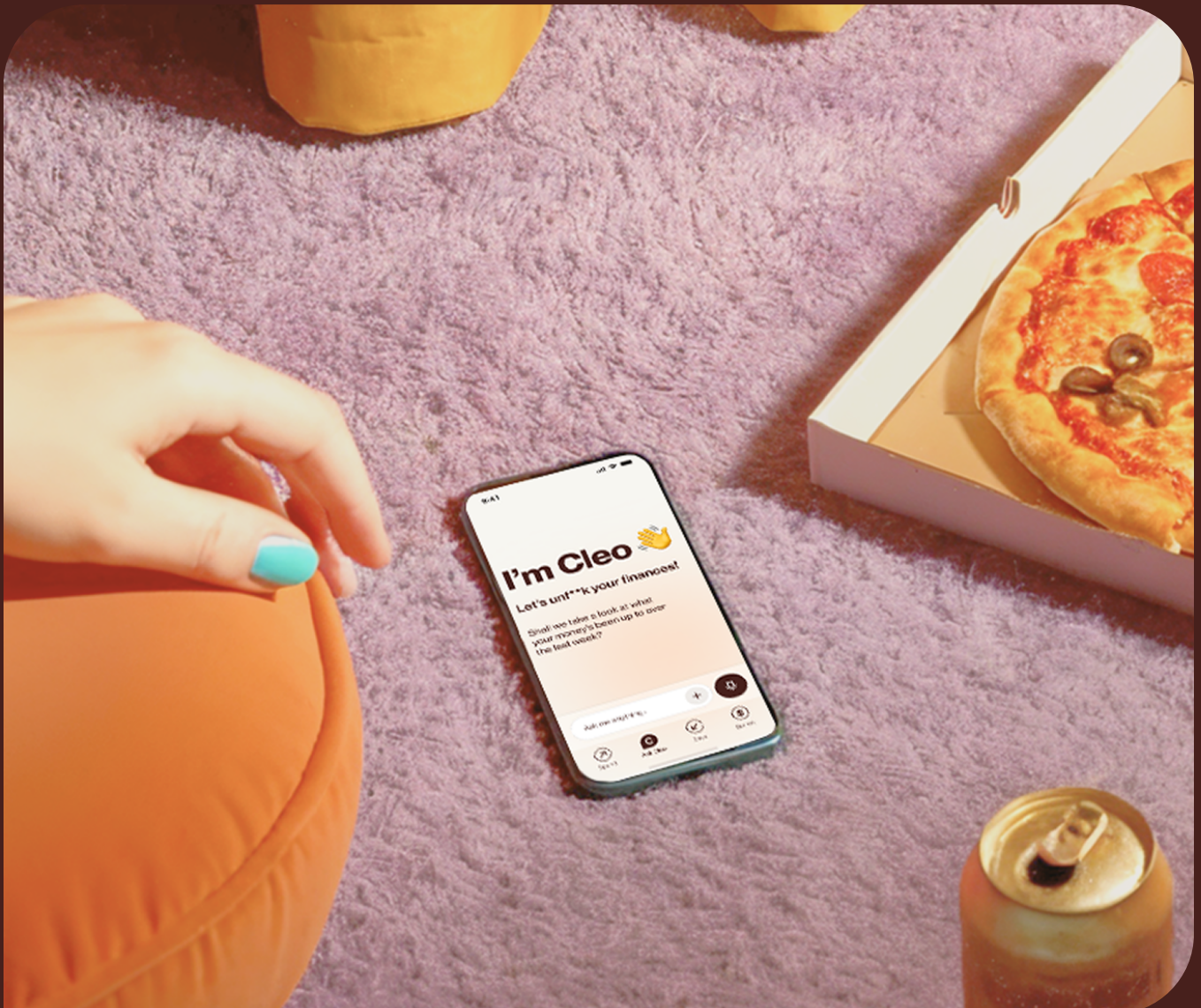




# 2024 Annual Report

And Consolidated Financial Statements for the year ended 31 December 2024



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Chief Executive  
Officer's Review



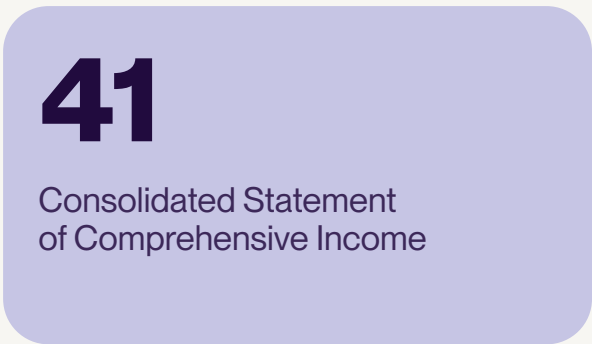
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Chief Financial  
Officer's Review



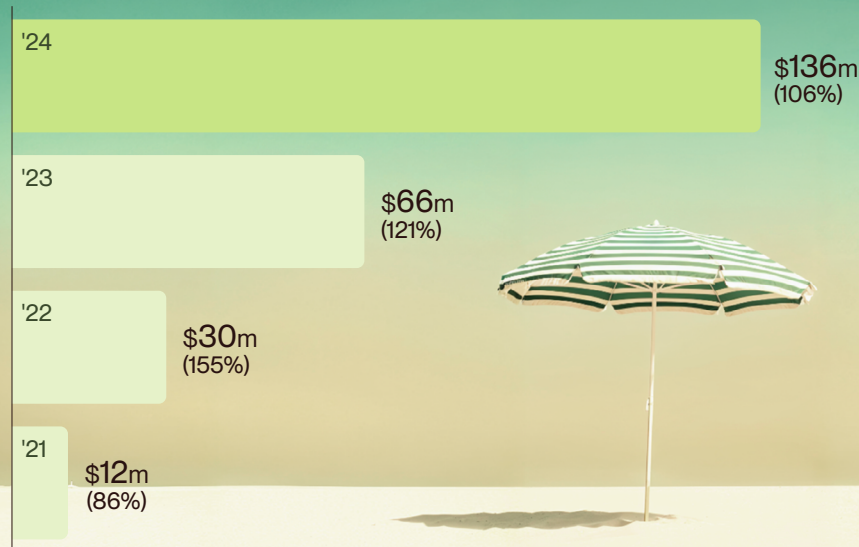
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Consolidated Statement  
of Comprehensive Income

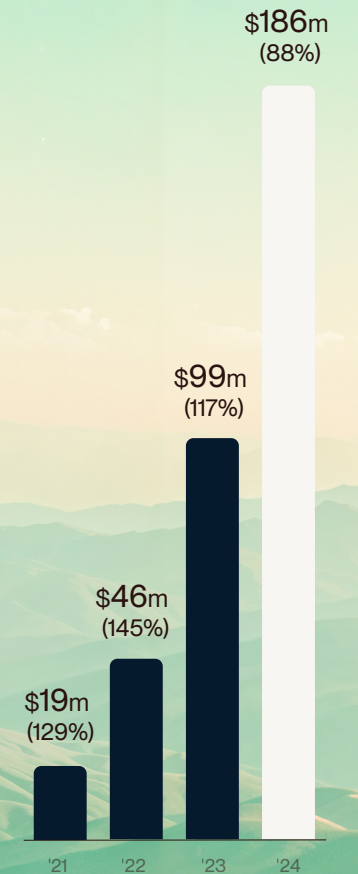


# 2024 Highlights

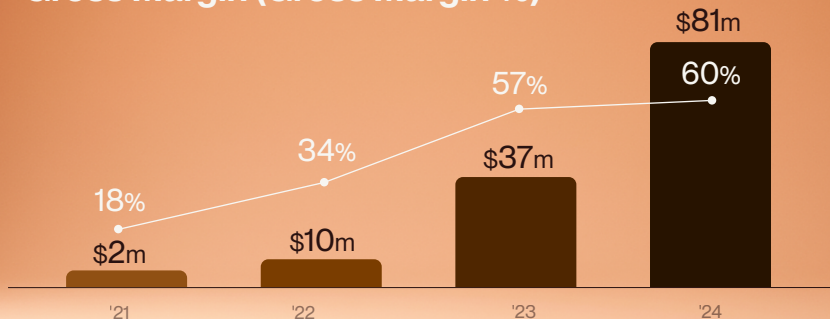
## Annual Revenue (YoY growth rate %)



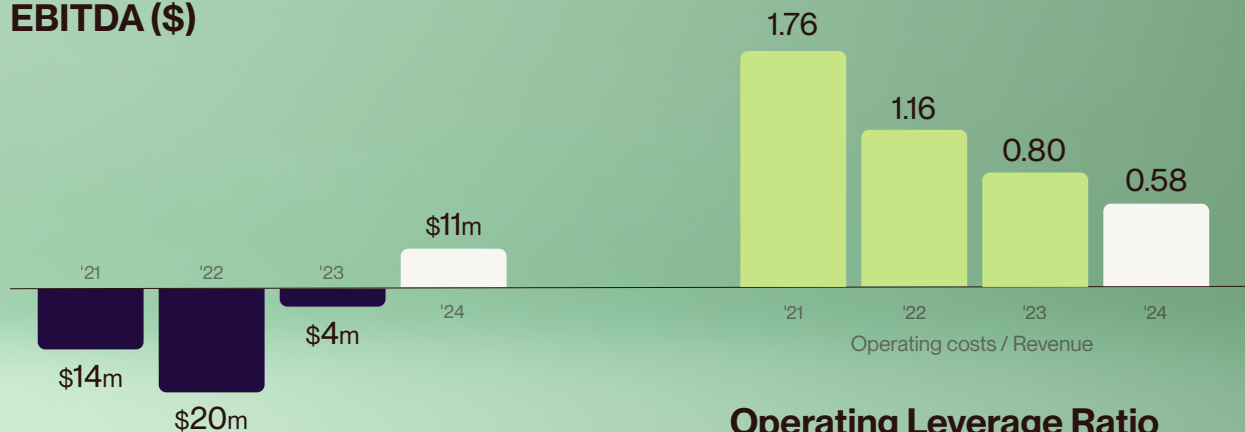
## Run Rate Revenue (YoY growth rate %)



## Gross Margin (Gross Margin %)



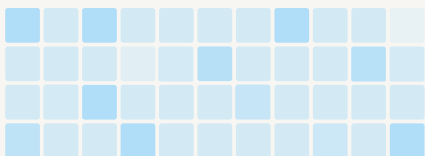
## EBITDA (\$)



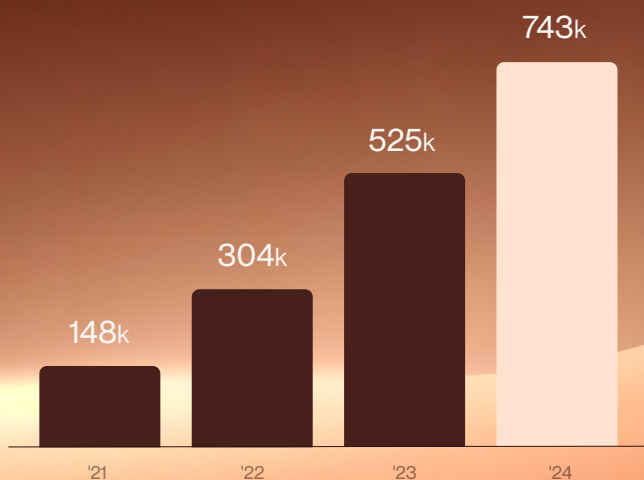
## Operating Leverage Ratio

# >1m MAU

Monthly Active Users



## Subscribers



# 50%

12 month  
conversion

## Awards & Listings

**Forbes**

'23 Next billion  
dollar startups

**Bloomberg**

'23 UK startups  
to watch



'24 Technation  
Future Fifty



## LTV payback (months)



# Chief Executive Officer's Review



**Barney Hussey-Yeo**  
Chief Executive Officer

When we started Cleo nine years ago, we bet on a simple idea: that AI – and eventually large language models – would fundamentally change how people interact with their money. We believed finance needed an interface that felt human.

In 2024, that bet paid off. We've built one of the first real-world examples of emotionally intelligent AI – a product that understands behaviour, speaks with personality, and actually helps people change how they manage money. Cleo is a financial assistant trained on millions of human interactions and built to deliver better outcomes.

And it works. Millions of people use Cleo because she gives them clarity, confidence, and control. The transformation is remarkable: users who once felt overwhelmed by financial decisions now approach money with confidence. Cleo has evolved from a helpful assistant into a trusted financial companion, fundamentally changing how millions of people think about and manage their money.



## Financial Performance

Cleo is now a profitable, fast-growing business. Revenue nearly doubled to \$136 million with a \$186 million exit run-rate. We reached sustained profitability in 2024, with an 8.4% EBITDA margin and net income profitability from August onwards.

Our gross margin reached 59.5%. Operating efficiency accelerated. Acquisition costs remained best-in-class. We're doing what few consumer fintechs have managed: growing quickly, building defensibly, and maintaining capital efficiency.

## AI Advantage

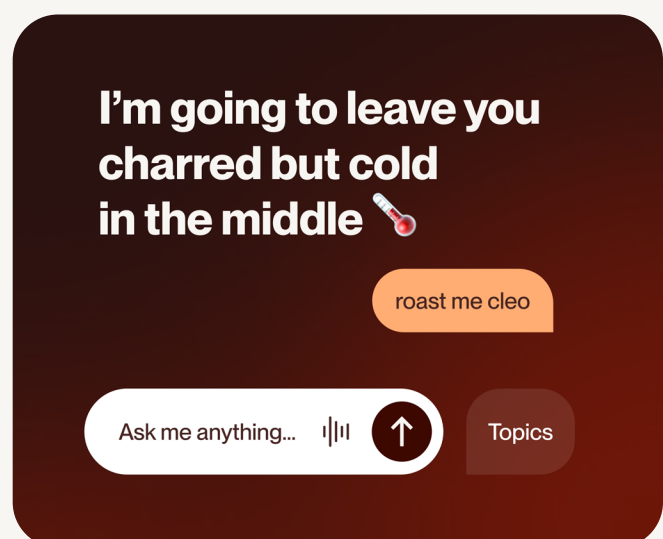
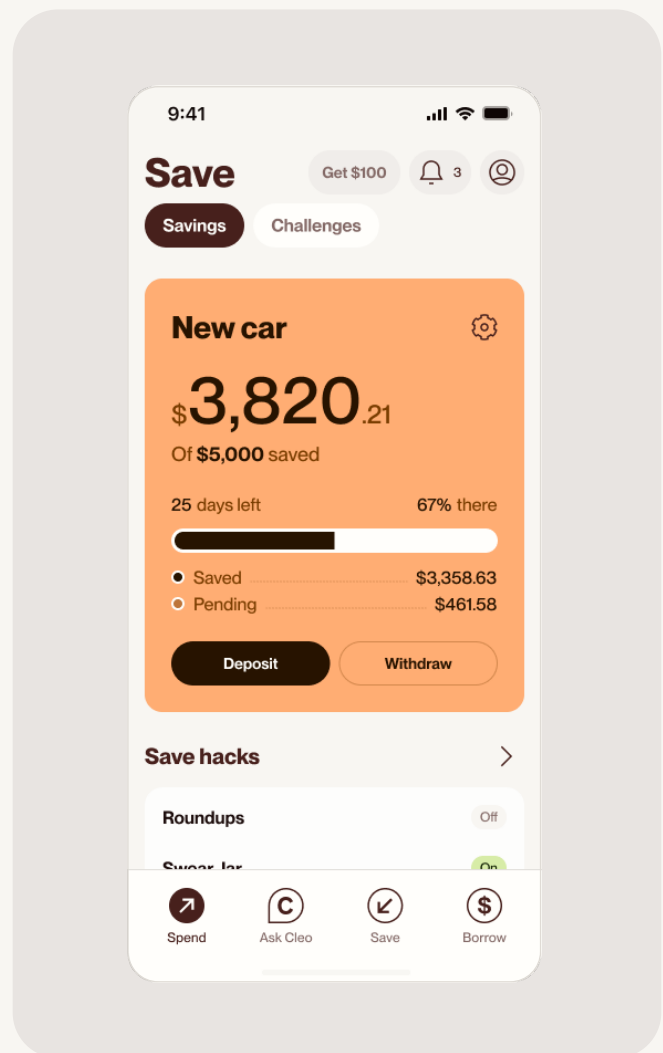
Our advantage is built on AI. Not just in infrastructure – but in capability. Cleo is trained on real behaviour, not just transactions. We've taught our models how people think, feel, and act around money, which drives exceptional user engagement.

In late 2024, we launched a major upgrade: a network of large language models that predicts financial stress before it happens and guides users with timely, effective interventions. With every interaction, Cleo gets smarter.

## Product & Growth

We've built a high-conversion, low-CAC growth engine. Our acquisition costs remain at \$11. Payback is now under three months. Subscriber growth is up 41.5% year-on-year.

Engagement with our core features is compounding, driven by a product that people trust and return to. The Cleo Builder Card saw spending grow 271% year-over-year. Our App Store rating is consistently 4.9. This demonstrates product-market fit, delivered at scale.



## Culture & Execution

We scaled to 352 people while improving revenue per head and accelerating output. Our investment went where it should: AI, data, engineering. We've kept the team lean and focused.

That clarity of focus shows up in performance. We're attracting top-tier talent, building with discipline, and staying ahead of the curve.



## What's Next

In 2025, we're expanding into new international markets. Our ambition is clear: to take Cleo to more people, in more places, with even greater impact.

We're also deepening our product offering – supporting more aspects of our users' financial lives and increasing LTV. Every new feature is built to help people move forward financially.

And we're doubling down on our core mission: to build the most intelligent financial assistant in the world. Our next major product launch arrives in July – a step-change in capability and a big moment for the Company.

We've built something rare: a product that genuinely helps people, powered by breakthrough AI, with a business model that compounds over time.

Our position has never been stronger.

Our ambition has never been bigger.



Barney Hussey-Yeo  
Founder & Chief Executive Officer  
25th June 2025



# Chief Financial Officer's Review



**Chung Ip**  
Chief Financial Officer

The past few years have presented unprecedented challenges for our users. High inflation and rising interest rates have placed significant pressure on disposable incomes, yet our users have shown remarkable resilience. These challenging conditions underscore exactly why we built Cleo: to help people navigate their finances through both good times and bad. In 2024, this people-first approach proved itself not just in our impact on users' lives, but in our financial performance.

## A Year of Breakthrough Growth

Our numbers tell a compelling story. Revenue nearly doubled year over year, reaching \$136m and exiting the year at \$186m Run Rate Revenue in December 2024. This growth wasn't just about doing more of the same – it came from strategic expansion across multiple fronts. Our paying subscribers and active user base grew substantially, while demand for our cash advance product reached new heights, demonstrating the essential role we play in our users' financial lives.

This growth came with something even more significant: profitability. After reaching EBITDA break-even in December '23, we maintained profitability throughout 2024 and achieved monthly net income profitability in August 2024. This milestone wasn't reached by cutting corners or compromising on our mission. Instead, it came through relentless focus on operational efficiency and smart scaling decisions that positioned us for sustainable growth.

The Cleo Builder Card has become a cornerstone of our offering, with spending growth of 271% year-over-year. We've enhanced its value proposition through new features like our marketplace offering, which helps users find better deals on everyday expenses. These additions aren't just nice-to-have features – they're practical tools that help our users stretch their dollars further in a challenging economy.

One of our most significant financial achievements came when HSBC backed us with a \$60m warehouse debt facility which has been fundamental to facilitating our growth plans for 2024 and beyond. This partnership represents more than just capital – it's a validation of our business model from one of the world's leading financial institutions and underscores the scale and strength Cleo has achieved this last year. The due diligence process was rigorous, examining everything from our underwriting standards to our technology infrastructure. Emerging from this scrutiny with such strong support confirms that our approach to financial services is both innovative and fundamentally sound.



## Behind the Numbers

Our growth stems from thoughtful expansion, introducing products and features that address our users' critical financial challenges. This strategy has strengthened all key metrics: new user acquisition, subscriber retention, paid tier conversions, and product engagement—each component revealing how Cleo is becoming essential to our users' financial lives.

Cleo's core intelligence drives our acquisition success through a networked system of specialized AI models that understands the nuanced relationship between people and money. This technological foundation achieves conversion rates that defy industry standards as new users quickly recognize what millions of people already know: Cleo offers something fundamentally different.

Our distinctive approach—blending humor with practical guidance—breaks through psychological barriers to financial engagement. Users' emotional connection with Cleo directly enhances business performance through higher referral rates, deeper feature exploration, and increased subscription conversion.

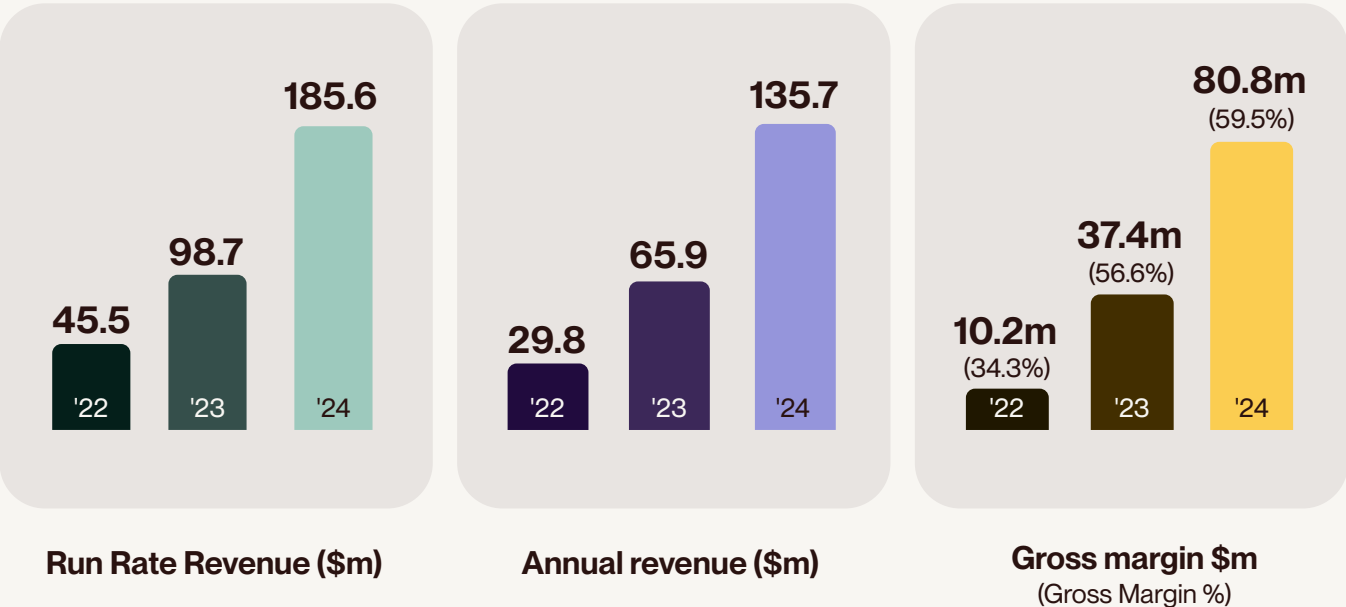
In 2024, we achieved record customer acquisition while maintaining stable acquisition costs. Our AI has become more sophisticated at matching

features to specific user segments. Tools like our automated savings features—grounded in behavioral science—demonstrate value early in the user journey, creating natural pathways to paid subscriptions. This approach enables efficient scaling by focusing our AI development on specific challenges, like predicting cash flow issues before they occur, expanding our impact without corresponding increases in operational complexity.

## The Path to Profitability

Our journey to profitability has been methodical and deliberate. Our gross profit reached \$80.8m this year — a 116% increase — while maintaining our industry-leading 59.5% gross margin. Even as we've scaled rapidly, we've improved our contribution margin through smarter operations and risk management. This isn't just about cost control – it's about building a scalable business model that gets more efficient as we grow.

This improvement touches every part of our business. We've optimized our partnerships to reduce transaction costs, enhanced our technology stack to improve automation, and built scalable systems that can support our ambitious growth plans. The result is a mature, efficient operation that maintains the agility of an established financial institution.



Three key areas have driven our operational excellence:



### People Costs

2024 marked our most significant team expansion, growing from 210 to 352 full-time employees. We've strengthened our tech team by hiring aggressively in data science, AI, and engineering, expanded our risk management capabilities, and added expertise in leadership positions across the Company. Despite this growth, we've maintained an efficient cost structure by focusing on critical roles and preserving our lean operating model.



### Marketing Costs

We've achieved record user growth month after month, with December 2024 setting our all-time high. The key to this success has been our data-driven approach to marketing. By maintaining steady acquisition costs over three years, we've proven we can scale efficiently in a competitive market. Our marketing strategy combines performance marketing with strong organic growth, driven by word-of-mouth and user referrals.



### Operating Efficiency

Our focus on optimization has transformed our cost structure – operating expenses as a percentage of revenue dropped from 80% in 2023 to 58% in 2024. This improvement came through countless incremental enhancements: automating manual processes, optimizing our cloud infrastructure, improving our customer service efficiency, and streamlining our operational workflows.

These efficiency initiatives led to sustained EBITDA profitability throughout 2024, with an EBITDA margin of 8.4% and a December run-rate of \$11.5m. We also celebrated our first month of net income profitability in August 2024. These aren't just financial metrics; they're proof that our model works at scale and, more importantly, that we've built a truly resilient business. This foundation allows us to help more customers, develop better products, and make an even greater impact on people's financial lives in the years ahead.

## Strengthening Our Balance Sheet

In 2024, we significantly strengthened our balance sheet through improved operational efficiency and strategic partnerships. Our relationship with HSBC provided additional financial flexibility as we scale, while maintaining our commitment to responsible financial solutions.

As of December 31, 2024, our balance sheet shows net assets of \$36.7m ('23: \$35.5m) and cash of \$26.2m ('23: \$32.3m). This strong position enabled us to reach profitability and gives us the flexibility to pursue growth opportunities while maintaining buffers for any market conditions.

## Building for the Future

As we scale, we're simultaneously enhancing our operational structures. Our partnership with RSM has evolved beyond traditional audit approaches to implement advanced analytical procedures suited for our digital-first business. This sophisticated control environment underpins our ambitious growth trajectory.

Our transition to International Financial Reporting Standards (IFRS), initiated in January 2023, represents a strategic alignment with global best practices. This shift does more than standardize our accounting—it signals our readiness for international expansion and positions us for broader opportunities on the world stage.

Since year end, our momentum has continued to accelerate. We've reached \$250m ARR with our user base expanding to over 920,000, all while maintaining net profitability. April 2025 bought in significant funding in capital through convertible loan notes to fuel further product innovation. We also concluded a settlement with the Federal Trade Commission on historical compliance matters with no material impact to our operations (details in note 32).

Our investment in advanced financial systems has yielded significant returns through enhanced data analytics, streamlined closing processes, and more sophisticated reporting capabilities. These improvements provide both deeper business intelligence and sharper tools for strategic decision-making.

Looking toward 2025, our position has never been stronger. We've validated our unit economics, established an efficient growth engine, and built a robust financial framework. Our experience has proven we can maintain financial discipline during rapid expansion, manage risk while innovating, and build a sustainable enterprise that remains true to its mission.



This year has fundamentally transformed Cleo's financial trajectory. We've demonstrated that our model thrives at scale, that profitability and growth naturally complement each other, and that serving users' best interests creates enduring business value. We enter the next phase with confidence, guided by the same financial discipline that has brought us this far.

A handwritten signature in black ink, appearing to read 'Chung Ip'.

Chung Ip  
Chief Financial Officer  
25th June 2025

# Company Overview



## Who are we?

Cleo is the world's first AI financial assistant that helps you take control of your money. We're building a future where everyone has the power to make brilliant financial decisions. Through a unique blend of predictive intelligence and human understanding, we're transforming how people interact with their money.

Founded eight years ago as a pioneering AI chatbot, Cleo has evolved into a comprehensive financial intelligence platform powered by proprietary AI. Today, with over 350 employees worldwide, we've helped millions of people reshape their financial futures through better decisions and healthier money habits.

### Our Products and Services

Cleo speaks like a trusted friend while delivering the insights of a financial expert. Through candid conversations and actionable guidance, we help you build better money habits that last.

Product highlights include:



#### Personalized Intelligence

Our AI analyzes your financial patterns to deliver tailored insights and tools that move you toward your goals.



#### Real Talk About Money

We cut through financial jargon to have honest conversations about spending, debt, and credit — because understanding your money shouldn't require a finance degree. We do this while making each financial journey personalized.



#### No Shame, No Blame

We don't believe in financial shame. We want to normalize conversations about money and de-stigmatize things like debt and poor credit, because we've all got to start somewhere.



#### Continuous Innovation

We're constantly expanding our AI capabilities to give you smarter tools for building wealth and financial confidence.



#### A Card That Works Harder

Our secured card helps you build a better credit score. By allowing you to set your own spending limit, we offer you greater control over your credit usage. Additionally, we report your payment history to the major credit bureaus, helping to strengthen your credit profile.



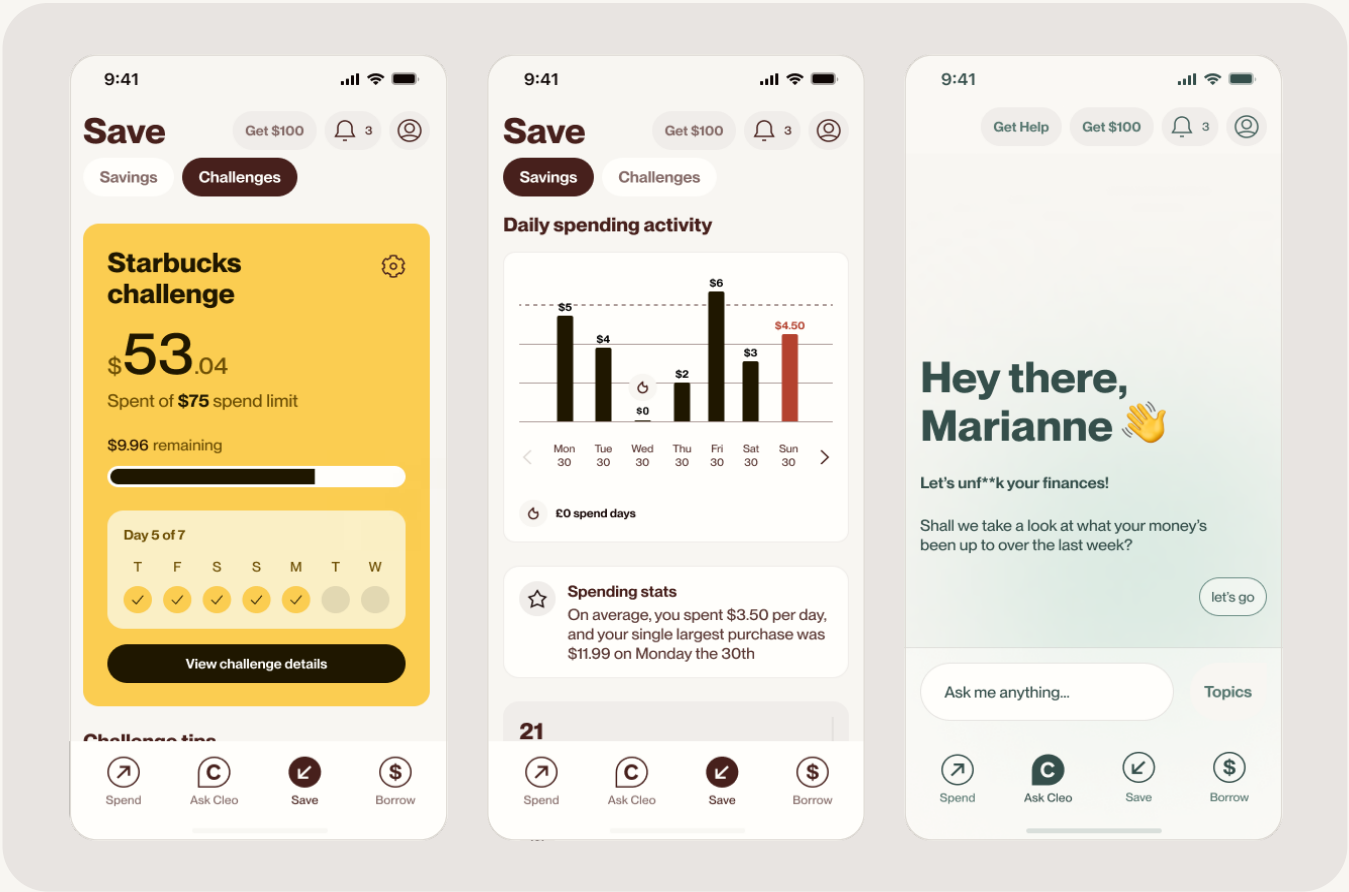
#### Emergency Cover

We're here to help you bridge the gap between paycheck to paycheck with no interest earned wage access based on your eligibility. Our services help protect you from bank overdraft fees and other hidden fees, and provide credit coaching so that you can understand your finances better.

Our mission goes beyond features and products. We're creating a new kind of financial relationship — one where technology amplifies human potential, helping millions of people take control of their financial futures.

Cleo's impact so far

Numbers tell stories. Ours tells a tale of millions of people taking control of their financial futures through AI-powered guidance. Here's how we're measuring our impact on financial lives:



Save Hacks

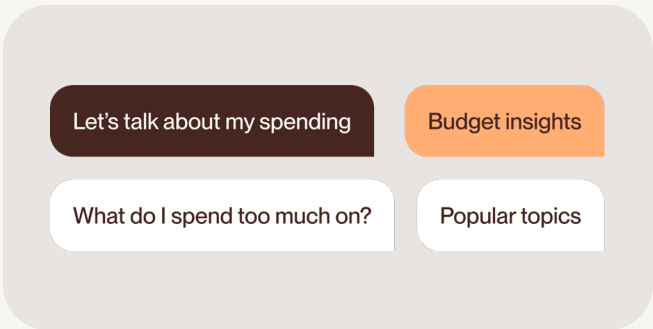
Cleo has helped users save over \$3.3m<sup>1</sup> with AI-powered Save Hacks. We rolled out five new hacks, from Set & Forget to Swear Jar—a savings tax on guilty pleasures.

Spending Challenges

With Spending Challenges, users curbed their spending by \$12m<sup>2</sup>, and a new high-yield savings account was opened every 5 minutes in 2024.

Chat modes

With Hype, Roast, Brat and so many more, users engaged with Cleo's different chat Modes 4m times<sup>3</sup>, resulting in millions of honest, engaging conversations.



Analyzed Transactions

In 365 days, Cleo analyzed over 3b<sup>4</sup> user financial transactions — which is 8.2m per day, and 5,707 per minute. Each one made Cleo's brain bigger, and her coaching even more personalized.

<sup>1</sup>Based on internal Cleo data of subscribers across all subscription tiers from 2024.<sup>2</sup>Cleo is a financial technology Company and is not a bank. Banking services provided by Thread Bank, Member FDIC Based on internal Cleo data of subscribers across all subscription tiers all time.  
<sup>3</sup>Based on internal Cleo data of subscribers across all subscription tiers all time.  
<sup>4</sup>3b/365 days = 8,219,178.08219, 8,219,178.08219/1,440 minutes = 5,707.76255708

# You heard it from our customers<sup>1</sup>

Cleo's brain bigger, and her coaching even more personalized. Users are (still) obsessed with Cleo. In all its variations (thank you, thanks, TY, and the like), users have shown their appreciation for Cleo 341k<sup>2</sup> times — calling her helpful, a hero, and a lifesaver, just to name a few.

"Oh my oh me-oh...do I love CLEO! Download this app immediately! It's like having a cyber best friend that hooks you up with helpful info ...and cash! **Seriously...we're BFFs**"

"**this app is everything!** entertaining and educational! I love the roasts! they let you know exactly where you're messing up! keep up the great work cleo!"

"**Listen to me Cleo is on point.** You would think that you could figure it out alone but trust me this a came thru with no cap"



"The best app my non-budgeting, non-saving, shop-o-holic self could ever depend on!"

"It's one of those things - [Cleo] presents it in such a way where **she accepts you and gets in there without you realizing**, and you start to learn more about your finances"



<sup>1</sup>Reviews provided by Customers to Cleo AI Ltd d/b/a Cleo. Individual results may vary. These quotes have been adjusted for length.

<sup>2</sup>Based on internal Cleo data of subscribers across all subscription tiers all time.

# Our Values

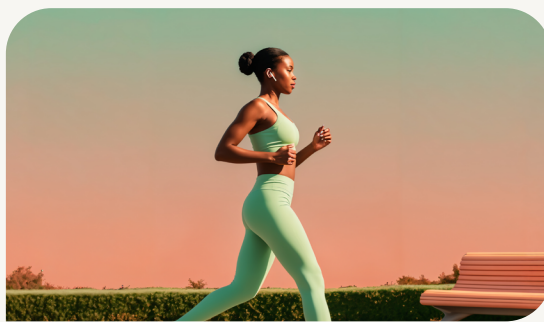
## #1 Make It Happen

We at Cleo are driven by a passion for making things happen. We don't wait for direction—we seek out problems and find solutions with intensity and purpose. We push ourselves to go above and beyond, because our mission demands it.



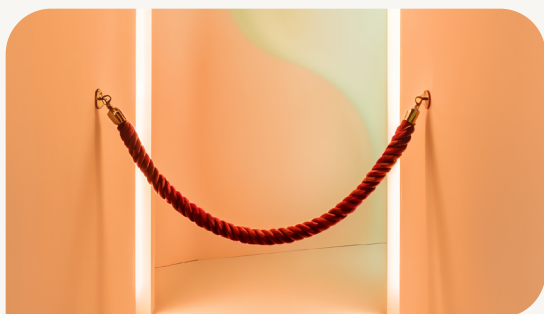
## #2 Learn at Speed

At Cleo, we believe in learning through action. We test and iterate on our ideas quickly, in order to gather data and refine our approach. By continuously optimising our products and services, we can make a real difference in the lives of our users.



## #3 No Bullshit

Authenticity, transparency, and clear communication...anything else is BS. We want Cleo to be the place where everyone can do their best work. The standards are high and we hold each other to it.



## #4 Bring Good Vibes

Bringing good vibes means bringing your whole self to work, and inspiring others to do the same. It means having a positive attitude and working together to achieve our shared mission. We really believe that everyone has a voice and can contribute to making Cleo a better place.



Jan

**Cleo is founded**

'16



July

**\$2.8 million seed round**

'17



March

**Cleo goes to America**

Sep

**Cleo Plus goes live!**

**\$10m Series A\* announced**

'18



Feb

**1m users!**

'19



Dec

**\$44m Series B\* led by EQT Ventures**

'20



'21

May

**Cleo builder drops**

'22

Jun

**\$80m Series C\* led by Sofina**

'23

March

**Cleo's AI integrates with GPT**

**85% of users say they feel better about money one month after using Cleo**

'24

Jan

**\$100m Run Rate Revenue**

Jun

**\$60m warehouse debt facility closes with HSBC**

Sep

**\$1bn total EWA origination**

Nov

**Cleo Marketplace goes live**

Dec

**743k active paid subs**

Dec

**Cleo hits \$186m Run Rate Revenue!**

\*Includes primary, secondary equity and debt capital at the time of the transaction

# Our People





## Our Approach to People

At Cleo, our mission to change the world's relationship with money begins with our people. Our values guide how we work together and support each other, creating a culture where individuals feel valued, empowered, and equipped to succeed.

Our 2024 Employee Engagement Survey revealed that the overwhelming majority of our team feels deeply invested in our mission, vision, and values – a testament to the authentic connection between our work and purpose.

We invest substantially in professional development, creating tailored progression frameworks and providing access to learning platforms that enable our team to evolve alongside the Company. Our leadership team fosters an environment where creativity flourishes and diverse perspectives shape our direction. By prioritizing our people, we ensure our team remains motivated to advance Cleo's mission and achieve increasingly ambitious goals.

Our People Policies

Cleo's people policies reflect our dedication to fairness, transparency, and inclusivity. Our hybrid work model gives team members the flexibility to balance personal and professional demands while maintaining strong collaborative connections.

We offer comprehensive health and wellness programs tailored to holistic wellbeing, including dental and health insurance, private medical coverage, external mental health support, and generous leave policies for new parents and those facing personal challenges. These benefits support both mental and physical health, allowing our team to bring their best selves to work.

Conduct

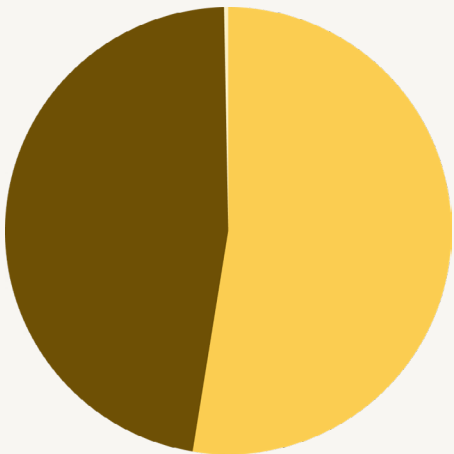
Integrity and respect form the foundation of Cleo's culture. Our employee handbook establishes clear behavioral expectations, emphasizing empathy, professionalism, and accountability. We firmly believe the way we treat each other carries equal importance to what we accomplish together.

During 2024, we strengthened our reporting mechanisms to ensure concerns can be raised confidentially and addressed promptly. These measures maintain a safe, respectful work environment that embodies our values and supports our collective success.

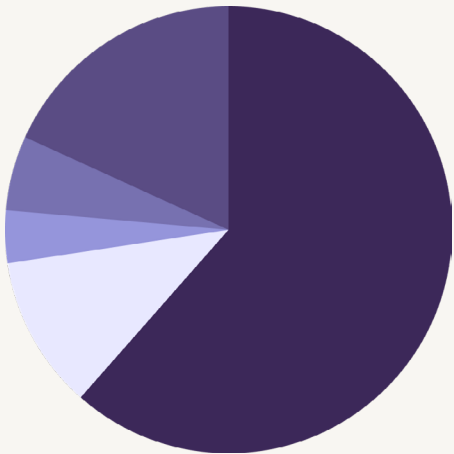
Diversity and Inclusion

At Cleo, diversity and inclusion are foundational elements of our identity. We recognize that diverse perspectives drive innovation and enhance our ability to serve a global community. As of 2024, our team comprises 47.1% female, 52.6% male, and 0.3% non-binary members – figures that substantially exceed tech industry averages. While we're proud of this progress, we remain committed to increasing representation of minority groups at leadership levels throughout 2025.

To advance this commitment, we've launched several initiatives, including internal talent development programs designed to build diverse leadership pipelines and employee-driven committees focused on celebrating and amplifying underrepresented voices across the organization.



Female	Non-Binary	Male
47.1%	0.3%	52.6%



Asian	Not disclosed	White
11.1%	18.2%	61.5%
Black, African, Caribbean or Black American	Mixed or multi-ethnic groups	
3.8%	5.4%	

## Recruitment

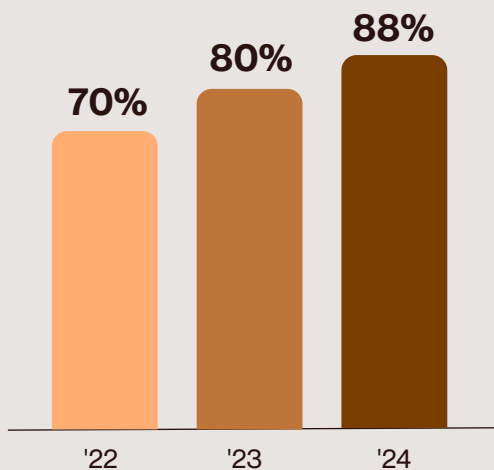
Our recruitment approach reflects our commitment to finding and nurturing talent aligned with Cleo's mission and values. In 2024, we welcomed 141 new team members through processes designed to identify both technical excellence and cultural contribution. We've implemented bias awareness training for hiring managers and introduced structured interview frameworks to ensure fairness and consistency.

To attract exceptional talent, we offer competitive compensation, equity participation, and transparent advancement pathways. We've also established partnerships with coding bootcamps, universities, and organizations focused on increasing diversity in tech to cultivate a sustainable pipeline of future talent that reflects the diversity of our user base.

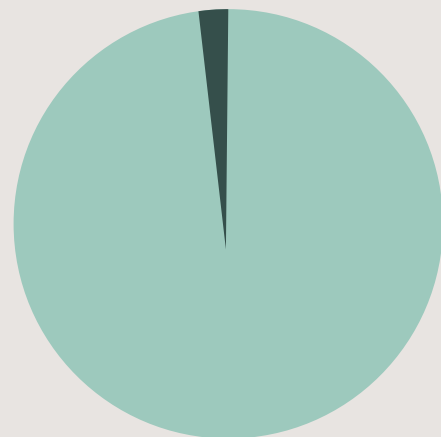
## Share Ownership

At Cleo, we believe in sharing success with those who create it. Our employee share ownership program enables team members to benefit directly from the Company's growth. As of 2024, nearly all team members participate in this program – an achievement we consider central to our culture.

Our widespread share ownership reflects a core belief: long-term success flourishes when everyone has a stake in the journey. Through our equity program, employees gain more than financial opportunity – they develop a tangible connection to Cleo's mission and future. This approach fosters a culture where decisions are made with long-term value creation in mind, aligning individual and Company success in powerful ways.



**Average Survey Participation (Company)**



**Team members with equity holding (98.1%)**

# **Risk Management & Compliance**

## Principle Risks and Uncertainties

The management of the business and the execution of the Group's strategic plans are subject to several risks. The Group's internal control framework is aligned to the 'three lines of defense' model. Operational Management is the first line, and they are primarily responsible for the direct management of risk, ensuring that appropriate mitigating controls are in place and that they are operating effectively. The second line is formed of the Company's internal governance functions such as Legal and compliance, commercial finance, internal controls and the wider finance function. The third line includes other third-party advisors and experts as well as any other independent consultants.

The Company will continue to assess its risk management processes to ensure they remain fit for purpose. The Company maintains a risk register which is reviewed regularly by the senior team.

The analysis contained in the risk register forms the basis of the principal risks and uncertainties detailed below. The risk factors that have been described are not an exhaustive list or an explanation of all risks. There will be additional risks or uncertainties relevant to the Group that are not currently known or that the Group currently deems trivial.

## Key Risk - Macroeconomic Conditions

The Group derives most of its material revenues from markets within the United States. The Group is therefore dependent on the macroeconomic conditions in the US.

### Description and Impact

Changes to the US economy could have a direct impact on the Group. For example, any stimulus packages or change in laws around banking fees could reduce users' need for the Group's products.

### Management and Mitigation

- Building brand and consumer loyalty - increasing subscriber retention
- Diversifying with new products
- Maintaining a flexible cost base

## Key Risk - Competitive Environment

The Group operates in a market place that is highly competitive. The actions of the Group and its competitors could have an adverse impact on the Group.

### Description and Impact

The Group has several competitors offering similar products. If a new or existing competitor can provide an improved service or product then there is a risk to the Group's competitiveness.

### Management and Mitigation

- By launching new products the Group has diversified through multiple revenue streams
- Offering competitive subscription prices
- Ensuring constant development and iteration of current products

## Key Risk - Data protection

Non- compliance with various data protection related regulations could lead to fines for the Group.

### Description and Impact

This includes GDPR, GLBA and US state data security/ privacy regulations.

### Management and Mitigation

- Cleo has a number of policies and internal controls in place to manage and mitigate risk to data security, including Access Rights, Privacy and Information Security
- Training for the wider business covering data protection

## Key Risk - IT Systems and Security

The Group relies on a large number of IT systems and software platforms. Many are interdependent and a failure in any could disrupt the operations of the Group. The Group also holds consumer data which could be susceptible to theft.

### Description and Impact

Any failure of the Group's IT systems through an attack or malfunction could impair the operations of the business. If there was a theft or breach of data held this could lead to severe reputational damage for the Group.

### Management and Mitigation

- A dedicated team to review IT and systems security compliance
- Maintaining separate platforms for portals and the app
- Restricting access to systems and following the principle of least privilege

## Key Risk - Reputational and Brand Damage

The Group has a respected brand which could be easily damaged by poor press or customer service.

### Description and Impact

Any impairment to the Group's brand could directly lead to a fall in consumer confidence and loss of subscribers and therefore revenue. Partners that the Group rely on to operate could also terminate their relationships as a result of reputational damage.

### Management and Mitigation

- Continually investing in the Groups brand
- Regular user interviews to obtain feedback to drive improvements
- Ensuring employees have a clear vision of the Group strategy and how to execute it

## Key Risk - Foreign Exchange Risk

Potential foreign exchange volatility due to macro economic factors which affect the business.

### Description and Impact

The Group incurs costs in both USD and GBP, therefore any fluctuations in exchange rates could be significant.

### Management and Mitigation

- Close monitoring of USD v GBP currency exposure by the finance team
- Holding bank accounts in USD and GBP

# Directors' Report



*The directors present their annual report and financial statements for the year ended 31 December 2024.*

## Principal Activities

The principal activity of the Company and Group continued to be personal financial management software development.

## Results and Dividends

The results for the year are set out on page 41.

No ordinary or preference dividends were paid. The directors do not recommend payment of a further dividend.

## Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

- Barnaby Hussey-Yeo
- Tomas Mendoza-Gutfreund
- Robert Moffat
- Anthony Keusters

## Directors Insurance

The Group maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the Group.

## Research and Development

The Group continues to incur expenditure on research and development in order to develop new products and enhance existing offerings. The Group accounting policy for research and development is discussed in note 2 to these financial statements. The Group capitalised \$8.2m (\$5.9m 2023) in relation to technology development costs.

## Future Developments

The Group's strategy is to continue organic growth using the existing business model as well as exploring, developing, and launching new products.

## Political Donations

The Group has not made any political donations to, nor incurred any political expenses in relation to, any registered political parties, organisations or candidates.

## Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed as auditors for another term and appropriate arrangements will be put in place for them to be deemed reappointed.



## Section 172 Statement

The Directors of Cleo AI Limited, in accordance with their duties under Section 172(1) of the Companies Act 2006, confirm that during the financial year ended 31 December 2024, they have acted in a way they consider would most likely promote the success of the Company for the benefit of its members as a whole. In discharging this duty, the Directors have had regard to the matters set out in s172(1), as follows:

### **The likely consequences of any decision in the long term**

All key strategic decisions taken by the Board are guided by Cleo's long-term vision: to become a globally trusted AI-powered financial assistant that improves users' financial wellbeing. The Board carefully evaluates decisions related to product innovation, technology investment, governance, and capital allocation with a view to building sustainable value for shareholders and other stakeholders over time.

### **The interests of the Company's employees**

Please refer to Our People, page 21, for more information.

### **The need to foster the Company's business relationships with suppliers, customers, partners, and others**

Strong relationships with our users, suppliers, and commercial partners are essential to delivering our objectives. We prioritise transparent, data-driven engagement with our users and work closely with commercial partners to integrate services that enhance Cleo's offering. Our procurement practices aim to ensure that suppliers meet high standards in data security, compliance, and ethics.

### **The impact of the Company's operations on the community and the environment**

Cleo takes its social and environmental responsibilities seriously. In 2024, we advanced our commitment to responsible AI by updating our AI governance framework and increasing internal oversight. We also undertook a baseline carbon assessment (page 31) and began work towards a net zero roadmap. Our core product contributes to social impact by helping users better understand and manage their personal finances.

### **The desirability of the Company maintaining a reputation for high standards of business conduct**

Upholding trust is critical to Cleo's success. We continue to strengthen our compliance, risk, and governance functions to ensure we meet or exceed the expectations of our users, partners, regulators, and investors. Our Directors lead by example in embedding a culture of integrity, transparency, and responsible innovation throughout the organisation. Refer to page 26 for further details on risk management.

### **The need to act fairly between members of the Company**

The Board is committed to acting fairly and transparently in the interests of all shareholders. During 2024, we continued open dialogue with our investor base, including regular updates on performance and strategy.

## Engagement with Stakeholders

We believe strong stakeholder engagement underpins sound decision-making. In 2024, we engaged directly with investors through board meetings and investor updates, held compliance discussions with relevant regulators, and worked collaboratively with strategic partners to expand Cleo's ecosystem. These interactions informed our approach to risk, product development, data use, and long-term planning.

## Emissions Reporting

### Introduction

As Cleo ("Cleo AI" or "the Company") is classified as a large unquoted Company under the definitions set in Section 465 and 466, Chapter 15 of Companies Act 2006, it needs to comply with the government legislation implemented by The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") on Streamlined Energy and Carbon Reporting (SECR).

To fulfil this, we have measured our UK energy and greenhouse gas emissions as classified within Scope 1, Scope 2, and mandatory elements of Scope 3 of the SECR regulations, which are presented in tables 1 and 2 as these are material to our organisation's activities.

We are not reporting non-mandatory elements of Scope 3 energy and greenhouse gas (GHG) emissions.

### Organisational and Operational Boundaries of the Company

Cleo's structural and operational boundaries are the same.

### Environmental Performance

Cleo decided to follow and adapt, for SECR reporting, a widely recognised Greenhouse Gas Reporting Protocol – Corporate Standard methodology. Our SECR Year 1 reporting covers the period from 1 January 2024 to 31 December 2024 and serves as our baseline year to be compared in subsequent reports.

It is to be noted that Cleo does not have any Company-owned or leased vehicles, no gas consumption at our office, and no business travel in employee-owned vehicles. Therefore, no Scope 1 (i.e. mobile or stationary combustion emissions) and no Scope 3 (i.e., grey fleet emissions), are reported.

Between 1 January 2024 to 31 December 2024, the Company's energy usage and associated carbon emissions for the SECR Year 1 were as follows:

**Table 1: Total energy consumption and associated greenhouse gas emissions from Scope 1, Scope 2, and Scope 3 for SECR Year 1 reporting period.**

		SECR Year 1 - Reporting Period FY24			
Energy Type:		Energy Use (kWh)	% Split (kWh)	Emissions	% Split
				(tCO <sub>2</sub> e/yr.)	(tCO <sub>2</sub> e)
Stationary Combustion	(Scope 1)	-	0%	-	0%
Electricity	(Scope 2)	53,855	100.00%	11.15	100.00%
Transport - Mobile Combustion & Business Travel	(Scope 1 and 3)	-	0%	-	0%
<b>Total</b>	<b>(Scope 1, 2 and 3)</b>	<b>53,855</b>	<b>100.00%</b>	<b>11.15</b>	<b>100.00%</b>

### Intensity Ratio

Intensity ratios compare emissions data with an appropriate business metric or financial indicator. This allows a comparison of energy efficiency performance over time and with other similar types of organisations. Cleo chose to compare overall energy consumption and associated emissions against the average number of full time equivalent (FTE) employees.

Energy intensity ratios are calculated and presented as advised by the Department of Business Energy and Industry Strategy (BEIS) and the Department of Energy Security and Net Zero (ESNZ) recommendations.

### Energy Efficiency Actions

No energy efficiency actions were implemented by Cleo in the reporting period.

**Table 2: Intensity Ratio - Energy consumption and associated GHG emissions against the average number of full time equivalent (FTE) employees.**

Reporting Year	Total Energy Consumption (kWh)	Total GHG emissions (tCO <sub>2</sub> e)	FTE Employees	Intensity Ratio (kWh/FTE)	Intensity Ratio (tCO <sub>2</sub> e/FTE.)
SECR Year 1 (FY24)	53,855	11.15	238	226.28	0.05

## Directors' Responsibilities Statement

*The directors are responsible for preparing the Annual Report, the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.*

The directors have chosen to prepare the Group Financial Statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the United Kingdom (UK) and the Companies Act 2006 and the Company Financial Statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

The law provides that the directors may only approve the financial statements if they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for the financial year to which they relate.

## Strategic Report

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's strategic report information required by Large and Medium-sized companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of risk exposure and management.

## Statement of Disclosure to Auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

In preparing the financial statements, the directors are required to:

- Maintain appropriate accounting records which enable the directors to understand the Company's and Group's transactions and financial position;
- Select appropriate accounting policies and apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Make judgements and accounting estimates that are reasonable and prudent;
- Provide additional disclosures in certain circumstances to ensure that readers of the financial statements can understand the impact of particular transactions and matters on the Group and Company's financial position and financial performance;
- Ensure that the financial statements comply with the requirements of the Companies Act 2006;
- Make an assessment of the Group and Company's ability to continue as a going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard assets of the Group and Company and to prevent and detect fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

## Director Confirmations

The directors consider that the annual report and accounts, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Each of the directors, as of the date of approval of this Directors Report, confirm that:

- so far as the directors are aware, there is no relevant audit information of which the Company and the Group's auditors are unaware; and
- they have taken all of the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

This report was approved by the Board on 25th June 2025 and signed on its behalf.



Barnaby Hussey-Yeo

Director

# **Independent Auditor's Report to the Members of Cleo AI Ltd**



## Opinion

We have audited the financial statements of Cleo AI Limited (the 'parent Company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the Company statement of financial position, the consolidated statement of changes in equity, the Company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent Company's affairs as at 31 December 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards 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 and parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent Company's ability to continue to adopt the going concern basis of accounting included review of management's forecasts, challenges of the underlying assumptions in these forecasts, agreeing opening cash balances on the forecasting period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

### Matters on Which We Are Required to Report By Exception

In the light of the knowledge and understanding of the group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 33, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the group's and the parent 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 unless the directors either intend to liquidate the group or the parent Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statement**

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 (UK) 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.

## **The Extent to Which the Audit was Considered Capable of Detecting Irregularities, Including Fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent Company operate in and how the group and parent Company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are UK-adopted IAS, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. We also challenged judgments and estimates applied by management in the preparation of the financial statements. In respect of revenue, we gained an understanding of the processs and controls operated over revenue recognition, performed walkthrough tests and performed a 3-way match between third-party wallet reports, back-end data and accounting records.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of Our Report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Neil Griggs (Senior Statutory Auditor)  
25th June 2025

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street  
London  
EC4A 4AB  
United Kingdom

# Financial Statements



Consolidated Statement of Comprehensive Income  
For the year ended 31 December 2024

	Notes	2024 \$	2023 \$
<b>Revenue</b>	<b>5</b>	135,700,075	65,903,601
Cost of sales		(54,903,391)	(28,547,212)
<b>Gross profit</b>		<u>80,796,684</u>	<u>37,356,389</u>
Administrative expenses		(78,211,994)	(52,481,324)
<b>Operating profit/(loss)</b>	<b>9</b>	<u>2,584,690</u>	<u>(15,124,935)</u>
Finance income	<b>11</b>	547,412	1,147,356
Finance costs	<b>12</b>	(3,901,486)	(2,186,233)
<b>Loss before taxation</b>		<u>(769,384)</u>	<u>(16,163,812)</u>
Income tax credit/(expense)	<b>13</b>	(412,494)	362,419
<b>Loss for the financial year</b>		<u>(1,181,878)</u>	<u>(15,801,393)</u>
<b>Other comprehensive expense, net of taxation:</b>			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(745,202)	2,646,756
<b>Loss and total comprehensive expense for the year</b>		<u>(1,927,080)</u>	<u>(13,154,637)</u>

The loss and total comprehensive expense for the year ended 31 December 2024 derives wholly from continuing operations.

The loss and total comprehensive expense for the year are entirely attributable to the owners of the parent Company.

The notes on pages 47 to 75 are an integral part of these financial statements.

Consolidated Statement of Financial Position  
For the year ended 31 December 2024

	Notes	2024 \$	2023 \$	2022 \$
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	14	10,967,536	8,750,247	6,930,218
Property, plant and equipment				
- owned	15	574,665	496,667	408,805
- right-of-use assets	16	557,247	264,666	624,796
		12,099,448	9,511,580	7,963,819
<b>Current assets</b>				
Trade and other receivables	19	54,965,597	19,601,111	22,475,863
Cash and cash equivalents		26,176,840	32,283,962	45,559,006
Current tax recoverable		250,304	396,363	1,626,134
		81,392,741	52,281,436	69,661,003
<b>Total assets</b>		93,492,189	61,793,016	77,624,822
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Lease liabilities	22	86,863	-	344,821
Borrowings	23	38,958,672	18,929,701	9,345,139
		39,045,535	18,929,701	9,689,960
<b>Current liabilities</b>				
Trade and other payables	20	12,145,376	7,026,557	4,745,952
Lease liabilities	22	378,916	364,591	365,748
Borrowings	23	4,865,286	-	16,598,340
Current tax payable		320,004	-	-
		17,709,582	7,391,148	21,710,040
<b>Total liabilities</b>		56,755,117	26,320,849	31,400,000
<b>Equity</b>				
Called up share capital	26	63,851	63,838	63,838
Share premium	27	111,849,645	111,608,062	111,602,964
Share option reserve	27	9,183,001	6,232,612	3,835,728
Foreign exchange reserve	27	(2,195,127)	(1,449,925)	(3,653,894)
Retained earnings	27	(82,164,298)	(80,982,420)	(65,623,814)
<b>Total equity</b>		36,737,072	35,472,167	46,224,822
<b>Total equity and liabilities</b>		93,492,189	61,793,016	77,624,822

The notes on pages 47 to 75 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 25th June 2025 and are signed on its behalf by:



B Hussey-Yeo  
Director

Company Statement of Financial Position  
For the year ended 31 December 2024

	Notes	2024 \$	2023 (as restated) \$
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	14	10,967,536	8,750,247
Property, plant and equipment			
- owned	15	539,961	483,821
- right-of-use assets	16	557,247	264,666
Investments	17	11	11
		<u>12,064,755</u>	<u>9,498,745</u>
<b>Current assets</b>			
Trade and other receivables	19	49,074,962	37,611,188
Cash and cash equivalents		4,634,950	19,842,346
Current tax recoverable		250,304	396,363
<b>Total current assets</b>		<u>53,960,216</u>	<u>57,849,897</u>
<b>Total assets</b>		<u>66,024,971</u>	<u>67,348,642</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	22	86,863	-
Borrowings	23	13,884,057	18,929,701
<b>Total non-current liabilities</b>		<u>13,970,920</u>	<u>18,929,701</u>
<b>Current liabilities</b>			
Trade and other payables	20	3,259,907	2,177,506
Lease liabilities	22	378,916	364,591
Borrowings	23	4,865,286	-
<b>Total current liabilities</b>		<u>8,504,109</u>	<u>2,542,097</u>
<b>Total liabilities</b>		<u>22,475,029</u>	<u>21,471,798</u>
<b>Equity</b>			
Called up share capital	26	63,851	63,838
Share premium	27	111,849,645	111,608,062
Share option reserve	27	9,183,001	6,232,612
Foreign exchange reserve	27	(2,195,127)	(1,449,925)
Retained earnings	27	(75,351,494)	(70,577,743)
<b>Total equity</b>		<u>43,549,942</u>	<u>45,876,844</u>
<b>Total equity and liabilities</b>		<u>66,024,971</u>	<u>67,348,642</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income and related notes. The Company's loss and total comprehensive income for the year was \$5,518,887 (2023 restated: \$20,252,205).

The notes on pages 47 to 75 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 25th June 2025 and are signed on its behalf by:



B Hussey-Yeo  
Director

# Cleo AI LTD

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Notes	Called up Share capital \$	Share Premium \$	Share option Reserve \$	Foreign option Reserve \$	Retained Earnings \$	Total Equity \$
<b>Balance as at 1 January 2023</b>		63,838	111,602,964	3,835,728	(3,653,894)	(65,623,814)	46,224,822
Loss for the financial year		-	-	-	-	(15,801,393)	(15,801,393)
Other comprehensive income, net of tax:							
Foreign exchange gain/(loss) on translation		-	-	-	2,203,969	442,787	2,646,756
<b>Loss and total comprehensive expense for the year</b>		-	-	-	<b>2,203,969</b>	<b>(15,358,606)</b>	<b>(13,154,637)</b>
Transactions with owners in their capacity as owners:							
Proceeds from issue of shares	<b>26</b>	-	5,098	-	-	-	5,098
Share based payment charge	<b>8</b>	-	-	2,396,884	-	-	2,396,884
<b>Total transactions with owners in their capacity as owners</b>		-	<b>5,098</b>	<b>2,396,884</b>	-	-	<b>2,401,982</b>
<b>Balance as at 31 December 2023</b>		<b>63,838</b>	<b>111,608,062</b>	<b>6,232,612</b>	<b>(1,449,925)</b>	<b>(80,982,420)</b>	<b>35,472,167</b>
Loss for the financial year		-	-	-	-	(1,181,878)	(1,181,878)
Other comprehensive income, net of tax:							
Foreign exchange gain/(loss) on translation		-	-	-	(745,202)	-	(745,202)
<b>Loss and total comprehensive expense for the year</b>		-	-	-	<b>(745,202)</b>	<b>(1,181,878)</b>	<b>(1,927,080)</b>
Transactions with owners in their capacity as owners:							
Issue of shares	<b>26</b>	13	241,583	-	-	-	241,596
Share based payment charge	<b>8</b>	-	-	2,950,389	-	-	2,950,389
<b>Total transactions with owners in their capacity as owners</b>		<b>13</b>	<b>241,583</b>	<b>2,950,389</b>	-	-	<b>3,191,985</b>
<b>Balance as at 31 December 2024</b>		<b>63,851</b>	<b>111,849,645</b>	<b>9,183,001</b>	<b>(2,195,127)</b>	<b>(82,164,298)</b>	<b>36,737,072</b>

# Cleo AI LTD

## Company Statement of Changes in Equity

For the year ended 31 December 2024

	Notes	Called up Share capital \$	Share Premium \$	Share option Reserve \$	Foreign option Reserve \$	Retained Earnings \$	Total Equity \$
<b>Balance as at 1 January 2023 (as restated)</b>		63,838	111,602,964	3,835,728	(3,653,894)	(48,121,569)	63,727,067
Loss for the financial year		-	-	-	-	(22,456,174)	(22,456,174)
Other comprehensive income, net of tax:							
Foreign exchange gain/(loss) on translation		-	-	-	2,203,969	-	2,203,969
<b>Loss and total comprehensive expense for the year</b>		-	-	-	<b>2,203,969</b>	<b>(22,456,174)</b>	<b>(20,252,205)</b>
Transactions with owners in their capacity as owners:							
Issue of shares	26	-	5,098	-	-	-	5,098
Share based payment charge	8	-	-	2,396,884	-	-	2,396,884
<b>Total transactions with owners in their capacity as owners</b>		-	<b>5,098</b>	<b>2,396,884</b>	-	-	<b>2,401,982</b>
<b>Balance as at 31 December 2023</b>		<b>63,838</b>	<b>111,608,062</b>	<b>6,232,612</b>	<b>(1,449,925)</b>	<b>(70,577,743)</b>	<b>45,876,844</b>
Loss for the financial year		-	-	-	-	(4,773,751)	(4,773,751)
Other comprehensive income, net of tax:							
Foreign exchange gain/(loss) on translation		-	-	-	(745,136)	-	(745,136)
<b>Loss and total comprehensive expense for the year</b>		-	-	-	<b>(745,136)</b>	<b>(4,773,751)</b>	<b>(5,518,887)</b>
Transactions with owners in their capacity as owners:							
Issue of shares	26	13	241,583	-	-	-	241,596
Share based payment charge	8	-	-	2,950,389	-	-	2,950,389
<b>Total transactions with owners in their capacity as owners</b>		<b>13</b>	<b>241,583</b>	<b>2,950,389</b>	-	-	<b>3,191,985</b>
<b>Balance as at 31 December 2024</b>		<b>63,851</b>	<b>111,849,645</b>	<b>9,183,001</b>	<b>(2,195,061)</b>	<b>(75,351,494)</b>	<b>43,549,942</b>

# Cleo AI LTD

Company Statement of Cash Flows  
For the year ended 31 December 2024

	2024 \$	2023 \$
<b>Cash flows from operating activities</b>		
Loss after taxation	(1,181,878)	(15,801,393)
Adjustments for:		
Depreciation	723,340	566,061
Amortisation	5,768,612	4,502,065
Loss on disposal of property, plant and equipment	4,627	833
Finance income	(547,412)	(1,147,356)
Equity settled share-based payments	2,950,389	2,396,884
Finance costs	3,901,486	2,186,233
Income tax expense	412,494	(362,419)
Movement in working capital:		
(Increase)/Decrease in receivables	(35,364,486)	2,874,752
Increase/(Decrease) in payables	5,118,819	(11,592,594)
Cash absorbed by operations	(18,214,009)	(16,376,934)
Income tax refunded	53,569	1,592,190
<b>Net cash outflow from operating activities</b>	<b>(18,160,440)</b>	<b>(14,784,744)</b>
<b>Cash flows from investing activities</b>		
Acquisition of tangible fixed assets	(355,018)	(250,182)
Acquisition of intangible fixed assets	(8,164,096)	(5,926,844)
Proceeds on disposal of tangible fixed assets	6,067	1,267
Interest received	547,412	1,147,356
Net cash used in investing activities	(7,965,635)	(5,028,403)
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(652,717)	(345,978)
Proceeds from issue of shares	241,596	5,098
Proceeds from bank borrowings – net of arrangement fees	24,383,418	6,084,889
Interest paid	(3,390,647)	(2,186,233)
Net cash used in financing activities	20,581,650	3,557,776
<b>Net decrease in cash and cash equivalents</b>	<b>(5,544,425)</b>	<b>(16,255,371)</b>
Cash and cash equivalents at the beginning of the year	32,283,962	45,559,006
Foreign exchange losses/(gains) on cash and cash equivalents	(562,697)	2,980,327
<b>Cash and cash equivalents at the end of the year</b>	<b>26,176,840</b>	<b>32,283,962</b>

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

The notes on pages 47 to 75 are an integral part of these financial statements.

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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### 1. GENERAL INFORMATION

Cleo AI Ltd. ("the Company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT.

The Group ("the Group") consists of Cleo AI Ltd. and all its subsidiaries as listed in note 18.

The Group's principal activities and nature of its operations are disclosed in the Directors' Report.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### BASIS OF PREPARATION AND FIRST TIME ADOPTION OF IFRS

These consolidated financial statements are the first published consolidated financial statements of Cleo AI Ltd. that have been prepared in accordance with UK-adopted International Accounting Standards, in conformity with the requirements of the Companies Act 2006 ("IFRS"). They have been prepared under the historical cost convention.

Some of the IFRS recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from FRS 102. Consequently, the Directors have amended certain accounting policies to comply with IFRS. The date of transition to IFRS is 1 January 2023.

The principles and requirements for first time adoption of IFRS are set out in IFRS 1 'First-Time Adoption of International Financial Reporting Standards'. IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain standards to assist companies with the transition process. No exemptions have been applied in the preparation of the Group's first IAS financial statements. The impact of adopting IAS is disclosed below.

#### IFRS 9 'Financial Instruments'

The adoption of IFRS has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing the approach under UK GAAP of initially recognising loan book receivables at transaction price and subsequently measuring at amortised cost less allowances for estimated irrecoverable amounts with a forward-looking expected credit loss ("ECL") approach. The assessment of expected credit losses has caused a material change from the irrecoverable amounts estimated under FRS 102.

#### IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 introduces a new model for revenue recognition, which is based upon the transfer of control rather than the transfer of risks and rewards. The Group previously applied the provisions of FRS 102 Section 23. On all the Group's engagement types the point at which revenue is recognised has not changed, as the point of control under IFRS 15 is the same as the point of transfer of risks and rewards under FRS 102. As such, there were no adjustments upon transition from FRS 102 to IFRS 15.

#### IFRS 16 'Leases'

Under UK GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. From 1 January 2023, for each lease the Group has recognised an asset reflecting the right to use the leased asset for the remaining lease term and a lease liability reflecting the obligation to make lease payments. Both the asset and the liability have been recognised on-balance sheet where previously they were off balance sheet. There has been no impact on the actual cash flows of the Group but there are presentational differences in the cash flow statement. There has been an impact on the Statement of Comprehensive Income as the operating lease payments have been replaced with a depreciation charge on the leased asset and an interest expense on the lease liability.

The Group has taken advantage of the exemptions available under IFRS 16 not to apply the recognition and requirements of IFRS 16 to leases with a term of 12 months or less and to leases of low-value assets. The recognition of these exempted leases will therefore continue unchanged – a charge will be recognised in the income statement based on straight-line recognition of the lease payments payable on each lease, after adjustment for lease incentives received. These are also recognised in the operating loss note (note 9).

The preparation of the consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates and management judgements in applying the accounting policies. The significant estimates and judgements have been made and their effect is disclosed in note 3.

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The previous financial statements of Cleo AI Ltd. were prepared under FRS 102 'The Financial Reporting Standard ("FRS") applicable in the UK and Republic of Ireland', which applies the FRS recognition and measurement principles. Therefore, there are adjustments to amounts previously reported in the separate financial statements of Cleo AI Ltd. on transition to IFRS on 1 January 2023. The effects of transition to IFRS are presented in note 32.

The Company meets the definition of a qualifying entity under FRS 101: Reduced Disclosure Framework ("FRS 101"), The Financial Reporting Standard applicable in the UK and Republic of Ireland. The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the Group financial statements, in accordance with FRS 101:

- Presentation of a balance sheet at 1 January 2023 in the Company's first IFRS financial statements;
- Presentation of a cash flow statement and related notes;
- Reconciliations of the carrying amounts of property, plant and equipment, intangibles assets at the start and the end of the prior period;
- Disclosure of the objectives, policies and processes for managing capital;
- Inclusion of an explicit and unreserved statement of compliance with IFRS;
- Disclosure of key management compensation;
- Disclosure of the categories of financial instrument and nature and extent of risks arising on these financial instruments;
- Related party disclosures for transactions with the parent or wholly-owned members of the Group; and
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date.

### ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

The following amendments to existing standards and new interpretations became effective on the Group's transition to IFRS in the current year, but have had no significant impact on the Group's financial statements:

- Amendments to IFRS 16 related to Lease Liability in a Sale and Leaseback (effective 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements (effective 1 January 2024):
  - Classification of Liabilities as Current or Non-Current, including Deferral of Effective Date Amendment
  - Non-current Liabilities with Covenants
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, Supplier Finance Arrangements (effective 1 January 2024)

The amendments listed above had no impact on the amounts recognised in prior or current periods and are not expected to significantly affect future periods.

### STANDARDS AND INTERPRETATIONS NOT YET APPLIED

The following relevant new standards, amendments to standards and interpretations have been issued, but are only effective for financial periods beginning on 1 January 2025, and have therefore not been early adopted:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective 1 January 2025)

The Directors do not expect the adoption of these standards to have a material impact in future periods.

### BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Cleo AI Ltd. and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). The parent company and its subsidiaries all have a reporting date of 31 December.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

### GOING CONCERN

At the time of approving the financial statements, the directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The Group incurred a loss of \$1.2m for the year ended 31 December 2024 (2023: \$15.8m).

At the reporting date, the Group had cumulative losses of \$82.1m (2023: \$81.0m) and net assets of \$36.7m (2023: \$35.5m).

In line with its business plan, the Group is now profitable and expects to achieve positive cash flows in the near future. The business is expected to have sufficient cash for the following 12 months from the date of approval of the financial statements.

Notwithstanding the loss reported by the Group and Company, the financial statements have been prepared on a going concern basis which assumes that the Group and Company will be able to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of the financial statements.

### FOREIGN AND FUNCTIONAL CURRENCIES

The financial statements of the Group are presented in US dollars (\$), while the functional currency of each individual entity within the Group is the currency of the primary economic environment in which it operates. The functional currency of the Company is Sterling (£).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or, where applicable, the dates of remeasurement. Non-monetary items measured at historical cost are not retranslated. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities at the reporting date are recognised in the statement of profit or loss.

On consolidation, the assets and liabilities of foreign operations are translated into US dollars (\$) at the closing exchange rate as at the reporting date. The income and expenses of foreign operations are translated into US dollars (\$) at the average exchange rate for the period, unless exchange rates fluctuate significantly, in which case transaction-specific rates are used.

Exchange differences arising from translating the net assets of foreign operations (including the UK parent Company with a functional currency of Sterling) at the closing exchange rate, and the translation of the results of foreign operations at the average exchange rate for the period, are recognised in other comprehensive income. These differences are accumulated in the foreign currency translation reserve within equity.

On disposal of a foreign operation, the cumulative translation differences related to that operation are reclassified to profit or loss as part of the gain or loss on disposal.

### REVENUE

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group, the significant risks and rewards of ownership have been transferred to the customer and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The specific criteria relating to each of the Group's sales channels that must be met before revenue is recognised are described below.

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Subscription revenue

Subscription revenue is revenue earned from customers for the provision of Cleo+, Credit Builder Card services and Grow. Revenue from subscription fees is recognised over the subscription period on a straight-line basis, as the customer receives and consumes the benefits of the service evenly throughout the subscription term. Where payments are received in advance, they are initially recorded as deferred revenue (contract liabilities) and subsequently recognised as revenue over the subscription period.

#### Express payment fees revenue

Express fee revenue is recognised at the point of disbursement of the advance, when access is made available to the customer. When the customer opts to pay the express fee, benefits are received at the point the funds are disbursed to the customer account, at which point all obligations have been satisfied. This represents the completion of the Group's performance obligation under IFRS 15. Express fees are collected on repayment of the advance and as such any unpaid express fees at the period end are recognised as accrued revenue.

#### FINANCE INCOME AND FINANCE COSTS

Finance income and costs are recognised in profit and loss using the effective interest rate method.

#### RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is written off against profits in the year in which it is incurred. In the event that an internally generated intangible asset arises from the Company's development activities then it will be recognised only if all of the following conditions are met:

- a) Completion of the asset is technically feasible;
- b) The Company intends to complete the intangible asset and use or sell it;
- c) The Company has the ability to use the asset or sell it;
- d) The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset, or, if it is to be used internally, the asset will be used in generating such benefits;
- e) There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) The expenditure attributable to the intangible asset during its development can be measured reliably.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

#### INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life.

Development costs	33% straight line
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#### PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate assets' cost amounts to their residual values over their estimated useful lives, as follows:

Office equipment	25% straight line
Fixtures and fittings	25% straight line
Computers	25% straight line

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the Statement of Comprehensive Income.

### IMPAIRMENT OF NON-CURRENT ASSETS

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### INVESTMENTS

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity to obtain benefits from its activities.

### FINANCIAL INSTRUMENTS

#### Financial instruments

The Group recognises financial assets and liabilities on the statement of financial position when it becomes party to the contractual provisions of the instrument. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities are included in the initial measurement.

#### Classification and measurement of financial assets

Loans advanced and other receivables

Loans advanced and other receivables are initially measured at fair value plus transaction costs. These assets are held to collect contractual cash flows, which represent solely payments of principal and interest, and are therefore measured at amortised cost using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand.

Notes to the Consolidated Financial Statements  
For the year ended 31 December 2024

## Impairment of financial assets

Impairment losses are assessed in two stages:

- For contract assets, the Group applies a simplified approach, recognising lifetime ECLs at each reporting date based on a provision matrix reflecting historical credit loss experience and forward-looking factors.

A financial asset is deemed to be in default if payments are 180 days past due or if there is other evidence indicating that the Group is unlikely to receive the full contractual amount. Assets with no reasonable expectation of recovery are written off.

Financial liabilities and Equity Instruments are classified based on the substance of contractual arrangements.

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Contract liabilities arise when payments are received before the related goods or services are delivered. These liabilities are recognised as revenue when the Group fulfils its performance obligations.

Equity instruments issued are recorded at fair value net of transaction costs.

A financial asset is derecognised when the contractual rights to cash flows expire, are settled, or when substantially all risks and rewards of ownership are transferred. Financial liabilities are derecognised when the related obligation is discharged, cancelled, or expires. Gains or losses on derecognition are recognised in profit or loss.

Financial assets deemed unrecoverable are written off in profit or loss.

On commencement of a contract (or part of a contract) which gives the Group the right to use an asset for a period in exchange for consideration, the Group recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease or a 'low-value' lease.

For leases where the underlying asset is 'low value', lease payments are recognised as an expense on a straight-line basis over the lease term.

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

Right-of-use assets on a straight-line basis over the shorter of the lease term and the useful life

The right-of-use asset is adjusted for any re-measurement of the lease liability and lease modifications.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the Group is reasonably certain to exercise and termination periods that the Group is reasonably certain not to exercise.

### Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in profit or loss.

Variable lease payments not included in the measurement of the lease liability as they are not dependent on an index or rate, are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

### Remeasurement of the lease liability

The lease liability is adjusted for changes arising from the original terms and conditions of the lease that change the lease term, the Company's assessment of its option to purchase the leased asset, the amount expected to be payable under a residual value guarantee and/or changes in lease payments due to a change in an index or rate. The adjustment to the lease liability is recognised when the change takes effect and is adjusted against the right-of-use asset, unless the carrying amount of the right-of-use asset is reduced to nil, when any further adjustment is recognised in profit or loss.

Adjustments to the lease payments arising from a change in the lease term or the lessee's assessment of its option to purchase the leased asset are discounted using a revised discount rate. The revised discount rate is calculated as the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee's incremental borrowing rate at the date of reassessment.

Changes to the amounts expected to be payable under a residual value guarantee and changes to lease payments due to a change in an index or rate are recognised when the change takes effect and are discounted at the original discount rate unless the change is due to a change in floating interest rates, when the discount rate is revised to reflect the changes in interest rate.

### Lease modifications

A lease modification is a change that was not part of the original terms and conditions of the lease and is accounted for as a separate lease if it increases the scope of the lease by adding the right to use one or more additional assets with a commensurate adjustment to the payments under the lease.

For a lease modification not accounted for as a separate lease, the lease liability is adjusted for the revised lease payments, discounted using a revised discount rate. The revised discount rate used is the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee Company's incremental borrowing rate at the date of the modification.

Where the lease modification decreases the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease. Any difference between the adjustment to the lease liability and the adjustment to the right-of-use asset is recognised in profit or loss.

For all other lease modifications, the adjustment to the lease liability is recognised as an adjustment to the right-of-use asset.

## INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is recognised on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is released or the deferred income tax liabilities is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### PENSIONS

The Group operates a defined contribution plan for its employees. The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

### SHARE-BASED PAYMENTS

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are considered by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also considers non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's and the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

### Judgements

In the course of preparing the financial statements, judgements have been made in the process of applying the accounting policies that have had a significant effect in the amounts recognised in the financial statements. The following are the areas requiring the use of judgements that may significantly impact the financial statements.

### Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. Estimates include:

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Measurement, useful lives and impairment of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets. In the event of impairment, an estimate of the asset's recoverable amount is made. The value of the assets are tested whenever there are indications of impairment.

#### Deferred taxation

Deferred tax liabilities are assessed based on assumptions regarding the future, the likelihood that assets will be realised, and liabilities will be settled and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

Deferred tax assets in respect of tax losses carried forward are recognised on the basis that there are expected to be sufficient profits generated to utilise these losses in the near future.

#### Interest rate implicit in the lease liabilities

The Group uses judgement to assess whether the interest rate implicit in the lease is readily determinable. When the interest rate implicit in the lease is not readily determinable, the Group estimates the incremental borrowing rate based on its external borrowings secured against similar assets, adjusted for the term of the lease. On this basis, the Group has estimated its incremental borrowing rate to be between 9.15% and 12.00%.

#### Measurement of expected credit losses

The Company makes an estimate of the expected credit losses allowance on loans advanced and accrued income (contract assets). Key assumptions in determining the weighted-average loss rate include the credit rating of the customer, the ageing profile of receivables and historical experience. The carrying amount of loans advanced is included in note 19.

### 4. PRIOR PERIOD ADJUSTMENT

During the year, management identified that a management charge from the Company to a subsidiary was understated by £7,631,757 in the prior year. As a result, the Company's comparatives have been restated, reducing the prior year loss and increasing net assets by this amount.

As the adjustment eliminates on consolidation, there is no impact on the Group financial statements. The effect on the Company's Statement of Financial Position is shown in note 33.

### 5. REVENUE

An analysis of the Group's review is as follows:

	2024 \$	2023 \$
Revenue by class of business		
Subscription revenue	59,678,253	39,197,781
Transaction fees	76,021,823	26,705,820
	<u>135,700,076</u>	<u>65,903,601</u>
Timing of recognition		
Point in time	77,879,041	38,725,682
Recognised over time	57,821,035	27,177,919
	<u>135,700,076</u>	<u>65,903,601</u>
Revenue by geographical location		
United States of America	135,700,076	65,903,601
	<u>135,700,076</u>	<u>65,903,601</u>

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 6. EMPLOYEES

The average monthly number of persons (including Directors) employed by the Group and Company during the year was:

	Group		Company	
	2024 Number	2023 Number	2024 Number	2023 Number
Executives	8	8	5	6
Product development and technical	202	133	151	112
Support	84	77	77	48
	<u>294</u>	<u>218</u>	<u>233</u>	<u>166</u>

The aggregate payroll costs (including Directors' remuneration) were as follows:

	Group		Company	
	2024 \$	2023 \$	2024 \$	2023 \$
Wages and salaries	37,748,264	23,248,037	31,759,509	18,932,613
Social security costs	4,062,846	2,170,843	3,671,593	1,887,916
Pension costs	1,317,834	944,007	1,317,834	785,441
	<u>43,128,944</u>	<u>26,362,887</u>	<u>36,748,936</u>	<u>21,605,970</u>

### 7. DIRECTORS' REMUNERATION

Only one director receives remuneration from the Group and is also considered the sole member of key management personnel. Their total emoluments for qualifying services is:

	Group and Company	
	2024 \$	2023 \$
Wages and salaries	266,637	176,076
Pension costs	20,138	10,445
Social security costs	27,027	14,004
	<u>313,802</u>	<u>200,525</u>

The number of Directors to whom retirement benefits are accruing under money purchase schemes was one (2023: one). No Directors received shares under long term incentives schemes in the current or prior year.

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 8. SHARE-BASED PAYMENT TRANSACTIONS

The Company operates an equity-settled share-based remuneration scheme for employees. Equity-settled share-based payments are measured at fair value at the date of grant. The vesting period for all options is four years.

The Black-Scholes option pricing model was used to calculate the fair value of options at grant date. The inputs into the pricing model were:

	Number of share options		Weighted average exercise price	
	2024 Number	2023 Number	2024 Pence	2023 Pence
Outstanding at 1 January 2024	3,668,272	3,607,881	43.00	43.00
Granted	804,787	760,903	72.00	57.00
Forfeited	-	(468,560)	-	36.00
Cancelled	(367,479)	-	51.00	-
Exercised	(278,643)	10,160	49.00	26.00
Outstanding at 31 December 2024	3,826,937	3,910,384	48.00	46.00
Exercisable at 31 December 2024	2,510,799	2,676,768	37.00	36.00

The options outstanding at 31 December 2024 has an exercise price ranging from £0.16 to £2.91 and a remaining contractual life of five years.

#### Group

Inputs were as follows:

	2024	2023
Weighted average share price (pence)	690	1,100
Weighted average exercise price (pence)	49	57
Dividend yield (%)	0	0
Expected volatility (%)	65.00	50.00
Risk free rate (%)	4.49 – 4.62	3.67
Expected life (years)	4	5

Historical volatility was 50%, which includes the early years of the Company's life; volatility has increased to 65% during the year which aligns the Company with its peers.

### 9. OPERATING LOSS/(PROFIT)

	2024 \$	2023 \$
Operating loss is stated after charging/(crediting):		
Depreciation of property, plant and equipment – owned	256,737	182,534
Depreciation of property, plant and equipment - right-of-use assets	466,603	383,528
Amortisation of intangible assets – owned	5,768,612	4,502,065
Loss on disposal of property, plant and equipment – owed	4,627	833
Impairment loss on loan books	26,128,140	8,900,894
Foreign exchange losses/(gains)	(613,405)	1,630,910
Share based payments	2,950,389	2,396,884
Operating lease rentals - low value	50,442	51,833

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 10. AUDITORS REMUNERATION

	2024 \$	2023 \$
Fees payable to the Group's auditor and its associates:		
Audit of the Group and Company's financial statements	177,512	155,425
All other non-audit services	47,127	11,141

### 11. FINANCE INCOME

	2024 \$	2023 \$
Bank interest received	402,118	1,030,672
Other interest received	145,294	116,684
	<u>547,412</u>	<u>1,147,356</u>

### 12. FINANCE COSTS

	2024 \$	2023 \$
Interest on lease liabilities	31,222	41,385
Interest on bank loans	3,359,425	2,144,848
Amortisation of loan fees	510,839	-
	<u>3,901,486</u>	<u>2,186,233</u>

### 13. INCOME TAX

	2024 \$	2023 \$
Current tax:		
UK income tax charge/(credit)	(264,789)	(362,419)
Foreign income tax charge/(credit)	677,283	-
Income tax (credit)/expense	<u>412,494</u>	<u>(362,419)</u>
	<u>2024 \$</u>	<u>2023 \$</u>
Loss before income tax	(769,384)	(16,163,812)
Loss before income tax multiplied by the effective rate of corporation tax of 25% (2023: 23.52%)	(192,346)	(3,801,729)
Effects of:		
Expenses not deductible for tax purposes	712,232	567,904
Research and development tax credit	299,975	438,672
Other permanent differences	(12,520)	(1,730)
Effect of overseas tax rates	(169,239)	(336,041)
Other fixed asset difference	(1)	(1,248)
Adjustment to brought forward values	1,885	747,578
Additional deduction for R&D expenditure	(363,862)	(401,043)
Remeasurement in deferred tax for change in tax rates	-	(341,066)
Movement in deferred tax not recognised	161,452	2,766,284
Amount recognised directly in Statement of Changes in Equity	(25,082)	-
Income tax	<u>412,494</u>	<u>(362,419)</u>

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 13. INCOME TAX (CONTINUED)

The Group has unrecognised deferred tax assets of \$15.1m (2023: 18.3m) in respect of losses incurred within the Group. There is no recognition due to the uncertainty as to the recoverability in those entities where the losses exist.

Changes to the UK corporation tax rates were substantively enacted by the Finance Bill 2021 on 24 May 2021. These included an increase of the corporation tax rate to 25.00% from 1 April 2023. Where deferred tax is recognised, it is at a rate of 25.00% in the current year (2023: 25.00%).

### 14. INTANGIBLE ASSETS

#### Group and Company

#### Cost

At 1 January 2023	15,448,093
Additions	5,926,844
Exchange differences	946,803

<b>At 31 December 2023</b>	<b>22,321,740</b>
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Additions	8,164,096
Exchange differences	(549,635)

<b>At 31 December 2024</b>	<b>29,936,201</b>
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#### Amortisation and impairment

At 1 January 2023	8,517,875
Charge for the year	4,502,065
Exchange differences	551,553

<b>At 31 December 2023</b>	<b>13,571,493</b>
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Charge for the year	5,768,612
Exchange differences	(371,440)

<b>At 31 December 2024</b>	<b>18,968,665</b>
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#### Net book value

At 31 December 2024	10,967,536
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At 31 December 2023	8,750,247
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At 1 January 2023	6,930,218
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The amortisation charge included within administrative expenses in the statement of comprehensive income.

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 15. PROPERTY, PLANT AND EQUIPMENT – OWNED

#### Group

	Office equipment \$	Fixtures and fittings \$	Computer equipment \$	Total \$
<b>Cost</b>				
At 1 January 2023	6,419	70,610	645,502	722,531
Additions	-	21,399	228,783	250,182
Disposals	-	-	(2,392)	(2,392)
Exchange differences	335	3,446	39,113	42,894
<b>At 31 December 2023</b>	<b>6,754</b>	<b>95,455</b>	<b>911,006</b>	<b>1,013,215</b>
Additions	-	73,944	281,074	355,018
Disposals	(3,162)	(29,597)	(255,463)	(288,222)
Exchange differences	(49)	(1,649)	(15,998)	(17,696)
<b>At 31 December 2024</b>	<b>3,543</b>	<b>138,153</b>	<b>920,619</b>	<b>1,062,315</b>
<b>Depreciation and impairment</b>				
At 1 January 2023	2,695	26,590	284,441	313,726
Charge for the year	1,190	17,429	163,915	182,534
Eliminated on disposal	-	-	(292)	(292)
Exchange differences	168	1,673	18,739	20,580
<b>At 31 December 2023</b>	<b>4,053</b>	<b>45,692</b>	<b>466,803</b>	<b>516,548</b>
Charge for the year	905	24,071	231,761	256,737
Eliminated on disposal	(3,170)	(24,612)	(249,746)	(277,528)
Exchange differences	264	(775)	(7,596)	(8,107)
<b>At 31 December 2024</b>	<b>2,052</b>	<b>44,376</b>	<b>441,222</b>	<b>487,650</b>
<b>Net book value</b>				
At 31 December 2024	1,491	93,777	479,397	574,665
At 31 December 2023	2,701	49,763	444,203	496,667
At 1 January 2023	3,724	44,020	361,061	408,805

The depreciation charge is included within administrative expenses in the statement of comprehensive income.

# Cleo AI LTD

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 15. PROPERTY, PLANT AND EQUIPMENT – OWNED (CONTINUED)

Company	Office equipment \$	Fixtures and fittings \$	Computer equipment \$	Total \$
<b>Cost</b>				
At 1 January 2023	6,419	59,024	645,502	710,945
Additions	-	15,508	228,783	244,291
Disposals	-		(2,392)	(2,392)
Exchange differences	335	3,446	39,113	42,894
<b>At 31 December 2023</b>	<b>6,754</b>	<b>77,978</b>	<b>911,006</b>	<b>995,738</b>
Additions	-	45,089	281,074	326,163
Disposals	(3,162)	(29,597)	(255,463)	(288,222)
Exchange differences	(49)	(1,649)	(15,998)	(17,696)
<b>At 31 December 2024</b>	<b>3,543</b>	<b>91,821</b>	<b>920,619</b>	<b>1,015,983</b>
<b>Depreciation</b>				
At 1 January 2023	2,695	25,933	284,441	313,069
Charge for the year	1,190	13,455	163,915	178,560
Eliminated on disposal	-	-	(292)	(292)
Exchange differences	168	1,673	18,739	20,580
<b>At 31 December 2023</b>	<b>4,053</b>	<b>41,061</b>	<b>466,803</b>	<b>511,917</b>
Charge for the year	905	17,074	231,761	249,740
Eliminated on disposal	(3,170)	(24,612)	(249,746)	(277,528)
Exchange differences	264	(775)	(7,596)	(8,107)
<b>At 31 December 2022</b>	<b>2,052</b>	<b>32,748</b>	<b>441,222</b>	<b>476,022</b>
<b>Net book value</b>				
At 31 December 2024	1,491	59,073	479,397	539,961
At 31 December 2023	2,701	36,917	444,203	483,821
At 1 January 2023	3,724	33,091	361,061	397,876

The depreciation charge is included within administrative expenses in the statement of comprehensive income.

# Cleo AI LTD

Notes to the Consolidated Financial Statements  
For the year ended 31 December 2024

## 16. PROPERTY, PLANT AND EQUIPMENT – RIGHT-OF-USE ASSETS

### Group and Company

#### Cost

At 1 January 2023	794,545
Exchange differences	41,410

**At 31 December 2023** **835,955**

Additions	753,905
Exchange differences	(14,182)

**At 31 December 2024** **1,575,678**

#### Depreciation and impairment

At 1 January 2023	169,749
Charge for the year	383,527
Exchange differences	18,013

**At 31 December 2023** **571,289**

Charge for the year	466,603
Exchange differences	(19,461)

**At 31 December 2024** **1,018,431**

#### Net book value

At 31 December 2024	577,247
At 31 December 2023	264,666
At 1 January 2023	624,796

The depreciation charge is included within administrative expenses in the statement of comprehensive income.

## 17. INVESTMENTS

### Company

#### Cost and carrying amount

At 1 January 2023	11
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At 31 December 2023 11

At 31 December 2024 11

# Cleo AI LTD

Notes to the Consolidated Financial Statements  
For the year ended 31 December 2024

## 18. SUBSIDIARIES

The Company's subsidiary undertakings as at 31 December 2024 are set out below:

Name of subsidiary	Registered office	Nature of Business	Held Direct	Held Indirect
Cleo AI Inc	1209 Orange Street, Wilmington DE 19801	Financial management software	100%	-
Cleo AI Funding Secured I, LLC	1209 Orange Street, Wilmington, DE 19801	Funding vehicle	-	100%

Cleo AI Funding Secured I, LLC was incorporated during the year and there was no change in the fixed asset investments.

## 19. TRADE AND OTHER RECEIVABLES

Group	2024 \$	2023 \$	2022 \$
<b>Current</b>			
EWA advances	63,726,007	22,329,732	24,676,060
Expected credit losses	(17,053,705)	(6,328,627)	(4,134,924)
Net EWA advances	46,672,302	16,001,105	20,541,136
Other receivables	5,975,510	2,421,979	1,042,696
VAT recoverable	461,156	220,790	332,340
Prepayments	1,856,629	957,237	559,691
	54,965,597	19,601,111	22,475,863

Earned Wage Access (EWA) is a financial service that allows employees to access a portion of their earned but unpaid wages before their scheduled payday. It is designed to provide short-term liquidity to workers who need access to their wages earlier than the standard payroll cycle.

Company	2024 \$	2023 (as restated) \$
Other receivables	370,367	563,444
VAT recoverable	461,156	220,791
Amounts owed by group undertakings	47,047,156	36,287,305
Prepayments	1,196,283	539,648
	49,074,962	37,611,188

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 20. TRADE AND OTHER PAYABLES

Group	2024 \$	2023 \$	2022 \$
<b>Current</b>			
Trade payables	3,085,885	295,638	656,379
Social security and other taxes	1,019,647	704,468	415,922
Other payables	319,218	453,649	284,415
Accruals	4,557,377	3,508,529	3,389,236
Contract liabilities	3,163,249	2,064,273	-
	<u>12,145,376</u>	<u>7,026,557</u>	<u>4,745,952</u>

Company	2024 \$	2023 \$
<b>Current</b>		
Trade payables	868,541	238,206
Social security and other taxes	1,019,647	704,468
Other payables	297,128	31,745
Accruals	1,074,591	1,203,087
	<u>3,259,907</u>	<u>2,177,506</u>

### 21. CONTRACT BALANCES

Contract liabilities relate to consideration received from customers in advance of the performance obligation being satisfied. Contract liabilities are shown within trade and other payables on the statement of financial position.

The significant changes in contract liabilities are presented below:

	Group 2024 \$	Group 2023 \$	Group 2022 \$
At 1 January	2,064,373	-	-
New contract liabilities	3,163,249	2,064,373	-
Revenue recognised in the year that was included in the opening balance	(2,064,373)	-	-
	<u>3,163,249</u>	<u>2,064,273</u>	<u>-</u>
At 31 December			

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 22. LEASE LIABILITIES

#### Group and Company

The maturity of the gross contractual undiscounted cash flows due on the Group's lease liabilities is set out below based on the period between the reporting date and the contractual maturity date.

#### At 31 December 2024

	Less than 1 year \$	Between 1 and 5 years \$	Total \$
Buildings	403,307	90,156	493,463
Future finance charges on lease liabilities	(24,391)	(3,293)	(27,684)
Present value of lease liabilities	378,916	86,863	465,779

#### At 31 December 2023

	Less than 1 year \$	Between 1 and 5 years \$	Total \$
Buildings	373,612	-	373,612
Future finance charges on lease liabilities	(9,021)	-	(9,021)
Present value of lease liabilities	364,591	-	364,591

#### At 31 December 2022

	Less than 1 year \$	Between 1 and 5 years \$	Total \$
Buildings	406,146	353,728	759,874
Future finance charges on lease liabilities	(40,398)	(8,907)	(49,305)
Present value of lease liabilities	365,748	344,821	710,569

As disclosed in note 16, the carrying value of right-of-use assets in respect of the above lease liabilities is \$557,247 (2023: \$264,666).

The Group's lease arrangements are in relation to property leases. The leases have termination dates ranging from 2024 to 2026.

The rates of interest implicit in the Group's lease arrangements are not readily determinable and management have determined that the incremental borrowing rate to be applied in calculating the lease liability is between 9.15% to 12.00%. The fair value of the Group's lease obligations is approximately equal to their carrying amount.

#### Effect of leases on financial performance

	2024 \$	2023 \$
Depreciation charge on right-of-use assets included within 'administrative expenses'	466,603	383,527
Interest expense on lease liabilities included within 'finance costs'	31,222	41,385
Expense relating to low-value leases included within 'administrative expenses'	50,442	51,833
	548,267	476,745

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 23. BORROWINGS

Group	2024 \$	2023 \$	2022 \$
Other borrowings	18,749,343	18,929,701	25,943,479
Bank loans	25,074,615	-	-
	<u>43,823,958</u>	<u>18,929,701</u>	<u>25,943,479</u>
<b>Within one year</b>			
Other borrowings	4,865,286	-	16,598,340
	<u>4,865,286</u>	<u>-</u>	<u>16,598,340</u>
<b>After one year</b>			
Other borrowings	13,884,057	18,929,701	9,345,139
Bank loans	25,074,615	-	-
	<u>38,958,672</u>	<u>18,929,701</u>	<u>9,345,139</u>

Company	2024 \$	2023 \$
Other borrowings	18,749,343	18,929,701
	<u>18,749,343</u>	<u>18,929,701</u>
<b>Within one year</b>		
Other borrowings	4,865,286	-
	<u>4,865,286</u>	<u>-</u>
<b>After one year</b>		
Other borrowings	13,884,057	18,929,701
	<u>13,884,057</u>	<u>18,929,701</u>

Other borrowings consist of a £15m loan, net of unamortised issue costs of £97,500. They are secured by way of fixed and floating charges over the assets of the Group.

Bank loans consist of a \$26m loan, net of unamortised issue costs of \$9.3m. The loans accrue interest at the Sterling base rate 7% p.a. (minimum 11.5% p.a.) and are secured by fixed and floating charges over the Group's assets.

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 24. FINANCIAL INSTRUMENTS

The totals for each category of financial instrument, measured in accordance with IFRS 9 as detailed in the accounting policies, are as follows:

#### Group

##### Financial assets held at amortised cost:

##### Current assets

	2024 \$	2023 \$	2022 \$
Trade and other receivables	52,647,812	18,423,084	21,583,832
Cash and cash equivalents	26,176,840	32,283,962	45,559,006
Total financial assets held at amortised cost	78,824,652	50,707,046	67,142,838

##### Financial liabilities held at amortised cost:

##### Current liabilities

	2024 \$	2023 \$	2022 \$
Trade and other payables	7,962,480	4,257,816	4,330,030
Lease liabilities	378,916	364,591	365,748
Borrowings	4,865,286	-	16,598,340
	13,206,682	4,622,407	21,294,118

##### Non-current liabilities

	2024 \$	2023 \$	2022 \$
Lease liabilities	86,863	-	344,821
Borrowings	38,958,672	18,929,701	9,345,139
	39,045,535	18,929,701	9,689,960
Total financial liabilities held at amortised cost	52,252,217	23,552,108	30,984,078

The Directors consider the book value of all financial instruments to equate to their fair value.

The Directors monitor the Group's financial risk management policies and exposure and approve financial transactions. The Director's overall risk management strategy seeks to assist the Group in meeting its financial targets whilst minimising potential adverse effects on financial performance.

#### Risk management policies

The Group's Directors are responsible for overseeing capital resources and maintaining efficient capital flow, together with managing the Group's cash flow risk, foreign exchange risk, credit risk and liquidity risk.

#### Interest rate risk

Interest rate risk is the risk that the future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to movements in interest rates as the interest rate charged on bank loans and other borrowings are determined by market interest rates.

#### Credit risk

Credit risk is the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk principally arises from cash and cash equivalents and EWA advances. The Group regularly reviews balances to determine whether there has been a significant increase in the credit risk of its financial assets since their initial recognition. Where a significant increase in credit risk is identified, the loss allowance is measured based on the risk of a default occurring over the expected life of the instrument rather than considering only the default events expected within 12 months of the year-end.

The Group's maximum exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarised below:

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 24. FINANCIAL INSTRUMENTS (CONTINUED)

	2024 \$	2023 \$	2022 \$
Trade and other receivables	52,647,812	18,423,084	21,583,832
Cash and cash equivalents	26,176,840	32,283,962	45,559,006
	<u>78,824,652</u>	<u>50,707,046</u>	<u>67,142,838</u>

#### *Liquidity risk*

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due. The Group employs efficient cash management, credit control and an efficient cost base to minimise liquidity risk, therefore ensuring funds are available to meet commitments as they fall due.

Contractual cash flows relating to the Group's financial liabilities are as follows:

	2024 \$	2023 \$	2022 \$
<b>Within one year:</b>			
Trade payables	3,085,885	295,638	656,379
Other payables	319,218	453,649	284,415
Accruals	4,557,377	3,508,529	3,389,236
Lease liabilities	378,916	364,591	365,748
Borrowings	4,865,286	-	16,598,340
	<u>13,206,682</u>	<u>4,622,407</u>	<u>21,294,118</u>
<b>After one year:</b>			
Lease liabilities:			
Between 1-2 years	86,863	-	344,821
<b>Borrowings:</b>			
Between 1-2 years	7,368,328	4,912,088	9,345,139
Between 2-3 years	31,590,344	7,439,206	-
Between 3-4 years	-	6,578,407	-

#### *Foreign exchange risk*

Foreign exchange risk is mitigated by closely monitoring foreign exchange movements, having natural hedges with the Group's overseas operations, and having appropriate terms with non-US Dollar denominated suppliers.

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 25. CAPITAL MANAGEMENT

Capital risk is the risk that we don't have the quantity or quality of capital resources to meet our capital requirements. Inadequate capital or capital management could result in a default on our lending or operational implications which includes operational losses.

Cleo manages its capital with the objective of maintaining a strong financial position to support its growth strategy, meet regulatory and covenant requirements, and provide sustainable value to stakeholders. The Group's capital structure primarily consists of equity, including issued share capital, reserves, as well as borrowings. The Group seeks to optimise its capital structure by balancing the need for financial flexibility with the goal of minimising the cost of capital.

The Group monitors its capital position through various financial metrics such as liquidity ratios. To manage capital effectively, Cleo places significant emphasis on cash flow management and operational efficiency. These metrics are used to assess the ability to fund ongoing operations, invest in product development, and support strategic initiatives. Cleo also needs to ensure it remains compliant with our externally imposed capital requirements of its borrowing facilities. The Group remains committed to maintaining a prudent level of financial leverage to support sustainable growth. The Group also considers potential funding sources, including equity financing and further drawdowns of its available debt facilities to ensure adequate capital availability.

During the reporting period, the Group maintained a stable capital position, supported by strong operating cash flows and disciplined cost management. This was further strengthened by the establishment of the warehouse facility with HSBC.

Looking ahead, Cleo remains focused on maintaining financial resilience while pursuing strategic growth initiatives to enhance shareholder value.

### 26. SHARE CAPITAL

#### Group and Company

#### Share capital issued and fully paid

Ordinary shares of 0.001p each

Growth shares of 0.001p each

2024 No.	2023 No.	2022 No.
-------------	-------------	-------------

8,227,928	7,949,285	7,938,739
120,620	-	-

2024 \$	2023 \$	2022 \$
------------	------------	------------

63,488	63,477	63,477
2	-	-

#### Share capital issued and fully paid

Ordinary shares of 0.001p each

Growth shares of 0.001p each

#### Group and Company

Preference share capital issued and fully paid

Series seed preferred shares of 0.001p each

A preferred shares of 0.001p each

Deferred shares of 0.001p each

B1 preferred shares of 0.001p each

B2 preferred shares of 0.001p each

C preferred shares of 0.001p each

2024 No.	2023 No.	2022 No.
-------------	-------------	-------------

2,134,901	2,134,901	2,134,901
6,702,765	6,702,765	6,702,765
2,986,117	2,958,001	2,958,001
2,055,417	2,055,417	2,055,417
9,084,769	9,084,769	9,084,769
5,259,250	5,259,250	5,259,250

28,223,219	28,195,103	28,195,103
------------	------------	------------

2024 \$	2023 \$	2022 \$
------------	------------	------------

#### Preference share capital issued and fully paid

Series seed preferred shares of 0.001p each

A preferred shares of 0.001p each

Deferred shares of 0.001p each

B1 preferred shares of 0.001p each

B2 preferred shares of 0.001p each

C preferred shares of 0.001p each

27	27	27
87	87	87
40	40	40
25	25	25
113	113	113
69	69	69

361	361	361
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# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 26. SHARE CAPITAL (CONTINUED)

All ordinary and preferred shares carry full voting and dividend rights. Deferred shares carry no voting or dividend rights. Growth shares carry no voting rights, shareholders have a right to dividends so that the holders each receive a total of one penny in aggregate.

On a capital distribution, the shares rank in the following order:

1. C preferred shares
2. B1 preferred shares & B2 preferred shares
3. A preferred shares & Seed preferred shares
3. Deferred shares
4. Growth shares and Ordinary shares

#### Share movements

Year to 31 December 2024 Dates	Share class	No. allotted	Nominal value (pence)	Cash paid (£)	No. redesignated
<b>Issues</b>					
5 – 9 January 2024	Growth shares	52,269	0.001	2,875	-
15 – 18 January 2024	Ordinary shares	12,159	0.001	3,047	-
26 March 2024	Ordinary shares	20,947	0.001	5,688	-
20 May 2024	Ordinary shares	2,067	0.001	455	-
28 May 2024	Ordinary shares	54,650	0.001	47,714	-
11 – 28 June 2024	Ordinary shares	9,073	0.001	2,625	-
29 July 2024	Growth shares	20,250	0.001	1,478	-
2 August 2024	Ordinary shares	667	0.001	233	-
29 August 2024	Growth shares	4,224	0.001	308	-
9 September 2024	Ordinary shares	874	0.001	341	-
14 September 2024	Growth shares	598,266	0.001	43,673	-
2 October 2024	Ordinary shares	46,372	0.001	28,718	-
20 – 30 December 2024	Ordinary shares	129,908	0.001	43,637	-
20 – 30 December 2024	Growth shares	71,993	0.001	5,255	-
30 December 2024	Ordinary shares	1,926	0.001	3,316	-
<b>Redesignations</b>					
19 September 2024	Deferred shares	-	-	-	20,196
19 September 2024	Growth shares	-	-	-	(20,196)
20 September 2024	Deferred shares	-	-	-	7,920
20 September 2024	Growth shares	-	-	-	(7,920)

Year to 31 December 2023 Dates	Share class	No. allotted	Nominal value (pence)	Cash paid (£)	No. redesignated
<b>Issues</b>					
3 January 2023	Ordinary shares	2,404	0.001	481	-
6 February 2023	Ordinary shares	750	0.001	188	-
24 March 2023	Ordinary shares	146	0.001	32	-
8 August 2023	Ordinary shares	1,179	0.001	280	-
14 September 2023	Ordinary shares	2,963	0.001	957	-
25 October 2023	Ordinary shares	2,701	0.001	660	-
30 October 2023	Ordinary shares	403	0.001	81	-

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 27. RESERVES

Reserves of the Group represent the following:

#### *Called up share capital*

Share capital represents the par value of ordinary shares issued by the Company.

#### *Share premium*

Share premium represents consideration received for shares issued above their nominal value net of transaction costs.

#### *Share options reserve*

The share options reserve represents the cumulative share-based payment expense.

#### *Foreign exchange reserve*

The translation reserve represents foreign exchange gains and losses on the retranslation of the results and net assets of the Group into the presentational currency.

#### *Retained earnings*

Retained earnings represent the cumulative profit and loss of the Group, net of distributions to owners.

### 28. ANALYSIS OF CHANGES IN NET DEBT - GROUP

	Balance at 1 January 2024 \$	Cash flows \$	New leases \$	Exchange rate movements \$	Balance at 31 December 2024 \$
Cash at bank	32,283,962	(6,027,163)	-	(79,959)	26,176,840
	32,283,962	(6,027,163)	-	(79,959)	26,176,840
Borrowings	(18,929,701)	(24,894,257)	-	-	(43,823,958)
Lease liabilities	(364,591)	652,717	(753,905)	-	(465,779)
	12,989,670	(30,268,703)	(753,905)	(79,959)	(18,112,897)

### 29. RETIREMENT BENEFIT SCHEMES

The Group operates defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The cost charged represents contributions payable by the Group to the funds. At the balance sheet date, contributions of \$297,128 (2023: \$31,745) were outstanding.

Details regarding the total charge in respect of defined contribution schemes are disclosed in note 6.

During the year, the total cash paid by the Group to defined contribution schemes totalled \$1,297,696 (2023: \$784,753).

### 30. CONTROL

In the opinion of the directors there is deemed to be no one controlling party.

### 31. RELATED PARTY TRANSACTIONS

Details of transactions with key management personnel can be found within note 7.

#### **Group and Company**

During the year, the Parent Company charged its subsidiaries \$39,924,458 in management charges (2023: \$17,093,692). At the balance sheet date, the subsidiaries owed the parent \$47,061,225 (2023: \$36,287,305). These transactions and balances have been eliminated on consolidation and are therefore not reflected in the consolidated financial statements of the Group.

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 32. SUBSEQUENT EVENTS

On 26 March 2025, subsequent to the financial year end, Cleo AI Ltd successfully raised \$38.8 million through the issuance of convertible loan notes to a group of existing investors. These instruments are unsecured and carry terms entitling the holders to convert their holdings into equity upon the occurrence of specific events, such as a qualifying financing round or a change of control.

Also subsequent to the financial year-end, on 7 April 2025, Cleo AI Inc., a wholly owned subsidiary of Cleo AI Ltd, finalized and paid a settlement amounting to \$17 million to the U.S. Federal Trade Commission (FTC) in relation to an ongoing investigation.

The settlement pertains to allegations by the FTC related to Cleo's historical practices as governed by Section 5(a) of the Federal Trade Commission Act (FTC Act) and Restore Online Shoppers' Confidence Act (ROSCA). Cleo did not admit to any of the allegations as part of the settlement and chose to settle to avoid protracted litigation with the FTC over these allegations. While this event arose from circumstances existing before the reporting date, the decision by the Board to enter into settlement discussions, the final settlement amount and terms were not confirmed until after the financial year end.

Management has assessed the impact of the settlement on the Group's financial position and liquidity. Combined with our strong balance sheet position and the additional post year end investment, does not expect it to materially affect the Group's ability to continue as a going concern.

### 33. TRANSITION TO IFRS

The Group has applied IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS) in preparing these first consolidated financial statements. The effects of the first-time adoption of IFRS are presented below and in relation to the recognition of expected credit losses (ECLs) in accordance with IFRS 9 and right-of-use assets and lease liabilities in accordance with IFRS 16.

These are the Company's first financial statements prepared in accordance with IFRS and the date of transition is 1 January 2023. The effects of the transition from FRS 102 to IFRS are presented below and in relation to the recognition of ECLs in accordance with IFRS 9 and right-of-use assets and lease liabilities in accordance with IFRS 16.

The following table shows the adjustments in the Consolidated Statement of Financial Position recognised in 2022 for the Group:

<b>Consolidated Statement of Financial Position</b>	<b>31 December 2022 under FRS 102</b>	<b>Transition adjustments</b>	<b>31 December 2022 under IFRS</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Non-current assets</b>			
Property, plant and equipment – right-of-use assets	-	624,796	624,796
<b>Total non-current assets</b>	<u>7,339,023</u>	<u>624,796</u>	<u>7,963,819</u>
<b>Current assets</b>			
Loan provision/ expected credit losses	(4,514,832)	379,908	(4,134,924)
<b>Total current assets</b>	<u>69,281,095</u>	<u>379,908</u>	<u>69,661,003</u>
<b>Current liabilities</b>			
Lease liabilities	-	365,748	365,748
<b>Total current liabilities</b>	<u>21,344,292</u>	<u>365,748</u>	<u>21,710,040</u>
<b>Non-current liabilities</b>			
Lease liabilities	-	344,821	344,821
<b>Total non-current liabilities</b>	<u>9,345,139</u>	<u>344,821</u>	<u>9,689,960</u>
<b>Equity</b>			
Retained earnings	(65,917,949)	294,135	(65,623,814)
<b>Total equity</b>	<u>45,930,687</u>	<u>294,135</u>	<u>46,224,822</u>

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 33. TRANSITION TO IFRS (CONTINUED)

The impact on the Consolidated Statement of Comprehensive Income in 2022 was as follows:

	<b>31 December 2022</b> \$
Total comprehensive loss as reported under FRS 102	(30,053,954)
Transition adjustments	
Administrative expenses	325,190
Finance costs	(31,055)
<b>Total comprehensive loss as reported under IFRS</b>	<b>(29,759,819)</b>

The following table shows the adjustments in the Consolidated Statement of Financial Position recognised in 2023 for the Group:

Consolidated Statement of Financial Position	31 December 2023 under FRS 102 \$	Transition adjustments \$	31 December 2023 under IFRS \$
<b>Non-current assets</b>			
Property, plant and equipment – right-of-use assets	-	264,666	264,666
<b>Total non-current assets</b>	<b>9,246,914</b>	<b>264,666</b>	<b>9,511,580</b>
<b>Current assets</b>			
Loan provision / expected credit losses	(7,651,592)	1,322,965	(6,328,627)
Accrued income	1,416,702	(1,416,702)	-
Other receivables	996,763	1,425,216	2,421,979
<b>Total current assets</b>	<b>50,949,957</b>	<b>1,331,479</b>	<b>52,281,436</b>
<b>Current liabilities</b>			
Lease liabilities	-	364,591	364,591
<b>Total current liabilities</b>	<b>7,026,557</b>	<b>364,591</b>	<b>7,391,148</b>
<b>Equity</b>			
Retained earnings	(82,218,671)	1,236,251	(80,982,420)
Foreign exchange reserve	(1,445,228)	(4,697)	(1,449,925)
<b>Total equity</b>	<b>34,240,613</b>	<b>1,231,554</b>	<b>35,472,167</b>

The impact on the Consolidated Statement of Comprehensive Income in 2023 was as follows:

	<b>31 December 2023</b> \$
Total comprehensive income as reported under FRS 102	(14,092,056)
Transition adjustments	
Administrative expenses	983,501
Finance costs	(41,385)
Exchange differences on translation of foreign operations	(4,697)
<b>Total comprehensive loss as reported under IFRS</b>	<b>(13,154,637)</b>

# Cleo AI LTD

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 33. TRANSITION TO IFRS (CONTINUED)

The following table shows the adjustments in the Statement of Cash Flows recognised in 2023 for the Group:

Statement of Cash Flows	31 December 2023 under FRS 102 \$	Transition adjustments \$	31 December 2023 under IFRS \$
<b>Cash flows from operating activities</b>			
Loss for the period	(16,743,509)	942,116	(15,801,393)
Finance costs	2,144,848	41,385	2,186,233
Depreciation of tangible fixed assets	182,534	383,527	566,061
Movement in working capital:			
Decrease/ (increase) in receivables	3,826,323	(951,571)	2,874,752
<b>Cash absorbed by operations</b>	(16,792,391)	415,457	(16,376,934)
<b>Cash flows from financing activities</b>			
Interest paid	(2,144,848)	(41,385)	(2,186,233)
Payment on lease liabilities	-	(345,978)	(345,978)
<b>Cash generated from financing activities</b>	3,945,139	(387,363)	3,557,776

The following table shows the adjustments in the Statement of Financial Position recognised in 2022 for the Company:

Company Statement of Financial Position	31 December 2022 under FRS 102 \$	Transition adjustments \$	31 December 2022 under IFRS \$
<b>Non-current assets</b>			
Property, plant and equipment – right-of-use assets	-	624,796	624,796
<b>Total non-current assets</b>	7,328,015	624,796	7,952,811
<b>Current liabilities</b>			
Lease liabilities	-	365,748	365,748
<b>Total current liabilities</b>	5,138,073	365,748	5,503,821
<b>Non-current liabilities</b>			
Lease liabilities	-	344,821	344,821
<b>Total non-current liabilities</b>	9,345,139	344,821	9,689,960
<b>Equity</b>			
Retained earnings	(48,035,796)	(85,773)	(48,121,569)
<b>Total equity</b>	63,812,840	(85,773)	63,727,067

The impact on the Company's Statement of Comprehensive Income in 2022 was an increase in the loss of \$85,773.

# Cleo AI LTD

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

### 33. TRANSITION TO IFRS (CONTINUED)

The following table shows the adjustments in the Statement of Financial Position recognised in 2023 for the Company:

Company Statement of Financial Position	31 December 2023 under FRS 102, as previously Reported \$	Prior period adjustment (note 4) \$	31 December 2023 under FRS 102 \$	Transition adjustments \$	31 December 2023 under IFRS \$
<b>Non-current assets</b>					
Property, plant and equipment – right-of-use assets	-	-	-	264,666	264,666
<b>Total non-current assets</b>	9,234,079	-	9,234,079	264,666	9,498,745
<b>Current assets</b>					
Amounts due from group undertakings	28,655,548	7,631,757	36,287,305	-	36,287,305
<b>Total current assets</b>	30,375,794	7,631,757	38,007,551	-	38,007,551
<b>Current liabilities</b>					
Lease liabilities	-	-	-	364,591	364,591
<b>Total current liabilities</b>	2,177,506	-	2,177,506	364,591	2,542,097
<b>Equity</b>					
Retained earnings	(78,114,272)	7,631,757	(70,482,515)	(95,228)	(70,577,743)
Foreign exchange reserve	(1,445,228)	-	(1,445,228)	(4,697)	(1,449,925)
<b>Total equity</b>	38,345,012	7,631,757	45,976,769	(99,925)	45,876,844

The impact on the Company's Statement of Comprehensive Income in 2023 was an increase in the loss and total comprehensive income of \$14,152.

# Company Information:

**Company Name:**

Cleo AI Ltd

**Company Number:**

09864205

**Registered Address:**

3rd Floor 1 Ashley Road, Altrincham,  
Cheshire, United Kingdom, WA14 2DT

**Independent Auditor:**

RSM UK Audit LLP, 25 Farringdon St,  
City of London, London EC4A 4AB

**Company Secretary:**

Oakwood Corporate  
Secretary Limited

**Directors:****Barney Hussey-Yeo**

Director

**Tomas Mendoza-Gutfreund**

Non-exec Director

**Robert Moffat**

Non-exec Director

**Anthony Keusters**

Non-exec Director

