
Pleo Technologies A/S

Ravnsborg Tværgade 5 C, DK-2200 Copenhagen

Annual Report for 1 January - 31 December 2021

CVR No 36 53 86 86

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/6 2022

Jeppe Rindom
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Pleo Technologies A/S for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 28 June 2022

Executive Board

Jeppe Rindom
CEO

Niccolo Perra

Board of Directors

Andreas Bernström
Chairman

Kenneth Fox

Johan Brenner

Niccolo Perra

Christian Ulrik Trolle

Jeppe Rindom

Keri Ann Gohman

Adrienne Gormley

Vanessa Ann Bailey

Independent Auditor's Report

To the Shareholders of Pleo Technologies A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Pleo Technologies A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstate-

Independent Auditor's Report

ment, 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 in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the

Independent Auditor's Report

disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 28 June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff
State Authorised Public Accountant
mne30221

Peter Nissen
State Authorised Public Accountant
mne33260

Company Information

The Company

Pleo Technologies A/S
Ravnsborg Tværgade 5 C
DK-2200 Copenhagen

CVR No: 36 53 86 86

Financial period: 1 January - 31 December

Municipality of reg. office: Copenhagen

Board of Directors

Andreas Bernström, Chairman

Kenneth Fox

Johan Brenner

Niccolo Perra

Christian Ulrik Trolle

Jeppe Rindom

Keri Ann Gohman

Adrienne Gormley

Vanessa Ann Bailey

Executive Board

Jeppe Rindom

Niccolo Perra

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Gross profit/loss	-156.809	-52.417	-18.465	-1.011	-6.055
Profit/loss before financial income and expenses	-266.438	-138.932	-80.186	-29.675	-13.857
Net financials	-3.498	-4.129	-1.508	-2.378	-1.040
Net profit/loss for the year	-247.936	-132.361	-75.767	-29.638	-13.789
Balance sheet					
Balance sheet total	239.509	103.111	96.067	40.466	19.732
Equity	85.138	33.074	45.434	3.907	8.305
Investment in property, plant and equipment	0	0	1.934	0	5.037
Number of employees	153	124	89	47	18
Ratios					
Solvency ratio	35,5%	32,1%	47,3%	9,7%	42,1%

The key figures have been prepared in accordance with the recommendations of the Danish Society of Financial Analysts and guidelines. Refer to definitions in the section on accounting policies.

Management's Review

The main activities of the company

The company's main activity is to develop and provide a platform for expense handling and payments for businesses.

Development in activities and financial matters

The loss before tax for the year is tDKK 269.936 against tDKK 148.834 last year. The results from ordinary activities after tax are tDKK 247.936 against tDKK 132.361 last year.

The net loss for the year is a result of significant investments made into further development of both product, platform, and organization in accordance with growth plans and budgets. The results are in line with management's expectations and are considered satisfactory.

Throughout 2021 the Company's parent company has closed two new funding rounds. As a result, the Group is as of 31 December 2021 continuously very well-funded. Parts of the parent company's funds are planned to be invested into the Company's continued development of product, platform, and organization.

Outlook

The management expect to keep investing considerably into both product improvements, new features, and market growth in the coming year. As a result of this, management expect to incur operating losses in the coming year.

Research and development activities

Throughout the year the Company has incurred considerable research and development costs relating the core products. The purpose of these investments is to ensure that the Company's can maintain and grow the market position in coming years.

Environmental performance

The Company's health, safety and environmental plans are prepared with the aim of being compliant with all local regulations. In addition, the Company is training relevant personnel to further improve the Company's work environment.

In addition, the Company is looking into ways of minimizing environmental impact from the Company but also helping external customers to minimize environmental impacts through product improvements and new features.

Management's Review

Intellectual capital resources

Knowledge resources are essential for the Company to achieve both short- and long-term goals in accordance with Company's strategy. As a result, the Company is investing significant resources in maintaining and developing competencies for all employees with the aim of growing knowledge and capabilities.

Uncertainty relating to recognition and measurement

No deferred tax asset has been recognized in the financial statement due to uncertainty regarding the timing for future usage. The Company will assess whether to recognize the tax asset in the coming account periods.

There are no other financial matters where estimates have or will affect the Company's result or balance sheet significantly.

Unusual circumstances affecting recognition and measurement

No unusual circumstances have affected this year's recognition or measurements.

Events subsequent to the financial year

The Management is observing and following external and global factors which at some point could have an impact on the Company, including the ongoing situation in Ukraine. The Management does not assess that the situation in Ukraine will significantly impact the Company's financials.

No events occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Gross profit/loss		-156.809	-52.417
Staff expenses	2	-109.325	-83.797
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-304	-2.718
Profit/loss before financial income and expenses		-266.438	-138.932
Financial income	3	369	179
Financial expenses	4	-3.867	-4.308
Profit/loss before tax		-269.936	-143.061
Tax on profit/loss for the year	5	22.000	10.700
Net profit/loss for the year		-247.936	-132.361

Balance Sheet 31 December

Assets

	Note	2021 TDKK	2020 TDKK
Leasehold improvements		0	304
Property, plant and equipment	6	0	304
Deposits		6	102
Fixed asset investments	7	6	102
Fixed assets		6	406
Inventories		1.187	521
Trade receivables		10.143	2.050
Receivables from group enterprises		172.940	81.533
Other receivables		827	0
Corporation tax credit		5.500	5.500
Corporation tax receivable from group enterprises		16.500	5.200
Prepayments	8	7.390	2.268
Receivables		213.300	96.551
Cash at bank and in hand		25.016	5.633
Currents assets		239.503	102.705
Assets		239.509	103.111

Balance Sheet 31 December

Liabilities and equity

	Note	2021 TDKK	2020 TDKK
Share capital		400	400
Retained earnings		84.738	32.674
Equity		85.138	33.074
Other payables		17.834	24.556
Long-term debt	10	17.834	24.556
Trade payables		17.641	3.184
Payables to group enterprises		98.316	25.075
Other payables	10	20.580	17.222
Short-term debt		136.537	45.481
Debt		154.371	70.037
Liabilities and equity		239.509	103.111
Subsequent events	1		
Distribution of profit	9		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	400	32.674	33.074
Contribution from group	0	300.000	300.000
Net profit/loss for the year	0	-247.936	-247.936
Equity at 31 December	400	84.738	85.138

Notes to the Financial Statements

1 Subsequent events

The Management is observing and following external and global factors which at some point could have an impact on the Company, including the ongoing situation in Ukraine. The Management does not assess that the situation in Ukraine will significantly impact the Company's financials.

No events occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Notes to the Financial Statements

	2021	2020
	TDKK	TDKK
2 Staff expenses		
Wages and salaries	106.037	81.510
Other social security expenses	1.153	862
Other staff expenses	2.135	1.425
	109.325	83.797
 Including remuneration to the Executive Board of: Executive Board	 2.079	 1.923
	2.079	1.923
 Average number of employees	 153	 124

Management's incentives programme:

The Group management receives special incentive programmes in the form of warrants. The warrants are issued to both executive management and members of the Board of Directors and follow these general terms:

- The warrants become available for exercise at an event classified as an 'Exit event' or at predetermined future point in time which may vary between the individual agreements.
- The warrants function as both incentive and retention as the continued vesting of warrants are contingent on the Party's continued employment and/or appointment as board member within the group.

Throughout the current fiscal year, the following movements on the warrant schemes for executive management and members of the Board of Directors has taken place:

	No. of warrants	Average strike price	Average maturity
Balance as of 1 January 2021	339,038	80 DKK	21 months
Issued during the year	5,166	374 DKK	24 months
Balance as of 31 December 2021	344,204	85 DKK	24 months
Of this, vested prior to January 2021	154,993		
Of this, vested during the year	96,865		
Of this, vesting after 31 December 2021	92,346		
Balance as of 31 December 2021:			
- Management	339,038		
- Board of Directors	5,166		

Notes to the Financial Statements

“Average maturity” defines the average remaining time until the warrants vests and become available for exercise.

The intrinsic value of the warrants issued during the year amount to 2.36 mDKK at the time of granting. The value is calculated based on a discount in strike price against the actual share price as per Pleo's capital rounds throughout the year. The issued warrants have an average maturity of 24 months after the issuance.

The latest share price is DKK 1,525 according to the Company's share capital increase in December 2021.

3 Financial income

Interest received from group enterprises	71	26
Other financial income	298	153
	<u>369</u>	<u>179</u>

4 Financial expenses

Interest paid to group enterprises	1.323	2.044
Other financial expenses	2.544	2.264
	<u>3.867</u>	<u>4.308</u>

5 Tax on profit/loss for the year

Current tax for the year	-5.500	-5.500
Joint tax contribution	-16.500	-5.200
	<u>-22.000</u>	<u>-10.700</u>

Notes to the Financial Statements

6 Property, plant and equipment

	Leasehold improvements TDKK
Cost at 1 January	1.934
Cost at 31 December	1.934
Impairment losses and depreciation at 1 January	1.630
Depreciation for the year	304
Impairment losses and depreciation at 31 December	1.934
Carrying amount at 31 December	0

7 Fixed asset investments

	Deposits TDKK
Cost at 1 January	102
Disposals for the year	-96
Cost at 31 December	6
Carrying amount at 31 December	6

8 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

	2021 TDKK	2020 TDKK
9 Distribution of profit		
Retained earnings	-247.936	-132.361
	-247.936	-132.361

Notes to the Financial Statements

10 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Other payables

Between 1 and 5 years	17.834	24.556
Long-term part	<u>17.834</u>	<u>24.556</u>
Within 1 year	3.541	3.541
Other short-term payables	17.039	13.681
Short-term part	<u>20.580</u>	<u>17.222</u>
	<u>38.414</u>	<u>41.778</u>

Notes to the Financial Statements

	2021 TDKK	2020 TDKK
11 Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with Vækstfonden as mortgage:		
Inventories	1.187	521
Trade receivables	10.143	2.050
Leasehold improvements	0	304
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	3.204	2.876
Between 1 and 5 years	71.662	6.180
After 5 years	56.428	0
	131.294	9.056

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Pleo Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

12 Related parties

Consolidated Financial Statements

The entity is included in the Consolidated Financial Statements for the parent company

Name	Place of registered office
Pleo Holding ApS	Ravnsborg Tværsgade 5C, DK-2200 København N

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Pleo Technologies A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Pleo Holding ApS, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

13 Accounting Policies (continued)

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from the sale of software services (subscriptions) is recognized on a straight-line basis over the contract period when the risks and rewards relating to the services have been transferred to the purchaser, and the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue from card deliveries is recognised when the risks and rewards relating to the cards delivered have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of revenue

Cost of revenue comprise fees to payment processors, data hosting providers etc. to achieve revenue for the year.

Other external expenses

Other external expenses comprise administration costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, cost of revenue and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Notes to the Financial Statements

13 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Pleo Holding ApS and its wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Development projects

In accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C, the Company does not recognize incurred costs for the Company's development projects.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Leasehold improvements	3 years
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The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

13 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposits.

Notes to the Financial Statements

13 Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$