


Basware A/S

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

Annual Report for the year ended 31 December 2021

Approved at the Annual general meeting of shareholders on 24 June 2022

As chairman, Klaus Andersen:

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	Klaus Andersen, Chairman Martti Nurminen Teemu Ruikka
Executive board	Patrick Guy Mats Nordling, Managing Director
Auditors	Ernst & Young, Godkendt Revisionspartnerselskab Osvold Helmuths 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 2021.


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 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.


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


Herlev, 24 June 2022

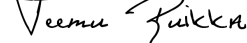
Executive Board:

DocuSigned by:

C8EFFF01A36C9443
Patrick Guy Mats Nordling
Managing Director

Supervisory board:

DocuSigned by:

FAF2413069954AC
Klaus Andersen
Chairman

DocuSigned by:

2A25C4D1C1254A6
Martti Nurminen

DocuSigned by:

7E8705EDA2AC45E
Teemu Ruikka



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 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 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.

Horsens, 24 June 2022

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Morten Klasrkov Larsen

State Authorised

Public Accountant

mne 32736

Management commentary

Primary activities

Basware offers the largest open business network in the world and is the global leader in providing networked purchase-to-pay solutions and e-invoicing services. Basware's technology empowers organisations with 100% spend visibility by enabling the capture of all financial data across procurement, finance, accounts payable and accounts receivable functions. Basware is a global company doing business in more than 100 countries and is traded on the Helsinki exchange.

Development in activities and finances

Profit for fiscal year end 2021 was 780,957 DKK as compared to a profit of 499,689 DKK for fiscal year end 2020. The profit for the year was mainly driven by an increase in other operating income during 2021.

Assets as of 31 December 2021 were 34,033,401 DKK compared to 34,399,992 DKK as of 31 December 2020.

Equity as of 31 December 2021 was 7,253,008 DKK compared to 6,139,697 DKK as of 31 December 2020. This increase is mainly explained by the share part of stock options for fiscal year end 2021.

Income statement
1 January - 31 December

	Notes	2021 DKK	2020 DKK
Gross margin		22,224,004	22,779,051
Staff costs	2	20,972,636	21,586,680
Depreciation, amortisation and impairment losses	3	473	3,080
Profit/ (loss) before net financials		1,250,895	1,189,291
Financial income	4	8,221	35,922
Financial expenses	5	291,113	305,416
Financial profit / (loss)		(282,892)	(269,494)
Profit / (loss) before taxes		968,003	919,797
Tax for the year	6	(187,046)	(420,108)
Net profit / (loss) for the year		780,957	499,689
Appropriation of profit / (loss)			
Profit / (loss) to be appropriated:			
Net profit / (loss) of the year		780,957	499,689

Balance sheet
1 January - 31 December

	Notes	2021 DKK	2020 DKK
Assets			
Fixed assets			
IT equipment		8,978	—
Tangible assets		8,978	—
Total fixed assets		8,978	—
Non-current assets			
Other receivables		210,555	385,163
Receivables		210,555	385,163
Total Non Current assets		210,555	385,163
Current Assets			
Trade receivables		5,261,315	5,898,834
Receivables from group enterprises		26,028,255	26,868,194
Prepayments		256,697	137,021
Other receivables		196,826	477,622
Deferred tax assets		316,066	335,037
Receivables		32,059,159	33,716,708
Bank and cash equivalents		1,754,709	298,121
Total Current assets		33,813,868	34,014,829
Total assets		34,033,401	34,399,992

EQUITY AND LIABILITIES

	Notes	2021 DKK	2020 DKK
		<u> </u>	<u> </u>
Share capital	7	600,000	600,000
Unrestricted equity reserve	7	9,400,000	9,400,000
Retained earnings		(3,527,949)	(4,359,992)
Profit/ Loss current year		780,957	499,689
Total equity		7,253,008	6,139,697
		<u> </u>	<u> </u>
Other provisions		178,528	350,575
Provisions		178,528	350,575
		<u> </u>	<u> </u>
Investment loan	9	7,225,813	8,542,811
Other payables		4,310,194	3,885,629
Long-term liabilities other than provisions		11,536,007	12,428,440
		<u> </u>	<u> </u>
Trade payables		256,042	649,974
Debt to group enterprises		4,542,661	4,039,767
Income tax payable		288,603	975,592
Deferred Income		430,140	669,168
Other payables	10	9,548,411	9,146,779
Short-term liabilities other than provisions		15,065,857	15,481,280
Total liabilities other than provisions		26,601,864	27,909,720
		<u> </u>	<u> </u>
Total equity and liabilities		34,033,401	34,399,992
		<u> </u>	<u> </u>

Accounting policies (note 1)

Security of loans (note 8)

Other payables (note 10)

Contingent Liabilities (note 11)

Related parties (note 12)

Share-based payments (note 13)

Statement of changes in equity

	Share Capital	Unrestricted equity reserve	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity beginning of year	600,000	9,400,000	(3,860,303)	6,139,697
Stock option - equity part	—	—	426,095	426,095
Tax on items recognised directly in equity'	—	—	(93,741)	(93,741)
Profit / Loss current year	—	—	780,957	780,957
Equity end of year	600,000	9,400,000	(2,746,992)	7,253,008

Note 1 Accounting Policies

The annual report of Basware A/S for 2021 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

Changes in accounting policies;

The accounting policies applied to prepare the annual report for 2021 are similar to the ones used for 2020.

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. Both fees are recognized 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.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

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, share based payments 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.

Other operating income includes income from all other operating activities which are not related to the principal activities of the company. Other operating income 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, IFRS 16 profit from other operations, but also grant financing.

Cost of Sales includes expenses from purchases and external services that are needed to deliver products or services to the customers.

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 loss 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

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

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 comprises cash balances and bank balances.

Note 2 Staff costs

	2021	2020
	DKK	DKK
Analysis of staff costs :		
Wages/ Salaries	18,726,356	17,368,370
Share based payments	963,018	2,138,982
Pensions	1,446,182	1,521,928
Other social security costs	(162,920)	557,400
	<u>20,972,636</u>	<u>21,586,680</u>

The average of the employee is 14: 12 male and 2 female (2020: 14: 12 male and 2 female).

Note 3 Depreciation, amortisation and impairment losses

	2021	2020
	DKK	DKK
Depreciation of fixed assets	473	3,080
	<u>473</u>	<u>3,080</u>

Note 4 Financial Income

	2021	2020
	DKK	DKK
Other financial income	8,221	35,922
	<u>8,221</u>	<u>35,922</u>

Note 5 Financial expenses

	2021	2020
	DKK	DKK
	<u> </u>	<u> </u>
Interest expenses, group entities	288,294	299,372
Other financial expenses	2,819	6,044
	<u>291,113</u>	<u>305,416</u>

Note 6 Tax of the year

	2021	2020
	DKK	DKK
	<u> </u>	<u> </u>
Current income tax for the year	(194,862)	(559,541)
Change in deferred tax	(18,971)	324,619
Tax for Previous accounting periods	26,787	(185,186)
	<u>(187,046)</u>	<u>(420,108)</u>

Note 7 Share Capital

	2021	2020
	DKK	DKK
	<u> </u>	<u> </u>
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 8 Security of Loans

The Company has not placed any assets or other as security for loans at 31 December 2021.

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

Long term loans with credit institutions.

	<u>DKK</u>
Total debt at 31 December 2021	7,225,813
Repayment, next year	—
Long-term portion	7,225,813
Outstanding debt after 5 years	7,225,813

Note 10 Other payables

	<u>2021</u> <u>DKK</u>	<u>2020</u> <u>DKK</u>
Accrued expenses	924,655	2,029,507
Taxes and social security contributions	7,189,572	4,459,477
Provision for holiday entitlement	1,434,184	2,657,794
	<u>9,548,411</u>	<u>9,146,778</u>

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

	<u>2021</u> <u>DKK</u>	<u>2020</u> <u>DKK</u>
To be paid during the next financial period	45,899	34,432
To be paid after 1 up to 5 years	69,108	18,219
To be paid after 5 years	—	—
	<u>115,007</u>	<u>52,651</u>

Contractual liabilities (Rent commitments)

	2021	2020
	DKK	DKK
To be paid during the next financial period	697,276	754,663
To be paid after 1 up to 5 years	1,035,193	1,661,730
	<u>1,732,469</u>	<u>2,416,393</u>

Note 12 Related parties

Basware A/S' related parties comprise the following:

Parties exercising control :

Basware Oyj (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 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 :

Linnoitustie 2, 02600 Espoo, Finland

Note 13 Share-based payments

For years 2017-2021 Basware Group has share-based incentive plan directed to a group of key personnel. The system comprises annual earning periods of 2017-2021. The Board of Directors decides on the earnings criteria and related targets separately for each annual earning period at the beginning of the earning period. There are employment-related conditions for eligibility for reward payment.

In 2020-2021 there were three participant employed by Basware A/S.

In the share-based incentive plans the payment are made either as in equity instruments or in cash. For the equity instruments is used Basware Oyj shares. Share-based incentive schemes are valued at fair value on the grant date, recognised as a expense in the profit and loss statement during the period in which the conditions are met (the vesting period) and which corresponding adjustment to the equity or liability. The expenses is recognised in staff costs in the profit and loss statement, share based payments amount to 963,018 and other social security costs amount to (112,357) (2020 : shared based payments : 2,138,982 and other social security costs : 419,697).

There was one delivery during 2021 for Basware A/S employees.