

# Basware A/S

Generatorvej 8D, 2. sal., 2860 Søborg  
CVR No. 26 40 47 03

Annual report for the year ended 31 December 2015

Approved at the annual general meeting of shareholders on *31 May* ..... 2016

  
As chairman:

## **Company details**

Address, Postal code, City	Generatorvej 8D, 2. sal., 2860 Søborg
CVR-Nr.	26 40 47 03
Homepage	<a href="http://www.basware.com">www.basware.com</a>
Supervisory board	Esa Erkki Tihlilä, Chairman Niclas Rosenlew Matti Juhani Rusi
Executive board	Henrik Stanley-Madsen, Managing Director
Auditors	Ernst & Young, Godkendt Revisionspartnerselskab Osvold Helmuuths Vej 4, 2000 Frederiksberg, Denmark
Bankers	Nordea Bank Denmark A/S

## Statement by management on the annual report

Today, management has discussed and approved the annual report of Basware A/S for the financial year 1 January - 31 December 2015.

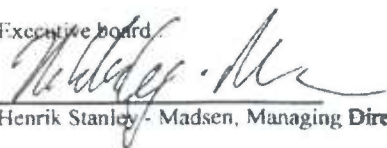
The annual report is prepared in accordance with the Danish Financials Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January - 31 December 2015.

We recommend the adoption of the annual report at the annual general meeting.

Herlev <sup>27</sup>May 2016

Executive board



Henrik Stanley - Madsen, Managing Director

Supervisory board



Esa Erkki Tihilä, Chairman



Niclas Rosenlew



Matti Juhani Rusi

## Independent auditors' reports

To the shareholders in Basware A/S

### Independent auditors' report on the financial statements

We have audited the financial statements of Basware A/S for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management considers necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit legislation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

### *Emphasis of matter regarding other matters*

As of 31 December 2014 the company has lost more than 50 percent of the share capital. The Board of Directors has not observed its duties pursuant to the Danish Companies Act section 119 which require the Board of Directors within six month after the balance sheet date to present a plan on how to reestablish the share capital. The Board of Directors may incur liability in this respect.



## Independent auditors' reports

### *Statement on the Management's review*

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 31 May 2016  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Alex Petersen  
State Authorised Public Accountant

**Income statement**  
**1 January - 31 December**

	Notes	<u>2015</u> DKK	<u>2014</u> DKK
<b>Gross margin</b>		<b>20 365 650</b>	<b>21 761 224</b>
Staff costs	3	17 517 114	19 896 034
Depreciation, amortisation and impairment losses	4	<u>168 858</u>	<u>165 736</u>
<b>Profit / Loss before net financials</b>		<b>2 679 678</b>	<b>1 699 454</b>
Financial income	5	29 625	44 960
Financial expenses	6	<u>776 201</u>	<u>769 280</u>
<b>Financial profit / loss</b>		<b>(746 576)</b>	<b>(724 320)</b>
<b>Profit before taxes</b>		<b>1 933 102</b>	<b>975 134</b>
Tax for the year		<u>-</u>	<u>-</u>
<b>Net profit for the year</b>		<b><u>1 933 102</u></b>	<b><u>975 134</u></b>
<b>Appropriation of profit</b>			
<b>Profit to be appropriated:</b>			
Retained earnings		(10 468 292)	(11 443 426)
Net profit of the year		<u>1 933 102</u>	<u>975 134</u>
Available for appropriation		<b><u>(8 535 190)</u></b>	<b><u>(10 468 292)</u></b>

**Balance sheet**  
**1 January - 31 December**

	Notes	2015 DKK	2014 DKK
<b>ASSETS</b>			
<b>Fixed assets</b>			
Licences, patents and trademark rights, etc.		9 714	16 571
<b>Intangible assets</b>		<b>9 714</b>	<b>16 571</b>
IT equipment		89 913	160 455
Office equipment		131 241	194 758
<b>Tangible assets</b>		<b>221 154</b>	<b>355 213</b>
<b>Total fixed assets</b>		<b>230 868</b>	<b>371 784</b>
<b>Non- current assets</b>			
Other receivables		991 282	261 678
<b>Receivables</b>		<b>991 282</b>	<b>261 678</b>
<b>Total Non Current assets</b>		<b>991 282</b>	<b>261 678</b>
<b>Current assets</b>			
Trade receivables		7 707 719	7 143 943
Receivables from group enterprises		7 288 560	4 331 134
Prepayments		214 220	265 802
Income Tax		419 513	0
Other receivables		102 449	646
<b>Receivables</b>		<b>15 732 461</b>	<b>11 741 525</b>
<b>Bank and cash equivalents</b>		<b>2 602 164</b>	<b>2 547 018</b>
<b>Total Current assets</b>		<b>18 334 625</b>	<b>14 288 543</b>
<b>Total assets</b>		<b>19 556 775</b>	<b>14 922 004</b>
<b>EQUITY AND LIABILITIES</b>			
	Notes	2015 DKK	2014 DKK
Share capital	7	500 000	500 000
Retained earnings		-10 468 292	-11 443 426
Profit / Loss current year		1 933 102	975 134
<b>Total equity</b>		<b>-8 035 190</b>	<b>-9 968 292</b>
Investment loan	9	17 441 400	17 433 896
Other non-current accrued liabilities		1 193 825	0
<b>Long-term liabilities other than provisions</b>		<b>18 635 225</b>	<b>17 433 896</b>
Trade payables		1 268 748	1 433 110
Debt to group enterprises		1 455 754	1 730 365
Deferred income		68 022	0
Other payables		6 164 216	4 292 925
<b>Short-term liabilities other than provisions</b>		<b>8 956 740</b>	<b>7 456 400</b>
<b>Total liabilities other than provisions</b>		<b>27 591 966</b>	<b>24 890 296</b>
<b>Total equity and liabilities</b>		<b>19 556 775</b>	<b>14 922 004</b>

Contingent liabilities (note 10)  
 Related parties (note 11)

## **Note 1: Accounting policies**

The annual report of Basware A/S for 2015 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

### **Reporting currency**

The financial statements are presented in Danish kroner.

### **Foreign currency translation**

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Receivables and payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

### **Income statement**

#### **Net revenue**

Net revenue from sale of software licenses and supply services is recognized in revenue at the time of delivery and when the risk passes to the buyer. The invoiced amounts are thus fully accrued over the part of the contract period that relates to the invoices amounts. Net revenue is recognized exclusive of VAT, duties and less discounts related to the sale.

#### **Gross margin**

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross margin'.

#### **Other external costs**

Other external costs include the year's expenses relating to the entity's core activities including costs relating to distribution, sales, advertising, administration, premises, loss on bad debts, operating lease expenses and similar expenses.

#### **Staff costs**

Staff costs include costs to salaries and wages, commissions, pensions and other costs to staff, board of executives and board of directors. The item is net of refunds made by public authorities.



### **Depreciation, amortization and impairment losses**

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment. Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value. The estimated useful lives for intangible assets are as follows:

	<u>Useful life (years)</u>
Acquired IP rights	5

Property, plant and equipment are depreciated on a straight-line basis over the expected useful life of each individual asset. The depreciation basis is the cost.

The expected useful lives of the assets are as follows:

	<u>Useful life (years)</u>
Other fixtures and fittings, tools and equipment	3-5
Leaschold improvements	5

### **Financial income and expenses**

Financial income and expenses are recognized in the income statement at the amounts that relate to the financial year. Financial income and expenses include interest income and expenses, realized and unrealized gains and losses arising from current investments, debt and transactions in foreign currencies, amortization of mortgage credit loans as well as charges and allowances under the tax-on-account scheme etc.

### **Tax for the year**

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that can be attributed to the profit for the year.

## **Balance Sheet**

### **Intangible assets**

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

### **Tangible fixed assets**

Other plants, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

### **Impairment of fixed assets**

Every year, intangible assets and property, plants and equipment are reviewed for impairment. Where there is indication for impairment, an impairment test is made for each individual asset or group of assets, respectively,

generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price for the asset or the group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets in a pro rata basis.

**Accounts receivables**

Accounts receivable are measured at amortized cost. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realizable value and the carrying amount.

**Accruals**

Accruals recognized as assets include costs incurred relating to the subsequent financial year.

**Deferred income**

Deferred income recognized as liabilities includes income relating to the subsequent financial year.

**Cash and cash equivalents**

Cash comprises cash balances and bank balances.

**Note 2: the Company's primary activities**

Basware A/S sells and implements software solutions, automation and optimization of financial processes within enterprise Purchase to Pay.

<b>Note 3. Staff costs</b>	<b>2015 DKK</b>	<b>2014 DKK</b>
Analysis of staff costs :		
Wages / Salaries	16 072 712	18 370 274
Pensions	1 246 816	1 386 075
Other social security costs	197 586	139 685
Other staff costs	-	-
	<u>17 517 114</u>	<u>19 896 034</u>

<b>Note 4. Depreciation, amortisation and impairment losses</b>	<b>2015 DKK</b>	<b>2014 DKK</b>
Amortisation of intangible assets	6 857	6 857
Depreciation of property, plant and equipment	162 001	158 879
	<u>168 858</u>	<u>165 736</u>

<b>Note 5. Financial income</b>	<b>2015 DKK</b>	<b>2014 DKK</b>
Interest receivable, group entities	16 438	29 601
Other financial income	13 187	15 359
	<u>29 625</u>	<u>44 960</u>

<b>Note 6. Financial expenses</b>	<b>2015 DKK</b>	<b>2014 DKK</b>
Interest expenses, group entities	742 575	757 806
Other financial expenses	33 626	11 473
	<u>776 201</u>	<u>769 279</u>

**Note 7. Share capital**

Analysis of share capital:

	<u>2015</u> DKK	<u>2014</u> DKK
Pr./ At 1/1	500 000	500 000
Capital increase	-	-
Pr./ At 31/12	<u>500 000</u>	<u>500 000</u>

The company's share capital has remained DKK 500,000 over the past 5 years  
500 class A Share(s) of DKK 1,000 each.

The parent Basware Oyj has issued a letter of comfort undertaking to support the company's continued operations and investments and to provide the funds required to ensure that the company can fulfil its obligations as they fall due. The letter of comfort is valid up to and including 31 December 2016.

**Note 8. Security of loans**

The company has not placed any assets or other as security for loans at 31 December 2015.

**Note 9. Investment loan****Non-current liabilities other than provisions:**

Long term loans with credit institutions.

	DKK
Total debt at 31 Dec. 2015	17 441 400
Repayment, next year	-
Long-term portion	17 441 400
Outstanding debt after 5 years	17 441 400

**Note 10. Contingent liabilities****Other contingent liabilities (Leasing commitments)**

	<u>2015</u> DKK	<u>2014</u> DKK
To be paid during the next financial period	202 072	115 644
To be paid after 1 up to 5 years	154 672	77 096
To be paid after 5 years	-	-
	<u>356 744</u>	<u>192 740</u>

**Contractual liabilities (Rent commitments)**

	<u>2015</u> DKK	<u>2014</u> DKK
To be paid during the next financial period	550 052	122 249
To be paid after 1 up to 5 years	660 570	-
To be paid after 5 years	-	-
	<u>1 210 622</u>	<u>122 249</u>

**Note 11. Related parties**

Basware A/S' related parties comprise the following:

***Parties exercising control :***

Basware Corporation (parent company)

***Ownership***

The following shareholder is registered in the Company's register of shareholders as holding 100% of the share capital:

Basware Corporation  
Linnolitustie 2B  
02600 Espoo  
Finland

**Consolidated financial statements**

The company is included in the Group Annual Report of the Parent Company Basware Oyj.

The Group Annual Report of Basware Oyj may be obtained at the following address :

Linnolitustie 2, 02600 Espoo, Finland