Consolidated Financial Statements

1 January – 31 December 2023

Pleo Holding ApS

Ravnsborg Tværgade 5 C, 2200 Copenhagen
Denmark
CVR NO: 39 11 41 27

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the consolidated financial statements of Pleo Holding ApS for the financial year 1 January - 31 December 2023 prepared in accordance with IFRS accounting standards as adopted by EU.

The annual report for 2023 comprising consolidated financial statements and separate financial statements for the parent company has been prepared in accordance with the Danish Financial Statements Act. The annual report for 2023 was approved by the shareholders at the annual general meeting held on 27 June 2024 and filed with the Danish Business Authority. The annual report is available at www.cvr.dk.

These consolidated financial statements are the first consolidated financial statements prepared in accordance with IFRS accounting standards as adopted by EU and comprise an explanation of transition to IFRSs bridging the numbers as presented in the consolidated financial statements forming part of the annual report for 2023.

The consolidated financial statements are not subject to shareholders' approval.

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Group and of the results of the Group's operations and cash flows for 2023 in accordance with IFRS accounting standards as adopted by EU.

Copenhagen, 20 March 2025

Executive Board

Jeppe Rindom CEO	Søren Westh Lonning Executive Officer

Board of directors

Andreas Bernström Chairman	Adrienne Gormley	Jeppe Rindom
Johan Erik Larsson Brenner	Lise Kaae	Merritt Susanne Hummer
Niccolo Perra	Saagar Shashank Kulkarni	Vanessa Ann Bailey

Independent auditor’s opinion

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of the Group at 31 December 2023 and of the results of the Group’s operations and of consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements Financial Statements of Pleo Holding ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group, 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.

Other Matter

Without modifying our opinion, we draw, as described on page 3, “Management’s Statement“, attention to the fact that these Consolidated Financial Statements are not statutory financial statements. We have audited the Statutory Financial Statements for 2023 as included in the Annual report for 2023 comprising consolidated and separate Financial Statements prepared in accordance with the Danish Financial Statements Act. The Annual Report for 2023 was approved by the shareholders at the Annual General Meeting held on 27 June 2024 and filed with the Danish Business Authority.

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 IFRS Accounting Standards as adopted by the EU and further requirements in 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 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 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, 20 March 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 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	Andreas Bernström, Chairman Adrienne Gormley Jeppe Rindom Johan Erik Larsson Brenner Lise Kaae Merritt Susanne Hummer Niccolo Perra Saagar Shashank Kulkarni Vanessa Ann Bailey
Executive Board	Jeppe Rindom Søren Westh Lonning
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Five-year overview

Financial statement In thousands EUR	2023	2022	2021*	2020*	2019*
Revenue	75,735	50,262	25,747	9,774	8,454
Gross profit/loss	63,898	42,923	406	403	(656)
Operating result before depreciation and amortisation (EBITDA)	(63,405)	(75,531)	(3,415)	(1,675)	(1,081)
Operating profit before financial income and expenses and tax (EBIT)	(66,733)	(76,622)	(25,703)	(15,181)	(10,346)
Net financials	5,670	(2,766)	(497)	(673)	(188)
Profit for the year	(61,821)	(78,988)	(25,541)	(15,153)	(9,828)
Balance sheet					
Total assets	375,791	371,846	401,015	74,624	74,693
Total equity	186,516	239,770	284,240	34,485	49,533
Cash and cash equivalents, note 18	183,940	239,964	346,358	68,364	70,760
Investment in Property, plant and Equipment	-	-	-	-	(259)
Cash flow statement					
Cash flow from operating activities	(47,856)	(71,541)	(27,993)	(16,404)	(10,846)
Cash flow from investing activities	(6,131)	(4,010)	(8)	(7)	(407)
Cash flow from financing activities	(2,037)	(3,058)	302,095	-	50,002
Changes in cash and cash equivalents	(56,024)	(78,609)	277,994	(2,396)	57,944

Financial ratios	2023	2022	2021*	2020*	2019*
Gross-Margin**	84%	85%	2%	4%	-8%
EBITDA-Margin	-84%	-150%	-13%	-17%	-13%
Profit Margin	-82%	-157%	-99%	-155%	-116%
Solvency ratio	50%	64%	71%	46%	66%
Return on equity (ROE)	-29%	-30%	-16%	-36%	-33%

Employees					
Average number of employees	842	711	286	179	109

*Note that the financial statements for 2019–2021 have been prepared in accordance with the Danish Financial Statements Act

** For the years 2019-2021 Gross Margin is presented in accordance with the Danish Financial Statements Act and includes other external expenses. For the years 2022-2023 Gross margin is presented in accordance with IFRS, and other external expenses are excluded for the calculation of Gross Margin.

Consolidated financial statements for the year ended 2023

Income statement

1 January – 31 December

In thousands EUR	Notes	2023	2022
Revenue from contract with customers		72,421	50,039
Interest revenue		3,314	223
Total Revenue	2	**75,735**	**50,262**
Cost of goods and service		(11,837)	(7,339)
Gross profit		**63,898**	**42,923**
Staff costs	3	(90,150)	(77,865)
Other external expenses		(37,153)	(40,589)
Operating result before depreciation and amortisation (EBITDA)		**(63,405)**	**(75,531)**
Depreciation and amortisation		(3,328)	(1,091)
Operating profit before financial income and expenses (EBIT)		**(66,733)**	**(76,622)**
Financial income	5	5,824	18
Financial expenses	5	(154)	(2,784)
Loss before tax		**(61,063)**	**(79,388)**
Tax on profit / loss for the year	6	(758)	400
Net loss for the year		**(61,821)**	**(78,988)**

Statement of other comprehensive income

1 January – 31 December

In thousands EUR	Notes	2023	2022
Loss for the year		**(61,821)**	**(78,988)**
Items that may be reclassified to profit or loss:		-	-
Exchange differences on translation of foreign operations		(892)	(70)
Income tax impact		-	-
Other comprehensive income for the period, net of tax		**(892)**	**(70)**
Total comprehensive income		**(62,713)**	**(79,058)**

Statement of financial position

As at 31 December

In thousands EUR	Notes	2023	2022	As at 1 January 2022
Assets				
Intangible assets	11	6,629	1,989	-
Property, plant and equipment	12	326	398	-
Right of use assets	9	4,681	4,115	1,128
Financial assets	13	2,244	1,994	698
Total non-current assets		**13,880**	**8,496**	**1,826**
Inventories	10	207	202	160
Trade receivables and other receivables	8	1,207	115	1,364
Current financial assets	14	1,729	191	-
Other current assets		4,083	1,379	254
Current income tax assets		127	737	737
Prepayments		5,460	3,275	1,247
Deposits from customers	19	165,158	117,487	49,069
Cash and cash equivalents	18	183,940	239,964	346,358
Total current assets		**361,911**	**363,350**	**399,189**
Total assets		**375,791**	**371,846**	**401,015**

In thousands EUR	Notes	2023	2022	As at 1 January 2022
Share capital		25	25	25
Share premium		368,403	368,403	368,389
Share-based payments		17,179	7,720	-
Retained earnings		(198,430)	(136,609)	(84,475)
Foreign Currency Translation Reserve		(661)	231	301
Total equity		**186,516**	**239,770**	**284,240**
Other payables		-	-	2,399
Lease liabilities	9	2,487	3,094	809
Total non-current liabilities		**2,487**	**3,094**	**3,208**
Investor warrants		-	-	26,856
Lease liabilities	9	2,294	1,086	368
Current income tax liabilities		937	421	122
Trade payables and other payables		4,506	2,361	4,159
Contract liabilities		7,568	2,534	-
Other liabilities	20	171,483	122,580	82,062
Total current liabilities		**186,788**	**128,982**	**113,567**
Total liabilities		**189,275**	**132,076**	**116,775**
Total equity and liabilities		**375,791**	**371,846**	**401,015**

Cash flow statement

1 January – 31 December

In thousands EUR	Notes	2023	2022
Result of the year		**(61,821)**	**(78,988)**
Adjustments	**17**	6,994	11,871
Change in working capital	**17**	831	(2,405)
Interest received	**5**	5,829	80
Interest paid	**5**	(76)	(2,787)
Income taxes paid/received		387	688
Cash flow from operating activities		**(47,856)**	**(71,541)**
Fixed asset investments made		(152)	(1,623)
Intangible assets		(5,979)	(2,387)
Cash flow from investing activities		**(6,131)**	**(4,010)**
Capital increase		-	15
Repayment of other long-term debt		-	(2,399)
Principal elements of lease payments		(2,037)	(674)
Cash flow from financing activities		**(2,037)**	**(3,058)**
Cash flow for the year		**(56,024)**	**(78,609)**
Cash and cash equivalents at the beginning of the financial year	**18**	239,964	318,573
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at end of year		**183,940**	**239,964**

Accounting policies

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.

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".

Statement of changes in equity

1 January – 31 December 2023

In thousands EUR	Share capital	Share Premium	Foreign Currency Translation	Share-Based Payments	Accumulated loss	Total equity
At 1 January 2023	**25**	**368,403**	**231**	**7,720**	**(136,609)**	**239,770**
Loss for the period	-	-		-	(61,821)	(61,821)
Other comprehensive income	-	-	(892)	-	-	(892)
Total comprehensive income	**25**	**368,403**	**(661)**	**7,720**	**(198,430)**	**177,057**
Share-Based Payment awards vesting	-	-	-	9,459	-	9,459
Total equity transactions	**-**	**-**	**-**	**9,459**	**-**	**9,459**
As at 31 December 2023	**25**	**368,403**	**(661)**	**17,179**	**(198,430)**	**186,516**

Statement of changes in equity

1 January – 31 December 2022

In thousands EUR	Share capital	Share Premium	Foreign Currency exchange	Share-Based Payments	Accumulated loss	Total equity
At 1 January 2022	**25**	**368,389**	**301**	**-**	**(84,475)**	**284,240**
Loss for the period	-	-	-		(78,990)	(78,990)
Other comprehensive income	-	-	(70)	-	-	(70)
Total comprehensive income	**25**	**368,389**	**231**	**-**	**(163,465)**	**205,180**
Exercise of investor warrants	-	14	-	-	26,856	26,870
Share-Based Payment awards vesting	-	-	-	7,720	-	7,720
Total equity transactions	**-**	**14**	**-**	**7,720**	**26,856**	**34,590**
As at 31 December 2022	**25**	**368,403**	**231**	**7,720**	**(136,609)**	**239,770**

Notes to the consolidated financial statements

Basis of preparation

Introduction

The Consolidated financial statements of Pleo Holding ApS comprises the consolidated financial statements of Pleo Holding ApS and its subsidiaries (‘the Group’).

The Board of Directors and Executive Board considered and approved these 31 December 2023 consolidated IFRS financial statements of Pleo Holding ApS on 20 March 2025.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS accounting Standards as adopted by the EU as well as additional the Danish disclosure requirements applying to entities of reporting class C for large enterprises.

The financial statements have been prepared on a historical cost basis except for certain derivative financial instruments (measurement of a cost at its value is not as such fair value measurement).

The consolidated financial statements are presented in EUR and all values are rounded to the nearest thousands, except when otherwise indicated.

First-time adoption of IFRS

These consolidated financial statements are the first consolidated financial statements that are presented in accordance with IFRS. The consolidated financial statements included in the statutory annual report for 2023 were prepared in accordance with Årsregnskabsloven ("Danish GAAP)". Note 28 comprises information about how the Group adopted IFRS including a reconciliation of numbers presented in the primary statements included in the annual report. The accounting policies applied are based on the standards and interpretations effective for January 1 – December 31, 2023. No standards or interpretations which are not yet effective have been adopted.

Refer to note 28 for information on how the Group adopted IFRS.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Principles of consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Euro (EUR). The functional currency for Pleo Holding ApS which is the parent company of the group is Danish Kroner (DKK).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

The results and financial position of foreign operations that have a functional currency different from Euro are translated into Euro as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates, and

- all resulting exchange differences are recognised in other comprehensive income

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Accounting policies:

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 intangible assets and property, plant and equipment.

Prepayments

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

Financial Highlights

Explanation on financial ratios

Gross margin $\dfrac{\text{Gross profit x 100}}{\text{Revenue}}$

EBITDA margin $\dfrac{\text{EBITDA x 100}}{\text{Revenue}}$

Profit margin $\dfrac{\text{Profit before financials x 100}}{\text{Revenue}}$

Solvency ratio $\dfrac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$

Return on equity $\dfrac{\text{Profit of the year x 100}}{\text{Average total equity at year end}}$

Note 01 Significant accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

For critical estimates and judgments, please refer to the following notes:

Significant estimates:

- *Revenue from Contracts with Customers in note 2*
- *Share-based payments in note 4*

Significant judgement:

- *Deposits from customer funds in note 19*

Note 02 Revenue from contracts with customers

Pleo's revenue is primarily based on providing financial management services to businesses, with a strong focus on simplifying and automating expense reporting and administrative prosses.

Revenue is disaggregated based on:

- Revenue stream
- Geographical regions
- Over-time/Point in time

In thousands EUR	2023	2022
Revenue streams		
Financial services	45,191	32,451
Software as a service	35,084	17,836
Interest earned	3,314	223
Total gross revenue	**83,589**	**50,510**
Cash back	(7,854)	(248)
Total net revenue	**75,735**	**50,262**

In thousands EUR	2023	2022
Geographical regions		
Nordics	25,554	19,017
EU	18,617	9,992
Rest of europe	31,564	21,253
Total	**75,735**	**50,262**

In thousands EUR	2023	2022
Over time/Point in time		
Revenue recognised at a point in time	45,191	32,451
Revenue recognised over time	27,230	17,588
Interest earned using amortised cost method	3,314	223
Total	**75,735**	**50,262**

Accounting policies

Pleo derive revenue from two revenue streams being subscriptions to Pleo's Platform for expense management incl. fees on card transactions from customers and fees on card transactions from merchants.

Subscription fee to Pleo's platform and fees on card transactions.

Subscriptions to Pleo's platform for expense management are structured in membership tiers, with each tier offering an increasing number of features and benefits. The customer is granted access to the Platform for a specific number of users and receive a fixed number of Pleo cards. The customer can elect to entend their engagement with additional services, user accesses and cards at each tier against an increase in the subscription fee. The customer pays the subscription fee upfront either monthly or yearly. Customers choosing the yearly payments method receive an early payment discount.

Pleo offers a cashback rewards program to eligible customers based on the volume of card transactions. Cashback rewards are earned monthly and are transferred to the customer's balance (wallet) the following month. Pleo consider the cashback rewards as consideration payable to a customer, and it is recorded as contra revenue within Revenue on the Income Statement.

Accounting policies

Fees on Card Transactions

Fees on card transactions paid by Pleo's customers are incurred when customers use the Pleo card. These fees are transactional and can be based on either a fixed price or a variable price, depending on the transaction volume.

Management has determined that none of the deliverables within the subscription package (e.g., Pleo card, Pleo wallet, expense management services, etc.) can be considered distinct. This conclusion is based on the interdependence of these deliverables, as Pleo does not sell any individual component on a standalone basis. The goods and services are bundled into a combined output (e.g., a Pleo card cannot be used without an associated Pleo wallet), making them highly interrelated.

As the contract represents a single performance obligation, management has determined that variable consideration related to fees and charges is allocated to the goods and services forming this single performance obligation. This allocation follows the series provision in IFRS, as the fees and charges are substantially the same and exhibit the same pattern of transfer to the customer.

Revenue Recognition

Revenue from subscriptions is recognized over time, as customers simultaneously receive and consume the benefits of the subscription. In contrast, revenue from fees on card transactions is recognized at a point in time, when the transaction is completed.

Fees on card transactions paid by merchants

Fees on card transactions paid by merchants are derived from the usage of the Pleo Card as the merchants pays for the processing the payment. The fees are transactional and are either based on a fixed price or a variable price depending on the transaction volume. Fees on card transactions paid by merchants are assessed to constitute a single performance obligation being the customer's ability to make transactions with the merchant by using the underlying payment service/infrastructure provided by a third-party. Revenue related hereto is satisfied at a point in time when the transaction is completed. Fees earned from merchants and Pleo's cut in the interchange fees reflect actual stand-alone prices because Pleo's settlement with third parties follow general rules which is applied to all participants. As such, revenue from fees on card transactions paid by merchants are recognized on a gross basis with an associated cost of sales.

Significant accounting estimate

Stand-alone selling prices

Pleo has entered into a business arrangement with a third party where Pleo is both paying for utilising the third party's payment infrastructure and at the same time is entitled to arrangement fees for the transactions that are initiated by a Pleo issued third party payment card. The business arrangement is negotiated as one contract and therefore, Management has assessed whether the fees received and paid reflect stand alone prices for such services. Pleo has entered into the business arrangement with the third party on its standard terms and therefore, considers the respective fees as reflecting stand alone prices for such services.

Contract balances

The group has recognised the following assets and liabilities related to contracts with customers:

In thousands EUR	**2023**	**2022**
Contract balances at beginning of the period	(2,534)	-
Revenue recognised that was included in the contract liability balance at the beginning of the period	2,534	-
Payments received, excluding amounts recognised as revenue during the period (prepayments)	**(7,568)**	**(2,534)**

Amounts allocated to performance obligations that are unsatisfied or partially unsatisfied as of the end of the reporting period amounts to TEUR 7,568 for 2023 (2022: TEUR 2,534). The transactions price allocated to unsatisfied performance obligations as per year end is expected to be recognised as revenue within the following 12 months.

Accounting policies

The contract liabilities arise upon the receipt of yearly subscription payments to access Pleo's Platform for expenses management. Due to the length of the subscription, maximum one year, the entire contract liability at the beginning of the period have been recognised as revenue in the period.

Note 03 Staff cost

In thousands EUR	2023	2022
Wages and salaries	73,013	55,997
Defined contribution plans	2,089	469
Social security costs	8,685	7,573
Share-based payments, Note 4	9,459	7,720
Other staff costs	2,884	8,492
Work on own account recognised in assets	(5,980)	(2,386)
Total	**90,150**	**77,865**
Average number of employees	**842**	**711**

Accounting policies

Wages, salaries, social security contributions, pension contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where the Group provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employees.

Employee benefits - Pensions

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Key management personnel compensation

The Board of Directors and Executive Management team are not covered by any pension schemes. The compensation paid or payables to key management personnel for employee services is shown below. Key Management is defined as the Executive Board, the Board of directors and the Management Group.

Refer to note 04 for more information on the share-based payment program.

In thousands EUR	Executive board	Board of directors	Other key management	Total
2023				
Wages and salaries	346	24	827	1,197
Share-based payments	305	100	1,232	1,637
Social security costs	16	4	75	95
Total	**667**	**128**	**2,134**	**2,929**

In thousands EUR	Executive board	Board of directors	Other key management	Total
2022				
Wages and salaries	281	-	425	706
Share-based payments	551	155	475	1,181
Social security costs	13	-	24	37
Total	**845**	**155**	**924**	**1,924**

Note 04 Share based payments

Pleo Holding has implemented incentive programmes to provide long-term incentives for participants (Executive Management and full-time employees) to deliver long-term shareholder return. The programmes are important to retain the participants in the group.

Pleo Holding has implemented two long-term incentive programs for Management and employees. One being a warrants programme and the other being a Restricted Stock Unit ("RSU") program. These two programs are the only outstanding share-based remuneration programs as of 31 December 2023.

Below is a summary of the share-based instruments granted under the incentive programmes.

Restricted Stock Unit ("RSU") programme

Management and employees in the Pleo Group have been offered the opportunity to receive RSU's in the Group. The RSU's are granted with an exercise price of EUR 0.8 per RSU to the employees. The grant of RSU's to the participants is an one-off offer and not part of an ongoing program.

The RSU's vested immediately upon grant in 2023. The RSU's granted are currently not exercisable. The employee is delivered a number of common shares in the Group equal to the number of RSU's having vested (one RSU to one ordinary share) at a futures exercise date. The RSU can be exercise in 2030 or at an earlier exit event. Grant, vesting and/or exercise is not subject to achievement of performance targets.

In total 24,663 RSU's were granted to Management and employees during 2023 and staff expenses of TEUR 1,880 was recognised in the income statement.

Warrant programme

Mid-level and higher-level managers have been offered the opportunity to receive warrants in the Group. The warrants are granted free of charge to the participants. Warrants have been granted to employees of Pleo Holding Group since 2017.

The warrants vest over a period of three to four years. In an exit event, warrants are subject to accelerated vesting. The vested warrants give the holder the right but not an obligation to convert the warrants into common-shares. Grant, vesting and/or exercise is not subject to achievement of performance targets, but conditional on continued employment during the vesting period (service condition). Modifications to westing conditions have taken place during the period, resulting in a shorter average vesting period. The modification did not affect the fair value of the instruments granted.

- In 2020 a total of 645,306 warrants were granted to Management and employees with a vesting period from 12-48 months and an exercise price between EUR 1.48 and EUR 31.54. Expenses recognised in 2022 amounts to TEUR 1,065 and TEUR 1,901 in 2023.
- In 2021 a total of 270,790 warrants were granted to Management and employees with a vesting period from 12-48 months and an exercise price between EUR 4.70 and EUR 80.54. Expenses recognised in 2022 amounts to tEUR 3,420 and tEUR2,170 in 2023.
- In 2022 a total of 262,720 warrants were granted to Management and employees with a vesting period from 36-48 months and an exercise price between EUR 67.11 and EUR 80.54. Expenses recognised in 2022 amounts to tEUR 7,720 and tEUR 2,624 in 2023.
- In 2023 a total of 222,203 warrants were granted to Management and employees with a vesting period of 48 months and an exercise price between EUR 53.69 and EUR 80.54. Expenses recognised in 2023 amounts to tEUR 7,579.

Set out below are summaries of shares granted under the incentive programmes.

Pleo Holding has applied the Monte Carlo Simulation to determine the fair value on the grant date for each of the RSU and warrant programmes, respectively. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring the fair value. The expected volatility below is based on historical volatility. The inputs used to measure the fair values at grant date of the equity-settled share-based payments were as follows. Fair value on a Monte Carlo simulation using a sample of 10.000 random draws. The future estimated value of equity on different exit dates is simulated based on a geometric Brownian motion, taking into account the expected share price volatility, drift factor, dilution from exercise of other warrants and the effect of the liquidation preference for preference shares.

Accounting policies

Share-based payments
The fair value of warrants and RSUs granted under the Group's share-based remuneration programme is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the warrants and RSUs granted:

- including any market performance conditions,
- excluding the impact of any service and non-market performance vesting conditions, and
- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of warrants and RSU's that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

	2023	2022
Share price at date of grant	DKK 583	DKK 583-873
Dividend Yield	-	-
Expected term, Year	3-4	4-5
Risk free rate	2.2%-2.4%	2.5%-2.6%
Share price volatility of the company	46.8%	48.4%

Types of warrants:	2023		2022	
	Warrants	Restricted Stock Units (RSU)	Warrants	Restricted Stock Units (RSU)
Grant date	up to 31-Dec-23	31-dec-23	up to 31-Dec-22	31-dec-22
No. of instruments outstanding	1,488,772	24,663	1,319,735	-
Contract life, Years	3.5	3.5	4	-
Total fair value at grant (tEUR)	50,012	1,903	41,775	-
Costs recognised (tEUR)	**7,579**	**1,880**	**7,720**	-

Significant estimate

Valuation of share-based payments awards

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model.

In valuing the shares, Management has applied a valuation technique and the subscription price in capital increase that focuses on the Group as a starting point and includes market multiples. In addition, recent capital increase premiums compared to the observable multiples have been considered when estimating the value of the shares. Due to differences between the capital increase premiums paid and market multiples, the valuation model amortises the excess premium from capital increases over a period of time. The assumptions and models used for estimating the fair value of the incentive programme are disclosed above.

Specification of outstanding RSU's	**Weighted average exercise price (DKK)**	**Key Management**	**Employees**	**Total**
Outstanding 1 January 2023	-	-	-	-
Granted	6	150	24,513	24,663
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding 31 December 2023	**6**	**150**	**24,513**	**24,663**

As per 31 December 2023 none of the outstanding RSU's where exercisable (2022: none)

Specification of outstanding warrants	**Weighted average exercise price (EUR)**	**Key Management**	**Employees**	**Total**
Outstanding 1 January 2022	131	282,207	891,481	1,173,688
Granted	596	61,750	200,970	262,720
Exercised	-	-	-	-
Cancelled	-	-	-	-
Forfeited	270	-	(116,673)	(116,673)
Expired	-	-	-	-
Outstanding 31 December 2022	**211**	**343,957**	**975,778**	**1,319,735**
Outstanding 1 January 2023	211	343,957	975,778	1,319,735
Granted	463	43,843	178,360	222,203
Exercised	-	-	-	-
Cancelled	-	-	-	-
Forfeited	466	-	(53,166)	(53,166)
Expired	-	-	-	-
Outstanding 31 December 2023	**231**	**387,800**	**1,100,972**	**1,488,772**

As per 31 December 2023 none of the outstanding warrants where exercisable (2022: none)

Note 05 Financial income and expenses

In thousands EUR	2023	2022
Financial income		
Other financial income	5,177	1
Realized/Unrealized Exchange	647	17
Total	**5,824**	**18**

Interest income arising from liabilities not measured at fair value amounts to 5,177 TEUR for 2023 (2022: 1 TEUR).

In thousands EUR	2023	2022
Financial expenses		
Other financial expenses	5	1,321
Exchange adjustments, expenses	-	1,397
Leases expenses	149	66
Total	**154**	**2,784**

Interest expenses arising from liabilities not measured at fair value amounts to -5 TEUR for 2023 (2022: -6.5 TEUR).

Accounting policies

Financial income and costs comprise interest income and costs; realised and unrealised gains and losses on receivables, payables and transactions denominated in foreign currencies; realised gains and losses on securities; amortisation of financial assets and liabilities; interests on leasing agreements; bank charges and fees etc. Also included are realised and unrealised gains and losses on derivative financial instruments that are not designated as hedges.

Note 06 Tax

In thousands EUR	**2023**	**2022**
Current tax		
Current tax on profits for the year	(758)	386
Adjustment for current tax of prior periods	-	14
Total	**(758)**	**400**
Reconciliation of effective tax rate		
Tax at the Danish tax rate of 22% (2022: 22%)	13,434	17,466
Less tax in foreign operations compared to 22%	(10)	5
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:	-	-
Deferred tax assets on tax losses not recognised	(12,050)	(15,921)
Non tax deductible share-based payments expense	(2,081)	(1,698)
Tax relief received	-	739
Adjustments for current tax of prior periods	-	14
Other Non-taxable/non-deductible items	(51)	(205)
Total	**(758)**	**400**

Accounting policies

Tax

Tax for the year consists of current tax and deferred tax, including adjustments to previous years and changes in provision for uncertain tax positions are assessed per transaction and recognised as an adjustment to either current or deferred tax based on the most likely scenario. 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 tax expense relating to items recognised in other comprehensive income is recognised in other comprehensive income.

Current tax liabilities and receivables are recognised in the balance sheet at the amounts calculated on the taxable income for the year adjusted for tax on taxable incomes for prior years and for taxes paid on account.

Note 07 Deferred Tax

In thousands EUR	2023	2022
Deferred tax		
Deferred tax relates to:		
Right-of-use assets	1,030	905
Lease liabilities	(547)	(680)
Tax losses carried forward	(483)	(225)
Total	-	-

The group has unrecognised tax assets in a number of jurisdictions primarily within Denmark, UK and US, the unrecognised tax assets are in the range of approximately EUR 41 million as of 31 December 2023 (EUR 28 million as of 31 December 2022) and has not been recognised due to uncertainties of the utilisation within the next three years. There is no expiration date on tax loss carried forward and the use of tax losses is limited due to changes in ownership. A change in ownership of the group may result in restrictions on the group's ability to use tax losses in certain jurisdictions.

Accounting policies

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. A deferred income tax asset or liability is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Note 08 Receivables

In thousands EUR	2023	2022
Trade receivables from contracts	1,303	613
Other receivables	-	-
Expected credit loss	(96)	(498)
Net trade receivables	**1,207**	**115**

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. Please refer to note 15 for a description of the expected credit losses and risks regarding trade receivables.

	2023	
In thousands EUR	**Gross amount**	**loss allowance**
Days past due:		
Not overdue	842	-
0-3 days	230	(2)
4-30 days	132	(32)
31-90 days	99	(62)
More than 90 days	-	-
Total	**1,303**	**(96)**

	2022	
In thousands EUR	**Gross amount**	**Loss allowance**
Days past due:		
Not overdue	-	-
0-3 days	613	(498)
4-30 days	-	-
31-90 days	-	-
More than 90 days	-	-
Total	**613**	**(498)**

In thousands EUR	2023	2022
Expected credit loss allowance		
1 January	(498)	-
Addition	(96)	(498)
Utilization	498	-
Reversal	-	-
Exchange Difference	-	-
Write downs at 31 December	**(96)**	**(498)**

The last five years realised credit losses on trade receivables have been insignificant and the loss rate is below 0.1% (2022: 0,1%) of the revenue in any of the respective years.

Accounting policies

Trade receivables

Trade receivables are amounts due from contracts as part of the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional. The Group holds the trade receivable with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method, less allowance for lifetime expected losses. Pleo applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss for all trade receivables.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written down are recognized as a reduction of costs against the same line item.

Payment terms are set at 30 to 60 days from the invoice date. Payments must be made within this period unless otherwise agreed in writing.

Note 09 Leases

In thousands EUR	2023	2022
Right of use assets		
Costs:		
At 1 January	5,765	2,157
Exchange rate adjustment	(7)	-
Additions	2,491	3,608
At 31 December	**8,249**	**5,765**
Accumulated depreciation and impairment:		
At 1 January	1,651	1,028
Depreciation charges	1,918	623
At 31 December	**3,569**	**1,651**
Carrying amount at 31 December	**4,681**	**4,115**
Depreciated over	3-5 years	3-5 years
Right-of use assets comprise rented offices.		
Lease liabilities		
Current lease liabilities	2,294	1,086
Non-current lease liabilities	2,487	3,094
Total	**4,781**	**4,180**
Amounts recognized in the income statement		
The income statement shows the following amounts relating to leases:		
Depreciation charges (included in depreciation, amortisation and impairments)	1,922	623
Exchange rate adjustment	(4)	-
Interests related to lease liabilities (included in finance costs)	150	66
Total	**2,067**	**689**

In 2023, the Group paid TEUR 2,037 (2022: TEUR 674) related to leases.

Accounting policies

Leases

Property contracts are typically made for one to five years but may have extension and termination options.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments); any variable lease payment that is based on an index or a rate, initially measured using the index or rate at the commencement date and the exercise price of a purchase option if the Group is reasonably certain of exercising that option. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease or lessee's incremental borrowing rate if the implicit interest rate cannot be readily determined

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost which comprises the amount of the initial measurement of the lease liability; any initial direct costs; the estimated restoration costs and any lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated over the lease term on a straight-line basis.

Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Note 10 Inventories

In thousands EUR	**2023**	**2022**
Inventories	207	202
Total Inventories	**207**	**202**

The following inventory had no write downs. Inventories recognised as an expense during the year 2023 amounted to TEUR 1,091 (2022: TEUR 1,022).

Accounting policies

Inventories

Inventories consist of physical cards and IT equipment used for the product. Inventories are measured at the lower of cost under the weighted average price method adjusted for gains and losses from hedging instruments and net realizable value. The net realizable 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

Note 11 Non-current intangible assets

In thousands EUR	Completed development projects	Development projects in progress	Total
Cost at 1 January 2023	2,387	-	2,387
Additions	-	5,979	5,979
Currency adj.	(7)	-	(7)
Transfers	4,309	(4,309)	-
At 31 December 2023	6,689	1,670	8,359
Accumulated depreciation and impairment:			
At 1 January 2023	398	-	398
Amortisation charge	1,332	-	1,332
Impairment	-	-	-
At 31 December 2023	1,729	-	1,729
Carrying amount 31 December 2023	**4,959**	**1,670**	**6,629**

In thousands EUR	Completed development projects	Development projects in progress	Total
Cost at 1 January 2022	-	-	-
Additions	-	2,387	2,387
Currency adj.	-	-	-
Transfers	2,387	(2,387)	-
At 31 December 2022	2,387	-	2,387
Accumulated depreciation and impairment:			
At 1 January 2022	-	-	-
Depreciation for the year	398	-	398
Impairment	-	-	-
At 31 December 2022	398	-	398
Carrying amount 31 December 2022	**1,989**	**-**	**1,989**

Accounting policies

Development projects in progress

Development projects in progress, primarily development of IT software, are recognised as non-current intangible assets if the following criteria are met:

- The projects are clearly defined and identifiable.
- The Group intends to use the projects once completed.
- The future earnings from the projects are expected to cover the development and administrative costs, and
- The costs can be reliably measured.

The carrying amount of completed software and development projects in progress primarily relates to IT Software.

The amortisation of capitalised development projects starts after the completion of the development project and is recognised on a straight-line basis over the expected useful life, which normally is 3-5 years. In this case it is required to perform an impairment test yearly or whenever there is an indicator for impairment.

The Group development projects has an indefinite useful life; however, as these assets are under development, it is not possible to estimate their useful life. Therefore, no amortization has been recognized for the asset.

Note 12 Property, plant and Equipment

In thousands EUR	Leasehold improvements	Total
Cost at 1 January 2023	728	728
Additions	5	5
Currency adj.	-3	-3
Transfers	-	-
At 31 December 2023	730	730
Accumulated depreciation and impairment:		
At 1 January 2023	330	330
Currency adj.	3	3
Amortisation charge	71	71
At 31 December 2023	404	404
Carrying amount 31 December 2023	**326**	**326**

In thousands EUR	Leasehold improvements	Total
Cost at 1 January 2022	260	260
Additions	468	468
Currency adj.	-	-
Transfers	-	-
At 31 December 2022	728	728
Accumulated depreciation and impairment:		
At 1 January 2022	260	260
Amortisation charge	70	70
At 31 December 2022	330	330
Carrying amount 31 December 2022	**398**	**398**

Accounting policies

Leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

The cost comprises the acquisition price and other costs directly attributable to preparing the asset for its intended use. The present value of estimated costs for dismantling and disposing of assets as well as restoration costs are added to the cost if such costs are recognised as provisions. Material borrowing costs directly attributable to the construction of the individual asset are also added to cost.

If the individual components of an asset have different useful lives, each component will be depreciated separately.

The cost of self-constructed assets comprises direct and indirect costs for materials, components, subcontractors, wages and salaries. Costs for self-constructed assets are recognised as property, plant and equipment in progress on an ongoing basis until the assets are ready for use.

Subsequent costs, such as partial replacement of property, plant and equipment (PPE), are included in the carrying amount of the asset in question when it is probable that such costs will result in future economic benefits.

The carrying amount of the replaced parts is disposed from the statement of financial position and recognised in the statement of profit or loss.

Depreciation is carried out on a straight-line basis over the expected useful lives of the assets. The expected useful lives of the overall asset categories are as follows:

Leasehold improvements: 3 years

Note 13 Financial assets

In thousands EUR	2023	2022
Financial assets		
Office deposits	1,469	1,320
Other deposits	775	674
Total financial assets	**2,244**	**1,994**
Non-current	2,244	1,994
Current	-	-

Accounting policies

Deposits
Cash deposits made under the term of contractual arrangements are classified as financial assets. At initial recognition, these deposits are measured at fair value and subsequently at amortized cost. Deposits expected to be refunded within 12 months after the balance sheet date are classified as current assets, while others are classified as non-current assets.

If there are objective indications that a deposit may not be fully recoverable, an impairment assessment is made based on the expected credit loss (ECL) model in accordance with IFRS 9. Any impairments and subsequent adjustments are recognized in the income statement.

For both 2023 and 2022, all financial assets are measured at amortized cost.

Note 14 Financial instruments

The Group holds the following financial instruments:

In thousands EUR	2023	2022
Financial assets measured at amortised cost		
Deposits from customers	165,158	117,487
Cash and cash equivalents	183,940	239,964
Total assets measured at amortised cost	**349,098**	**357,451**
Financial assets measured at fair value through profit and loss	-	-
Total assets measured at fair value through profit and loss	**-**	**-**
Financial liabilities measured at amortised cost		
Lease liabilities	4,781	4,180
Trade payables and other payables	4,506	2,361
Contract liabilities	7,568	2,534
Other liabilities	171,483	122,580
Total liabilities measured at amortised cost	**188,338**	**131,655**
Financial liabilities measured at fair value through profit and loss	-	-
Total liabilities measured at fair value through profit and loss	**-**	**-**

Financial assets:
Due to the short-term nature of financial assets measured at amortised cost, their carrying amounts considered to be the same as fair value.

Financial liabilities:
the Group's exposure to various risks associated with the financial instruments are disclosed in note 15

Accounting policies

Financial Assets:

Financial assets are classified at amortized cost if they meet both of the following conditions: the business model's objective is to hold the financial instrument to collect contractual cash flows (a "hold-to-collect" business model), and these cash flows are solely payments of principal and interest on the principal amount. Disposals of portfolios near the maturity date and for amounts close to the remaining contractual cash flows, or due to an increase in customer credit risk (e.g., sales of non-performing debt), are consistent with a "hold-to-collect" model. Sales driven by regulatory requirements or aimed at managing credit risk concentration (without increasing credit risk) are also compatible with this model, provided they are infrequent or of insignificant value.

All financial assets not eligible for classification at amortised cost or at fair value through other comprehensive income are presented at fair value through profit or loss.

Financial Liabilities

Financial liabilities are recognised at the date of borrowing at the proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Note 15 Financial risk management

Pleo's principal financial liabilities and assets include trade payables, trade and other receivables, customer deposits, and cash and cash equivalents. Trade payables, trade and other receivables, along with the portion of cash and cash equivalents not classified as customer cash, are utilized to finance the Pleo's operations.

Pleo is exposed to market risk, credit risk, and liquidity risk. The Board of Directors is responsible for overseeing financial risks, while the executive management team manages these risks. Currently, Pleo operates under an informal risk management framework, with a more formal structure under development.

Pleo does not engage in speculative activities related to financial risks. Its financial management approach focuses solely on mitigating and managing financial risks directly associated with its operations and financing activities.

Market risk

Market risk refer to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. For Pleo, Market risk primarily consists of two types: Currency risk and Interest rate risk. Financial instruments impacted by market risk include cash and cash equivalents, future commercial transactions and recognised financial assets.

Currency risk

Pleo is exposed to currency risk due to its international operations, involving transactions and financial positions denominated in multiple currencies. Pleo is exposed toward fluctuations in Danske Kroner ("DKK"), Euro ("EUR"), Pound sterling ("GBP"), Swedish Krona ("SEK") and US dollar ("USD"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of Pleo's entities.

Pleo consider the overall currency risk exposure limited. The majority of Pleo's activities take place in the Danish entities, where the total volume of transactions in GBP, SEK and USD is limited. The risk associated with EUR transactions immaterial as the DKK is pegged to EUR. The remaining entities primary have transactions in the same currency as their functional currency, the currency exposure are therefore considered immaterial.

As most transactions occurs in the functional currency of each Pleo entities and only a limited number of transactions occurs in foreign currencies, the monitoring of the currency risk is informal. As follows Pleo has not implemented any policy for the currency exposure.

A 5% increase in the SEK/DKK exchange rate would have a positive impact on post-tax profit and equity of TEUR 282 in 2023, whereas a corresponding decrease would result in a negative impact of TEUR 282.For EUR/DKK, a 2% increase would have a positive effect of TEUR 839 in 2023 (TEUR 1,645 in 2022), while a 2% decrease would have a negative impact of the same magnitude. For GBP/DKK, a 5% increase would have a positive effect of TEUR 726 in 2023 (TEUR 461 in 2022), whereas a 5% decrease would result in an equivalent negative effect.

Interest rate risk

Pleo is exposed to interest rate risk on cash deposits with banks, as the interest are based on a floating rate. The floating rate are based upon the insert rate. Pleo monitors the development of the floating rate on a continuous basis as the interest are an integral part of the operations**.** An increase in the floating rate by 1% would have a positive impact on post-tax profit and equity of TEUR 339, whereas a decrease of 1% would result in a corresponding negative impact.

In thousands EUR	Impact on post tax profit		Impact on equity	
Currency Risk	**2023**	**2022**	**2023**	**2022**
SEK/DKK increase 5 %	282	-	282	-
SEK/DKK decrease 5 %	(282)	-	(282)	-
EUR/DKK increase 2 %	839	1,645	839	1,645
EUR/DKK decrease 2%	(839)	(1,645)	(839)	(1,645)
GBP/DKK increase 5 %	726	461	726	461
GBP/DKK decrease 5 %	(726)	(461)	(726)	(461)
Interest rate risk				
Floating rate on Cash Increase – 1 %	339	-	339	-
Floating rate on Cash decrease – 1 %	(339)	-	(339)	-

Credit risk

Credit risk is the risk that a counterparty fails to fulfil its obligations under a financial instrument or customer contract, resulting in a financial loss. Pleo's credit risks exposure is divided into three categories, credit risk on financial institutions, credit risk on Pleo customers, and credit risk on other counterparts.

The credit risk on financial institutions occurs from long-term deposits and cash balances. Pleo monitors the exposure toward the financial institutions through their credit rating on an ongoing basis. The credit rating of the financial institutions is at least "A". Due to the high credit rating and a history of no loss with these entities, the expected credit loss has not been recognised, as it is considered immaterial.

The credit risk on customers occurs from customers not fulling their financial obligations under a customer contract. Pleo consider the credit risk on Pleo customers limited due to the nature of operations. A majority of receivables are initially secured by deposits made to the

Pleo wallet. The remaining exposures are related to Customers signing up for the usage of the Platform where payments are due at time of signing. Pleo consider receivables that are overdue with more than 90 days as defaulted. Please refer to note 8 for the recognised expected credit loss on trade receivables.

The credit risk on other counterparts arising on long-term deposits and prepayments, which are considered immaterial.

Liquidity risk

Liquidity risks is the risk that Pleo is not able to meet the contractual obligations related to financial liabilities due to insufficient liquidity. Pleo's financial liabilities primarily consist of payables arising from lease contracts, operational expenses, and customer funds, which are settled as they become due.

Pleo manages liquidity risk by ensuring it maintains sufficient cash reserves. This is conducted through an ongoing monitoring of cash flow forecasts to ensure that both short-term and long-term financial commitments can be met.

As Pleo's business model involves handling customer funds and providing payment solutions, specific safeguards are in place to ensure that customer funds protected and maintained separately from operational cash, mitigating the risk of a shortfall in customer payments.

The amounts disclosed in the following table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Note 16 Financial Assets and liabilities

In thousands EUR	Within 1 year	1-5 years	Over 5 years	Total contractual cash flow	Carrying amount
2023					
Non-derivative financial assets					
Deposits from customers	165,158	-	-	165,158	165,158
Partner deposits	10,144	-	-	10,144	10,144
Cash at bank and in hand	173,796	-	-	173,796	173,796
Total Financial assets	**349,098**	**-**	**-**	**349,098**	**349,098**
Non-derivative financial liabilities					
Trade payables and other payables	(4,506)	-	-	(4,506)	(4,506)
Lease liabilities	(2,407)	(2,583)	-	(4,990)	(4,781)
Other liabilities	(6,679)	-	-	(6,679)	(6,679)
Customer funds	(164,804)	-	-	(164,804)	(164,804)
Total Financial liabilities	**(178,396)**	**(2,583)**	**-**	**(180,979)**	**(180,770)**

The amounts disclosed in the following table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

In thousands EUR	Within 1 year	1-5 years	Over 5 years	Total contractual cash flow	Carrying amount
2022					
Non-derivative financial assets					
Deposits from customers	117,487	-	-	117,487	117,487
Partner deposits	9,986	-	-	9,986	9,986
Cash at bank and in hand	229,978	-	-	229,978	229,978
Total Financial assets	**357,451**	**-**	**-**	**357,451**	**357,451**
Non-derivative financial liabilities					
Trade payables and other payables	(2,361)	-	-	(2,361)	(2,361)
Lease liabilities	(1,206)	(3,254)	-	(4,460)	(4,180)
Other liabilities	(5,093)	-	-	(5,093)	(5,093)
Customer funds	(117,487)	-	-	(117,487)	(117,487)
Total **Financial liabilities**	**(126,147)**	**(3,254)**	**-**	**(129,401)**	**(129,121)**

The group’s exposure to various risks associated with the financial instruments is discussed in note 15.

Note 17 Cash flow specifications

In thousands EUR	**2023**	**2022**
Change in current liabilities, such as trade payables, deferred income, etc	8,762	2,989
Change in receivables	(7,927)	(5,351)
Change in inventories	(4)	(43)
Change in working capital	**831**	**(2,405)**

In thousands EUR	**2023**	**2022**
Financial income	(5,824)	(80)
Financial expenses	154	2,784
Depreciations, amortisation and impairment losses	3,328	1,091
Share-based payment	9,459	7,720
Tax on profit/Loss of the year	758	(400)
Interest at customer funds	(354)	-
Other adjustments	(527)	756
Adjustment	**6,994**	**11,871**

In thousands EUR	**Borrowings**	**Leases**	**Total**
Net debt:			
At January 2022	2,399	1,177	3,576
Cash flows	(2,399)	(674)	(3,073)
New lease	-	3,608	3,608
Other changes	-	69	69
At December 2022	-	4,180	4,111
At January 2023		4,180	4,180
Cash flows	-	(2,037)	(2,037)
New lease	-	2,491	2,491
Other changes	-	147	147
At December 2023	-	**4,781**	**4,781**

Note 18 Cash at bank and in hand

In thousands EUR	2023	2022
Cash at bank and in hand		
Cash at bank and in hand	173,796	229,978
Partner deposits	10,144	9,986
Total	**183,940**	**239,964**

Note 19 Customer funds

In thousands EUR	2023	2022
Deposit from customer funds		
Customer funds	165,158	117,487
Total	**165,158**	**117,487**

Customer funds consist of restricted cash held on behalf of customers. A corresponding liability for these customer funds is recognized under other payables**.**

Significant judgement

Classification of customer funds/deposits from customers

As part of the Pleo debet card offering, customers deposit amounts into bank accounts legally owned by Pleo but segregated from Pleo's own funds and subject to certain regulatory safeguards. The customers do not take on credit risk vs Pleo. Pleo is entitled to interest income and incurs negative interest, if any from these bank accounts. Additionally, Pleo bears the credit risk in case of default by the bank. Management has applied judgment in determining whether these bank accounts and the related liability vs. the customers are assets and liabilities of Pleo.

Management has put greater weight on the fact that Pleo is exposed to risks and rewards of the bank accounts than on the fact that draw down is under the control of the customers and concluded that the bank deposits are assets of Pleo and consequently, a corresponding customer liability is also recognised.

Note 20 Other liabilities

In thousands EUR	2023	2022
Other liabilities		
Customer funds	164,804	117,487
Other liabilities	6,679	5,093
Total	**171,483**	**122,580**

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

Customer funds recognised under other payables consists of the corresponding liability to customer funds received and recognised as deposits from customers.

Note 21 Contingent liabilities, commitments and contingencies

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 Group’s liability.

Pleo Financial Services A/S has provided a banking guarantee with a maximum value of EUR 1,080 thousand at 31 December 2023, to cover the entity’s obligations.

Note 22 Fees to auditors appointed at the Annual General Meeting

In thousands EUR	**2023**	**2022**
PwC		
Audit fees	164	101
Other assurance engagements	-	-
Tax and VAT advice	93	34
Non-audit services	-	290
Total	**257**	**425**

Fees for services other than the statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, Denmark amounted to TEUR 93 (2022: TEUR 324) including other assurance opinions and agreed-upon procedures, as well as tax and accounting advice.

Note 23 Equity

Share capital 2023	Number of shares	Nominal value DKK
Ordinary shares at 1 January		
Common shares	7,869,912	78,727
B-Preference shares	8,433,087	84,331
C Preference shares	1,722,653	17,227
C2 Preference shares	867,706	8,677
Capital increase	-	-
Ordinary shares at 31 December	18,893,358	188,962

Share capital 2022	Number of shares	Nominal value DKK
Ordinary shares at 1 January		
Common shares	7,869,912	77,418
B-Preference shares	8,433,087	84,331
C Preference shares	1,722,653	17,227
C2 Preference shares	867,706	8,677
Capital increase, Common shares	-	1,309
Ordinary shares at 31 December	18,893,358	188,962

Dividend EUR per share	2023	2022
Total dividend paid out for the year	-	-
Total dividend proposed for the year	-	-

Pleo's share capital is structured into four classes: B-Preference Shares, C-Preference Shares, and C2-Preference Shares (collectively referred to as "Preference Shares"), and Common Shares. Each share class carries specific rights and obligations, as defined in the Group's Articles of Association.

Preference Shares
Holders of B-Preference Shares, C-Preference Shares, and C2-Preference Shares are entitled to a preferential allocation of Proceeds before Common Shareholders. Proceeds, which include distributions such as dividends, share buybacks, or payments upon liquidation, which are allocated to Preference Shareholders equally among the classes of Preference Shares, up to an amount per Preference Share to the greater of the following:

- The Initial Investment Amount, including any premium, that was paid for the subscription of the Preference Shares; or
- The amount that would have been received per Preference Share if it had been converted to a Common Share immediately prior to the distribution of Proceeds.

The Group conducts an annual review to ensure the distribution terms remain compliant with relevant agreements and appropriately reflect the rights of all shareholders.

Common Shares
Common Shares represent the residual ownership interest in the Group and are entitled to distributions only after all preferential claims from B-, C-, and C2-Preference Shares have been satisfied.

Capital Increase in 2022
Pleo completed a capital increase in 2022. As part of this initiative, 130,900 Common Shares were issued.

Investor warrants exercised in 2022

In February 2022 an investor exercised 130,900 warrants held in its capacity as investor in exchange for ordinary shares. The warrants had an exercise price of 11 EUR hence a variable exercise price. Consequently, the warrants were classified as derivative financial liabilities measured at fair value through profit and loss. A liability of TEUR 28,656 was included in the opening balance as of 1 January 2022. Upon exercise the transaction was treated as a capital increase of TEUR 26.856. Following exercise, no investor warrants are outstanding.

Accounting policy

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period. Payments of dividends are subject to debt covenants.

Note 24 Capital Management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

In thousands EUR	**2023**	**2022**
Lease liabilities	2,487	3,094
Trade payables	171,483	122,580
Current income tax liabilities	4,506	2,361
Other payables	6,679	5,093
Cash	(173,796)	(229,978)
Net debt	**11,359**	**(96,850)**
Equity	**186,516**	**239,770**
Total capital and net debt	**197,875**	**142,920**

The gearing ratio is calculated as equity divided by net debt and equity.

The subsidiary company Pleo Financial Services, is registered with the Danish Financial Supervisory Authority (DFSA). Management has determined that the regulatory capital requirement amounts to MEUR 2. The company's eligible regulatory capital totals MEUR 33.9 as of 31 December 2023 (MEUR 16.4 as of 2022), representing the capital base available before the recognition of the financial results for the reporting period.

Pleo monitor on a monthly basis whether the minimum capital for is met, if needed Pleo Holding may provide a group contribution

Note 25 Subsequent events

After the end of the financial year, no events have occurred which could significantly affect the Group's financial position

Note 26 Related party transactions

The Group is not controlled by any single shareholder or entity with a sufficient ownership interest to qualify as either an immediate parent company or an ultimate parent company under applicable accounting standards. Outstanding balances with other related parties and key management personnel hold no special terms or conditions. For key management please refer to note 03.

Note 27 Investment in subsidiaries

		Ownership interest	
Name of entity	Type	2023	2022
Pleo Financial Services A/S	Denmark	100%	100%
Pleo Technologies A/S	Denmark	100%	100%
Pleo Capital UK Ltd	United Kingdom	100%	0%
Pleo Capital DK ApS	Denmark	100%	0%
Pleo Technologies GmbH	Germany	100%	100%
Pleo Technologies SL	Spain	100%	100%
Pleo Technologies Inc.	Canada	100%	100%
Pleo Technologies Portugal	Portugal	100%	100%
Pleo Technologies SAS	France	100%	100%
Pleo Technologies Ltd	England	100%	100%
Pleo Technologies BV	Netherlands	100%	0%
Pleo North America Inc	USA	100%	0%
Pleo Technologies AB	Sweden	100%	100%

Note 28 First-time adoption of IFRS

The financial statements for the year ended 31 December 2023 are the first that the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2022, the Group prepared its financial statements in accordance with The Danish Financial Statements Act (Årsregnskabsloven).

The Group has prepared financial statements that comply with IFRS applicable as at 31 December 2023, together with the comparative period information for the year ended 31 December 2022.
In preparing these financial statements, the Group's opening statement of financial position was prepared as at 1 January 2022 (date of transition to IFRS).

The disclosures required by IFRS 1 First-time Adoption of IFRS explaining the principal adjustments made by the Group in restating Årsregnskabsloven financial statements are provided below.
Except in respect of leases and Share-based payments, as described below, there was no material impact on the cash flow statement in the adoption of IFRS.

Leases
In accordance with the provisions in IFRS 1, the Group has adopted IFRS 16 Leases from the date of transition. With the adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which under Danish GAAP were classified as operating leases. These liabilities were measured at the present value of the remaining lease liabilities as at the transition date using the rates of 1 January 2021 implicit in the lease or lessee's incremental borrowing rate if the implicit interest rate cannot be readily determined.

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

By 31 December 2022, a lease liability of TEUR 1,177 and a right-of-use asset of TEUR 1,128 was recognised. In the cash flow statement, lease payments were presented in cash flow from operating activities under Danish GAAP. Under IFRS, the principal element of lease payments is presented in cash flows from financing activities, whereas the interest element is presented as cash flows from operating activities.

Share-based payments
The Group has granted equity-settled warrants to certain key employees, which according to IFRS 2 - Share-based payments is recognized as a compensation expense, measured at fair value at the grant date, in the profit and loss over the vesting period with a corresponding entry to equity. Under Danish GAAP, the Group has not recognized any expenses for equity-settled warrants.
As a consequence, the Group has recognized 9,459 TEUR in 2023 and 7,720 TEUR in 2022 as a compensation expense with a corresponding entry to equity

Investor warrants

The Group has granted warrants to investors with an exercise price denominated in foreign currency resulting in classification as derivative financial instrument under IFRS measured at fair value through profit and loss. Consequently, a liability of TEUR 28,656 was included in the opening balance as of 1 January 2022. Upon exercise the transaction was treated as a capital increase of TEUR 26.856.

Exemptions applied
IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

- **Leases**: Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2022. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2021. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.

- **Exchange differences on translation of foreign operations** are deemed to be TEUR 302 as of 1 January 2022.

In thousands EUR	As 1 January 2022 Assets TEUR	 Liabilities TEUR	 Equity TEUR	 Profit for the year	As 31 December 2022 Assets TEUR	 Liabilities TEUR	 Equity TEUR
According to the Danish Financial Statements Act	399,837	88,690	311,147	(71,256)	366,746	127,011	239,736
Presentation adjustments	50	52	(2)	(12)	985	885	(31)
IFRS adjustments							
- Leases	1,128	1,177	(49)	-	4,115	4,180	65
- Share-based payments	-	-	-	(7,720)	-	-	-
- Investor warrants	-	26,856	(26,856)	-	-	-	-
According to IFRS	**401,015**	**116,775**	**284,240**	**(78,988)**	**371,846**	**132,076**	**239,770**

According to the Danish Financial Statements Act the profit for the year in 2023 was TEUR (52,489). The effect on the profit for the year for 2023 of adopting IFRS amounts to TEUR (9,459) in additional expenses for share-based payments and TEUR (35) in additional expenses for leases and TEUR 162 other cost. The profit for the year for 2023 in accordance with IFRS amounts to TEUR (61,821).