Pleo Technologies A/S

Ravnsborg Tværgade 5 C, DK-2200 Copenhagen

Annual Report for 1 January - 31 December 2024

CVR No 36 53 86 86

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 10/04 2025

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 2024.

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 2024 of the Company and of the results of the Company operations for 2024.

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, 10 April 2025

Executive Management

Jeppe Rindom CEO	Søren Westh Lonning CFO

Board of Directors

Andreas Bernström Chairman	Lisa Kaae	Jeppe Rindom
Niccolo Perra	Johan Brenner	Adrienne Gormley
Saagar Shashank Kulkarni	Merritt Susanne Hummer	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 2024, and of the results of the Company's operations for the financial year 1 January - 31 December 2024 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 2024, 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 Financial 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 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 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, 10 April 2025
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 Lisa Kaae Jeppe Rindom Niccolo Perra Johan Brenner Adrienne Gormley Vanessa Ann Bailey Saagar Shashank Kulkarni Merritt Susanne Hummer
Executive Management	Jeppe Rindom Søren Westh Lonning
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:

Key figures	2024 TDKK	2023 TDKK	2022 TDKK	2021 TDKK	2020 TDKK
Profit/loss					
Revenue	409,557	261,545	131,407	71,829	38,397
Gross profit/loss	-345,266	-414,454	-470,028	-156,809	-52,417
Profit/loss before financial income and expenses	-573,365	-653,149	-689,478	-266,438	-138,932
Net financials	-19,386	1,693	-9,984	-3,498	-4,129
Net profit/loss for the year	-516,290	-592,848	-657,291	-247,936	-132,361
Balance sheet					
Balance sheet total	248,368	711,291	133,233	239,509	103,111
Equity	-222,255	294,034	-572,153	85,138	33,074
Investment in property, plant and equipment	0	0	605	0	1,039
Number of employees	224	268	314	153	124
Ratios					
Gross margin	-84%	-158%	-357%	-218%	-136%
Profit margin	-140%	-249%	-524%	-370%	-361%
Solvency ratio	-90%	41%	-429%	35%	32%

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 345,266 against TDKK 414,454 last year. The results from ordinary activities after tax are TDKK -516,290 against TDKK -592,848 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.

The past year and follow-up on development expectations from last year

Due to a significant growth, company result was better than forecasted the company achieved a net loss, which was above the range forecasted in last years' outlook of 560 to 685 million.

The management expects to keep investing considerably into both product improvements, new features, and market growth in the coming year. As a result of this, management expects a negative net result in the coming year in the range of DKK 460 – 620 million.

Capital resources

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 for 2025 which is to take place in the period 1 January – 30 June 2026. The letter of support is capped at additional EUR 100 million from the date of approval, 8 April 2025.

Based on the letter of support received Management evaluates that the Company has sufficient capital resources to continue operations.

Research and development activities

Throughout the year the Company has incurred considerable research and development costs relating to the core products, The purpose of these investments is to ensure that the Company 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.

Intellectual capital resources

Knowledge resources are essential for the Company to achieve both short- and long-term goals in according to the 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 - CVR no. 39 11 41 27.

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 - CVR no. 39 11 41 27.

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	2024 TDKK	2023 TDKK
Revenue	2	**409,557**	**261,545**
Work on own account recognised in assets		31,608	25,414
Cost of revenue		-566,034	-514,755
Other external expenses		-220,397	-186,658
Gross profit/loss		**-345,266**	**-414,454**
Staff expenses	3	-202,457	-228,300
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-25,641	-10,395
Profit/loss before financial income and expenses		**-573,365**	**-653,149**
Financial income	4	5,491	2,487
Financial expenses	5	-24,877	-794
Profit/loss before tax		**-592,750**	**-651,456**
Tax on profit/loss for the year	6	76,461	58,608
Net profit/loss for the year		**-516,290**	**-592,848**

Balance Sheet 31 December

Assets

	Note	2024 TDKK	2023 TDKK
Completed development projects		61,433	38,018
Development projects in progress		24,452	12,453
Intangible assets	7	**85,884**	**50,471**
Leasehold improvements		151	302
Property, plant and equipment	8	**151**	**302**
Investments in subsidiaries	9	1,263	1,263
Fixed asset investments		**1,263**	**1,263**
Fixed assets		**87,299**	**52,036**
Inventories		**0**	**1,542**
Trade receivables		5,824	9,002
Receivables from group enterprises		10,173	496,371
Other receivables		232	185
Corporation tax receivable from group enterprises		76,461	58,608
Prepayments	10	28,756	20,672
Receivables		**121,446**	**584,838**
Cash at bank and in hand		**39,624**	**72,875**
Currents assets		**161,069**	**659,255**
Assets		**248,368**	**711,291**

Balance Sheet 31 December

Liabilities and equity

	Note	2024 TDKK	2023 TDKK
Share capital		400	400
Reserve for development costs		66,990	39,367
Retained earnings		-289,645	254,267
Equity		**-222,255**	**294,034**
Prepayments received from customers	11	117,231	56,414
Trade payables		21,802	7,134
Payables to group enterprises		323,368	340,225
Other payables		8,223	13,484
Short-term debt		**470,623**	**417,257**
Debt		**470,623**	**417,257**
Liabilities and equity		**248,368**	**711,291**

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Statement of Changes in Equity

	Share capital TDKK	Reserve for development costs TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January	400	39,367	254,267	294,034
Development costs for the year	0	47,505	-47,505	0
Depreciation, amortisation and impairment for the year	0	-19,882	19,882	0
Net profit/loss for the year	0	0	-516,290	-516,290
Equity at 31 December	**400**	**66,990**	**-289,645**	**-222,255**

Notes to the Financial Statements

1 Going concern

Due to the Company's growth strategy and continuing investments in markets and products, the Company has generated a loss of 516,290 TDKK. The loss is in line with the Management's expectations and the Company's business plan. As a result, The company's current assets amounts to 161,069 TDKK and the current liabilities amounts to 470,623 TDKK, of which 323,368 TDKK is debt to other group related parties. The net current assets are negative by 309,554 TDKK.

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 for 2025 which is to take place in the period 1 January - 30 June 2026, The letter of support is capped at additional EUR 100 million from the date of approval.

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

2 Revenue

	2024 TDKK	2023 TDKK
Geographical segments		
Nordics	121,349	83,336
EU	131,903	76,967
Rest of Europe	156,305	101,242
	409,557	**261,545**
Business segments		
SaaS revenue	409,557	261,545
	409,557	**261,545**

Notes to the Financial Statements

	2024 TDKK	2023 TDKK
3 Staff expenses		
Wages and salaries	198,407	220,666
Other social security expenses	1,779	2,041
Pension	1,247	1,168
Other staff expenses	1,024	4,425
	202,457	**228,300**
Including remuneration to the Executive Board of:		
Executive Board	4,286	3,091
	4,286	**3,091**
Average number of employees	**224**	**268**

Management's incentives programme
The executive management and board of directors receives special incentive programmes in the form of warrants in the ultimate parent Company, Pleo Holding ApS.

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	352,954	243 DKK	30 months
Issued during the year	72,884		
Balance as of 31 December	**425,838**	**358 DKK**	**30 months**
Of this:			
vested prior to January	246,302		
vested during the year	19,849		
to be vested after December	159,687		
Board of Directors	8,810		
Other management personnel	417,028		

Notes to the Financial Statements

"Average maturity" defines the average remaining time until the warrants vests and become available for exercise,

The latest observed transactional share price amounts to DKK 600 (according to share purchase agreement concluded between Pleo Holding ApS investors in February 2024), the Management has not observed any subsequent transaction on the shares that would use a different share price.

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.

	2024 TDKK	2023 TDKK
4 Financial income		
Interest received from group enterprises	3,620	900
Other financial income	1,871	1,350
Exchange gains	0	237
	5,491	**2,487**
5 Financial expenses		
Interest paid to group enterprises	20,922	0
Other financial expenses	1,350	549
Exchange loss	2,605	245
	24,877	**794**
6 Tax on profit/loss for the year		
Current tax for the year	0	6,229
Joint tax contribution	-76,461	-64,837
	-76,461	**-58,608**

Notes to the Financial Statements

7 Intangible assets

	Completed development projects	Development projects in progress
	TDKK	TDKK
Cost at 1 January	49,879	12,453
Additions for the year	0	60,904
Transfers for the year	48,905	-48,905
Cost at 31 December	98,784	24,452
Impairment losses and amortisation at 1 January	11,861	0
Amortisation for the year	25,490	0
Impairment losses and amortisation at 31 December	37,351	0
Carrying amount at 31 December	**61,433**	**24,452**
Amortised over	3 years	

Completed development projects relate to the Pleo expense management Platform. The platform is under constant development and completed features capitalized in 2024 relates to new product features, improved customer experience and ERP integrations. The capitalised costs are to a high degree based on Management's judgment and significant assumptions are used.

Notes to the Financial Statements

8 Property, plant and equipment

	Leasehold improvements TDKK
Cost at 1 January	2,539
Cost at 31 December	2,539
Impairment losses and depreciation at 1 January	2,237
Depreciation for the year	151
Impairment losses and depreciation at 31 December	2,388
Carrying amount at 31 December	**151**

Depreciated over 3 years

9 Investments in subsidiaries

	2024 TDKK	2023 TDKK
Cost at 1 January	1,263	372
Additions for the year	0	891
Carrying amount at 31 December	**1,263**	**1,263**

Investments in subsidiaries are specified in TDKK as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
Pleo Technologies SAS	France	100%	2,108	345
Pleo Technologies AB	Sweden	100%	3,677	337
Pleo Technologies BV	Netherlands	100%	294	361
Pleo Technologies GmbH	Germany	100%	8,246	3,132
Pleo Technologies Inc	Canada	100%	762	266
Pleo North America Inc	USA	100%	-437	225
Pleo Technologies Ltd	England	100%	14,604	6,453
Pleo Technologies Portugal	Portugal	100%	6,351	1,766
Pleo Technologies SL	Spain	100%	3,973	2,011

Notes to the Financial Statements

10 Prepayments

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

11 Prepayments received from customers

Prepayments received from customers consist of a portion of the subscription revenue related to the contract period after the balance sheet date.

12 Distribution of profit

	2024	2023
	TDKK	TDKK
Retained earnings	-516,290	-592,848
	-516,290	**-592,848**

13 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases, Total future lease payments:		
Within 1 year	3,005	3,804
Between 1 and 5 years	247	386
	3,252	**4,190**

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 (Pleo Holding ApS).

Notes to the Financial Statements

Controlling interest

Pleo Holding ApS has the full controlling interest of the reporting entity (based on 100% ownership of the issued shared capital).

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

Transactions

The Company discloses all transactions with related parties during the year. In 2024, the following transactions have occurred:

	2024 TDKK
Purchase of services from other group companies	529,894
Interest received from parent company	620
Interest received from other group companies	3,000
Interest paid to other group companies	4,544
Payables to parent company	18,111
Receivables from other group companies	10,173
Payables to other group companies	305,257

In Addition, transactions with the management have been carried out in the form of management remuneration as disclosed in note 3.

Notes to the Financial Statements

15 Accounting Policies

The Annual Report of Pleo Technologies A/S for 2024 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 2024 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

Rent arrangements

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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.

Notes to the Financial Statements

15 Accounting Policies (continued)

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.

Portion of the revenue related to the contract period after the balance sheet date is presented as Prepayments received from customers.

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 comprises 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 and intangible assets.

Financial income and expenses

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

Notes to the Financial Statements

15 Accounting Policies (continued)

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

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 include wages and salaries which directly and indirectly relate 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.

The corresponding "Reserve for development costs" in the amount of 78% of the carrying amount of the development projects is recognised in the equity line.

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

Development projects are amortized over a period of 3 years.

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.

Notes to the Financial Statements

15 Accounting Policies (continued)

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment and intangible assets 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.

Notes to the Financial Statements

15 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

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

Financial Highlights

Explanation of financial ratios

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