ownership
Bassae Holding B. V.	168 903	100 %
Total number of shares	168 903	100 %

7 Shareholders' equity

	Share capital	Share premium	Other equity	Total
Equity 01.01	5 067 090	7 716 546	28 720 452	41 504 088
Net profit	0	0	96 060 878	96 060 878
Allocated dividend	0	0	(104 000 000)	(104 000 000)
Equity 31.12	**5 067 090**	**7 716 546**	**20 781 330**	**33 564 966**

Tenerity AS

Notes to the financial statement

31. December 2022

8 Income taxes

Taxes on ordinary profit consists of:	2022	2021
Taxes payable	**0**	0
Changes in deferred tax	**0**	0
Difference from prior year	**0**	0
Total taxes on ordinary profit	**0**	0

Tax base calculation:	2022	2021
Profit before income tax	**96 060 878**	4 516 510
Permanent differences	**(98 909 885)**	14 169
Changes in temporary differences	**2 849 008**	(4 530 679)
Total	**(0)**	(0)

Temporary differences	Change	2022	2021
Receivables	0	**(565 015)**	(565 015)
Inventory	0	**0**	0
Fixed assets	(98 206)	**(485 125)**	(583 332)
Other provisions	30 145	**(383 597)**	(353 452)
Net temporary differences	(68 061)	**(1 433 737)**	(1 501 799)
Tax losses carried forward	2 917 069	**(87 851 500)**	(84 934 430)
Basis for deferred tax	2 849 008	**(89 285 237)**	(86 436 229)

	2022	2021
Deferred tax	**(19 642 752)**	(19 015 970)
Deferred tax benefit not shown in the balance sheet	**19 642 752**	19 015 970
Deferred tax (asset) 22 % (2020: 22 %)	**0**	0

Tenerity AS

Notes to the financial statement

31. December 2022

9 Intercompany balances

Intercompany balances:

	2022	2021
Receivables		
Tenerity ApS, Denmark	**37 390 226**	1 860 631
Tenerity AB, Sweden	**61 519 659**	0
Tenerity Limited , UK	**63 122 838**	36 067 335
Total	**162 032 723**	37 927 965
Payables		
Tenerity Limited, UK	**(58 138 370)**	31 124 864
Bassae Holding B. V.	**(104 000 000)**	0
Tenerity ApS, Denmark	**0**	1 363 967
Total	**(162 138 370)**	32 488 831
Transaction/transaction group		
Intercompany revenue	**29 341 477**	31 284 186
Dividends received	**98 909 885**	0
Intercompany interest	**0**	0
Intercompany costs	**0**	0
Total	**128 251 362**	31 284 186

10 Restricted bank deposits

	2022	2021
Bank accounts related to employee tax accounts	**1 784 056**	1 646 546

	2022	2021
Unused bank overdraft	**50 000**	50 000

The Norwegian
Tax Administration

Our date 23.10.2019	Your date 12.09.2019	Case officer Lars Waaltorp
800 80 000 skatteetaten.no	Your reference	Telephone +4732212244
Org. nr: 974761076	Our reference 2019/6476692	Postal address P.O. Box 9200 Grønland 0134 OSLO

Callers from abroad, please call +47 22 07 70 00

CXLOYALTY INTERNATIONAL AS
P.O. Box 185
1377 BILLINGSTAD

Att: Rikard af Sandeberg

Permission to prepare the annual accounts and directors' report in English language for CxLoyalty International AS, org.no 939 118 756

With reference to your letter received 12 September 2019 with respect to the above matter regarding CxLoyalty International AS.

Based on a total evaluation, the view of the tax office is that CxLoyalty International AS may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

Background

CxLoyalty International AS is a foreign subsidiary of its Parent company Affinioin International Limited. The subsidiary's financial accounts are prepared in the Parent company's shared service centre, based in England. The company operates in a global industry and primarily serves large financial institutions and telecom operators. The business language is primarily in English.

Condition for the permission

According to the Norwegian Accounting Act § 3-4, third paragraph shall "the directors' report and annual accounts ... be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language".

Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

> "The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors, which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of

financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information."

One of the main goals of the Accounting Act is to contribute to "informative accounts for different users of accounts". The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors' report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information, which has to be taken into consideration when considering the application for permission. In this assessment, the tax office has emphasized that the company is a subsidiary of a foreign company. Furthermore, all key players and partners understand and use English.

Please state "our reference" (see above) in all written communication with the Norwegian Tax Authorities.

Yours sincerely,

Lars Waaltorp
Adviser
Customer Interaction Division, Customer Service
The Norwegian Tax Administration

This document has been electronically approved and therefore has no handwritten signatures.

Buypass Signing
Jan Møller
2023-07-31

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To the Shareholders' Meeting of Tenerity AS

Grant Thornton Revisjon AS
Kirkegata 15
0153 Oslo
Org.nr. 987 632 380
T: +47 22 20 04 00
E: grant@no.gt.com

Independent auditor's report

Opinion
We have audited the financial statements of Tenerity AS (the Company), showing a profit of NOK 96 060 878. The financial statements comprise the balance sheet as at December 31, 2022, and the statement of income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with laws and regulations and present fairly, in all material respect, the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
The Board of Directors and the Managing Director are responsible for the information in the Board of Directors' report. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report. The purpose is to consider if there is materially inconsistency between the information in the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or the information in the Board of Directors' report otherwise appears to be materially misstated. If, based on the work we have performed,

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we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.
Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements
The Board of Directors and the Managing Director are (management) are responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 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 insofar as it is not likely that the enterprise will cease operations.

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 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 in accordance with ISAs, we exercise professional judgment 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Oslo, 31 July 2023
Grant Thornton Revisjon AS

Jan Møller
State Authorised Public Accountant (Norway)
(This document is signed electronically)

CASH FLOW STATEMENT

		2022	2021
Cash flow from operating activities			
Profit before tax	Kr	**96 060 878**	4 516 510
Depreciations		**1 872 654**	2 275 247
Net benefit plan scheme payments		**0**	0
Changes in inventories		**(175 563)**	50 222
Changes in receivables		**(863 451)**	1 215 408
Changes in account payables		**247 749**	25 724
Tax paid		**0**	0
Changes in other accruals		**(99 227 988)**	76 462
Net cash flow from operating activities		**(2 085 721)**	**8 159 573**
Cash flow from Investing activites			
Purchase of equipment		**(894 805)**	(2 006 722)
Net cash flow from Investing activites		**(894 805)**	**(2 006 722)**
Cash low from financing activities			
Changes in Intercompany balances		**454 666**	(4 251 528)
Net cash low from financing activities		**454 666**	**(4 251 528)**
Net increase (decrease) in cash and cash equivalents		**(2 525 859)**	**1 901 324**
Cash and cash equivalents, start of period		**7 182 431**	5 281 106
Cash and cash equivalents, end of period		**4 656 572**	**7 182 431**

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Inger Helene Iversen	09.07.2013	14.08.2013
Telefon	Deres referanse	Vår referanse
61236772	Dagfinn Haldorsen	2013/555607

DELOITTE AS
Postboks 347 Skøyen
0213 OSLO

Fritak for konsernregnskapsplikten for underkonsernet Affinion International AS, org.nr. 939 118 756

Vi viser til deres brev av 9. juli 2013 hvor dere på vegne av Affinion International AS søker om fritak fra plikten til å utarbeide konsernregnskap.

Affinion International AS er eid av Affinion Group Holdings Inc. Konsoliderte regnskaper utarbeides i USA hvor Affinion Group Holdings Inc. er registrert. Konsernregnskap rapporteres til United States Securities And Exchange Commission (SEC), og omfatter også den norske regnskapspliktige og dennes datterselskap. Konsernregnskapet er utarbeidet på engelsk og i samsvar med amerikanske regnskapsprinsipper, USGAAP.

Skattedirektoratet finner med hjemmel i regnskapsloven av 17. juni 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for Affinion International AS. Det forutsettes at Affinion Group Holdings Inc. utarbeider konsernregnskap som omfatter den regnskapspliktige og dennes datterselskap. Det legges til grunn at dette konsernregnskapet er utarbeidet i samsvar med USGAAP og at kravene i regnskapsloven § 3-7 med forskrifter for øvrig følges. Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet.

Når det gjelder hvilket språk morselskapet skal utarbeide konsernregnskapet på, vises det til forskrift av 7.9.2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven. Det følger av § 3-7-1 at konsernregnskapet foruten på norsk, kan være på svensk, dansk eller engelsk.

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet mv. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
Seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Inger Helene Iversen

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60

TENERITY, INC.

Financial Report

For the annual period ended December 31, 2022

Prepared and delivered pursuant to Section 3.1 of the Stockholders Agreement, dated as of April 10, 2019, by and among Tenerity, Inc. and the stockholders party thereto.

Tenerity, Inc. was formerly known as cxLoyalty Group Holdings, Inc., and prior to that, Affinion Group Holdings, Inc.

Date of this Report: April 14, 2023

NOTE REGARDING CONFIDENTIALITY

This annual report for the year ended December 31, 2022 (this "Report") is confidential and has been prepared exclusively for use by stockholders of Tenerity, Inc. (f/k/a cxLoyalty Group Holdings, Inc. and prior to that, Affinion Group Holdings, Inc.) in accordance with Section 3.1 of the Stockholders Agreement (as defined below). You may not reproduce or distribute this Report, in whole or in part, and you may not disclose any of the contents of this Report or use any information herein for any purpose other than evaluating your investment as a holder of Tenerity, Inc.'s equity. You agree to the foregoing by accepting delivery of, or access to, this Report.

We have provided the information contained in this Report. Neither the delivery of nor access to this Report implies that any information set forth in this Report is correct as of any date after the date of this Report.

EXPLANATORY NOTE

On April 10, 2019, Tenerity, Inc. (the "Company" or "Tenerity") (f/k/a cxLoyalty Group Holdings, Inc. and prior to that, Affinion Group Holdings, Inc.) entered into that certain Stockholders Agreement (the "Stockholders Agreement"), dated as of April 10, 2019, by and among Tenerity and the stockholders party thereto (the "Stockholders").

Section 3.1(a) of the Stockholders Agreement requires, among other things, Tenerity to furnish to the Stockholders within 90 days after the end of each fiscal year, audited financial statements of the Company and its subsidiaries on a consolidated basis.

This Report has been prepared and posted to IntraLinks pursuant to the requirements of Section 3.1 of the Stockholders Agreement. The Company does not file reports with the U.S. Securities and Exchange Commission and the preparation of this Report and the posting of this Report on a non-public website pursuant to the requirements of the Stockholders Agreement shall in no way be interpreted as an undertaking on the part of the Company to otherwise comply with all of the rules and regulations that are applicable to a company subject to the reporting requirements of the Securities Exchange Act of 1934, as amended.

TABLE OF CONTENTS

PART I

TENERITY, INC.
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 AND 2021
AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Unless otherwise noted, all dollar amounts are in millions, except per share amounts)

GrantThornton

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Tenerity, Inc.

Opinion
We have audited the consolidated financial statements of Tenerity, Inc. (a Delaware corporation) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion
We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter
As discussed in Note 2 to the financial statements, the Company has adopted new accounting guidance in 2022, related to the alternative method of accounting for goodwill for private companies per Accounting Standards Update 2014-02 issued by Financial Accounting Standards Board. Our opinion is not modified with respect to this matter.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

New York, New York
April 14, 2023

TENERITY, INC.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2022 AND 2021
(In millions, except share and per share amounts)

	December 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 104.7	$ 85.6
Restricted cash	8.4	13.4
Receivables (net of allowances for doubtful accounts of $3.0 and $3.5, respectively)	29.7	35.8
Prepaid commissions	48.2	47.3
Other current assets	24.7	22.9
Total current assets	215.7	205.0
Property and equipment, net	33.4	38.9
Operating lease right-of-use assets	10.9	16.4
Goodwill, net	46.5	56.7
Non-current deferred tax assets	47.8	52.4
Other non-current assets	32.3	24.0
Total assets	$ 386.6	$ 393.4
Liabilities and Stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	129.0	135.6
Deferred revenue	21.6	21.9
Income taxes payable	1.3	3.7
Total current liabilities	151.9	161.2
Deferred income taxes	0.5	1.0
Deferred revenue	1.1	1.7
Long-term operating lease liabilities	5.9	14.1
Other long-term liabilities	6.4	11.4
Total liabilities	165.8	189.4
Commitments and contingencies (Note 12)		
Stockholders' equity		
Common Stock, $0.000001 par value, 540,000,000 shares authorized, 11,354,040 shares issued and outstanding	—	—
Additional paid-in capital	2,125.4	2,123.4
Warrants	7.8	7.8
Accumulated deficit	(1,894.9)	(1,920.6)
Accumulated other comprehensive loss	(18.5)	(7.8)
Total Tenerity, Inc. stockholders' equity	219.8	202.8
Non-controlling interest in subsidiary	1.0	1.2
Total stockholders' equity	220.8	204.0
Total liabilities and stockholders' equity	$ 386.6	$ 393.4

See accompanying notes to the consolidated financial statements.

TENERITY, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In millions)

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Net revenues	$ 394.3	$ 408.3
Expenses:		
Cost of revenues, exclusive of depreciation and amortization shown separately below:		
Marketing and commissions	142.4	154.8
Operating costs	144.7	139.2
General and administrative	50.7	63.9
Facility exit gain	—	(0.1)
Depreciation and amortization	19.9	16.8
Total expenses	357.7	374.6
Income from operations	36.6	33.7
Interest income	0.3	0.1
Interest expense	(0.5)	(0.6)
Other (expense) income, net	(2.5)	0.6
Income from before income taxes and non-controlling interest	33.9	33.8
Income tax (provision) benefit	(8.0)	39.1
Net income	25.9	72.9
Less: net income attributable to non-controlling interest	(0.2)	(0.4)
Net income attributable to Tenerity, Inc.	$ 25.7	$ 72.5
Net income	$ 25.9	$ 72.9
Currency translation adjustment	(10.7)	0.4
Comprehensive income	15.2	73.3
Less: comprehensive income attributable to non-controlling interest	(0.2)	(0.4)
Comprehensive income attributable to Tenerity, Inc.	$ 15.0	$ 72.9

See accompanying notes to the consolidated financial statements.

TENERITY, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In millions, except share amounts)

		Tenerity, Inc. Stockholders' Equity					
	Common Shares	Common Stock and Additional Paid-in Capital	Warrants	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total Equity
Balance, January 1, 2021	11,354,039	2,118.1	7.8	(1,993.1)	(8.2)	1.4	126.0
Net income		—	—	72.5	—	0.4	72.9
Exercise of warrants	1	—	—	—	—	—	—
Currency translation adjustment		—	—	—	0.4	—	0.4
Loyalty Spin-Off		(1.3)	—	—	—	—	(1.3)
Acquisition of non-controlling interest		(0.9)	—	—	—	(0.2)	(1.1)
Dividend to non-controlling interest		—	—	—	—	(0.4)	(0.4)
Share-based compensation		7.5	—	—	—	—	7.5
Balance, December 31, 2021	11,354,040	$ 2,123.4	$ 7.8	$ (1,920.6)	$ (7.8)	$ 1.2	$ 204.0
Net income		—	—	25.7	—	0.2	25.9
Currency translation adjustment		—	—	—	(10.7)	—	(10.7)
Dividend to non-controlling interest		—	—	—	—	(0.4)	(0.4)
Loyalty Spin-Off		(1.1)	—	—	—	—	(1.1)
Share-based compensation		3.1	—	—	—	—	3.1
Balance, December 31, 2022	11,354,040	$ 2,125.4	$ 7.8	$ (1,894.9)	$ (18.5)	$ 1.0	$ 220.8

See accompanying notes to the consolidated financial statements.

TENERITY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In millions)

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Operating Activities		
Net income	$ 25.9	$ 72.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19.9	16.8
Loss on foreign currency transactions	0.5	5.1
Share-based compensation	4.3	4.1
Recovery of accounts receivable loss, net	(0.3)	(0.1)
Facility exit gain	—	(0.1)
Deferred income taxes	8.0	(47.5)
Amortization of financing costs	0.2	—
Net change in assets and liabilities:		
Receivables	4.0	(8.6)
Prepaid commissions	(3.6)	(1.1)
Other current assets	(4.4)	1.4
Other non-current assets	(9.0)	2.0
Accounts payable and accrued expenses	(5.5)	(4.8)
Deferred revenue	0.6	(0.4)
Income taxes receivable and payable	(1.1)	1.1
Other long-term liabilities	(6.9)	(1.1)
Other, net	0.1	(0.2)
Net cash provided by operating activities	32.7	39.5
Investing Activities		
Capital expenditures	(11.5)	(10.4)
Acquisition of non-controlling interest in subsidiary	—	(1.1)
Net cash used in investing activities	(11.5)	(11.5)
Financing Activities		
Financing costs	(0.3)	—
Payments to settle contingent consideration liabilities	—	(5.0)
Cash paid to settle share-based compensation	(1.2)	(2.2)
Principal payments on finance leases	(0.1)	(1.0)
Dividend paid to non-controlling interest	(0.4)	(0.4)
Net cash used in financing activities	(2.0)	(8.6)
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	(5.1)	(2.9)
Net increase in cash, cash equivalents and restricted cash	14.1	16.5
Cash, cash equivalents and restricted cash, beginning of period	99.0	82.5
Cash, cash equivalents and restricted cash, end of period	$ 113.1	$ 99.0

See accompanying notes to the consolidated financial statements.

TENERITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unless otherwise noted, all dollar amounts are in millions, except per share amounts)

1. BASIS OF PRESENTATION AND BUSINESS DESCRIPTION

Basis of Presentation — The accompanying consolidated financial statements include the accounts and transactions of Tenerity, Inc. (the "Company," "Tenerity," "we" or "us"). Tenerity was formerly known as cxLoyalty Group Holdings, Inc., and prior to that, Affinion Group Holdings, Inc. Tenerity is a holding company, with no direct operations and no significant assets other than the ownership of 100% of the equity interests of Tenerity, LLC. Tenerity, LLC was formerly known as cxLoyalty Group, New LLC, and prior to that, cxLoyalty Group, Inc. and Affinion Group, Inc.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

On December 30, 2020, the Company completed a distribution (the "Distribution") of the equity interests of cxLoyalty Group, LLC, a Delaware limited liability company and indirect wholly-owned subsidiary of the Company, to a newly formed holding company owned by the stockholders of the Company that then assumed (the "Assumption") the Company's obligations under Tenerity, LLC's then outstanding revolving credit facility and term loans under that certain Credit Agreement dated as of May 10, 2017, among Tenerity, Tenerity, LLC, the lenders party thereto, HPS Investment Partners, LLC, as Administrative Agent and Collateral Agent and HPS Investment Partners, LLC, as Lead Arranger, Syndication Agent, Documentation Agent and Bookrunner and Tenerity, LLC's 18% Senior PIK Notes due 2024 (the "New Notes"). Pursuant to a Transaction Agreement dated as of December 28, 2020 among the Company and other parties thereto (the "Transaction Agreement"), cxLoyalty Group, LLC merged with an unrelated third party and ceased to be owned by the stockholders of the Company (such transaction, together with the Distribution and Assumption, the "Loyalty Spin-Off").

In connection with the Loyalty Spin-Off, the Company and another party to the Transaction Agreement entered into a Transition Services Agreement dated as of December 31, 2020 (the "Transition Services Agreement") pursuant to which the Company provides, or causes its subsidiaries to provide, certain transitional services and pursuant to which the Company receives from the counterparty certain transitional services. The services provided under the Transition Services Agreement include, but are not limited to, human resources, information protection, IT infrastructure, project management and corporate real estate. The services received under the Transition Services Agreement include, but are not limited to, information protection, IT infrastructure and corporate real estate. The periods during which individual services are provided and received vary from two months up to two years. The benefit of providing services under the Transition Services Agreement for the years ended December 31, 2022 and 2021 totaled $1.4 million and $3.2 million of income, respectively. These amounts are recorded in Other (expense) income, net on the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021, respectively. The cost of receiving services under the Transition Services Agreement for the years ended December 31, 2022 and 2021 totaled $4.8 million and $15.7 million of expenses, respectively. These amounts are recorded in operating expenses and included in Income from operations on the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021, respectively.

During the preparation of the consolidated financial statements of the Company for the year ended December 31, 2022, it was determined that the amount recorded within non-current deferred tax assets on the consolidated balance sheet as of December 31, 2021, was understated by $2.5 million, due to the tax impact of the prior period adjustment of the Company's sales return allowance. In addition, the amount recorded within non-controlling interest in subsidiary was understated by $0.5 million, due to the improper recognition of options previously granted to the non-controlling interest holders. The effect of these misstatements relate to reporting periods that precede those included within these financial statements and management concluded that the amount of the misstatements is not material to previously issued financial statements as a whole. The misstatements have been corrected by recording the following adjustments to the previously reported balances: $2.0 million increase to the accumulated deficit balance; $0.5 million increase to non-controlling interest and $2.5 million increase to non-current deferred tax assets as of January 1, 2021.

Subsequent events have been evaluated through April 14, 2023, the date these consolidated financial statements were available to be issued. There were no subsequent events that required adjustment to or disclosure in the consolidated financial statements.

Business Description— The Company is an intelligent engagement company that provides global clients with solutions that give customers reasons to connect with their brand through highly curated, individualized marketing offers and immersive customer experiences to generate profitable loyalty. We deliver exceptional engagement through a combination of personalized rewards and offers and effortless customer experience. Through our Interact platform, we connect consumers to distinctive offers, discounts, experiences, and incentives which results in revenue generation for clients. We provide integrated end-to-end customer engagement solutions or support any component of a client's value chain including targeted customer acquisition strategies, effective predictive analytics, compelling and creative content sourcing, integrated omnichannel marketing execution, world-class customer service and insightful customer ROI analyses.

Our programs and solutions include customer engagement programs and solutions that address key consumer needs such as greater peace of mind and meaningful savings for everyday purchases. We provide these solutions to leading companies in the

TENERITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED
(Unless otherwise noted, all dollar amounts are in millions, except per share amounts)

financial institution, telecommunications, e-commerce and retail sectors globally. These differentiated programs help our clients enrich their offerings to drive deeper connections with their customers, and to encourage their customers to engage more, stay loyal and generate more revenue for our clients. For example, we develop and manage programs such as identity theft protection, credit monitoring, savings on everyday purchases, concierge services, discount travel services and roadside assistance.

Reclassification of Prior Period Presentation— Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation — The consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. Investments in entities over which the Company has the ability to exercise significant influence but does not have a controlling interest are accounted for under the equity method of accounting. The Company considers several factors in determining whether it has the ability to exercise significant influence with respect to investments, including, but not limited to, direct and indirect ownership level in the voting securities, active participation on the board of directors, approval of operating and budgeting decisions and other participatory and protective rights and commercial business relationships. Under the equity method, the Company's proportionate share of the net income or loss of such investee is reflected in the Company's consolidated results of operations. All intercompany balances and transactions have been eliminated. As of December 31, 2022 and 2021, the Company had no investments accounted for under the equity method.

Revenue Recognition — The Company generates revenues through reward programs and customer engagement solutions that are categorized in three ways: Connect, Protect and Subscribe. Our Connect offerings include platform-based lifestyle, cyber, and loyalty and engagement offerings and help clients increase loyalty, advocacy and customer lifetime value. Our Connect offerings also bundle appropriate rewards and benefits along the lifecycle of our clients' customers to create intimate, reciprocal connections that drive purchase decisions, interaction and participation over time. Revenues earned through our Connect offerings are generally fee-for-service or transactional-based. Our Protect offerings include identity theft protection and credit monitoring services which are provided to clients for the benefit of their customers and on a direct-to-consumer basis. Revenues earned through our Protect offerings are fee-for-service or subscription-based. Our Subscribe offerings provide our partners' end customers access to a suite of benefits, which includes discounts, cash back and other lifestyle and shopping offers, in exchange for a monthly subscription fee. Revenues earned through our Subscribe offerings are primarily subscription-based.

Performance Obligations — For our subscription-based Protect and Subscribe offerings, we provide members and subscribers access to certain benefits in exchange for a subscription fee. We typically require payment of a subscription fee at the beginning of the term, recognizing revenue ratably over time as we provide the related services to our members. Cash benefits earned by customers through our subscription-based offerings is recorded as consideration payable to the customer, and therefore, as a reduction of revenue. The consideration for our subscription-based offerings is generally fixed and is generally satisfied over periods of less than one year. For our fee-for-service-based Protect offerings, we provide identity theft protection and credit monitoring services to clients for the benefit of their customers for a fee that may be fixed or variable. For our fee-for-service-based Connect offerings, we provide end-to-end support services that enable all aspects of platform delivery and management to clients for a fee that may be fixed or variable. Generally, variable consideration for our fee-for-service-based offerings is not typically constrained. The consideration for our fee-for-service-based offerings is invoiced in arrears and recognized over time as we provide the related services to our clients. For our transactional-based Connect offerings, consideration is typically received and we recognize revenue as the related transaction occurs. In cases where we control the good or service before it is provided to the customer or are the primary party responsible for fulfilling the contract and maintain a degree of inventory risk and pricing discretion, we record revenue on a gross basis.

Transaction Price Allocated to Remaining Performance Obligations — We have contracts with different maturity dates for which we receive variable consideration based on volumes that we transact related to the services we render. These services include travel, gift card and benefit fulfillment and contact center servicing which typically result in revenue recognition upon occurrence of the transaction. Where future variable consideration results from a wholly unsatisfied service that forms part of a single performance obligation, we have elected, as a practical expedient, to not disclose the value of the remaining performance obligations associated with these contracts, as they have a duration of one year or less.

Costs to Obtain and Fulfill a Contract — As part of our Subscribe offerings, we may incur costs in obtaining a contract, which typically consist of sales commissions paid to partners. These costs are capitalized as prepaid commissions and recognized in a manner consistent with the pattern of recognition of the related contracts' revenue. These assets are evaluated for impairment.

We typically do not incur costs to fulfill contracts.

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Marketing Expense — Marketing expense to acquire new members is recognized when incurred, which is generally prior to both the commencement of the trial period and recognition of revenue for membership programs.

Commissions Expense — Membership commissions represent payments to partners, which are generally based on a percentage of revenue from the marketing of programs to such partners' customers. Commissions are generally paid for each initial and renewal membership following the collection of membership fees from the customer. These commission costs are deferred on the accompanying consolidated balance sheets as prepaid commissions and are recognized as expense over the applicable membership period in the same manner as the related retail membership revenue is recognized. In certain marketing arrangements, the Company pays an advance commission to the partner, with the advance commission recognized by the partner based on the related membership revenue realized by the Company and the commission rate specified in the marketing arrangement, with the partner having the ability to continue to earn commissions in excess of the advance if sufficient revenue is realized by the Company. These commission costs are deferred on the accompanying consolidated balance sheets as prepaid commissions and recognized as expense as earned by the partner. In other arrangements, the Company pays an upfront payment, called a bounty, to the partner and the partner is not entitled to any additional compensation based on initial and renewal membership. Bounties are recognized as expense when incurred.

Operating Costs — Operating costs represent the costs associated with servicing our members and end-customers. These costs include product fulfillment costs, communication costs with members and end-customers and information technology, payroll, telecommunications and facility costs attributable to operations responsible for servicing our members and end-customers.

Share-Based Compensation — For all share-based awards issued to directors and employees of the Company and consultants to the Company that are accounted for as equity awards, the Company measures compensation cost based on estimated fair value on the grant date and recognizes compensation expense ratably over the requisite service period. For all share-based awards issued to directors and employees of the Company and consultants to the Company that are accounted for as liability awards, the Company remeasures compensation cost based on estimated fair value at each reporting date and recognizes compensation expense ratably over the remaining requisite service period. Generally, the requisite service period is the period during which the employee is required to provide services in exchange for the award and is also the vesting period. The Company recognizes compensation cost for awards that only contain service conditions and that have a graded vesting schedule on a straight-line basis over the requisite service period for the entire award. Share-based compensation expense is included in general and administrative expense on the accompanying consolidated statements of comprehensive income. Forfeitures of share-based awards are accounted for as they occur.

Income Taxes — Income taxes are presented on the consolidated financial statements using the asset and liability approach. Deferred tax assets and liabilities are calculated based upon the temporary differences between the financial statements and income tax bases of assets and liabilities using currently enacted tax rates. Deferred tax assets are recorded net of a valuation allowance when, based on the weight of available evidence, it is more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. Decreases to the valuation allowance are recorded as reductions to the income tax provision, while increases to the valuation allowance result in additional income tax provision. The realization of deferred tax assets is primarily dependent on estimated future taxable income.

The tax effects of an uncertain tax position ("UTP") taken or expected to be taken in income tax returns are recognized only if it is "more likely-than-not" to be sustained on examination by the taxing authorities, based on its technical merits as of the reporting date. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The Company recognizes estimated accrued interest and penalties related to UTPs in income tax expense.

The Company recognizes the benefit of a UTP in the period when it is effectively settled. Previously recognized tax positions are derecognized in the first period in which it is no longer more likely than not that the tax position would be sustained upon examination.

Cash and Cash Equivalents — The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Restricted Cash — Restricted cash amounts relate primarily to collateral on certain bonds and letters of credit issued on the Company's behalf and amounts held in escrow.

TENERITY, INC.
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Property and Equipment — Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is determined using the straight-line method over the estimated useful lives of the related assets. Amortization of leasehold improvements and computer equipment acquired under finance leases is determined using the straight-line method over the shorter of the estimated useful lives of the related assets or the lease term. Useful lives range from 5 to 15 years for leasehold improvements not exceeding the life of the lease agreement, from 3 to 5 years for capitalized software, from 3 to 5 years for computer equipment and from 5 to 7 years for furniture, fixtures and equipment.

Internally-Developed Software — The Company capitalizes the costs of acquiring, developing and testing software to meet the Company's internal needs. Capitalization of costs associated with software obtained or developed for internal use commences when both the preliminary project stage is completed and management has authorized further funding for the project, based on a determination that it is probable that the project will be completed and used to perform its intended function. Capitalized costs include (1) external direct cost of materials and services consumed in developing or obtaining internal-use software, and (2) payroll and payroll-related costs for employees who are directly associated with the development of internal-use software. Capitalization of such costs ceases no later than the point at which the project is substantially complete and ready for its intended use.

Goodwill and Identifiable Intangible Assets — Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized. In January 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-02, Accounting for Goodwill. The standard provided an alternative method of accounting for goodwill for private companies. This update was subsequently revised by ASU 2016-03. The alternative accounting method for goodwill is a policy election which a company can elect to adopt prospectively and amortize goodwill on a straight-line basis over 10 years or a shorter period if it is determined that another useful life is more appropriate. Effective January 1, 2022, the Company elected the alternative private company method of accounting and is amortizing goodwill over a period of 10 years. The Company evaluates goodwill for impairment at the entity level whenever events or conditions occur that indicate that the fair value of the Company may be below its carrying amount. If a triggering event is identified, the Company will assess goodwill for impairment as described in the following paragraphs. No such triggering events were identified and no impairment was recognized during the year ended December 31, 2022.

If a triggering event is identified, the Company first assesses the qualitative factors impacting the fair value of the Company. If the qualitative assessment results in a conclusion that it is more likely than not that the fair value of the Company exceeds the carrying value of the Company, then no further testing is performed. When a qualitative assessment is not used, or if the qualitative assessment is not conclusive, then a quantitative goodwill impairment test is performed. The Company determines the implied fair value of goodwill by subtracting the fair value of all the identifiable net assets other than goodwill from the Company's fair value and records an impairment loss for the excess, if any, of book value of goodwill over the implied fair value of goodwill.

Under the guidance relating to goodwill that the Company was then applying, during the fourth quarter of 2021, the Company performed its annual goodwill impairment test for its then-existing Global Customer Engagement reporting unit (the only reporting unit to which goodwill was ascribed). The Company performed a qualitative assessment to determine whether it was more likely than not that the fair value of the reporting unit was less than its respective carrying amount. After assessing the totality of events and circumstances relevant to its qualitative assessment, management determined that it is not more likely than not that the fair value of the Company's Global Customer Engagement reporting unit was less than its carrying amount. No impairment was recognized for the year ended December 31, 2021.

The Company's intangible assets as of December 31, 2022 and 2021 consist of assets with finite useful lives initially recorded at their respective fair values. Finite-lived intangible assets are amortized as follows:

Intangible Asset	Amortization Method	Estimated Useful Lives
Member relationships	Declining balance	5 – 8 years
Affinity relationships	Declining balance, straight line	1 – 14 years
Proprietary databases and systems	Straight line	3 – 10 years
Trademarks and tradenames	Straight line	5 – 15 years
Patents and technology	Declining balance, straight line	2 – 12 years
Covenants not to compete	Straight line	Contract Life

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Impairment of Long-Lived Assets — The Company evaluates the recoverability of the carrying amount of its long-lived assets when events and circumstances indicate that the carrying value of an asset may not be recoverable. For long-lived assets held and used by the Company, an impairment loss is recognized only if the carrying amount of the long-lived asset is not recoverable and exceeds its fair value. The carrying amount is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If an asset is determined to be impaired, the loss is measured based on the difference between the fair value of the long-lived asset and its carrying amount.

Derivatives — When deemed appropriate, the Company uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary market risks managed by the Company through the use of derivative instruments are foreign currency exchange rate risk. ASC 815, "Derivatives and Hedging" ("ASC 815") requires derivative instruments to be recorded on the balance sheet at fair value as either an asset or a liability. ASC 815 also requires that changes in the fair value of recorded derivatives be recognized currently in the statements of comprehensive income unless specific hedge accounting criteria are met.

For derivatives accounted for as hedging instruments, the Company formally designates and documents, at inception, the financial instrument as a hedge of a specific underlying exposure, the risk management objective and the strategy for undertaking the hedge transaction. On an ongoing basis, the Company assesses whether the financial instruments used in hedging transactions continue to be highly effective.

For derivative contracts that were designated as cash flow hedging instruments and were used to hedge the Company's exposure to variability in cash flows for anticipated transactions, the changes in fair value were initially recorded in accumulated other comprehensive loss and, upon settlement, were reclassified into earnings and recorded in general and administrative expense.

Derivative contracts that were not designated as hedging instruments were utilized as economic hedges with the objective of offsetting possible changes in the value of monetary assets due to changes in certain foreign currency exchange rates. Gains and losses resulting from changes in the fair value of these contracts were recorded in other (expense) income, net on the consolidated statements of comprehensive income.

Foreign Currency Translation — Assets and liabilities of foreign operations whose functional currency is the local currency are translated at exchange rates as of the balance sheet dates. Revenues and expenses of such local functional currency foreign operations are translated at average exchange rates during the periods presented. Translation adjustments resulting from the process of translating the functional currency foreign operation financial statements into U.S. dollars are included in accumulated other comprehensive loss. Gains or losses resulting from foreign currency transactions are included on the accompanying consolidated statements of comprehensive income. Foreign local currency gains and losses relating to non-operational transactions are included in other (expense) income, net. Net foreign currency gains and losses relating to operations are included in general and administrative expense on the accompanying consolidated statements of comprehensive income.

Contingencies — Contingencies by their nature relate to uncertainties that require management to exercise judgment both in assessing the likelihood that a liability has been incurred as well as in estimating the amount of potential loss, if any. The Company accrues for costs relating to litigation, claims and other contingent matters when such liabilities become probable and reasonably estimable. Such estimates may be based on advice from third parties or on management's judgment, as appropriate. Actual amounts paid may differ from amounts estimated, and such differences will be charged to operations in the period in which the final determination of the liability is made.

Estimates — The preparation of the consolidated financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include accounting for allowances to revenue and receivables, accruals and income tax valuation allowances, litigation accruals, the estimated fair value of share-based compensation, estimated fair values of assets and liabilities acquired in business combinations and estimated fair values of financial instruments.

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Credit Risk and Exposure — Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of receivables and prepaid commissions. The Company manages such risk by evaluating the financial position and creditworthiness of such counterparties. Receivables are due from various marketing and business partners and the Company maintains an allowance for losses, based upon expected collectability.

Allowance for Doubtful Accounts — A summary of activity in the allowance for doubtful accounts for the years ended December 31, 2022 and 2021 is as follows:

	For the Year Ended December 31,	
	2022	2021
	(in millions)	
Balance, beginning of period	$ 3.5	$ 3.7
Recoveries, net of provisions	(0.3)	(0.1)
Write-offs	—	—
Currency translation	(0.2)	(0.1)
Balance, end of period	$ 3.0	$ 3.5

Supplemental Disclosure of Cash Flow Information and Noncash Investing and Financing Activities — A summary of supplemental cash flow information and noncash investing and financing activities for the years ended December 31, 2022 and 2021 is as follows:

	For the Year Ended December 31,	
	2022	2021
Supplemental Disclosure of Cash Flow Information:	(in millions)	
Income tax payments, net of refunds	$ 7.7	$ 5.1
Interest payments	$ —	$ 0.2
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Accrued capital expenditures	$ 0.9	$ 1.4
Net assets (liabilities), excluding cash and cash equivalents and restricted cash, deconsolidated as a result of the Loyalty Spin-Off	$ —	$ 1.3
Right-of-use asset (surrendered) obtained in exchange for finance lease obligation	$ —	$ (1.3)

Recently Adopted Accounting Pronouncements

In October 2021, the FASB issued ASU No. 2021-07, which provides a practical expedient that nonpublic entities can use to determine the current share price for the purpose of calculating the fair value of equity-classified share-based payment awards. The new guidance allows for the reasonable application of a reasonable valuation method to determine the current price input of equity-classified share-based awards. The Company adopted this guidance effective January 1, 2022. The adoption of this guidance did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In November 2021, the FASB issued ASU No. 2021-09, which provides a practical expedient that allows nonpublic companies the use of a risk-free rate as a discount rate when recognizing operating lease liabilities. This election can be made by class of underlying asset. The new guidance is effective for annual periods beginning after December 15, 2021 and interim periods beginning after December 31, 2022. The Company adopted this guidance effective January 1, 2022. The adoption of this guidance did not have a material impact on the Company's consolidated financial position, results of operations or cash flows. As applicable, the risk-free rate will be utilized as a discount rate when recognizing the operating lease liability on non-facility leases only.

In January 2017, the FASB issued ASU No. 2017-04 to simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Under the new guidance, an impairment charge, if triggered, is calculated as the difference between a reporting unit's carrying value and fair value, but is limited to the carrying value of the goodwill. The new guidance is effective for annual and interim goodwill impairment tests in fiscal years beginning after December 15, 2022. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company adopted this guidance effective January 1, 2022. The adoption of this guidance did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In December 2019, the FASB issued ASU No. 2019-12, which enhances and simplifies various aspects of accounting for income taxes, including the effect of ownership changes in investments, the effect of changes in tax law to calculating income taxes in an interim period and accounting for franchise taxes that are partially based on income. This update is effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022, although early adoption is

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permitted. The Company adopted this guidance effective January 1, 2022. The adoption of this guidance did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

Recently Issued Accounting Pronouncements – Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, which together with subsequent updates, introduced an expected credit loss model for the impairment of financial assets measured at amortized cost. The new guidance is effective for annual and interim periods within fiscal years beginning after December 15, 2022. The Company adopted this guidance effective January 1, 2023. The adoption of this guidance did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

3. REVENUES

Disaggregated Revenues

The following table represents a disaggregation of revenue from contracts with customers for the years ended December 31, 2022 and 2021:

	For the Year Ended December 31,	
	2022	2021
	(in millions)	
Revenues:		
Connect	$ 45.3	$ 47.9
Protect	65.1	76.3
Subscribe	283.9	284.1
Total	$ 394.3	$ 408.3

Costs to Obtain and Fulfill a Contract

Within the Protect and Subscribe services we occasionally pay advance commissions to our partners, with the advance commission earned by the partner based on the initial and renewal membership revenue realized by the Company and the commission rate specified in the marketing arrangement, with the partner having the ability to continue to earn commissions in excess of the advance if sufficient revenue is realized by the Company. We had a balance of $77.0 million and $68.3 million in prepaid commissions as of December 31, 2022 and 2021, respectively, and recognized $80.3 million, and $77.6 million of amortization for the years ended December 31, 2022 and 2021, respectively.

Contract Liabilities

The following table reflects the balances of our contract liabilities, which we classify as deferred revenue, as of December 31, 2022 and 2021:

	December 31,	
	2022	2021
	(in millions)	
Deferred revenue - current	$ 21.6	$ 21.9
Deferred revenue - non-current	1.1	1.7
Total	$ 22.7	$ 23.6

The decrease in the total contract liabilities balances from December 31, 2021 to December 31, 2022 of $0.9 million, or 3.8%, is primarily due to the recognition of revenue arising from the satisfaction of performance obligations, partially offset by additional contract liabilities related to performance obligations that arose during the reporting period.

4. GOODWILL, NET

At December 31, 2022 and 2021, and January 1, 2021, the Company had gross goodwill of $460.0 million, $470.2 million and $473.2 million, respectively, and accumulated impairment losses of $413.5 million at each date.

Goodwill is being amortized over a ten-year period. Amortization expense and accumulated amortization for goodwill was $5.2 million as of and for the year ended December 31, 2022. Amortization expense is estimated to be $5.2 million for each of the five years following December 31, 2022 and $20.5 million for the years thereafter.

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The changes in the Company's carrying amount of goodwill for the years ended December 31, 2022 and 2021 are as follows:

Balance at January 1, 2021	$	59.7
Currency translation		(3.0)
Balance at December 31, 2021	$	56.7
Currency translation		(5.0)
Amortization		(5.2)
Balance at December 31, 2022	$	46.5

5. OTHER CURRENT ASSETS

Other current assets consisted of:

	December 31,			
	2022		2021	
	(in millions)			
Income and other taxes receivable	$	9.1	$	8.8
Prepaid information technology costs		6.1		3.0
Other prepaid expenses		4.4		4.9
Accrued revenues		3.0		3.2
Profit-sharing receivables from insurance carriers		0.9		0.9
Other		1.2		2.1
Total	$	24.7	$	22.9

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of:

	December 31,			
	2022		2021	
	(in millions)			
Capitalized software	$	147.8	$	179.5
Computer equipment		14.6		31.1
Leasehold improvements		12.0		12.9
Furniture, fixtures and equipment		11.6		13.2
Projects in progress		7.4		6.0
Finance lease right-of-use assets		3.2		3.4
		196.6		246.1
Less: Accumulated depreciation		(163.2)		(207.2)
Total	$	33.4	$	38.9

Depreciation expense on property and equipment, including assets acquired under finance leases, totaled $14.5 million and $16.5 million for the years ended December 31, 2022 and 2021, respectively.

See Note 7—Leases for more information on the Company's finance leases in effect as of and during the years ended December 31, 2022 and 2021.

7. LEASES

The Company has operating and finance leases for corporate office space and certain equipment. As of December 31, 2022 and 2021, our leases, certain of which include options to extend, and certain of which include options to terminate, have remaining lease terms of less than one year through 7.4 years and of less than one year through 8.4 years, respectively. In determining the lease term on right-of-use assets and lease liabilities, we do not expect to exercise extension options on corporate offices and equipment, and therefore do not include the extension periods in the corresponding lease term. Substantially all of our leases have fixed payment structures.

The Company subleases certain corporate office space to a third party. As of December 31, 2022, our sublease has a remaining lease term of 1.2 years. The sublease has a fixed payment structure.

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Total Lease Cost

The components of total lease cost for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31, 2022	2021
	(in millions)	
Finance lease cost		
Amortization of right-of-use assets	$ 0.1	$ 1.1
Interest on lease liabilities	—	0.2
Total	0.1	1.3
Operating lease cost	7.6	9.8
Variable lease cost	—	—
Operating lease sublease income	(0.6)	(0.3)
Total lease cost	$ 7.1	$ 10.8

For the years ended December 31, 2022 and 2021, less than $0.1 million and $1.8 million, respectively of operating lease cost, which is included in operating lease cost in the table above, was reimbursed to the Company through the Transition Services Agreement.

Operating lease cost, variable lease cost and operating lease sublease income are presented in the following line items on the accompanying consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021:

	For the Year Ended December 31, 2022	2021
	(in millions)	
Marketing and commissions	$ 0.9	$ 1.0
Operating costs	1.5	3.4
General and administrative	4.7	5.1
Total	$ 7.1	$ 9.5

Amortization of finance lease right-of-use assets and interest on finance lease liabilities are presented in depreciation and amortization and interest expense, respectively, on the accompanying consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021.

The weighted-average remaining lease term for operating leases as of December 31, 2022 and 2021 was 2.7 years and 3.5 years, respectively. The weighted-average remaining lease term for finance leases as of December 31, 2022 and 2021 was 1.5 years and 2.2 years, respectively.

The weighted-average discount rate applied to operating lease right-of-use assets as of December 31, 2022 and 2021 was 11.1% and 11.6%, respectively, and was based on the lessee's incremental borrowing rate. The weighted-average discount rate applied to finance lease right-of-use assets as of December 31, 2022 and 2021 was 6.5% and 10.5%, respectively, and was based on the rate implicit in the lease.

Supplemental cash flow information related to leases for the years ended December 31, 2022 and 2021 is as follows:

	For the Year Ended December 31, 2022	2021
	(in millions)	
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	$ —	$ 0.2
Operating cash flows from operating leases	9.2	12.5
Financing cash flows from finance leases	0.1	1.0
Right-of-use assets (surrendered) obtained in exchange for lease obligations, net		
Operating leases	(0.6)	(1.6)
Finance leases	—	(1.5)

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The following table presents undiscounted cash flows for each of the next five years and all years thereafter for the operating leases in effect as of December 31, 2022, as well as a reconciliation to amounts recorded on the accompanying consolidated balance sheet as of December 31, 2022:

	2023	2024	2025	2026	2027	2028 and Thereafter	Total
				(in millions)			
Operating lease payments	$ 8.9	$ 2.9	$ 1.5	$ 0.9	$ 0.7	$ 1.4	$ 16.3
Less: imputed interest							(3.0)
Operating lease liabilities							13.3

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of:

	December 31, 2022	December 31, 2021
	(in millions)	
Accounts payable	$ 33.1	$ 31.4
Sales return allowance	23.4	18.9
Accrued marketing and commissions	19.2	23.0
Accrued payroll and related costs	15.4	21.1
Current operating lease liabilities	7.6	7.2
Accrued product costs	6.7	6.3
Accrued legal and professional fees and loss contingency accruals	4.9	10.1
Other	18.7	17.6
Total	$ 129.0	$ 135.6

9. DEBT

On April 8, 2022, Tenerity entered a revolving line of credit with Citibank, N.A. (the "Lender") for an available principal amount of $15.0 million (the "2022 Revolver"). The 2022 Revolver will mature on April 8, 2023. Amounts borrowed under the 2022 Revolver may be for periods of one, three or six months (any such period, an "Interest Period"), at Tenerity's option.

Interest on amounts borrowed under the 2022 Revolver will be based on, at Tenerity's option, (a) the greater of (i) the Prime Rate and (ii) the Adjusted Term Secured Overnight Financing Rate ("SOFR") for a one-month Interest Period on the applicable date plus 2.50% or (b) Term SOFR for the applicable Interest Period plus (i) 0.10% for a Term SOFR Advance with an Interest Period of one-month's duration, (ii) 0.15% for a Term SOFR Advance with an Interest Period of three-months' duration, or (iii) 0.25% for a Term SOFR Advance with an Interest Period of six months duration; provided, that if Adjusted Term SOFR for any Interest Period is at any time less than 0.75%, Adjusted Term SOFR shall at such times be deemed to be 0.75%.

No Term SOFR Advance may be prepaid in whole or in part, whether voluntarily or involuntarily, prior to the last day of an Interest Period without the prior written consent of the Lender.

As of December 31, 2022, there were no borrowings outstanding under the 2022 Revolver and Tenerity had $10.0 million available for borrowing under the 2022 Revolver, after giving effect to the issuance of a $5.0 million of letter of credit.

10. STOCKHOLDERS' EQUITY

As of December 31, 2022 and 2021, the Company's capital stock consisted of a total of 550,000,000 authorized shares, of which 540,000,000 shares, $0.000001 par value per share, are designated as "Common Stock," and 10,000,000 shares, $0.01 par value per share, are designated as "Preferred Stock." As of December 31, 2022 and 2021, the Company had outstanding 11,354,040 shares of Common Stock. As of December 31, 2022 and 2021, the Company had outstanding Investor Purchase Warrants (as described below) to purchase 1,249,807 shares of Common Stock. As of December 31, 2022 and 2021, there were no shares of Preferred Stock outstanding.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED
(Unless otherwise noted, all dollar amounts are in millions, except per share amounts)

Pursuant to that certain New Investor Warrant Agreement, dated as of April 10, 2019, by and between the Company and American Stock Transfer & Trust Company, LLC, as warrant agent, each Investor Purchase Warrant is exercisable for one share of Common Stock at any time, subject to required regulatory approval and filings. In order to exercise its Investor Purchase Warrant, a holder of Investor Purchase Warrants will need to submit an exercise notice to the Company, together with the exercise price equal to $67.12 per share. As a result of the Loyalty Spin-Off, the exercise price of the Investor Purchase Warrants was adjusted to $36.422 per share. The Investor Purchase Warrants were immediately exercisable upon issuance at the option of the holders thereof. Investor Purchase Warrants will not be exercisable if the recipient of the Common Stock to be issued upon exercise has failed to obtain any required consents or waivers from, or failed to file any required notices with, any applicable governmental agency, including the U.K. Financial Conduct Authority. The Investor Purchase Warrants will not be entitled to participate in dividends on Common Stock but instead will benefit from customary anti-dilution protections that result in an adjustment of the conversion price when and if dividends, distributions or stock buybacks are effected. In addition to the anti-dilution adjustments to exercise price in the event of dividends and distributions declared and paid on Common Stock, the Investor Purchase Warrant has limited and customary anti-dilution adjustments for stock dividends, splits, reverse-splits, reclassifications, reorganizations and similar transformative transactions that alter, amend or modify the Common Stock.

On March 4, 2019, noteholders of Tenerity, LLC's then outstanding Senior Cash 12.5%/ PIK Step-Up to 15.5% Notes due 2022 (the "2017 Notes") entered into an amended and restated support agreement (the "Support Agreement") with the Company, Tenerity, LLC and certain other subsidiaries of the Company. Among other things, the Support Agreement contemplated a private offer to exchange (the "2019 Exchange Offer") outstanding 2017 Notes for shares of the Company's Class M common stock, par value $0.01 per share ("Class M Common Stock"), which shares of Class M Common Stock were converted immediately following the consummation of the 2019 Exchange Offer as a result of the Merger (as defined below) into shares of common stock ("Common Stock"), par value $0.000001 per share, of the Company as the surviving entity (collectively, the "2019 Recapitalization"). Pursuant to the Support Agreement, each of the consenting noteholders party thereto agreed to tender its 2017 Notes in the 2019 Exchange Offer in exchange for Class M Common Stock, new penny warrants issued in lieu of shares of Common Stock, as applicable, and the right to participate in its pro rata share of a rights offering giving tendering holders of the 2017 Notes and certain holders of common stock, par value $0.01 per share, of the Company the right to purchase an aggregate principal amount of $300.0 million of the New Notes for an aggregate cash purchase price of $300.0 million. The consummation of the 2019 Recapitalization resulted in an "ownership change" for the Company pursuant to Section 382 of the Internal Revenue Code. This substantially limits our ability to use our pre-change net operating loss carryforwards (including those attributable to the 2005 acquisition of the Cendant Marketing Services Division by the Company and an affiliate of Apollo Global Management, Inc.) and certain other pre-change tax attributes.

11. INCOME TAXES

The income tax (provision) benefit consisted of the following:

	For the Year Ended December 31, 2022	2021
	(in millions)	
Current:		
Federal	$ (0.3)	$ (0.4)
State	0.3	(0.1)
Foreign	(4.6)	(7.9)
	(4.6)	(8.4)
Deferred:		
Federal	(1.6)	33.8
State	(2.2)	14.7
Foreign	0.4	(1.0)
	(3.4)	47.5
Income tax (provision) benefit	$ (8.0)	$ 39.1

As of December 31, 2022 and 2021, the Company's deferred tax assets were primarily the result of U.S. federal, state and foreign net operating loss carryovers, and timing differences related to depreciation and amortization, certain accruals and deferred revenue. The Company's deferred tax liabilities were primarily the result of timing differences related to the amortization of goodwill. The carrying value of the Company's valuation allowance against its deferred tax assets and liabilities at December 31, 2022 and 2021 totaled $98.3 million and $102.8 million, respectively. The $4.5 million decrease in the Company's valuation allowance is primarily due to the impact of a partial reversal of valuation allowances on federal and state deferred tax assets and liabilities as well as a decrease in temporary differences that require a valuation allowance.

TENERITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED
(Unless otherwise noted, all dollar amounts are in millions, except per share amounts)

As of December 31, 2022, the Company and its subsidiaries had federal net operating loss carryforwards available to offset future taxable income of $97.8 million which will expire in 2033 through 2037 or may be carried forward indefinitely.

As of December 31, 2022, the Company and its subsidiaries had net operating loss carryforwards of $211.8 million in foreign jurisdictions which will expire, depending on the jurisdiction, between 2024 and 2027 or may be carried forward indefinitely.

As of December 31, 2022, the Company and its subsidiaries had foreign tax credits carryforward available to offset future federal tax liability of $9.5 million which will expire between 2031 and 2032.

The primary differences between the U.S. federal statutory rate and the Company's effective tax rate are due to the change in the valuation allowance, state and local taxes, foreign taxes and other permanent differences.

Except for the Company's South African and Turkish subsidiaries, foreign taxable income is recognized currently for U.S. federal and state income tax purposes because such entities are wholly owned by U.S. members and have elected to be disregarded for U.S. federal and state income tax purposes. The Company does not provide for U.S. deferred taxes for basis differences between its financial reporting and tax bases in its South African and Turkish subsidiaries because accumulated earnings, if any, would be considered by management to be permanently reinvested.

As of December 31, 2022 and 2021, the Company's unrecognized tax benefits, including accrued interest and penalties, was $3.0 million and $5.2 million, respectively. The Company recognized interest of less than $0.1 million and $0.7 million for the years ended December 31, 2022 and 2021, respectively.

The Company's income tax returns are periodically examined by various tax authorities. In connection with these and future examinations, certain tax authorities, including the Internal Revenue Service, may raise issues and impose additional assessments. The Company regularly evaluates the likelihood of additional assessments resulting from these examinations and establishes liabilities, through the provision for income taxes, for potential amounts that may result therefrom. The recognition of uncertain tax benefits is not expected to have a material impact on the Company's effective tax rate or results of operations. Federal, state and local jurisdictions are subject to examination by the taxing authorities for all open years as prescribed by applicable statute. For significant foreign jurisdictions, tax years in Germany, France, Turkey, Switzerland and the United Kingdom remain open as prescribed by applicable statute. During 2019, income tax audits were commenced in Germany and Switzerland. The audit in Switzerland was completed in 2022. The open audit in Germany prevents the closure of the 2013 tax year. The Company believes that it is reasonably possible that the total amount of unrecognized tax benefits will not increase or decrease materially within the next twelve months.

12. COMMITMENTS AND CONTINGENCIES

Litigation

In the ordinary course of business, the Company is involved in claims, governmental inquiries and legal proceedings related to employment matters, contract disputes, business practices, trademark and copyright infringement claims and other commercial matters.

On November 19, 2018, Hartford Life and Accident Insurance Company and Talcott Resolution Life Insurance Company (collectively, the "Hartford Plaintiffs") served Franklin Madison Group (f/k/a Affinion Benefits Group, LLC) with a complaint in Superior Court for the Judicial District of Hartford, Connecticut. The complaint alleged a breach of contract arising out of a May 24, 2004 Administrative Services Agreement and Contingent Commission Agreement (the "Hartford Matter"). During the year ended December 31, 2022, the parties to the Hartford Matter settled the action and the Company paid a total of $3.3 million and mutual releases were exchanged.

Other Contingencies

From time to time, the Company receives inquiries from federal and state agencies, which may include the Federal Trade Commission, the Federal Communications Commission, the Consumer Financial Protection Bureau, state attorneys general and other state regulatory agencies, including state insurance regulators. The Company responds to these matters and requests for documents, some of which may lead to further investigations and proceedings. Additionally, certain of our clients have become, and others may become, involved in legal proceedings or governmental inquiries relating to our programs and solutions or marketing practices. As a result, we may be subject to claims under our marketing agreements.

From time to time, our international operations also receive inquiries from consumer protection, insurance or data protection agencies. The Company responds to these matters and requests for documents, some of which may lead to further investigations and proceedings.

TENERITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED
(Unless otherwise noted, all dollar amounts are in millions, except per share amounts)

The Company believes that the amount accrued for the above litigation and other contingent matters is adequate, and any reasonably possible loss beyond the amounts accrued would not have a material effect on its consolidated financial statements, taken as a whole, based on information currently available. However, litigation is inherently unpredictable and an unfavorable resolution could have a material effect on the Company's consolidated financial statements, taken as a whole.

Other Commitments

In the ordinary course of business, the Company enters into long-term purchase agreements for support services. The commitments covered by these agreements as of December 31, 2022 are, $7.5 million for 2023, $7.2 million for 2024, $1.3 million for 2025 and less than $0.1 million for 2026.

Surety Bonds and Letters of Credit

In the ordinary course of business, the Company is required to provide surety bonds to various state authorities in order to operate its membership, insurance and travel agency programs. As of December 31, 2022, the Company provided guarantees for surety bonds totaling $6.5 million and issued letters of credit totaling $5.1 million.

13. SHARE-BASED COMPENSATION

On April 5, 2021, the Company's Board of Directors (the "Board") adopted the 2021 Non-Employee Director Incentive Program (the "2021 Director MIP"), which authorized the Board to grant restricted stock units ("RSUs"), restricted stock, stock options, stock appreciation rights and/or other cash-based or stock-based awards to non-employee members of the Board. Under the 2021 Director MIP, the Board is authorized to deliver to participants awards equal to an aggregate of 123,894 shares of Common Stock. On April 5, 2021, the Board granted RSUs under the 2021 Director MIP to each non-employee member of the Board, which vest in sixteen substantially equal quarterly installments, with the first installment vesting on March 31, 2021, based on continued service. Vesting of the RSUs will accelerate upon a change in control of the Company. The RSUs are scheduled to settle in shares of Common Stock or cash (as determined by the Board in its sole authority) on the earliest of (i) a non-employee director's separation from service (other than a termination for cause), (ii) a change in control of the Company or (iii) January 1, 2026.

On March 3, 2021, the Board adopted the 2021 Management Incentive Program (the "2021 MIP"), which authorized the Board to grant RSUs, restricted stock, stock options, stock appreciation rights and/or other cash-based or stock-based awards to current and former officers of the Company and key employees or consultants of the Company, its affiliates and subsidiaries. Under the 2021 MIP, the Board is authorized to deliver to participants awards equal to an aggregate of 663,763 shares of Common Stock. Effective April 19, 2022, the Board amended the 2021 MIP and increased the aggregate quantity of shares of Common Stock authorized to be delivered to participants under the 2021 MIP from 663,763 to 750,000. RSUs granted under the 2021 MIP which are designated as "Initial Awards" will vest in substantially equal installments on each of the first four anniversaries of January 1, 2021, based on continued employment. The Board may determine, in its discretion, the vesting conditions of other RSUs granted under the 2021 MIP. Vesting of Initial Awards will accelerate upon a change in control of the Company. Initial Awards granted under the 2021 MIP are scheduled to settle in shares of Common Stock or cash (as determined by the Board in its sole authority) on the earliest of (i) a participant's separation from service (other than a termination for cause), (ii) a change in control of the Company or (iii) January 1, 2026.

On November 29, 2019, the Board adopted the Management Incentive Program (the "2020 MIP"), which authorized the Board to grant RSUs and phantom awards to non-employee members of the Board and to employees of the Company. Under the 2020 MIP, the Board was authorized to deliver to employees of the Company a number of RSUs equal to an aggregate of five percent (5%) of the number of shares of Common Stock outstanding, on a fully diluted basis taking into account such RSUs (but, for the avoidance of doubt, excluding all Investor Purchase Warrants) and to non-employee directors of the Company a number of RSUs equal to an aggregate of one percent (1%) of the number of shares of Common Stock outstanding, on a fully diluted basis taking into account such RSUs (but, for the avoidance of doubt, excluding all Investor Purchase Warrants).

The fair values of share-based compensation awards granted under each of the 2021 Director MIP, the 2021 MIP and the 2020 MIP during the years ended December 31, 2022 and 2021 were estimated utilizing a discounted cash flow model. Significant assumptions utilized in the model include management's internally developed free cash flow projections and a weighted average cost of capital.

TENERITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED
(Unless otherwise noted, all dollar amounts are in millions, except per share amounts)

2021 MIP and 2021 Director MIP – Restricted Stock Units

A summary of RSU activity under the 2021 MIP and 2021 Director MIP for the years ended December 31, 2022 and 2021 is presented below (number of RSUs in thousands):

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Outstanding restricted unvested awards at January 1, 2021	—	
Granted	726	$ 28.39
Vested	(91)	$ 28.39
Forfeited	(12)	$ 28.39
Outstanding restricted unvested awards at December 31, 2021	623	
Granted	75	$ 28.39
Vested	(152)	$ 28.39
Forfeited	(122)	$ 28.39
Outstanding restricted unvested awards at December 31, 2022	424	

Based on the estimated fair values of RSUs granted, share-based compensation expense related to the 2021 MIP and 2021 Director MIP for the years ended December 31, 2022 and 2021 totaled $4.2 million and $4.1 million, respectively. As of December 31, 2022, there was $9.1 million of unrecognized compensation cost related to awards outstanding under the 2021 MIP and 2021 Director MIP, which is expected to be recognized over a weighted average period of 1.5 years.

During the year ended December 31, 2022, 21,119 outstanding fully vested RSUs were settled for $0.6 million in cash.

As of December 31, 2022 and 2021, there was 222,585 and 91,310, respectively, of fully vested RSUs outstanding related to the 2021 MIP and 2021 Director MIP. The estimated fair value of RSUs that became fully vested during the years ended December 31, 2022 and 2021 related to the 2021 MIP and 2021 Director MIP totaled $4.3 million and $2.6 million, respectively.

2021 MIP – Stock Appreciation Rights

During the year ended December 31, 2022, under the 2021 MIP, the Board granted 60,342 stock appreciation rights ("SARs") which vest in four substantially equal installments on each of the four anniversaries of January 1, 2022 and are subject to the holder's continued employment with the Company. Each SAR that vests entitles the holder the right to receive a payment of cash or shares of Common Stock (as determined by the Board in its sole discretion) equal to the excess of the fair market value of a share of Common Stock over the exercise price of $28.39. Settlement of any and all vested SARs will occur within 30 days of the earlier of (i) the holder's separation from service other than for cause, (ii) a change in control of the Company or (iii) January 1, 2026. The fair value of the equity-based SARs was determined on the date of grant and is being expensed using a straight-line method over the applicable vesting period.

The fair value of SARs granted during the year ended December 31, 2022 was estimated using a Black-Scholes option pricing model. Significant assumptions used included the following:

Expected term (years)	3.64
Volatility	44.2%
Risk free rate	2.76%
Value of underlying share of common stock	$ 28.39

A summary of SAR activity for the year ended December 31, 2022 under the 2021 MIP is presented below (number of SARs in thousands):

	Number of Stock Appreciation Rights	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price
Outstanding unvested stock appreciation rights at January 1, 2022	—		
Granted	60	$ 10.25	$ 28.39
Vested	—		
Forfeited	—		
Outstanding unvested stock appreciation rights at December 31, 2022	60		

TENERITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED
(Unless otherwise noted, all dollar amounts are in millions, except per share amounts)

Based on the estimated fair value of SARs granted, share-based compensation expense for the year ended December 31, 2022 totaled $0.1 million. As of December 31, 2022, there was $0.5 million of unrecognized compensation cost related to unvested SARs outstanding under the 2021 MIP, which is expected to be recognized over a weighted average period of 1.5 years.

2020 MIP – Restricted Stock Units

During the year ended December 31, 2020, 520,548 RSUs were granted to employees of the Company under the 2020 MIP. Nine percent (9%) of the RSUs vested immediately, and the remaining RSUs were to vest in five substantially equal tranches on each of the five anniversaries of October 10, 2019. As a result of the Loyalty Spin-Off, all outstanding unvested RSUs became fully vested as of December 31, 2020. In addition, as of December 31, 2020, all outstanding vested RSUs held by employees of the Company, with an estimated aggregate intrinsic value of $30.1 million, were settled for a combination of 105,431 shares of Common Stock and $24.8 million.

As of January 1, 2020, 119,664 unvested RSUs held by non-employee members of the Board were outstanding under the 2020 MIP. As a result of the Loyalty Spin-Off, all outstanding unvested RSUs held by non-employee members of the Board became fully vested as of December 31, 2020. During the year ended December 31, 2021, 39,888 outstanding fully vested RSUs were settled for $2.2 million in cash and, accordingly, $1.3 million of additional compensation expense was recorded on the consolidated statement of comprehensive income for the year ended December 31, 2021. During the year ended December 31, 2022, 4,320 outstanding fully vested RSUs were settled for $0.6 million in cash, and no additional compensation expense was recorded on the consolidated statement of comprehensive income for the year ended December 31, 2022. The cash settlement of these RSUs was accounted for as a reduction to Additional paid-in-capital on the Consolidated statement of changes in stockholders' equity for the year ended December 31, 2021 and 2022.

As of December 31, 2022 and 2021, there were no unvested awards outstanding and no unrecognized compensation cost relating to awards outstanding under the 2020 MIP. As of December 31, 2022 and 2021, there was 75,456 and 79,776 fully vested RSUs outstanding related to the 2020 MIP.

2020 MIP – Phantom Awards

The 2020 MIP also authorized the Board to grant phantom awards to non-employee members of the Board and to employees of the Company. Phantom awards granted to employees of the Company entitled the holder to a percentage of the Employee Phantom Award Pool (as defined in the 2020 MIP), whose value was equal to five percent (5%) of the amount of payments received by holders of the New Notes in excess of $300.0 million. Phantom awards granted to non-employee members of the Board entitled the holder to a percentage of the Director Phantom Award Pool (as defined in the 2020 MIP), whose value was equal to one percent (1%) of the amount of payments received by holders of the New Notes in excess of $300.0 million.

As of January 1, 2020, one hundred percent (100%) of the Director Phantom Award Pool was outstanding. As a result of the Loyalty Spin-Off, the Director Phantom Award Pool had a value of $1.8 million. During 2021, $1.8 million was paid to settle all outstanding phantom awards granted to non-employee members of the Board.

As of December 31, 2022 and 2021, no phantom awards are outstanding under the 2020 MIP.

14. EMPLOYEE BENEFIT PLANS

The Company sponsors a domestic defined contribution savings plan that provides certain eligible employees an opportunity to accumulate funds for retirement. Under the domestic 401(k) defined contribution plan, during the year ended December 31, 2022 the Company matched the contributions of participating employees based on 100% of the first 4% of the participating employee's contributions up to 4% of the participating employee's salary. For the year ended December 31, 2021, the Company did not make any matching contributions under the domestic 401(k) defined contribution plan. The Company also sponsors certain other international defined contribution retirement plans that are customary in each local country. Under these local country defined contribution plans, the Company contributes between 7% and 10% of each participating employee's salary or as otherwise provided by the plan. The Company recorded $3.7 million and $2.9 million of defined contribution plan expense for the years ended December 31, 2022 and 2021, respectively.

The Company sponsors certain international defined benefit retirement plans that are customary in each local country, including a multi-employer plan in one country. Under these local country defined benefit pension plans, benefits are based on a percentage of an employee's final average salary or as otherwise described by the plan. These plans are not material, individually or in the aggregate, to the consolidated financial statements.

TENERITY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED
(Unless otherwise noted, all dollar amounts are in millions, except per share amounts)

15. RELATED PARTY TRANSACTIONS

New Registration Rights Agreement

In connection with the 2019 Recapitalization, on April 10, 2019, the Company and certain investors holding at least 7% of the Common Stock on a fully diluted basis, including the Consenting Stakeholders, entered into a Registration Rights Agreement (the "New Registration Rights Agreement"), pursuant to which the Company has granted the holders the right, under certain circumstances and subject to certain restrictions, to require the Company to register under the Securities Act of 1933, as amended, the shares of Common Stock that are held or acquired by them, replacing the amended and restated registration rights agreement by and among the Company and those certain investors from time to time party thereto, that was terminated in connection with the Merger (the "Old Registration Rights Agreement"). The New Registration Rights Agreement is substantively similar to the Old Registration Rights Agreement, except that it does not include registration rights prior to an IPO (as defined in the New Registration Rights Agreement).

16. FINANCIAL INSTRUMENTS, DERIVATIVES AND FAIR VALUE MEASURES

The Company does not use derivatives for trading or speculative purposes.

Credit Risk and Exposure

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of receivables and prepaid commissions. The Company manages such risk by evaluating the financial position and creditworthiness of such counterparties. Receivables are from various marketing and business partners and the Company maintains an allowance for losses, based upon expected collectability. Commission advances are periodically evaluated as to recovery.

Fair Value

Cash and Cash Equivalents, Restricted Cash, Receivables and Accounts Payable and Accrued Expenses — Carrying amounts approximate fair value at December 30, 2022 and 2021 due to the short-term maturities of these assets and liabilities.

Derivative Financial Instruments — The fair value of forward contracts are determined using standard valuation models. The significant inputs used in these models are readily available in public markets, or can be derived from observable market transactions, and therefore have been classified as Level 2. As of December 31, 2022 there were no unsettled derivative instruments.

Derivative Instruments

The Company is directly and indirectly affected by changes in certain market conditions. These changes in market conditions may adversely impact the Company's financial performance and are referred to as "market risks." When deemed appropriate, the Company uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary market risk managed by the Company through the use of derivative financial instruments is foreign currency exchange rate risk.

Certain of the foreign exchange derivative contracts were designated as cash flow hedging instruments and were utilized to hedge the Company's exposure to variability in cash flows for transactions that occurred during the year ended December 31, 2022. The changes in fair value of cash flow hedging instruments were initially recorded to accumulated other comprehensive loss and, upon settlement, were reclassified into earnings and recorded in general and administrative expense. The Company recorded realized gains of $0.4 million upon the settlement of these hedging instruments during the year ended December 31, 2022.

Certain other foreign exchange derivative contracts that were not designated as hedging instruments were utilized as economic hedges with the objective of offsetting possible changes in the value of monetary assets due to changes in certain foreign currency exchange rates. Gains and losses resulting from changes in fair value of these contracts were recorded to other (expense) income, net on the consolidated statement of comprehensive income. The Company recorded realized losses of $0.3 million upon the settlement of these derivative instruments during the year ended December 31, 2022.

17. SUBSEQUENT EVENT

The Company utilized one payment processor to process 62% and 60% of total revenue for the years ended December 31, 2022 and 2021, respectively. In February 2023, the Company determined it would transition services from this payment processor as of May 31, 2023. The Company has amended its agreement with another current payment processor to transition the volume related to the terminated services and currently expects to complete such transition by the termination date.

TENERITY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Unless otherwise noted, all dollar amounts are in millions, except per share amounts)

PART II

Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless otherwise indicated or the context otherwise requires, all references to "Tenerity," the "Company," "we," "our" and "us" refer to Tenerity, Inc. and its subsidiaries on a consolidated basis; and all references to "Tenerity, LLC" refer to Tenerity, LLC, which was formerly known as cxLoyalty Group, New LLC, and prior to that, cxLoyalty Group, Inc. and Affinion Group, Inc., our wholly owned subsidiary.

This annual report for the fiscal year ended December 31, 2022 (this "Report") is prepared by Tenerity. The following discussion and analysis of our results of operations and financial condition should be read in conjunction with our audited consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021 and related notes thereto included elsewhere herein, including without limitation, Note 2—Summary of Significant Accounting Policies and Note 12—Commitments and Contingencies.

For the year ended December 31, 2022, the Company has elected to eliminate certain previously provided disclosures which are not required pursuant to the terms of the Stockholders Agreement. In connection with the Company's election of certain accounting alternatives under private company guidance during our financial closing process for the year ended December 31, 2022, the Company has not included in this Report certain disclosures within Part II, Management's Discussion and Analysis of Financial Condition and Results of Operations that the Company included in prior annual reports, and does not intend to include such omitted disclosures in future annual or quarterly reports. The omitted disclosures include Disclosure Regarding Forward-Looking Statements, Introduction, Description of the Business, Factors Affecting Results of Operations and Financial Condition, Competitive Environment, Financial Industry Trends, Regulatory Environment, Seasonality, Company History, Contractual Obligations and Commitments, Off-Balance Sheet Arrangements and Critical Accounting Policies.

Results of Operations

Reported EBITDA and Adjusted EBITDA

Reported EBITDA consists of income from operations before depreciation and amortization. Reported EBITDA is the measure management uses to evaluate business performance and we present Reported EBITDA to enhance your understanding of our operating performance. We use Reported EBITDA as one criterion for evaluating our performance relative to that of our peers. We believe that Reported EBITDA is an operating performance measure, and not a liquidity measure, that provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. However, Reported EBITDA is not a measurement of financial performance under U.S. GAAP (as defined in Note 1—Basis of Presentation and Business Description in the audited consolidated financial statements included elsewhere herein), and Reported EBITDA may not be comparable to similarly titled measures of other companies. You should not consider Reported EBITDA as an alternative to operating or net income determined in accordance with U.S. GAAP, as an indicator of operating performance or as an alternative to cash flows from operating activities determined in accordance with U.S. GAAP, as an indicator of cash flows, or as a measure of liquidity.

We believe that Adjusted EBITDA provides supplemental information useful to investors as it is frequently used by the financial community to analyze performance period to period, to analyze a company's ability to service its debt and to facilitate comparisons among companies. We believe Adjusted EBITDA also provides additional supplemental information to compare results. However, Adjusted EBITDA is not a measurement of financial performance under U.S. GAAP, and Adjusted EBITDA may not be comparable to similarly titled measures of other companies. You should not consider Adjusted EBITDA as an alternative to operating or net income determined in accordance with U.S. GAAP, as an indicator of operating performance or as an alternative to cash flows from operating activities determined in accordance with U.S. GAAP, as an indicator of cash flows, or as a measure of liquidity.

TENERITY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS—CONTINUED
(Unless otherwise noted, all dollar amounts are in millions, except per share amounts)

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

The following table summarizes our consolidated results of operations for the years ended December 31, 2022 and 2021:

	Year Ended December 31, 2022	Year Ended December 31, 2021	Increase (Decrease)
		(in millions)	
Net revenues	$ 394.3	$ 408.3	$ (14.0)
Expenses:			
Cost of revenues, exclusive of depreciation and amortization shown separately below:			
Marketing and commissions	142.4	154.8	(12.4)
Operating costs	144.7	139.2	5.5
General and administrative	50.7	63.9	(13.2)
Facility exit gain	—	(0.1)	0.1
Depreciation and amortization	19.9	16.8	3.1
Total expenses	357.7	374.6	(16.9)
Income from operations	36.6	33.7	2.9
Interest income	0.3	0.1	0.2
Interest expense	(0.5)	(0.6)	0.1
Other (expense) income, net	(2.5)	0.6	(3.1)
Income before income taxes and non-controlling interest	33.9	33.8	0.1
Income tax (provision) benefit	(8.0)	39.1	(47.1)
Net income	25.9	72.9	(47.0)
Less: net income attributable to non-controlling interest	(0.2)	(0.4)	0.2
Net income attributable to Tenerity, Inc.	$ 25.7	$ 72.5	$ (46.8)

Summary of Operating Results for the Year Ended December 31, 2022

The following is a summary of changes affecting our operating results for the year ended December 31, 2022.

Net revenues decreased $14.0 million, or 3.4%, for the year ended December 31, 2022 as compared to the prior year due to the unfavorable impact of foreign exchange and the expected attrition of members in run-off portfolios and a decline in membership of our Protect offerings, partially offset by growth in online membership in our Subscribe offerings and new client revenues in our Connect offerings.

Reported EBITDA increased $6.0 million for the year ended December 31, 2022 as compared to the prior year, primarily due to lower marketing and commissions and general and administrative costs driven by a one-time settlement of a legal matter in the prior period, partially offset by lower revenues and higher operating costs primarily due to higher infrastructure and employee expenses.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

The following section provides an overview of our consolidated results of operations for the year ended December 31, 2022 as compared to the year ended December 31, 2021.

Net Revenues. During the year ended December 31, 2022, we reported net revenues of $394.3 million, a decrease of $14.0 million, or 3.4%, as compared to net revenues of $408.3 million in the prior year. Net revenues decreased due to the unfavorable impact of foreign exchange of $32.6 million and the expected attrition of members in run-off portfolios and a decline in membership of our Protect offerings, partially offset by growth in online membership in our Subscribe offerings and new client revenues in our Connect offerings. Net revenues increased $18.6 million on a constant currency basis.

Marketing and Commissions Expense. Marketing and commissions expense decreased $12.4 million, or 8.0%, to $142.4 million for the year ended December 31, 2022 from $154.8 million for the year ended December 31, 2021. Expense decreased primarily from the favorable impact of foreign exchange of $13.3 million, partially offset by increased marketing investments in our Subscribe offerings and higher employee-related costs. Marketing and commissions expense increased $0.9 million on a constant currency basis.

Operating Costs. Operating costs increased $5.5 million, or 4.0%, to $144.7 million for the year ended December 31, 2022 from $139.2 million for the year ended December 31, 2021. Costs increased primarily from higher employee-related costs as well as

TENERITY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS—CONTINUED
(Unless otherwise noted, all dollar amounts are in millions, except per share amounts)

product and servicing costs on our Connect and Subscribe offerings, partially offset by the favorable impact of foreign exchange of $8.2 million and a decrease in product and servicing costs on our Protect offerings. Operating costs increased $13.7 million on a constant currency basis.

General and Administrative Expense. General and administrative expense decreased $13.2 million, or 20.7% to $50.7 million for the year ended December 31, 2022 from $63.9 million for the year ended December 31, 2021. Expense decreased primarily due to a one-time settlement of a legal matter in the prior period, the gain recognized upon the settlement of our foreign exchange hedging instruments, and from the favorable impact of foreign exchange $8.6 million. General and administrative expense decreased $4.6 million on a constant currency basis.

Depreciation and Amortization Expense. Depreciation and amortization expense increased $3.1 million for the year ended December 31, 2022 to $19.9 million from $16.8 million for the year ended December 31, 2021, primarily attributable to the amortization of goodwill in 2022 of $5.2 million, offset by certain assets becoming fully depreciated and the disposal of certain finance lease right-of-use assets during 2021.

Other (Expense), Income, net. Other expense, net totaled $2.5 million for the year ended December 31, 2022 and was primarily due to continued services provided under various service agreements, offset by lower services received. Other income, net totaled $0.6 million for the year ended December 31, 2021.

Income Tax (Provision) Benefit. Income tax provision was $8.0 million for the year ended December 31, 2022 as compared to an income tax benefit of $39.1 million for the year ended December 31, 2021. The change was primarily driven by an increase in deferred U.S. tax provisions, partially offset by a decrease in current foreign tax provision for the year ended December 31, 2022 as compared to the year ended December 31, 2021.

The Company's effective income tax rates for the years ended December 31, 2022 and 2021 were 23.7% and (115.6)%, respectively. The difference in the effective tax rates for the years ended December 31, 2022 and 2021 is a result of an increase in income from operations before income taxes and non-controlling interest from $33.8 million for the year ended December 31, 2021 to $33.9 million for the year ended December 31, 2022 and the change from an income tax benefit of $39.1 million for the year ended December 31, 2021 to an income tax provision of $8.0 million for the year ended December 31, 2022. The Company's tax rate is affected by recurring items, such as tax rates in foreign jurisdictions and the relative amount of income it earns in those jurisdictions. It is also affected by discrete items that may occur in any given year, but are not consistent from year to year. In addition to state and foreign income taxes, the requirement to maintain valuation allowances had the most significant impact on the difference between the Company's effective tax rate and the statutory U.S. federal income tax rate of 21%.

Financial Condition, Liquidity and Capital Resources

Financial Condition – December 31, 2022 and December 31, 2021

	December 31, 2022	December 31, 2021	Increase (Decrease)
		(in millions)	
Total assets	$ 386.6	$ 393.4	$ (6.8)
Total liabilities	165.8	189.4	(23.6)
Total stockholders' equity	220.8	204.0	16.8

Total assets decreased $6.8 million, primarily due to (1) a decrease in goodwill of $10.2 million, driven by the amortization of goodwill and the unfavorable impact of foreign exchange, (2) a decrease in receivables, net of $6.1 million primarily driven by lower amounts due from the Transition Services Agreement and the unfavorable impact of foreign exchange, (3) a decrease in property and equipment, net of $5.5 million primarily driven by depreciation, partially offset by capital expenditures, and (4) a decrease of the operating lease right of use assets of $5.5 million primarily driven by the passage of time, partially offset by (1) an increase in cash and cash equivalents of $19.1 million, primarily driven by net income of $25.7 million and (2) an increase in other non-current assets of $8.3 million primarily driven by higher commissions in connection with the growth of Subscribe offerings.

Total liabilities decreased $23.6 million, primarily due to (1) a decrease in long-term operating lease liabilities of $8.2 million primarily driven by the passage of time, (2) a decrease in accounts payable and accrued expenses of $6.6 million, primarily driven by the settlement of a legal matter during the year, and (3) a decrease in other long-term liabilities of $5.0 million, primarily driven by a decrease in tax and pension liabilities, as well as the favorable impact of foreign exchange.

Total stockholders' equity increased $16.8 million primarily due to net income of $25.9 million and share-based compensation of $3.1 million, partially offset by the currency translation adjustment of $10.7 million.

TENERITY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS—CONTINUED
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Liquidity and Capital Resources

Our primary sources of liquidity on both a short-term and long-term basis are cash on hand and cash generated through operating and financing activities. Our primary cash needs are for working capital, capital expenditures and general corporate purposes. Many of the Company's significant costs are variable in nature, including marketing and commissions. The Company has a great degree of flexibility in the amount and timing of marketing expenditures and focuses its marketing expenditures on its most profitable marketing opportunities.

The Company is a holding company, with no direct operations and no significant assets other than the ownership of 100% of the equity interests of Tenerity, LLC. Because we conduct our operations through our subsidiaries, our cash flows are dependent upon cash dividends and distributions or other transfers from our subsidiaries. Payments to us by our subsidiaries are contingent upon our subsidiaries' earnings.

Cash Flows – Years Ended December 31, 2022 and 2021

At December 31, 2022, we had $113.1 million of cash and cash equivalents and restricted cash on hand, an increase of $14.1 million from $99.0 million at December 31, 2021. The following table summarizes our cash flows and compares changes in our cash and cash equivalents and restricted cash on hand to the same period in the prior year.

	Year Ended December 31,		
	2022	2021	Change
		(in millions)	
Cash provided by (used in):			
Operating activities	$ 32.7	$ 39.5	$ (6.8)
Investing activities	(11.5)	(11.5)	—
Financing activities	(2.0)	(8.6)	6.6
Effect of exchange rate changes	(5.1)	(2.9)	(2.2)
Net change in cash, cash equivalents and restricted cash	$ 14.1	$ 16.5	$ (2.4)

Operating Activities

During the year ended December 31, 2022, we generated $32.7 million in cash from operating activities, a decrease of $6.8 million as compared to the $39.5 million in cash provided by operating activities during the year ended December 31, 2021. This change was driven by (a) net income of $25.9 million for the year ended December 31, 2022 as compared to net income of $72.9 million for the year ended December 31, 2021, (b) a net increase in operating assets of $13.0 million for the year ended December 31, 2022, primarily driven by an increase in other current and other non-current assets, partially offset by a decrease in receivables, as compared to an increase in operating assets of $6.3 million for the year ended December 31, 2021, and (c) a net decrease in operating liabilities of $12.9 million for the year ended December 31, 2022, driven primarily by a decrease in income taxes receivable and payable and other long term liabilities, as compared to a decrease of $5.2 million for the year ended December 31, 2021, partially offset by net non-cash expenses of $32.6 million for the year ended December 31, 2022 as compared to net non-cash income of $21.7 million for the year ended December 31, 2021.

Investing Activities

During the year ended December 31, 2022, we used $11.5 million for capital expenditures. During the year ended December 31, 2021, we used $10.4 million for capital expenditures and $1.1 million in the acquisition of a non-controlling interest in a subsidiary.

Financing Activities

During the year ended December 31, 2022, we used $2.0 million in cash in financing activities, a decrease of $6.6 million as compared to the $8.6 million in cash used in financing activities during the year ended December 31, 2021. During the year ended December 31, 2022, we paid $1.2 million to settle share-based compensation awards, we paid a dividend to a non-controlling interest of $0.4 million, we paid $0.3 million of financing costs, and made principal payments on finance leases of $0.1 million. During the year ended December 31, 2021, we made payments of $5.0 million to settle contingent consideration liabilities associated with a prior year acquisition, made payments of $2.2 million to settle share-based compensation awards, made principal payments on finance leases of $1.0 million and paid a dividend to a non-controlling interest of $0.4 million.

TENERITY, INC.
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Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures

Adjusted EBITDA consists of income from operations before depreciation and amortization further adjusted to exclude noncash and unusual items and other adjustments. We present Adjusted EBITDA in a manner that is consistent with past practice and prior periods. We use Adjusted EBITDA to evaluate our operating performance and as a basis for determining payment of bonuses under our annual incentive plan. We present Adjusted EBITDA to enhance your understanding of our operating performance. We believe that Adjusted EBITDA is an operating performance measure, and not a liquidity measure, that provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. However, Adjusted EBITDA is not a measurement of financial performance under U.S. GAAP and Adjusted EBITDA may not be comparable to similarly titled measures of other companies. You should not consider Adjusted EBITDA as an alternative to operating or net income determined in accordance with U.S. GAAP, as an indicator of operating performance or as an alternative to cash flows from operating activities determined in accordance with U.S. GAAP, as an indicator of cash flows, or as a measure of liquidity.

Set forth below is a reconciliation of our consolidated net income attributable to Tenerity, Inc. for the twelve months ended December 31, 2022 to Adjusted EBITDA.

	For the Twelve Months Ended December 31, 2022 (in millions)	
Net income attributable to Tenerity, Inc.	$	25.7
Interest expense, net		0.2
Income tax provision		8.0
Net income attributable to non-controlling interest		0.2
Other expense, net		2.5
Depreciation and amortization		19.9
Reported EBITDA		56.5
Business optimization expenses and restructuring charges or expenses (a)		3.4
Extraordinary or nonrecurring or unusual losses, expenses or charges (b)		(0.1)
Other, net (c)		5.5
Adjusted EBITDA	$	65.3

(a) Represents the elimination of the effect of business optimization expenses and restructuring charges or expenses.
(b) Represents the elimination of extraordinary or nonrecurring or unusual losses, expenses or charges.
(c) Primarily represents the elimination of (i) net changes in certain reserves, (ii) share-based compensation expense and (iii) foreign currency gains and losses related to unusual, non-recurring intercompany transactions.

Annual Report 2022 for Tenerity AS

Nature of the business

Tenerity AS primary business area is to deliver customer engagement platforms, programmes, and value-added services for leading companies to help enrich their offerings to drive deeper connections and give their customers reasons to engage more and stay longer thereby generating increased lifetime value. The Company primarily focuses on the financial sector and other service sectors with large membership bases.
The company is located in Bærum municipality and Tenerity AS is part of the Tenerity Group, a global group headquartered in the United States.

True overview of development and results

In 2022 the company recorded operating income of NOK 54.9m, a decrease of 5.0m compared to 2021. 3.1m of the decrease related to lower client sales, with the remainder relating to intercompany management charges.

Total operating expenses were 57.3m, an increase of 4.2m compared to the previous year.

The resulting operating loss was 2.4m, a decrease of 9.1m.

The company recorded a profit of 98.5m on financial transactions in 2022, compared to a loss of 2.2m in 2021. Financial income in 2022 was mainly derived from dividends from affiliated companies, with other income and expenses from exchange gains and losses on foreign currency intercompany balances.

As a result, the profit before tax is 96.1m in 2022 compared to 4.5m in 2021. The profit will be fully allocated to Other equity.

Of this year's Equity, 104m is proposed to be distributed as dividend with a balance of 33.6m carried forward.

Cash and cash equivalents have decreased by 2.5m in 2022, with a decrease of 2m from operating activities, a decrease of 895k due to purchases of equipment, and an increase of 455k due to cash received from affiliated companies.

The Company's Intercompany transactions are invoiced in the subsidiary's local currencies and are therefore subject to exchange rate fluctuations at the time of invoicing. The intercompany balance sheet is reviewed monthly at the value of the local currencies, including Danish kroner, Euro, and Swedish kroner. The company is not subject to changes in interest rates. As at 31 December 2022 the company is mainly financed by equity and loans from group companies.

The level of liquidity at year-end is considered satisfactory. The management continuously funds and actively manages the liquidity, to ensure that the company has sufficient cash reserves to always meet known cash flows. Management believes that cash and cash flows from operating activities will be sufficient to meet expected operational needs in the coming period. The company also has the support from the parent company.

Trade receivables increased in the year, and credit risk for counterparties lacking financial ability to fulfil their obligations is considered low. Historically, there has been little loss on receivables. The company's accounts receivable ledger is exposed to concentration risk. However, the risk of the largest customers defaulting on a claim is not considered to be present.

The company does not conduct research and development within the meaning of the Accounting Act but has development activities in connection with the further development of the company's products.

The Board believes that the annual accounts give a true and fair view of the company's assets and liabilities, financial position, and earnings.

Still operating

The company's equity situation per 31.12.22 is satisfactory. It is expected that the company will be able to increase earnings while keeping costs down, this will mean that the company will be able to deliver a positive result for the future and, in the opinion of the board, the conditions are well suited for further operation and development. The annual accounts have been prepared under the assumption of continued operations. The Board confirms that the assumption of continued operations is present.

During the financial year, the Company has continued to provide services on a high level with customers primarily in the financial industry. During COVID-19 the utilization of some services declined and some clients initiated cost optimalization initiatives. This also had some effect in 2022 but is rapidly decreasing and we experience that the market returns to normal conditions. We expect continued demand for customer engagement platforms, programmes, and value-added services to drive loyalty and profitability for our clients.

Work environment

The Board considers the working environment of the company as good. This is based, among other things, on the results of regular employee surveys on the working environment. No special measures have been taken in this regard.

Employees in the business have not been exposed to accidents or injuries in connection with the performance of their work.

Litigation insurance is in place for the Board of Directors.

Equality

The company had 58 employees at the end of the year (11 of whom are part-time employees), a total of 28 women and 30 men. Working hours and wages are justly distributed between the sexes. The company's personnel policy is considered to be gender neutral in all areas.
The board consists of 2 people, of which 1 is a woman.

Environmental

The company does not conduct activities that pollute the external environment.

Other relationships

The Board of Directors is not aware of any matters of importance in assessing the company's position and earnings that are not shown in the financial statements and balance sheet with notes. Neither have circumstances occurred after the end of the financial year which, in the opinion of the Board, are important in the assessment of the accounts.

Prospects

The company has a long-term cooperation with customers in the financial sector (Banking and Insurance), but recently expanded focus to also offer its products and services in telecommunications and utility sector.

There continues to be positive interest in the market for the Company's services within lifestyle & security products to drive increased engagement and loyalty.
The company continues with digitization & modernization of existing products and services to improve the customer journey and include new relevant features and functionality. Within security we experience that our digital application that search the public & dark web for personal data and notifies the customer complements our protection resolution service and leads to a stronger proposition and increased demand. Similarly, within lifestyle services, new digital interfaces to strengthen the service and improve the customer journey leads to improved services and new opportunities.

Demand for loyalty-creating products and services is present, as is the focus on security solutions to protect individuals. The company develops its strategy & products in line with this.

Slough/Sandvika, 28 July 2023

Michele Conforti	Rikard Af Sandeberg
Chairman	Managing Director

Berit Solhjem

Board Member

Likestillingsredegjørelse 2022 – Tenerity AS

Vi jobber for likestilling og mot diskriminering på grunn av kjønn, graviditet, permisjon ved fødsel eller adopsjon, omsorgsoppgaver, etnisitet, religion, livssyn, funksjonsnedsettelse, seksuell orientering, kjønnsidentitet og kjønnsuttrykk og kombinasjoner av disse grunnlagene.

1 TILSTAND FOR KJØNNSLIKESTILLING

I de følgende tabellene viser vi tilstand for kjønnsbalanse i forhold til midlertidig ansettelser, deltid og foreldrepermisjoner, samt tilstand for kjønnsfordeling ved rekruttering.

Når vi ser på tilstanden for kjønnsbalansen generelt i selskapet er det en god fordeling mellom kvinner og menn. Selskapet har hatt én kvinnelig midlertidig ansatt, og det er en overvekt av menn i deltidsstillinger. Selskapet har hatt én kvinne i foreldrepermisjon i 2022 som har tatt ut 30 uker, menn har tatt ut i gjennomsnitt 13 uker som er litt i underkant av fedrekvoten på 15 uker. Dette skyldes at deler av permisjonene har gått over årsskifter.

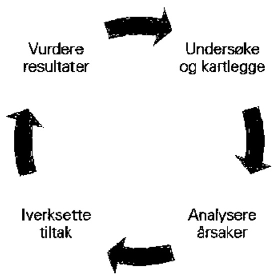
Kjønnsbalanse (antall - %)		Midlertidig ansatte		Foreldrepermisjon (snitt uker)		Faktisk deltid (antall - %)	
Kvinner	Menn	Kvinner	Menn	Kvinner	Menn	Kvinner	Menn
28	30	1	0	30	13	3	8
48%	52%	100%	0%			27%	73%

Kartlegging av kjønnsbalanse ved rekruttering viser at det er likt antall mannlige og kvinnelige søkere og likt antall kvinner og menn som ansettes, men at selskapet ved innkalling til intervjuer har en overvekt av kvinner. Selskapet er opptatt av en god kjønnsbalanse blant de ansatte, men er også opptatt av at vi skal velge den best kvalifiserte søkeren.

Rekruttering					
Søkere (antall - % fordeling)		Intervju (antall - % av antall søkere)		Ansatt (antall - % av antall søkere)	
Menn	Kvinner	Menn	Kvinner	Menn	Kvinner
31	31	13	16	3	3
50%	50%	42%	52%	10%	10%

2 VÅRT ARBEID FOR LIKESTILLING OG MOT DISKRIMINERING

Selskapets holdninger til likestilling og diskriminering er nedfelt i vår Code of Conduct, og er forankret i strategier, retningslinjer og policyer. I vårt arbeid for å sikre likestilling og motarbeide diskriminering tar vi utgangspunkt i en firestegs arbeidsmetodikk.



I likestillings- og diskrimineringsloven § 1 defineres likestilling som lik verdi, like muligheter og like rettigheter. Videre slår loven fast at tilgjengelighet og tilrettelegging er en forutsetning for likestilling. Likestillings- og diskrimineringsloven lister opp en rekke forhold som det er ulovlig å diskriminere noen på grunn av. For at noe skal være diskriminering etter loven, må det ha sammenheng med et eller flere slike diskrimineringsgrunnlag.

Ikke all forskjellsbehandling er diskriminering. Diskriminering er når noen, enten direkte eller indirekte, blir behandlet dårligere eller settes i en dårligere posisjon på grunn av et av forholdene over, uten at det er saklig, nødvendig og forholdsmessig.

I arbeidet med å **kartlegge** risikoen for diskriminering og hindre for likestilling har representanter for ledelsen og HR jobbet sammen med bedriftens Verneombud. I dette arbeidet har man gått gjennom de ulike områdene og vurdert disse opp mot grunnlagene for diskriminering.

- Rekruttering: Verktøy og policyer har blitt gjennomgått av HR, og kriterier for utvelgelse har blitt diskutert med selskapets Verneombud
- Tilrettelegging: Fysiske forhold for bevegelse, syn og hørsel har blitt vurdert i forhold til behov som kan oppstå, da det pr dags dato ikke er noen som har spesielle behov. Vurderingen ble gjort i forhold til hva som er på plass og hva selskapet enkelt kan tilrettelegge og hva som krever større endringer.
- Mulighet for å kombinere arbeid og familieliv: Selskapet har innført en fleksibel hjemmekontorløsning for alle fulltidsansatte, med mulighet for hjemmekontor enten 2 eller 3 dager i uken.
- Trakassering etc: Selskapets holdninger til dette er nedfelt i Code of Conduct samt ulike poilicyer, og det praktiseres null-toleranse for all form for trakassering, seksuell trakassering eller kjønnsbasert vold. Selskapet har en egen «Integrity Hotline» for rapportering av eventuelle hendelser.

I arbeidet med å finne fram til mulige **årsaker** til risikoer og hindre har man kommet fra til følgende

- Selskapet har et krav om minst ett nordisk språk, samt engelsk, for alle stillinger knyttet kundesenteret. Dette kan være et hinder for en mangfoldig arbeidsplass, spesielt for utenlandske søkere.

Tiltak og **resultater** er beskrevet i *Handlingsplan og tiltaksoversikt* på neste side.

Handlingsplan og tiltaksoversikt - 2022

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rekruttering	Vi har gode policyer, rutiner og verktøy på plass, og må sørge for at dette blir fulgt	Gjennomgang av policy med personalledere med jevne mellomrom. For de som rekrutterer sjelden, sørger vi for gjennomgang ved oppstart av prosess	Sikre at policy og rutiner blir fulgt	HR	Ongoing	Alle søkere har blitt behandlet på grunnlag av kompetanse. Vi har en god fordeling av kjønn, alder og etnisitet i kandidater og nyansatte.
Forfremmelse og utviklingsmuligheter	Vi har ikke nødvendigvis et bevisst forhold til dette, vi må kartlegge faktisk tilstand og sørge for dokumentasjon av policy og retningslinjer	Kartlegge faktisk tilstand Dokumentere retningslinjer	Sikre at forfremmelser og utviklingsmuligheter blir gitt på et solid og gjennomtenkt grunnlag	Ledelsen	Ongoing	Pågående
Lønns- og arbeidsvilkår	Vi har en grunnleggende policy på at lønnsnivå skal vurderes på grunnlag av stilling, men ser at det kan være en risiko for at de som er gode forhandlere kan få mer og at dette kan være kjønnsbestemt	Kartlegge faktisk tilstand Bruke historikk og statistikk ved lønnsfastsettelse Vurdere behov for å definere «salary band».	Sikre at vi får lik lønn for likt arbeid	Personalledere i samarbeid med HR	Ongoing	Pågående. Selskapet har startet arbeid med å etablere lønnsnivåer basert på type stilling, og vi har kjøpt tilgang til en større mengde markedsdata.
Tilrettelegging	Vi ser at det kan være utfordringer i forhold til bygningsmassen, men mener at vi kan tilrettelegge ved behov	Ingen tiltak pt. men være klare til å iverksette tiltak ved behov	N/A	N/A		N/A
Mulighet for å kombinere arbeid og familieliv	Vi anser bedriften for å i svært stor grad legge til rette for å kombinere arbeid og familieliv (og fritid)	Hjemmekontorordning for fulltidsansatte. Ingen behov for ytterligere tiltak.	N/A	N/A		Innført nye retningslinjer for tilrettelegging for fleksibel jobbing (hjemmekontor)
Trakassering, seksuell trakassering og kjønnsbasert vold	Vi har klare policyer, og gjennomfører årlig opplæring	Sørge for at vi fortsetter å gjennomføre opplæring innenfor området, og sørge for informasjon om hvordan man rapporterer evt. tilfeller	Unngå tilfeller av trakassering i noen som helst form	Ledelsen, HR og Personalledere	Ongoing	Vi har ikke hatt noen rapporterte tilfeller av 2022.
Andre relevante områder	N/A					