
Pleo Financial Services A/S

Ravnsborg Tværgade 5C, 4., DK-2200 Copenhagen

Annual Report for 1 January - 31 December 2024

CVR No 39 15 54 35

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 Financial Services 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

Thorbjørn Fink
CEO

Søren Westh Lonning
CFO

Jeppe Carøe Rindom

Board of Directors

Andreas Bernström
Chairman

Lise Kaae

Jeppe Carøe Rindom

Niccolo Perra

Johan Erik Larsson Brenner

Saagar Shashank Kulkarni

Merritt Susanne Hummer

Adrienne Gormley

Vanessa Ann Bailey

Independent Auditor's Report

To the Shareholders of Pleo Financial Services 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 Financial Services 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.

Independent Auditor's Report

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 Financial Services A/S
Ravnsborg Tværgade 5C, 4.
DK-2200 Copenhagen

CVR No: 39 15 54 35
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

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

Executive Management

Thorbjørn Fink
Jeppe Carøe 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:

	<u>2024</u> TDKK	<u>2023</u> TDKK	<u>2022</u> TDKK	<u>2021</u> TDKK	<u>2020</u> TDKK
Key figures					
Profit/loss					
Profit/loss before financial income and expenses	244,783	185,677	162,878	73,858	25,014
Net financials	13,210	11,507	-872	2,059	-1,378
Net profit/loss for the year	190,778	144,804	125,299	59,215	18,436
Balance sheet					
Balance sheet total	1,890,736	1,714,884	1,166,722	747,789	344,639
Equity	426,508	392,616	247,812	122,513	63,298
Number of employees	42	41	32	12	0
Ratios					
Return on assets	13%	10%	14%	9%	7%
Solvency ratio	23%	22%	21%	16%	18%
Return on equity	47%	45%	68%	64%	34%

The key figures are prepared in accordance with the guidance of Den Danske Finansforenings recommendation on 'Key Figures.' Definitions can be found in the section on accounting practices.

Management's Review

The main activities of the company

The company's main activity is to issue e-money, facilitate payment infrastructure and other hereby related business activities.

Pleo Financial Services A/S is a 100% owned subsidiary of Pleo Holding ApS and is included in the consolidated financial statements of Pleo Holding ApS.

Development in activities and financial matters

The income statement of the Company for 2024 shows a profit of TDKK 190,778, and on 31 December 2024 the balance sheet of the Company shows equity of TDKK 426,508.

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

The gross profit for the year is TDKK 280,319 against TDKK 213,812 last year. The results from ordinary activities after tax are TDKK 190,778 against TDKK 144,804 last year.

The company achieved a net result, which was slightly below the forecasted range of 210 to 260 million. This outcome was primarily due lower than expected growth of the customer spending, which limited the company's ability to reach its expected financial goals.

Targets and expectations for the year ahead

Management expects a positive net result in the coming year in the range of DKK 200 – 250 million.

Foreign branches

The company has a branch in the UK

Uncertainty relating to recognition and measurement

There are no 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 subsequent events occurred subsequent to the balance sheet date, which would have material impact on the financial position of the Company.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2024</u> TDKK	<u>2023</u> TDKK
Gross profit		280,319	213,812
Staff expenses	1	<u>-35,536</u>	<u>-28,135</u>
Profit before financial income and expenses		244,783	185,677
Financial income	2	25,457	11,533
Financial expenses	3	<u>-12,247</u>	<u>-26</u>
Profit before tax		257,993	197,184
Tax on profit/loss for the year	4	<u>-67,215</u>	<u>-52,380</u>
Net profit for the year		<u>190,778</u>	<u>144,804</u>

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2024</u> TDKK	<u>2023</u> TDKK
Receivables from group enterprises		211,790	228,129
Other receivables		40,355	36,752
Prepayments	5	<u>2,819</u>	<u>2,778</u>
Receivables		<u>254,964</u>	<u>267,659</u>
Cash at bank and in hand	6	<u>1,635,772</u>	<u>1,447,225</u>
Currents assets		<u>1,890,736</u>	<u>1,714,884</u>
Assets		<u>1,890,736</u>	<u>1,714,884</u>

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2024</u> TDKK	<u>2023</u> TDKK
Share capital		400	400
Retained earnings		426,108	236,216
Proposed dividend for the year		<u>0</u>	<u>156,000</u>
Equity		<u>426,508</u>	<u>392,616</u>
Trade payables		11,981	9,578
Payables to group enterprises		16,509	10,141
Payables to group enterprises relating to corporation tax		67,016	52,380
Other payables	8	<u>1,368,722</u>	<u>1,250,169</u>
Short-term debt		<u>1,464,228</u>	<u>1,322,268</u>
Debt		<u>1,464,228</u>	<u>1,322,268</u>
Liabilities and equity		<u>1,890,736</u>	<u>1,714,884</u>
Distribution of profit	7		
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Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	400	236,216	156,000	392,616
Net profit/loss for the year	0	190,778	0	190,778
Dividends paid	0	0	-156,000	-156,000
Cumulative Translation Adjustment	<u>0</u>	<u>-886</u>	<u>0</u>	<u>-886</u>
Equity at 31 December	<u>400</u>	<u>426,108</u>	<u>0</u>	<u>426,508</u>

Pleo Financial Services A/S issued 4,000 common shares of nominal value 100 DKK each, 100% owned by Pleo Holding ApS.

Notes to the Financial Statements

1 Staff expenses	<u>2024</u> TDKK	<u>2023</u> TDKK
Wages and salaries	30,704	26,746
Pensions	492	908
Other social security expenses	<u>4,340</u>	<u>481</u>
	<u>35,536</u>	<u>28,135</u>
Including remuneration to the Executive Board of:		
Executive Board	<u>1,913</u>	<u>1,185</u>
	<u>1,913</u>	<u>1,185</u>
Average number of employees	<u>42</u>	<u>41</u>

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:

	<u>No. of warrants</u>	<u>Average strike price</u>	<u>Average maturity</u>
Balance as of 1 January	10,300	397 DKK	30 months
Issued during the year	14,750		
<u>Balance as of 31 December</u>	<u>25,050</u>	<u>483 DKK</u>	<u>30 months</u>
Of this:			
vested prior to January	7,475		
vested during the year	1,625		
to be vested after December	15,950		
Other management personnel	25,050		

Notes to the Financial Statements

"Average maturity" defines the average remaining time until the warrants vest 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

2 Financial income

	<u>2024</u> TDKK	<u>2023</u> TDKK
Interest received from group enterprises	11,990	2,648
Other financial income	2,057	6,131
Exchange gains	<u>11,410</u>	<u>2,754</u>
	<u>25,457</u>	<u>11,533</u>

3 Financial expenses

Exchange losses	5,213	26
Interest paid to group enterprises	<u>7,034</u>	<u>-</u>
	<u>12,247</u>	<u>26</u>

4 Tax on profit/loss for the year

Current tax for the year	<u>67,215</u>	<u>52,380</u>
	<u>67,215</u>	<u>52,380</u>

5 Prepayments

Prepayments consist of prepaid expenses concerning rent, subscriptions and accrued interest.

6 Cash at bank and in hand

Cash at bank and in hand	160,636	139,735
Partner deposits	123,654	75,638
Customer funds	<u>1,351,482</u>	<u>1,231,852</u>
	<u>1,635,772</u>	<u>1,447,225</u>

Notes to the Financial Statements

7 Distribution of profit

	<u>2024</u> TDKK	<u>2023</u> TDKK
Proposed dividend for the year	0	156,000
Retained earnings	<u>190,778</u>	<u>-11,196</u>
	<u>190,778</u>	<u>144,804</u>

8 Other payables

Other payables	2,214	18,434
Customer balances	<u>1,366,508</u>	<u>1,231,735</u>
	<u>1,368,722</u>	<u>1,250,169</u>

9 Contingent assets, liabilities and other financial obligations

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.

10 Related parties

Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
Pleo Holding A/S	Copenhagen

Notes to the Financial Statements

Transactions

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

	<u>2024</u> TDKK
Purchase of services from other group companies	7,424
Interest received from parent company	3,911
Interest received paid to parent company	1,560
Interest received from other group companies	4,839
Interest paid to other group companies	1,634
Receivables from parent company	43,303
Receivables from other group companies	168,487
Payables to other group companies	16,509

In Addition, transactions with the management have been carried out in the form of management remuneration as disclosed in note 1.

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of Pleo Financial Services A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

During the financial year 2024, the Company undertook a reclassification of an account previously categorized under "Other receivables" to "Cash at bank and in hand." This adjustment has been duly reflected in the comparative amounts presented in the financial statements. It is important to note that this reclassification has not affected the profit and loss, equity, or total assets of the company.

The Financial Statements for 2024 are presented in TDKK.

Cash flow statement

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

Recognition and measurement

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

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

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

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

Notes to the Financial Statements

11 Accounting Policies (continued)

Income Statement

Revenue

Revenue from financial services is recognized when the service is transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the company.

Management has assessed that it is needed to amend the mandatory schedules of the income statement as the special nature of an entity's activities requires so. Presentation according to the mandatory schedule implies that the interest income e.g. on customer funds was earned not as a result of core business activities of the entity but rather as a positive side consequence of the way the asset was managed during the reporting period. Such assumption does not give a fair and true view considering specific circumstances of the Company and the nature of its customer funds assets. Customer funds are deposited in the process of the Company's core business activities performed in relation to the management of the customer funds including safeguarding procedures applied. On this basis, Management has assessed that it is necessary to depart from the mandatory schedule and include interest income from customer funds as part of operating activities. Management has assessed it to give a true and fair view to include the interest earned in the revenue line and provide a breakdown in the notes.

The Company offers a cashback rewards program to eligible customers based on volume of Card transactions. Cashback rewards are earned on a monthly basis and are added to the customer balances (wallet) the following month. We classify cashback rewards as consideration paid to customers, which is reflected as contra revenue within the Revenue section of the Income Statement.

Revenue is calculated based on the amount received and is recorded after deducting any applicable sales discounts.

Cost of sales

Cost of revenue comprises fees to card schemes etc. to achieve revenue for the year.

Other external expenses

Other external expenses comprise external workforce, administration expenses as well as other indirect costs and expenses relating to sales.

Gross profit

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

Notes to the Financial Statements

11 Accounting Policies (continued)

Staff expenses

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

Financial income and expenses

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

Tax on profit/loss for the year

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

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

Balance Sheet

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.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand", "partners deposits" and "customer funds"

Partners deposits comprise of short-term deposits on a separate bank account, created following contractual requirements with its key business partners. Partners deposits are treated as assets of Pleo due to the fact that Pleo is entitled to interest income from the deposits.

The company holds customer funds deposited on the customers' Pleo debit cards. Customer funds comprise cash and an offsetting payable to the customers. Customer funds are recognized under cash and other payables as "customer funds" as specified in note 5 and 7 respectively. Customer funds received are treated as assets of Pleo due to the fact that Pleo is entitled to interest income from the deposits.

Notes to the Financial Statements

11 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 one 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.

Equity

Dividends expected to be paid after the end of the financial year are shown as proposed dividends in the profit distribution. The proposed dividend is included as an element in the equity statement and not as a liability until the dividend is approved at the general meeting.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$