

Cleardox ApS

Vestergade 29, 1456 København

CVR no. 40 98 49 92

**Annual report for the period
1 June 2021 to 31 May 2022**

Adopted at the annual general meeting on 4
November 2022

Oliver Julius Byrch Fjellvang
chairman



Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent auditor's report	2
Management's review	
Company details	5
Management's review	6
Financial statements	
Income statement 1 June - 31 May	7
Balance sheet 31 May	8
Statement of changes in equity	10
Notes	11
Accounting policies	13

Statement by management on the annual report

The executive board has today discussed and approved the annual report of Cleardox ApS for the financial year 1 June 2021 - 31 May 2022.

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 May 2022 and of the results of the company's operations for the financial year 1 June 2021 - 31 May 2022.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 6 October 2022

Executive board

Oliver Julius Byrch Fjellvang

Christoffer Stougaard Pedersen

Independent auditor's report

To the shareholders of Cleardox ApS

Opinion

We have audited the financial statements of Cleardox ApS for the financial year 1 June 2021 - 31 May 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 company's financial position at 31 May 2022 and of the results of the company's operations for the financial year 1 June 2021 - 31 May 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 the 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 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 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 Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 6 October 2022

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
CVR no. 35 25 76 91

Morten Friis Munksgaard
statsautoriseret revisor
MNE no. mne34482

Company details

The company	Cleardox ApS Vestergade 29 1456 København Telephone: 30185173 CVR no.: 40 98 49 92 Reporting period: 1 June 2021 - 31 May 2022 Incorporated: 4 December 2019 Domicile: København K
Executive board	Oliver Julius Byrch Fjellvang Christoffer Stougaard Pedersen
Auditors	Baker Tilly Denmark Godkendt Revisionspartnerselskab Poul Bundgaards Vej 1, 1. 2500 Valby

Management's review

Business review

The company's purpose is directly or indirectly to conduct business in the development of IT applications that can be sold as software as-a-service.

Financial review

The company's income statement for the year ended 31 May 2022 shows a loss of DKK 1.458.713, and the balance sheet at 31 May 2022 shows negative equity of DKK 1.946.590.

The year for Cleardox has generally been very positive. On the product and development side, we have strengthened our core offering (Cleardox Smart Redaction) with new features that allow the user to work with multiple cases, collaborate with other users, anonymize in bulk and more. In addition, we have improved our document lawyer to handle all types of PDFs and word files (docx). As a result of the continued efforts to improve our product, we have observed a significant uptake in daily usage - from 200 daily pages to 2000 pages being anonymized by Cleardox.

In addition, we have launched a new product to our product suite: Cleardox Scan. The ability to find personal and sensitive information in documents has proved useful in other scenarios. Cleardox Scan is able to scan mailboxes, document management systems and other systems across an organization's IT-landscape and look for personal information and informing stakeholders about potential data leaks. The product has received a lot of attention and is already up and running with customers. Moreover, Cleardox Scan has strong synergies with Cleardox Smart Redaction since users often need to anonymize the data that Cleardox Scan is identifying.

On the commercial side, we have added new customers to the Cleardox family, renewed all of our existing contracts and improved our monthly recurring revenue in the process (MRR). Our MRR has grown by 20% month over month in the period and we have reached our commercial goals for the year in terms of new customers acquired and MRR/customer.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Outlook for fiscal year 2022/2023

As a result of a year with strong product developments and a growing customer base, we are entering the new fiscal year with an even stronger foundation than the previous year. The goal is therefore to double our customer base and to add new customers outside our home market (Denmark) and get Cleardox in a position to expand internationally.

Income statement 1 June - 31 May

	Note	2021/22	2020/21
		DKK	DKK
Gross profit		405.921	553.430
Staff costs	1	<u>-1.984.024</u>	<u>-1.251.594</u>
Profit/loss before amortisation/depreciation and impairment losses		-1.578.103	-698.164
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-31.250</u>	<u>-7.812</u>
Profit/loss before net financials		-1.609.353	-705.976
Financial costs		<u>-245.287</u>	<u>-129.062</u>
Profit/loss before tax		-1.854.640	-835.038
Tax on profit/loss for the year	2	<u>395.927</u>	<u>243.160</u>
Profit/loss for the year		<u>-1.458.713</u>	<u>-591.878</u>
Retained earnings		<u>-1.458.713</u>	<u>-591.878</u>
		<u>-1.458.713</u>	<u>-591.878</u>

Balance sheet 31 May

	Note	2021/22	2020/21
		DKK	DKK
Assets			
Acquired rights		273.438	304.688
Intangible assets	3	273.438	304.688
Total non-current assets		273.438	304.688
Trade receivables		0	6.250
Other receivables		1.524.679	103.238
Corporation tax		639.087	243.160
Receivables		2.163.766	352.648
Cash at bank and in hand		355.475	3.462.797
Total current assets		2.519.241	3.815.445
Total assets		2.792.679	4.120.133

Balance sheet 31 May

	Note	2021/22	2020/21
		DKK	DKK
Equity and liabilities			
Share capital		40.000	40.000
Retained earnings		-1.986.590	-527.878
Equity		-1.946.590	-487.878
Other credit institutions		3.215.625	3.062.500
Convertible and profit-yielding instruments of debt		0	1.040.000
Other payables		0	32.046
Total non-current liabilities	4	3.215.625	4.134.546
Short-term part of long-term debet	4	1.123.200	0
Prepayments received from customers		146.250	35.500
Trade payables		5.420	311.896
Other payables		248.774	126.069
Total current liabilities		1.523.644	473.465
Total liabilities		4.739.269	4.608.011
Total equity and liabilities		2.792.679	4.120.133

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 June	40.000	-527.877	-487.877
Net profit/loss for the year	0	-1.458.713	-1.458.713
Equity at 31 May	40.000	-1.986.590	-1.946.590

Notes

	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK
1 Staff costs		
Wages and salaries	1.889.630	1.197.300
Other social security costs	26.799	32.234
Other staff costs	67.595	22.060
	<u>1.984.024</u>	<u>1.251.594</u>
Average number of employees	<u>3</u>	<u>3</u>
2 Tax on profit/loss for the year		
Current tax for the year	<u>-395.927</u>	<u>-243.160</u>
	<u>-395.927</u>	<u>-243.160</u>
3 Intangible assets		<u>Acquired rights</u>
		DKK
Cost at 1 June		312.500
Additions for the year		<u>0</u>
Cost at 31 May		<u>312.500</u>
Depreciation, amortisation and impairment at 1 June		7.812
Depreciation for the year		<u>31.250</u>
Depreciation, amortisation and impairment at 31 May		<u>39.062</u>
Carrying amount at 31 May		<u>273.438</u>

Notes

4 Long term debt

	Debt at 1 June	Debt at 31 May	Instalment next year	Debt outstanding after 5 years
	DKK	DKK	DKK	DKK
Other credit institutions	3.062.500	3.215.625	0	0
Convertible and profit-yielding instruments of debt	1.040.000	0	1.123.200	0
Other payables	32.046	0	0	0
	4.134.546	3.215.625	1.123.200	0

Accounting policies

The annual report of Cleardox ApS for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2021/22 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Revenue

Income from services, comprising service contracts and extended warranties relating to products and contracts sold is recognised on a straight-line basis as the services are provided.

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Accounting policies

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Intangible assets

Acquired rights

Acquired rights are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than years.

Receivables

Receivables are measured at amortised cost.

Income tax and deferred tax

As management company, Cleardox ApS is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Accounting policies

Prepayments received from customers

Prepayments received from customers recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.