
Pleo Technologies A/S

Ravnsborg Tværgade 5 C, DK-2200 Copenhagen

Annual Report for 1 January - 31 December 2022

CVR No 36 53 86 86

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/6 2023

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 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

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 2023

Executive Board

Jeppe Rindom
CEO

Niccolo Perra

Board of Directors

Andreas Bernström
Chairman

Kenneth Fox

Johan Brenner

Niccolo Perra

Lise Kaae

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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 2022, 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.

Reporting obligations under section 7(2) of the Danish Executive Order on Approved Auditors' Reports

Non-compliance with the provisions of the Danish Companies Act on loss of capital

The Company has lost more than half of its share capital. Management has failed to ensure that a general meeting was held within the time limits laid down by the Danish Companies Act and to give an account of the financial position of the Company to the shareholders and, if required, submit a proposal for measures to be taken, by which Management may incur liability.

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.

Independent Auditor's Report

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 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 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

Independent Auditor's Report

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 28 June 2023

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
Lise Kaae
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:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	131.407	71.829	38.397	48.974	19.006
Gross profit/loss	-487.778	-156.809	-52.417	-18.465	-1.011
Profit/loss before financial income and expenses	-689.478	-266.438	-138.932	-80.186	-29.675
Net financials	-9.984	-3.498	-4.129	-1.508	-2.378
Net profit/loss for the year	-657.291	-247.936	-132.361	-75.767	-29.638
Balance sheet					
Balance sheet total	133.233	239.509	103.111	96.067	40.466
Equity	-572.153	85.138	33.074	45.434	3.907
Investment in property, plant and equipment	0	0	1.039	1.934	0
Number of employees	314	153	124	89	47
Ratios					
Gross margin	-371,2%	-218,3%	-136,5%	-37,7%	-5,3%
Profit margin	-524,7%	-370,9%	-361,8%	-163,7%	-156,1%
Solvency ratio	-429,4%	35,5%	32,1%	47,3%	9,7%

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 gross loss for the year is TDKK 487,778 against TDKK 156,809 last year. The results from ordinary activities after tax are TDKK 657,291 against TDKK 247,936 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 had closed two funding rounds. As a result, the Group is as of 31 December 2022 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.

Capital loss cf. Section 119 of the Danish Companies Act

The Company has lost more than 50% of the share capital. As noted in the auditor's opinion the deadline in accordance of the Danish Companies Act section 119 had lapsed. The Company's plan for re-establishing the share capital has been approved at an Extraordinary General Meeting in June 2023. Furthermore the Company has received a letter of support from its parent company, Pleo Holding ApS, which will ensure sufficient liquidity for the Company to continue the execution of the growth strategy. The letter of support is effective until the ordinary Annual General Meeting in 2024 which is to take place in the period 1 January – 30 June 2024. The letter of support is capped at additional EUR 100 million from the date of approval, 28 June 2023.

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.

Management's Review

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.

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.

Statement on Corporate Social Responsibility, cf. section 99a of the Danish Financial Statement Act

Investing in Corporate Social Responsibility - for both people and the planet - is part of the business strategy at Pleo. The Group has a desire to act responsibly in relation to customers, employees, business partners and the outside world. How the company approaches Corporate Social Responsibility can be found in the consolidated financial statement for its parent company, Pleo Holding ApS.

Statement on equal gender representation in leadership position, cf. section 99b of the Danish Financial Statement Act for the underrepresented gender

Pleo is committed to adhering to ethical, transparent, and forward-looking best practices while providing an inclusive workplace.

The gender composition of the Company's board of directors is as follows: the board complies with gender representation requirements with 44% (4) members who are WOMEN, and 56% (5) who are MEN. Consequently, there is an equal gender representation cf. section 99b.

The gender composition of the Company's senior leadership is 30 % (3) WOMEN, and 70 % (7) (MEN) and our ambition is to have at least 40% of each gender represented by 2026. The Pleo Group has a number of initiatives to build belonging internally at Pleo, which are then open-sourced and made available externally for those looking to build belonging in their organisations:

- Annual, compulsory Unconscious Bias & Inclusion training
- Annual data analysis on people processes to highlight equity and inclusion challenges, including gender distribution
- On going leadership coaching on how to set commitments to build belonging

Management's Review

Statement on data ethics, cf. section 99d of the Danish Financial Statement Act

The Pleo Group is committed to earning and keeping the trust of our consumers, business partners, employees and other stakeholders as we strive for a better today and tomorrow. How the company approaches data ethics can be found in the consolidated financial statement for its parent company, Pleo Holding ApS.

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

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

	Note	2022 TDKK	2021 TDKK
Revenue	2	131.407	71.829
Other operating income		0	13.216
Cost of revenue		-396.887	-117.530
Other external expenses		-222.298	-124.324
Gross profit/loss		-487.778	-156.809
Staff expenses	3	-198.612	-109.325
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-3.088	-304
Profit/loss before financial income and expenses		-689.478	-266.438
Financial income	4	2	369
Financial expenses	5	-9.986	-3.867
Profit/loss before tax		-699.462	-269.936
Tax on profit/loss for the year	6	42.171	22.000
Net profit/loss for the year		-657.291	-247.936

Balance Sheet 31 December

Assets

	Note	2022 TDKK	2021 TDKK
Completed development projects		14.792	0
Intangible assets	7	14.792	0
Leasehold improvements		454	0
Property, plant and equipment	8	454	0
Investments in subsidiaries	9	372	0
Deposits		0	6
Fixed asset investments		372	6
Fixed assets		15.618	6
Inventories		1.505	1.187
Trade receivables		858	10.143
Receivables from group enterprises		0	172.940
Other receivables		5.874	827
Corporation tax credit		5.500	5.500
Corporation tax receivable from group enterprises		36.671	16.500
Prepayments	10	21.730	7.390
Receivables		70.633	213.300
Cash at bank and in hand		45.477	25.016
Currents assets		117.615	239.503
Assets		133.233	239.509

Balance Sheet 31 December

Liabilities and equity

	Note	2022 TDKK	2021 TDKK
Share capital		400	400
Reserve for development costs		13.845	0
Retained earnings		-586.398	84.738
Equity		-572.153	85.138
Other payables		0	17.834
Long-term debt	12	0	17.834
Prepayments received from customers		17.317	0
Trade payables		2.844	17.641
Payables to group enterprises		663.220	98.316
Other payables	12	22.005	20.580
Short-term debt		705.386	136.537
Debt		705.386	154.371
Liabilities and equity		133.233	239.509
Going concern	1		
Distribution of profit	11		
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
Accounting Policies	15		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	400	0	84.738	85.138
Development costs for the year	0	13.845	-13.845	0
Net profit/loss for the year	0	0	-657.291	-657.291
Equity at 31 December	400	13.845	-586.398	-572.153

Notes to the Financial Statements

1 Going concern

Due to the Company's growth strategy and continuing investments in markets and product, the Company has generated a loss of TDKK 657,291. The loss is in line with the Management's expectations and the Company's business plan. As a result, The company's current assets amount to TDKK 117,615 and the current liabilities amounts to TDKK 705,386, where of TDKK 663,220 is debt to other group related parties. The net current assets are negative by TDKK 587,771.

The Company has received a letter of support from the parent Company Pleo Holding ApS which will ensure sufficient liquidity for the Company to continue the execution of the growth strategy. The letter of support is effective until the ordinary Annual General Meeting in 2024 which is to take place in the period 1 January - 30 June 2024. The letter of support is capped at additional EUR 100 million from the date of approval, 28 June 2023.

Based on the letter of support received Management has prepared the annual report under the going concern assumption.

	<u>2022</u> TDKK	<u>2021</u> TDKK
2 Revenue		
Geographical segments		
Revenue, Nordics	47.327	28.987
Revenue, Rest of Europe	28.533	11.200
Revenue Non Europe	55.547	31.642
	<u>131.407</u>	<u>71.829</u>
Business segments		
SaaS revenue	131.407	71.829
	<u>131.407</u>	<u>71.829</u>

Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
3 Staff expenses		
Wages and salaries	193.950	106.037
Other social security expenses	1.951	1.153
Other staff expenses	2.711	2.135
	198.612	109.325
Including remuneration to the Executive Board of:		
Executive Board	1.846	2.079
	1.846	2.079
Average number of employees	314	153

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 act 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 financial 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 2022	344,204	311 DKK	24 months
Issued during the year	8,75	500 DKK	1 months
Balance as of 31 December 2022	352,954	358 DKK	7 months
Of this, vested prior to January 2022	251,858		
Of this, vested during the year	55,457		
Of this, vested after 31 December 2022	45,64		
Balance as of 31 December 2022			
- Management	347,788		
- 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 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 2022, the following warrants has been granted:

No of Warrants	Exercise Prices
554,822 Warrants	< 100 DKK
516,833 Warrants	100-500 DKK
34,650 Warrants	500-1,000 DKK
10,300 Warrants	1,000-1500 DKK
224,720 Warrants	>1,500 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.

	2022 TDKK	2021 TDKK
4 Financial income		
Interest received from group enterprises	0	71
Other financial income	2	298
	2	369
5 Financial expenses		
Interest paid to group enterprises	6.859	1.323
Other financial expenses	1.116	2.544
Exchange loss	2.011	0
	9.986	3.867

Notes to the Financial Statements

6 Tax on profit/loss for the year

Current tax for the year	-5.500	-5.500
Joint tax contribution	-36.671	-16.500
	<u>-42.171</u>	<u>-22.000</u>

7 Intangible assets

	Completed development projects TDKK
Cost at 1 January	0
Additions for the year	<u>17.750</u>
Cost at 31 December	<u>17.750</u>
Impairment losses and amortisation at 1 January	0
Amortisation for the year	<u>2.958</u>
Impairment losses and amortisation at 31 December	<u>2.958</u>
Carrying amount at 31 December	<u>14.792</u>
Amortised over	<u>3 years</u>

Notes to the Financial Statements

8 Property, plant and equipment

	Leasehold improvements
	TDKK
Cost at 1 January	1.934
Additions for the year	605
Cost at 31 December	<u>2.539</u>
Impairment losses and depreciation at 1 January	1.934
Depreciation for the year	151
Impairment losses and depreciation at 31 December	<u>2.085</u>
Carrying amount at 31 December	<u>454</u>
Depreciated over	<u>3 years</u>

9 Investments in subsidiaries

Cost at 1 January	0	0
Additions for the year	<u>372</u>	<u>0</u>
Carrying amount at 31 December	<u>372</u>	<u>0</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Pleo Technologies SAS	France	371.825	100%	376.882	5.117

10 Prepayments

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

Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
11 Distribution of profit		
Retained earnings	-657.291	-247.936
	-657.291	-247.936

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:

	2022	2021
	TDKK	TDKK
Other payables		
Between 1 and 5 years	0	17.834
Long-term part	0	17.834
Within 1 year	0	3.541
Other short-term payables	22.005	17.039
Short-term part	22.005	20.580
	22.005	38.414

Notes to the Financial Statements

	2022 TDKK	2021 TDKK
13 Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with Vækstfonden as mortgage:		
Inventories	0	1.187
Trade receivables	0	10.143
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	2.492	3.204
Between 1 and 5 years	771	71.662
After 5 years	0	56.428
	<u>3.263</u>	<u>131.294</u>

Other contingent liabilities

The Danish 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.

14 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 Tværgade 5C, DK-2200 København N

Notes to the Financial Statements

15 Accounting Policies

The Annual Report of Pleo Technologies A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in TDKK.

The Company is included in the consolidated annual accounts for Pleo Holding ApS, where the audit fee for the entire group is presented.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Pleo Holding ApS, the Company has not prepared consolidated financial statements.

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.

Notes to the Financial Statements

15 Accounting Policies (continued)

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.

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

Revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

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 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.

Notes to the Financial Statements

15 Accounting Policies (continued)

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.

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 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.

Notes to the Financial Statements

15 Accounting Policies (continued)

Balance Sheet

Development projects

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Development costs for development projects and development projects in progress are recognized in profit or loss as they are incurred unless the conditions for capitalization have been met. The costs includes wages and salaries which directly and indirectly relates to the development activities.

Development costs are capitalized if the development projects are clearly defined and identifiable and where the technical rate of utilization of the project, the availability of adequate resources and a potential development opportunity can be demonstrated. Furthermore, such costs are capitalized only where the intention is to use the project, when the cost can be measured reliably and when it is probable that future economic benefits that will flow to the company can cover administrative expenses and development costs.

After completion of the development work, development costs are amortized over the estimated useful life. On going development projects are tested for impairment at least annually or when there is indication of impairment.

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

15 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.

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, 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.

Notes to the Financial Statements

15 Accounting Policies (continued)

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

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$