



## Formalize ApS

Kannikegade 4, 1.  
8000 Aarhus C  
CVR No. 42045136

## Annual report 2023

The Annual General Meeting adopted the annual report on 27.05.2024

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**Jakob Emanuel Loftlund Lilholm**  
Chairman of the General Meeting

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# Entity details

## Entity

Formalize ApS

Kannikegade 4, 1.

8000 Aarhus C

Business Registration No.: 42045136

Registered office: Aarhus

Financial year: 01.01.2023 - 31.12.2023

## Board of Directors

Brian Gottorp Jeppesen, chairman

Kristoffer Abell

Jakob Emanuel Loftlund Lilholm

Jens Morten Brøgger

Michele Foradori

## Executive Board

Jakob Emanuel Loftlund Lilholm

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Formalize ApS for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 27.05.2024

## Executive Board

**Jakob Emanuel Loftlund Lilholm**

## Board of Directors

**Brian Gottorp Jeppesen**  
chairman

**Kristoffer Abell**

**Jakob Emanuel Loftlund Lilholm**

**Jens Morten Brøgger**

**Michele Foradori**

# Independent auditor's extended review report

To the shareholders of Formalize ApS

## Report on extended review of the financial statements

### Conclusion

We have performed an extended review of the financial statements of Formalize ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

### Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of Management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our conclusion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

#### **Report on other legal and regulatory requirements**

##### **Violation of the rules governing loss of capital as laid down in the Danish Companies Act**

The Company has lost more than half of its capital. Management has not, within the deadlines of the Danish Companies Act § 119, ensured that a general meeting is held, and has not accounted for the Company's financial position to the shareholders and, if necessary, made proposals for measures that should be taken. The Company's Management may be held liable in this respect.

Aarhus, 27.05.2024

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

#### **Mads Fauerskov**

State Authorised Public Accountant  
Identification No (MNE) mne35428

#### **Jonas Thøstesen Svensson**

State Authorised Public Accountant  
Identification No (MNE) mne47824

# Management commentary

## Primary activities

The company's purpose is to conduct business with the sale of IT-based solutions and software.

The software, Whistleblower Software, aims to solve the problem of corporate fraud, corruption, and unethical behavior within organizations and the software Formalize has been developed and now sold to help companies with the challenging and often convoluted nature of regulatory compliance within various industries.

## Development in activities and finances

The financial statements for the year show a loss of DKK 30,457k against a loss of DKK 4,841k at 31.12.2022, which Management regards as expected.

The company has lost more than 50 % of the contributed capital and the company is therefore subject to the Capital losses rules of the Danish companies Act § 119. Management have re-established equity through the received capital increase in January 2024.

The Company has changed accounting policies regarding capitalisation of development projects – for more details see "Accounting policies".

## Uncertainty relating to recognition and measurement

The Company has recognised development projects at cost in the annual report. The recognition of development projects is subject to uncertainty, but Management firmly believes that the development projects give a true and fair view based on the expectations for the future. For more details, see note 5 to the financial statements.

## Events after the balance sheet date

The Company has in Q1 2024 finalized a cash capital increase of DKK 112m.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Income statement for 2023

	Notes	2023 DKK	2022 DKK
<b>Gross profit/loss</b>		<b>(10,868,344)</b>	<b>(219,061)</b>
Staff costs	2	(18,161,738)	(4,701,121)
Depreciation, amortisation and impairment losses	3	(549,995)	(257,217)
<b>Operating profit/loss</b>		<b>(29,580,077)</b>	<b>(5,177,399)</b>
Other financial income		25,473	156,723
Other financial expenses		(902,085)	(193,591)
<b>Profit/loss before tax</b>		<b>(30,456,689)</b>	<b>(5,214,267)</b>
Tax on profit/loss for the year	4	0	373,276
<b>Profit/loss for the year</b>		<b>(30,456,689)</b>	<b>(4,840,991)</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(30,456,689)	(4,840,991)
<b>Proposed distribution of profit and loss</b>		<b>(30,456,689)</b>	<b>(4,840,991)</b>



# Balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	6	4,238,145	3,159,137
Development projects in progress	6	1,284,941	0
<b>Intangible assets</b>	5	<b>5,523,086</b>	<b>3,159,137</b>
Other fixtures and fittings, tools and equipment		56,636	75,181
<b>Property, plant and equipment</b>	7	<b>56,636</b>	<b>75,181</b>
Deposits		555,262	17,500
Other receivables		30,785	0
<b>Financial assets</b>	8	<b>586,047</b>	<b>17,500</b>
<b>Fixed assets</b>		<b>6,165,769</b>	<b>3,251,818</b>
Trade receivables		9,026,695	2,971,465
Other receivables		83,074	0
Income tax receivable		0	373,276
Prepayments		660,291	137,300
<b>Receivables</b>		<b>9,770,060</b>	<b>3,482,041</b>
<b>Cash</b>		<b>8,923,347</b>	<b>13,003,404</b>
<b>Current assets</b>		<b>18,693,407</b>	<b>16,485,445</b>
<b>Assets</b>		<b>24,859,176</b>	<b>19,737,263</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2023 DKK</b>	<b>2022 DKK</b>
Contributed capital		83,019	83,019
Reserve for development expenditure		4,308,006	2,464,126
Retained earnings		(21,140,769)	11,159,800
<b>Equity</b>		<b>(16,749,744)</b>	<b>13,706,945</b>
Debt to other credit institutions		13,896,491	1,612,799
<b>Non-current liabilities other than provisions</b>	<b>9</b>	<b>13,896,491</b>	<b>1,612,799</b>
Bank loans		4,100	0
Prepayments received from customers		98,137	0
Trade payables		1,960,564	226,903
Other payables	10	2,678,476	316,961
Deferred income		22,971,152	3,873,655
<b>Current liabilities other than provisions</b>		<b>27,712,429</b>	<b>4,417,519</b>
<b>Liabilities other than provisions</b>		<b>41,608,920</b>	<b>6,030,318</b>
<b>Equity and liabilities</b>		<b>24,859,176</b>	<b>19,737,263</b>
Going concern	1		
Unrecognised rental and lease commitments	11		
Assets charged and collateral	12		

# Statement of changes in equity for 2023

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	83,019	0	10,464,789	10,547,808
Changes in accounting policies	0	2,464,126	695,011	3,159,137
<b>Adjusted equity beginning of year</b>	<b>83,019</b>	<b>2,464,126</b>	<b>11,159,800</b>	<b>13,706,945</b>
Transfer to reserves	0	1,843,880	(1,843,880)	0
Profit/loss for the year	0	0	(30,456,689)	(30,456,689)
<b>Equity end of year</b>	<b>83,019</b>	<b>4,308,006</b>	<b>(21,140,769)</b>	<b>(16,749,744)</b>

The Company has lost more than 50 % of the contributed capital and the company is therefore subject to the capital losses rules of the Danish Companies Act § 119. Management have re-established equity through the received capital increase in January 2024.

# Notes

## 1 Going concern

The company holds sufficient liquidity to meet obligations and planned investments over the next 24 months, following the closing of the Series A equity injection with a cash capital increase of DKK 112m, which re-established the equity and therefor the Company is no longer subject to the capital losses rules of the Danish Companies Act § 119.

Furthermore, the company has demonstrated successful ability to raise additional capital as required through other sources including debt, as demonstrated through the DKK 18mm committed debt facility provided by EIFO, of which DKK 6mm remains undrawn but available until 31 May 2024.

## 2 Staff costs

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	17,332,955	4,484,693
Pension costs	628,547	147,707
Other social security costs	200,236	68,721
	<b>18,161,738</b>	<b>4,701,121</b>
Average number of full-time employees	38	11

## 3 Depreciation, amortisation and impairment losses

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	531,450	257,217
Depreciation of property, plant and equipment	18,545	0
	<b>549,995</b>	<b>257,217</b>

## 4 Tax on profit/loss for the year

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	0	(373,276)
	<b>0</b>	<b>(373,276)</b>

## 5 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	3,462,388	0
Additions	1,610,458	1,284,941
<b>Cost end of year</b>	<b>5,072,846</b>	<b>1,284,941</b>
Amortisation and impairment losses beginning of year	(303,251)	0
Amortisation for the year	(531,450)	0
<b>Amortisation and impairment losses end of year</b>	<b>(834,701)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>4,238,145</b>	<b>1,284,941</b>

## 6 Development projects

Whistleblower Software is completed and is currently being sold to customers. Formalize are under development, and are per 31.12.2023 not being sold yet but expected finalized during 2024.

Whistleblower Software aims to solve the problem of corporate fraud, corruption, and unethical behavior within organizations. The software allows employees to anonymously report any suspicious activity or wrongdoing they witness within their company. This helps to create a culture of transparency and accountability and enables organizations to identify and address issues before they become major problems. The software also provides a secure platform for whistleblowers to report their concerns without fear of retaliation, which is a common barrier to reporting unethical behavior. It is the management's position that the project is recognized at the correct value.

The problem addressed by Formalize stems the challenging and often convoluted nature of regulatory compliance within various industries. Organizations face significant difficulties in staying updated with changing regulations, implementing them correctly, and ensuring ongoing adherence without disrupting business operations. The lack of a flexible, integrated platform results in inefficient compliance processes, elevated risk of legal penalties, and a strain on resources. Formalize aims to eliminate these issues by offering a customizable solution that simplifies compliance management, enhances transparency, and supports a proactive approach to meeting regulatory standards. The software Formalize is expected to be sold to customers in 2024.

Completed development projects are amortised over a period of 7 years.

Future improvements will be capitalised and maintenance charged to profit and loss on a current basis. Management has not observed any indications of impairment in relation to the carrying amount of DKK 5,523k.

Development projects are expected to generate positive cash flows that exceed the recognised value.

## 7 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>
Cost beginning of year	75,181
<b>Cost end of year</b>	<b>75,181</b>
Depreciation for the year	(18,545)
<b>Depreciation and impairment losses end of year</b>	<b>(18,545)</b>
<b>Carrying amount end of year</b>	<b>56,636</b>

## 8 Financial assets

	<b>Deposits DKK</b>	<b>Other receivables DKK</b>
Cost beginning of year	17,500	0
Additions	537,762	30,785
<b>Cost end of year</b>	<b>555,262</b>	<b>30,785</b>
<b>Carrying amount end of year</b>	<b>555,262</b>	<b>30,785</b>

## 9 Non-current liabilities other than provisions

	<b>Due after more than 12 months 2023 DKK</b>	<b>Outstanding after 5 years 2023 DKK</b>
Debt to other credit institutions	13,896,491	6,632,171
	<b>13,896,491</b>	<b>6,632,171</b>

There are no non-current liabilities due in less than 1 year.

## 10 Other payables

	<b>2023 DKK</b>	<b>2022 DKK</b>
VAT and duties	604,286	43,401
Wages and salaries, personal income taxes, social security costs, etc. payable	1,503,497	213,925
Holiday pay obligation	568,453	57,394
Other costs payable	2,240	2,241
	<b>2,678,476</b>	<b>316,961</b>

**11 Unrecognised rental and lease commitments**

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	1,848,430	210,000

**12 Assets charged and collateral**

Payables to EIFO are secured on a floating charge of DKK 13,500k on intellectual property rights, operating equipment, fixtures and fittings as well as unsecured claims from sales. The value of the security is t.DKK 14.606 in 2023 and t.DKK 6,206 in 2022.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

## Changes in accounting policies

Management has changed accounting policies regarding recognition of development projects, which now and in future will be recognised in the balance sheet as opposed to previous years when recognition was made in the income statement. As a result of this change, the grants received for development projects are now also taken to liabilities in the balance sheet. These are subsequently taken to income as the development projects are amortised for accounting purposes.

The changes were made back in time for which reason the opening balance sheet has been adjusted. The changes have had the following impact on the 2022 figures:

- Profit/loss before tax = DKK 1.427.281
- Tax for the year = DKK 0
- Equity = DKK 3.159.137
- Balance sheet total = DKK 3.159.137

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with last year except from a few reclassifications.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.



### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Property, plant and equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, cost of sales, own work capitalised and other external expenses.

#### Revenue

Revenue from the sale of services is recognised in the income statement during the contract period. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets.

#### Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

#### Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc. for entity staff.

#### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciations for the financial year.

#### Other financial income

Other financial income comprises, interest income, including, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

#### Other financial expenses

Other financial expenses comprise interest expenses, including net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

**Balance sheet**

**Intellectual property rights etc.**

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 7 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

**Property, plant and equipment**

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	<b>Useful life</b>
Other fixtures and fittings, tools and equipment	5

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

**Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash**

Cash comprises bank deposits.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.