Subaio ApS

Gasværksvej 26, 1., 9000 Aalborg

Company reg. no. 37 76 65 85

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 13 June 2024.

Brian Grøn Jørgensen
Chairman of the meeting

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Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Board of Directors and the Executive Board have approved the annual report of Subaio ApS for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and 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.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Aalborg, 13 June 2024

Executive board

Thomas Kjølby Laursen		Frederrick Tristan Malte Hamann

Board of directors

Brian Grøn Jørgensen		Martin Oliver Mikaelsen		Jesper Leth Dammand

Thomas Kjølby Laursen		Mads Steenberg Lykke		Francisco Javier Pérez Sánchez

Independent auditor's report

To the Shareholders of Subaio ApS

Opinion

We have audited the financial statements of Subaio ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under 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 conclusion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management’s Review
Management is responsible for Management’s Review.

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

Independent auditor's report

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

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

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

Aalborg, 13 June 2024

Redmark
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Jesper Havgaard Kongsted
State Authorised Public Accountant
mne34468

Company information

The company	Subaio ApS Gasværksvej 26, 1. 9000 Aalborg	
	Company reg. no.	37 76 65 85
	Established:	31 May 2016
	Financial year:	1 January - 31 December
Board of directors	Brian Grøn Jørgensen Martin Oliver Mikaelsen Jesper Leth Dammand Thomas Kjølby Laursen Mads Steenberg Lykke Francisco Javier Pérez Sánchez	
Executive board	Thomas Kjølby Laursen Frederrick Tristan Malte Hamann	
Auditors	Redmark Godkendt Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg	
Bankers	Nordea	

Management´s review

The principal activities of the company

Since its incorporation, Subaio's core activities have been and continue to be the development of software designed to identify and categorise recurring payments in transactional data to deliver actionable insights to a consumer or advisor. Several use cases have been delivered to the market that utilize this core recognition capability.

Subaio's customers are banks and other financial institutions, with product implementation and end-user marketing done as a white-label service directly inside the Customers' existing interface(s).

During fiscal year 2023, Subaio continued the development of its Subscription Management, Credit Checkand Digital Sales solutions, improving efficiency and accuracy and expanding into new markets with a focus on scalability, while also exploring new use cases of the core recognition capability.

Funding Round 2023

In the fourth quarter of 2023, a successful funding round was completed with capital contributions from existing investors. The contributions were made to continue to advance Subaio's technology, attack new geographic markets, and capitalise on the existing and future sales pipeline.

Financial summary 2023

Fiscal year 2023 featured a strong increase in turnover compared to 2022, driven by growth within existing customer contracts as well several new customer contracts in 2023. Subaio's ARR from signed contracts increased +33% year-over-year.

In 2023 Subaio's headcount rose slightly to align key areas and enhance Subaio's ability to achieve its goals.

Subaio reports a financial loss for 2023, which is appropriate and expected at this stage of Subaio's development. The loss in 2023 is 22% smaller than the previous year due to increases in revenue and cost efficiency. As the Company moves into 2024 and beyond with enhanced product lines, a more mature commercial strategy and a scalable approach, Subaio expects to generate additional significant client contracts and establish a path to profitability.

Outlook for 2024

Subaio plans to continue to establish itself in the recurring payment space with focus on the existing product portfolio, but also looking at other use case opportunities.

As in the previous year, the most important activities in 2024 continue to be commercially focused and delivering solutions to the market in a scalable way. More specifically the commercial goals are to shorten the sales cycle and path to revenue while securing new opportunities within target geographic markets in a strategic way.

Management´s review

In 2024 Subaio expects the closing of several new significant commercial opportunities in addition to expansion within existing contracts. Additionally, Subaio expects to continue to improve margin performance and OPEX efficiency. This positive leverage in expenditure should reduce the expected financial loss for in 2024 while also showing a path to profitability in the future.

Income statement 1 January - 31 December

DKK thousand.

Note		2023	2022
	Gross profit	**8.784**	**2.923**
1	Staff costs	-24.233	-22.890
	Depreciation and impairment of property, land, and equipment	-301	-237
	Operating profit	**-15.750**	**-20.204**
	Other financial income	5	9
	Other financial costs	-29	-71
	Pre-tax net profit or loss	**-15.774**	**-20.266**
	Tax on net profit or loss for the year	714	874
	Net profit or loss for the year	**-15.060**	**-19.392**
	Proposed distribution of net profit:		
	Allocated from retained earnings	-15.060	-19.392
	Total allocations and transfers	**-15.060**	**-19.392**

Balance sheet at 31 December

DKK thousand.

Note	Assets	2023	2022
	Non-current assets		
	Other fixtures and fittings, tools and equipment	749	633
	Total property, plant, and equipment	749	633
	Deposits	324	311
	Total investments	324	311
	Total non-current assets	**1.073**	**944**
	Current assets		
	Trade receivables	3.628	733
2	Contract work in progress	0	115
	Income tax receivables	714	874
	Other receivables	84	451
	Prepayments	570	436
	Total receivables	4.996	2.609
	Cash and cash equivalents	14.407	19.573
	Total current assets	**19.403**	**22.182**
	Total assets	**20.476**	**23.126**

Balance sheet at 31 December

DKK thousand.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	171	166
	Retained earnings	11.915	18.028
	Total equity	**12.086**	**18.194**
	Liabilities other than provisions		
	Trade payables	751	745
	Other payables	3.399	1.002
	Deferred income	4.240	3.185
	Total short term liabilities other than provisions	8.390	4.932
	Total liabilities other than provisions	**8.390**	**4.932**
	Total equity and liabilities	**20.476**	**23.126**

3	**Charges and security**
4	**Contingencies**

Statement of changes in equity

DKK thousand.

	Contributed capital	Share premium	Retained earnings	Total
Equity 1 January 2022	156	29.725	-10.944	18.937
Cash capital increase	10	18.639	0	18.649
Profit or loss for the year brought forward	0	0	-19.392	-19.392
Transferred to retained earnings	0	-48.364	48.364	0
Equity 1 January 2023	166	0	18.028	18.194
Cash capital increase	5	8.948	0	8.953
Profit or loss for the year brought forward	0	0	-15.060	-15.060
Transferred to retained earnings	0	-8.948	8.948	0
	171	**0**	**11.915**	**12.086**

Notes

DKK thousand.

		2023	2022
1.	**Staff costs**		
	Salaries and wages	21.659	20.467
	Pension costs	2.229	2.095
	Other costs for social security	345	328
		24.233	**22.890**
	Average number of employees	41	39
2.	**Contract work in progress**		
	Sales value of the production of the period	0	115
	Contract work in progress, net	**0**	**115**

3. Charges and security

There is not given any mortgages and securities.

4. Contingencies

Contingent liabilities

The company has signed rent contracts. With a notice period of between 3-6 months, the liability is in total TDKK 827.

Accounting policies

The annual report for Subaio ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under financial income or expenses. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Income statement

Gross profit

Gross profit comprises the revenue, other operating income, and external costs.

Accounting policies

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for sales, advertising, administration, and premises.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Warrant programs

Warrant programs where employees can solely opt to buy shares in the company (equity-settled share-based payment transactions) are measured at the time of execution.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of tangible assets.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to debt and transactions in foreign currency.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
IT-equipment	3-5 years
PP&E & Leasehold Improvements	7-10 years

Minor assets with a purchase value of less than 5.000 kr. and administration costs (delivery, installation, assembly) associated with fixed asset purchases are expensed as incurred.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment loss relating to non-current assets

The carrying amount of tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Accounting policies

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments

Prepayments consists of cost incurred which are related to future income years.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Liabilities and other payables are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Payments received concerning future income are recognised as deferred income.