
Pleo Holding ApS

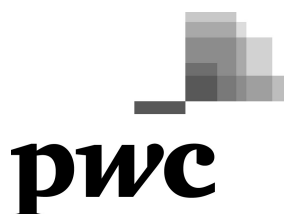
Ravnsborg Tværgade 5 C, DK-2200 Copenhagen

Annual Report for 1 January - 31 December 2021

CVR No 39 11 41 27

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 Holding ApS 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 and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows 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

Jeppe Rindom
Chairman

Christian Ulrik Trolle

Niccolo Perra

Johan Erik Larsson Brenner

Andreas Bernström

Kenneth Allen Fox

Keri Ann Gohman

Adrienne Gormley

Vanessa Ann Bailey

Independent Auditor's Report

To the Shareholders of Pleo Holding ApS

Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Pleo Holding ApS 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, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and 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 Group or 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 and the Group'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 Group's and 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

Independent Auditor's Report

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 Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Holding ApS
Ravnsborg Tværgade 5 C
DK-2200 Copenhagen

CVR No: 39 11 41 27
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Jeppe Rindom, Chairman
Christian Ulrik Trolle
Niccolo Perra
Johan Erik Larsson Brenner
Andreas Bernström
Kenneth Allen Fox
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 Group is described by the following financial highlights:

	Group				
	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Gross profit/loss	3.020	3.000	-4.898	-1.060	-6.114
Profit/loss before financial income and expenses	-191.141	-112.934	-77.281	-29.905	-13.916
Net financials	-3.699	-5.004	-1.403	-2.300	-1.040
Net profit/loss for the year	-189.939	-112.724	-73.412	-29.804	-13.789
Balance sheet					
Balance sheet total	2.973.385	555.147	557.936	99.064	50.473
Equity	2.313.845	256.545	369.997	69.895	8.246
Cash flows					
Cash flows from:					
- operating activities	-208.173	-122.037	-81.016	-25.987	925
- investing activities	-56	-54	-3.042	0	-5.036
including investment in property, plant and equipment	0	0	-1.934	0	0
- financing activities	2.246.529	0	373.500	103.787	9.158
Change in cash and cash equivalents for the year	2.038.300	-122.091	289.442	77.800	5.047
Number of employees	286	179	109	47	18
Ratios					
Solvency ratio	77,8%	46,2%	66,3%	70,6%	16,3%

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 and Group

The company's main activity is to own shares and invest in subsidiaries. The Group's main activity is to develop and provide a platform for expense handling and payments for businesses and hereby related activities.

Development in activities and financial matters

The income statement of the Group for 2021 shows a loss of TDKK 189,939, and at 31 December 2021 the balance sheet of the Group shows equity of TDKK 2,313,845.

On Group level the loss before tax for the year is tDKK 194.840 against tDKK 117.937 last year. The Group loss from ordinary activities after tax are tDKK 189.939 against tDKK 112.723 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 Group's parent company has closed two new funding rounds, latest in December 2021 where the Group was valued at 4.7 billion USD. 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 subsidiaries' 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 Group has incurred considerable research and development costs relating to the core products. The purpose of these investments is to ensure that the Group can maintain and grow the market position in coming years.

Environmental performance

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

In addition, the Group is looking into ways of minimizing environmental impact from the Group 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 Group to achieve both short- and long-term goals in accordance with Group's strategy. As a result, the Group 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 Group will assess whether to recognize the tax asset in future financial years.

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

Unusual circumstances affecting recognition and measurement

In relation the investments in the subsidiaries the assessment of the valuation shall be seen in connection with the description under Management's review in the section describing development in activities and financial matters.

Events subsequent to the financial year

In May 2022, the Danish Financial Supervisory Authority (FSA) conducted an ordinary inspection at the subsidiary Pleo Financial Services A/S, focusing on the company's policies and procedures in general, AML and KYC. The Company has not yet received a report from the Danish Financial Supervisory Authority describing the Danish Financial Supervisory Authority's conclusions. Following inspections, it is not uncommon for an inspected company to receive orders that may be related to business procedures, and documentation. However, it is the management's opinion that any potential such orders will not affect the annual report.

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

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

Income Statement 1 January - 31 December

	Note	Group		Parent company	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Gross profit/loss		3.020	3.000	-1.457	-32
Staff expenses	2	-193.857	-113.216	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-304	-2.718	0	0
Profit/loss before financial income and expenses		-191.141	-112.934	-1.457	-32
Other financial income	3	3.007	156	1.883	2.606
Other financial expenses	4	-6.706	-5.160	-3.894	-2.432
Profit/loss before tax		-194.840	-117.938	-3.468	142
Tax on profit/loss for the year	5	4.901	5.214	202	0
Net profit/loss for the year		-189.939	-112.724	-3.266	142

Balance Sheet 31 December

Assets

	Note	Group		Parent company	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Leasehold improvements		0	304	0	0
Property, plant and equipment	6	0	304	0	0
Investments in subsidiaries	7	0	0	636.429	348.141
Deposits	8	1.218	1.162	0	0
Fixed asset investments		1.218	1.162	636.429	348.141
Fixed assets		1.218	1.466	636.429	348.141
Inventories		1.187	521	0	0
Trade receivables		10.143	2.050	0	0
Receivables from group enterprises		0	0	78.487	31.339
Other receivables		61.192	33.087	0	0
Corporation tax		5.500	5.500	0	0
Corporation tax receivable from group enterprises		0	0	202	0
Prepayments	9	9.273	3.943	0	0
Receivables		86.108	44.580	78.689	31.339
Cash at bank and in hand	10	2.884.872	508.580	2.182.620	188.071
Currents assets		2.972.167	553.681	2.261.309	219.410
Assets		2.973.385	555.147	2.897.738	567.551

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Share capital		188	161	188	161
Other statutory reserves		53	-727	0	0
Retained earnings		2.313.604	257.111	2.738.558	495.393
Equity		2.313.845	256.545	2.738.746	495.554
Other payables		17.840	24.557	0	0
Long-term debt	12	17.840	24.557	0	0
Trade payables		21.837	4.570	90	50
Payables to group enterprises		0	0	158.010	71.947
Corporation tax		895	323	0	0
Other payables	12,13	618.968	269.152	892	0
Short-term debt		641.700	274.045	158.992	71.997
Debt		659.540	298.602	158.992	71.997
Liabilities and equity		2.973.385	555.147	2.897.738	567.551
Subsequent events	1				
Distribution of profit	11				
Contingent assets, liabilities and other financial obligations	16				
Accounting Policies	17				

Statement of Changes in Equity

Group

	Share capital	Share premium account	Other statutory reserves	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	161	0	-727	257.111	256.545
Exchange adjustments	0	0	780	0	780
Cash capital increase	27	2.246.432	0	0	2.246.459
Net profit/loss for the year	0	0	0	-189.939	-189.939
Transfer from share premium account	0	-2.246.432	0	2.246.432	0
Equity at 31 December	188	0	53	2.313.604	2.313.845

Parent company

Equity at 1 January	161	0	0	495.393	495.554
Cash capital increase	27	0	0	0	27
Net profit/loss for the year	0	0	0	-3.266	-3.266
Transfer from share premium account	0	0	0	2.246.431	2.246.431
Equity at 31 December	188	0	0	2.738.558	2.738.746

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2021 TDKK	2020 TDKK
Net profit/loss for the year		-189.939	-112.724
Adjustments	14	-621	1.781
Change in working capital	15	-19.416	-11.392
Cash flows from operating activities before financial income and expenses		-209.976	-122.335
Financial income		3.006	156
Financial expenses		-6.703	-5.161
Cash flows from ordinary activities		-213.673	-127.340
Corporation tax received		5.500	5.303
Cash flows from operating activities		-208.173	-122.037
Fixed asset investments made etc		-152	-54
Sale of fixed asset investments etc		96	0
Cash flows from investing activities		-56	-54
Cash capital increase		2.246.529	0
Cash flows from financing activities		2.246.529	0
Change in cash and cash equivalents		2.038.300	-122.091
Cash and cash equivalents at 1 January		257.457	379.548
Cash and cash equivalents at 31 December		2.295.757	257.457
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2.295.757	257.457
Cash and cash equivalents at 31 December		2.295.757	257.457

Notes to the Financial Statements

1 Subsequent events

In May 2022, the Danish Financial Supervisory Authority (FSA) conducted an ordinary inspection focusing on the company's policies and procedures in general, AML and KYC. The Company has not yet received a report from the Danish Financial Supervisory Authority describing the Danish Financial Supervisory Authority's conclusions. Following in inspections, it is not uncommon for an inspected company to receive orders that may be related to business procedures, and documentation. However, it is the management's opinion that any potential such orders will not affect the annual report.

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

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

Notes to the Financial Statements

	Group		Parent company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
2 Staff expenses				
Wages and salaries	187.273	110.612	0	0
Pensions	453	0	0	0
Other social security expenses	1.074	1.177	0	0
Other staff expenses	5.057	1.427	0	0
	193.857	113.216	0	0
Including remuneration to the Executive Board of:				
Executive Board	2.079	1.923	0	0
	2.079	1.923	0	0
Average number of employees	286	179	0	0

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.

Incentives programme, other staffs:

The parent company has granted warrants to Key Management and certain employees which entitle them to subscribe ordinary shares in the parent company.

As of 31 December 2021, the following warrants has been granted:

No of warrants	Exercise price
554.822 w arrants	<100 DKK
649.214 w arrants	100-500 DKK
34.650 w arrants	500-1,000 DKK
10.300 w arrants	>1,000 DKK

As described above, the warrants are subject to certain vesting conditions and only become available for exercise at certain events (like an 'Exit event') or a predetermined future date. This predetermined date varies between year 2027-2030.

3 Other financial income

Interest received from group enterprises	0	0	1.883	2.606
Other financial income	0	156	0	0
Exchange gains	3.007	0	0	0
	3.007	156	1.883	2.606

Notes to the Financial Statements

	Group		Parent company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
4 Other financial expenses				
Other financial expenses	6.706	4.956	3.891	1.337
Exchange loss	0	204	3	1.095
	6.706	5.160	3.894	2.432

5 Tax on profit/loss for the year

Current tax for the year	-4.901	-5.214	-202	0
	-4.901	-5.214	-202	0

6 Property, plant and equipment

Group

	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
Depreciated over	3 years

Notes to the Financial Statements

7 Investments in subsidiaries

	Parent company	
	2021	2020
	TDKK	TDKK
Cost at 1 January	348.141	227.841
Additions for the year	300.000	120.300
Disposals for the year	-11.712	0
Carrying amount at 31 December	636.429	348.141

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
Pleo Technologies A/S	Denmark	100%	85.138	-247.936
Pleo Financial Services A/S	Denmark	100%	122.513	59.215
Pleo Technologies Ltd.	United Kingdom	100%	2.439	1.430
Pleo Technologies AB	Sweden	100%	366	31
Pleo Technologies GmbH	Germany	100%	548	325
Pleo Technologies SL	Spain	100%	109	-9
Pleo Technologies Inc.	Canada	100%	383	239
GTM Pleo Technologies LDA	Portugal	100%	32	32
			211.528	-186.673

8 Other fixed asset investments

	Group
	Deposits
	TDKK
Cost at 1 January	1.162
Additions for the year	152
Disposals for the year	-96
Cost at 31 December	1.218
Carrying amount at 31 December	1.218

Notes to the Financial Statements

9 Prepayments

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

	Group		Parent company	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
10 Cash at bank and in hand				
Cash at bank and in hand	2.295.757	257.457	2.182.620	188.071
Customer funds	589.115	251.123	0	0
	2.884.872	508.580	2.182.620	188.071

11 Distribution of profit

Retained earnings			-3.266	142
			-3.266	142

12 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	17.840	24.557	0	0
Long-term part	17.840	24.557	0	0
Within 1 year	3.541	3.541	0	0
Other short-term payables	615.427	265.611	892	0
Short-term part	618.968	269.152	892	0
	636.808	293.709	892	0

Notes to the Financial Statements

13 Other payables	Group		Parent company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Customer funds	589.115	251.123	0	0
Other debt	29.853	18.029	892	0
	618.968	269.152	892	0

14 Cash flow statement - adjustments	Group	
	2021	2020
	TDKK	TDKK
Financial income	-3.007	-156
Financial expenses	6.706	5.160
Depreciation, amortisation and impairment losses, including losses and gains on sales	304	2.718
Tax on profit/loss for the year	-4.901	-5.214
Exchange adjustments	277	-727
	-621	1.781

15 Cash flow statement - change in working capital		
Change in inventories	-666	-135
Change in receivables	-41.528	-19.531
Change in other provisions	-168	0
Change in trade payables, etc	22.946	8.274
	-19.416	-11.392

Notes to the Financial Statements

16 Contingent assets, liabilities and other financial obligations	Group		Parent company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	6.171	6.639	0	0
Between 1 and 5 years	71.662	6.746	0	0
After 5 years	56.428	0	0	0
	134.261	13.385	0	0

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Pleo Holding ApS has provided a letter of support to the subsidiary Pleo Technologies A/S and has also provided a guarantee towards Pleo Technologies A/S' landlord for any claim relating to Pleo Technologies A/S.

Notes to the Financial Statements

17 Accounting Policies

The Annual Report of Pleo Holding ApS 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 order of the items of the income statement differs from the format prescribed by the Danish Financial Statements Act as the order has been adjusted to the nature of the Group's activities.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in TDKK.

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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Pleo Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and

Notes to the Financial Statements

17 Accounting Policies (continued)

losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

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.

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.

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

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold 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 Group.

Notes to the Financial Statements

17 Accounting Policies (continued)

Revenue from financial services is recognized when the service is 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 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 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 external workforce, 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.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of property, plant and equipment.

Notes to the Financial Statements

17 Accounting Policies (continued)

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 wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development projects

In accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C, the Group 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

17 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and 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.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

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 and subscriptions.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Notes to the Financial Statements

17 Accounting Policies (continued)

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.

Notes to the Financial Statements

17 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year. Customer funds has been excluded from the cash flow statement.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" excluding "customer funds". The cash flow statement cannot be immediately derived from the published financial records.

Pleo group holds customer funds deposited on the customers' Pleo debit cards. Customer funds comprise cash and an offsetting payable to the customers. Customer funds are recognized under cash and other payables as "customer funds" as specified in note 9 and 12 respectively.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Solvency ratio

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