


Basware A/S

Kirkebjerg Allé 84, 2605 Brøndbyvester
CVR No. 26 40 47 03

Annual Report for the year ended 31 December 2023

Approved at the Annual general meeting of shareholders on 05 July 2024.

As chairman, Jason Kurtz:

DocuSigned by:

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Company details

Address, Postal code, City	Kirkebjerg Allé 84, 2605 Brøndbyvester
CVR-Nr.	26 40 47 03
Homepage	www.basware.com
Supervisory board	Jason Kurtz, Chairman (assigned on 16 January 2023) Martti Tapani Nurminen (assigned on 16 January 2023) Saminda Arahchige Pathmasiri (assigned on 6 February 2024)
Executive board	Martti Tapani Nurminen, Managing Director (assigned on 16 January 2023)
Auditors	EY Godkendt Revisionspartnerselskab Dalgasgade 27, 3. 7400 Herning
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 2023.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023.

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

Herning, 05 July 2024

Executive Board:

DocuSigned by:
MARTTI TAPANI NURMINEN
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Martti Tapani Nurminen
Managing Director

Supervisory board:

DocuSigned by:
Jason Kurtz
707D40B4166549B...

Jason Kurtz
Chairman

DocuSigned by:
MARTTI TAPANI NURMINEN
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Martti Tapani Nurminen

DocuSigned by:
Saminda Arahchige Pathmasiri
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Saminda Arahchige Pathmasiri
(assigned on 6 February 2024)



Independent auditor's report

To the shareholders of Basware A/S

Opinion

We have audited the financial statements of Basware A/S for the financial year 1 January – 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Herning, 05 July 2024

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Jesper Stier

State Authorised

Public Accountant

mne 42245

Management commentary

Primary activities

Basware is the world's leading provider of e-invoicing, purchase ledger automation and procurement software services. The company's vision is to deliver real automation to the CFO's team, and its mission is to make compliance with country-specific rules, digitalization of invoices and contactless invoice processing only happen to its customers. Basware offers true automation using the latest technology based on AI and ML, which eliminates all manual processes. In addition, Basware offers complete coverage in the form of global compliance features and the ability to integrate with 250 ERPs in over 175 countries. And the company is known for its deep expertise in AP automation, driven by 40 years of specialized experience in implementing best practices and mitigating risk across financial functions. Basware's solution also plays an important role in the transition to a low-carbon economy, as it enables the digitization and automation of paper-based AP processes.

Basware is comprised of the Group's parent company, Basware Oy, and its 14 subsidiaries in 13 countries in Europe, Asia and North America. Basware Oy is a privately 100% owned company by Sapphire BidCo Oy domiciled in Espoo, Finland. All Basware companies comply with local legislation and other applicable guidelines and requirements.

Sapphire BidCo Oy is part of the Topaz MidCo group and a wholly owned subsidiary of Topaz MidCo Oy. Topaz MidCo Oy prepares the group's consolidated financial statements.

Development in activities and finances

Profit for fiscal year end 2023 was 997,310 DKK as compared to a profit of 2,629,077 DKK for fiscal year end 2022. The profit for the year was mainly driven by an increase in other operating income during 2023, combined with an increase in external expenses.

Assets as of 31 December 2023 were 28,468,816 DKK compared to 26,536,400 DKK as of 31 December 2022.

Equity as of 31 December 2023 was 13,856,946 DKK compared to 12,859,636 DKK as of 31 December 2022. The increase is mainly due to increased profit of the current year.

The Management is aware of profit decrease but expects that revenue and profitability to develop positively in the next period.

Subsequent events

There were no significant events after the period.

Income statement
1 January - 31 December

	Notes	2023 DKK	2022 DKK
Revenue		39,362,099	35,836,390
Cost of sales		-10,986,136	-14,011,954
Other operating income		6,380,481	15,334,128
Other external expenses		-11,898,249	-8,725,170
Gross margin		22,858,195	28,433,394
Staff costs	2	21,530,940	24,931,534
Depreciation, amortisation and impairment losses		23,131	10,940
Profit before net financials		1,304,124	3,490,920
Financial income		340,081	35,274
Financial expenses	3	3,899	75,609
Financial profit (loss)		336,182	(40,335)
Profit before taxes		1,640,306	3,450,585
Tax for the year	4	(642,996)	(821,508)
Net profit for the year		997,310	2,629,077
Appropriation of profit			
Profit to be appropriated:			
Net profit of the year		997,310	2,629,077

Balance sheet
1 January - 31 December

	Notes	2023 DKK	2022 DKK
Assets			
Fixed assets			
IT equipment		40,238	57,888
Tangible assets		<u>40,238</u>	<u>57,888</u>
Total fixed assets		<u>40,238</u>	<u>57,888</u>
Non-current assets			
Non current receivables	5	743,252	452,213
Receivables		<u>743,252</u>	<u>452,213</u>
Total Non Current assets		<u>743,252</u>	<u>452,213</u>
Fixed assets total		783,490	510,101
Current Assets			
Trade receivables		8,194,487	7,313,661
Receivables from group enterprises		18,941,415	16,587,709
Prepayments		84,759	568,684
Other receivables		464,665	471,911
Receivables		<u>27,685,326</u>	<u>24,941,965</u>
Cash		<u>—</u>	<u>1,084,334</u>
Bank and cash equivalents		<u>—</u>	<u>1,084,334</u>
Total Current assets		<u>27,685,326</u>	<u>26,026,299</u>
Total assets		<u><u>28,468,816</u></u>	<u><u>26,536,400</u></u>

EQUITY AND LIABILITIES

	Notes	2023 DKK	2022 DKK
		<u> </u>	<u> </u>
Share capital	6	600,000	600,000
Retained earnings		12,259,636	9,630,559
Profit/ (Loss) current year		997,310	2,629,077
Total equity		13,856,946	12,859,636
		<u> </u>	<u> </u>
Deferred income	7	—	41,728
Deferred tax liability	7	550,646	609,694
Provisions		550,646	651,422
		<u> </u>	<u> </u>
Non current liabilities	8	—	68,255
Long-term liabilities other than provisions		—	68,255
		<u> </u>	<u> </u>
Trade payables		306,337	784,164
Debt to group enterprises		4,857,227	5,308,692
Income tax payable		527,888	585,961
Deferred income		256,281	1,757,244
Other payables	9	8,113,490	4,521,025
Short-term liabilities other than provisions		14,061,223	12,957,086
		<u> </u>	<u> </u>
Total liabilities other than provisions		14,061,223	13,025,341
		<u> </u>	<u> </u>
Total equity and liabilities		28,468,816	26,536,400
		<u> </u>	<u> </u>

Accounting policies (note 1)

Contingent Liabilities (note 12)

Related parties (note)

Statement of changes in equity

	Share Capital	Retained earnings	Total
	DKK	DKK	DKK
Equity beginning of year 2022	600,000	9,630,559	10,230,559
Profit for the year	—	2,629,077	2,629,077
Equity end of year 2022	600,000	12,259,636	12,859,636
Profit for the year	—	997,310	997,310
Equity end of year 2023	600,000	13,256,946	13,856,946

Note 1 Accounting Policies

The annual report of Basware A/S for 2023 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Changes in accounting policies;

The accounting policies applied to prepare the annual report for 2023 are similar to the ones used for 2022.

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**

SaaS and transaction services fees are fixed and are invoiced monthly or annual basis, or monthly basis based on actual user and transaction volumes. According to IFRS 15 principles, both fees are recognized on a monthly basis over the term of the contract.

Revenue from the license sales is recognized when contractual criteria has been fulfilled and when license has been delivered to the customer. License revenue is recognized at a point in time.

Revenue from maintenance services, which includes new version releases and customer support, is recognized over the period of the contract on a straight-line basis (i.e. monthly). Pre-invoiced amounts are deferred and recognized according to the above main rule.

Revenue from set up activities are deferred and recognized over time throughout the contract term. Time and material-based professional service projects are invoiced monthly based on hours done to the projects. Revenue is recognized according to invoicing.

Cost of Sales

Cost of Sales are recognized in the Income Statement at the same time as the corresponding Customer Sale is recognized in the Income Statement. Periodically an adjustment is reflected in Cost of Sales to reflect the minimum operating profit margin stipulated in the Limited Risk Distribution Agreement. Cost of Sales includes expenses from purchases and external services that are needed to deliver products or services to the customers.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities. It is generated in the course of non-regular business operations, including rental income, as well as income from the adjustments and reversal of provision recognized in other operating expenses (e.g. bad debts, other income from the ordinary business), gain on disposal of fixed assets, intercompany charges, IFRS 16 profit from other operations, but also grant financing.

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 and impairment losses

The item comprises depreciation of 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 are as follows:

- Other fixtures and fittings, tools and equipment, 3-5 years.

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**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, fixed assets 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 lost must first be allocated to goodwill and then to the other assets in a pro rata basis.

Deferred tax

Deferred tax is calculated from all temporary differences between the carrying amount and taxable value at the tax rates confirmed at the reporting date. The most significant temporary difference arise from unused tax losses. It could also arise from depreciation of property, plant and equipment and adjustments for fair values in connection with acquisitions. A deferred tax asset is recognized to the extent that it is likely that there will be future taxable income against which it is deductible. The requirements for the recognition of deferred tax assets are reassessed at each reporting date.

Accounts receivables

According to IFRS 9, accounts receivable are measured at amortized cost less impairment losses. The Company recognizes loss allowances for expected credit losses (ECL) on trade receivables. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. Expected credit losses have not been recorded from the value added tax that is included in trade receivables.

Accruals

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

Provisions

According to IAS 39, a provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the obligation will have to be settled, and the amount of the obligation can be reliably estimated. Provisions are measured at the present value required in order to cover the obligation.

The present value factor used in the calculation of the present value is selected so that it represents the market insight into the time value of money and liability-related risks at the time of the assessment.

Deferred income

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

Cash and cash equivalents

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

Note 2 Staff costs

	2023	2022
	DKK	DKK
Analysis of staff costs :		
Wages/ Salaries	19,908,973	23,221,717
Share based payments	(63,937)	(413,446)
Pensions	1,567,765	1,998,682
Other social security costs	118,139	124,581
	<u>21,530,940</u>	<u>24,931,534</u>

The average of the employee is 16: 14 male and 2 female (2022: 16: 14 male and 2 female).

Note 3 Financial expenses

	2023	2022
	DKK	DKK
Interest expenses, group entities	3	72,425
Other financial expenses	3,896	3,184
	<u>3,899</u>	<u>75,609</u>

Note 4 Tax of the year

	2023	2022
	DKK	DKK
Current income tax for the year	(554,334)	(735,571)
Change in deferred tax	59,048	(85,937)
Tax for Previous accounting periods	(147,710)	—
	<u>(642,996)</u>	<u>(821,508)</u>

Note 5 Non current receivables

	2023	2022
	DKK	DKK
Prepayment of non-current expenses	156,147	149,247
Non-current accrued commissions receivable	587,105	302,966
	<u>743,252</u>	<u>452,213</u>

Non current receivables are collectible between 1 and 5 years.

Note 6 Share Capital

	2023	2022
	DKK	DKK
Analysis of share capital:		
Pr./ At 1/1	600,000	600,000
Capital increase	—	—
Pr./ At 31/12	<u>600,000</u>	<u>600,000</u>

600 class A Share(s) of DKK 1.000 each amounting for DKK 600,000.

Note 7 Provisions

	2023	2022
	DKK	DKK
Deferred income	—	41,728
Deferred tax liability	550,646	609,694
	<u>550,646</u>	<u>651,422</u>

Note 8 Non current liabilities

	2023	2022
	DKK	DKK
Other payables	—	68,255
	<u>—</u>	<u>68,255</u>

Note 9 Other payables

	2023	2022
	DKK	DKK
Accrued expenses	3,904,189	1,702,324
Taxes and social security contributions	3,059,076	1,901,615
Provision for holiday entitlement	1,150,225	917,086
	<u>8,113,490</u>	<u>4,521,025</u>

Note 10 Collaterals

The Company has not placed any assets or other as security for loans at 31 December 2023.

The Group has a cash pool agreement, under which the parent company, Basware OY, is the holder of the agreement, while other group companies are sub-account holders. The bank can settle drafts and deposits with each other, so the net amount constitutes a balance between the bank and Basware OY. For Basware A/S' intercompany balances, 19 MDKK are included in the joint cash pool agreement.

Note 11 Contingent liabilities**Other contingent liabilities (Leasing commitments)**

	2023	2022
	DKK	DKK
To be paid during the next financial period	59,943	61,433
To be paid after 1 up to 5 years	38,385	68,756
	<u>98,328</u>	<u>130,189</u>

Rent guarantee provided by subsidiaries and other group companies

A bank guarantee of 138.046,87 DKK has been provided by Nordea Finland in connection to the rent agreement signed with LOGTEN INVEST A/S in 2018 as assurance in case of possible incidents.

Note 12 Related parties

Basware A/S' related parties comprise the following:

Parties exercising control :

Basware Oy (parent company)

Ownership

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

Basware Corporation
Linnoitustie 2B
02600 Espoo
Finland

Consolidated financial statements

The accounts of Basware A/S shall be consolidated in the accounts of Topaz MidCo Oy, a company under Finnish law.

A copy of the consolidated accounts can be obtained from:

Topaz MidCo Oy,
Linnoistustie-2, P.O. Box 97,
FI-02601 Espoo
Finland

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

Jesper Stier

Statsaut. revisor

På vegne af: EY Godkendt Revisionspartnerselskab

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