



Formalize ApS

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

Annual report 2024

The Annual General Meeting adopted the
annual report on 12.05.2025

Jakob Emanuel Loftlund Lilholm
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's extended review report	4
Management commentary	6
Income statement for 2024	7
Balance sheet at 31.12.2024	8
Statement of changes in equity for 2024	10
Notes	11
Accounting policies	14

Entity details

Entity

Formalize ApS

Kannikegade 4, 1.

8000 Aarhus C

Business Registration No.: 42045136

Registered office: Aarhus

Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Christian Lynge Hjorth, Chairman

Michele Foradori

Jens Morten Brøgger

Kristoffer Abell

Jakob Emanuel Loftlund Lilholm

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 01.01.2024 - 31.12.2024.

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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

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, 12.05.2025

Executive Board

Jakob Emanuel Loftlund Lilholm

Board of Directors

Christian Lynge Hjorth
Chairman

Michele Foradori

Jens Morten Brøgger

Kristoffer Abell

Jakob Emanuel Loftlund Lilholm

Independent auditor's extended review report

To the shareholders of Formalize ApS

Conclusion

We have performed an extended review of the financial statements of Formalize ApS for the financial year 01.01.2024 - 31.12.2024, 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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 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.

Aarhus, 12.05.2025

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.

In 2024, we expanded our product portfolio by developing and launching Formalize, a Governance, Risk, and Compliance (GRC) solution focused on assisting organizations in adhering to the Digital Operational Resilience Act (DORA) directive in 2025.

Formalize simplifies compliance processes and effectively manages various regulations and frameworks, including DORA, NIS 2, and ISO 27001. Additionally, our existing product, Whistleblower Software, continues to address corporate fraud, corruption, and unethical behavior within organizations.

Development in activities and finances

The financial statements for the year show a loss of DKK 36,884k.

This increase in loss is attributed to significant investments in the development and market entering of the Formalize product.

The capital increase of DKK 112 million finalized in Q1 2024 was strategically allocated to fund the development of Formalize and to execute its go-to-market strategy.

Furthermore, six development projects related to Formalize were initiated and completed in 2024, with a total increase of intangible assets of DKK 8.9 million. These projects encompassed key features such as GRC, AI Smart Fill, and a comprehensive Content Library.

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

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 2024

	Notes	2024 DKK	2023 DKK
Gross profit/loss		7,130,779	(10,868,344)
Staff costs	1	(43,004,304)	(18,161,738)
Depreciation, amortisation and impairment losses	2	(1,013,819)	(549,995)
Operating profit/loss		(36,887,344)	(29,580,077)
Income from investments in group enterprises		(12,239)	0
Other financial income		2,011,852	25,473
Other financial expenses		(1,995,791)	(902,085)
Profit/loss for the year		(36,883,522)	(30,456,689)
Proposed distribution of profit and loss			
Retained earnings		(36,883,522)	(30,456,689)
Proposed distribution of profit and loss		(36,883,522)	(30,456,689)

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Completed development projects	4	13,424,244	4,238,145
Development projects in progress	4	0	1,284,941
Intangible assets	3	13,424,244	5,523,086
Other fixtures and fittings, tools and equipment		38,091	56,636
Property, plant and equipment	5	38,091	56,636
Investments in group enterprises		10,192	0
Deposits		2,145,715	555,262
Other receivables		0	30,785
Financial assets	6	2,155,907	586,047
Fixed assets		15,618,242	6,165,769
Trade receivables		13,812,653	9,026,695
Receivables from group enterprises		12,239	0
Other receivables		571,853	83,074
Prepayments		895,254	660,291
Receivables		15,291,999	9,770,060
Cash		77,433,582	8,923,347
Current assets		92,725,581	18,693,407
Assets		108,343,823	24,859,176

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital		115,005	83,019
Reserve for development expenditure		10,470,909	4,308,006
Retained earnings		44,942,887	(21,140,769)
Equity		55,528,801	(16,749,744)
Debt to other credit institutions		12,611,628	13,896,491
Non-current liabilities other than provisions	7	12,611,628	13,896,491
Current portion of non-current liabilities other than provisions	7	1,616,225	0
Bank loans		0	4,100
Prepayments received from customers		253,730	98,137
Trade payables		2,532,284	1,960,564
Other payables		3,011,946	2,678,476
Deferred income		32,789,209	22,971,152
Current liabilities other than provisions		40,203,394	27,712,429
Liabilities other than provisions		52,815,022	41,608,920
Equity and liabilities		108,343,823	24,859,176
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Assets charged and collateral	10		

Statement of changes in equity for 2024

	Contributed capital DKK	Share premium DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	83,019	0	4,308,006	(21,140,769)	(16,749,744)
Increase of capital	31,986	112,362,356	0	0	112,394,342
Transferred from share premium	0	(112,362,356)	0	112,362,356	0
Costs related to equity transactions	0	0	0	(3,232,275)	(3,232,275)
Transfer to reserves	0	0	6,162,903	(6,162,903)	0
Profit/loss for the year	0	0	0	(36,883,522)	(36,883,522)
Equity end of year	115,005	0	10,470,909	44,942,887	55,528,801

Notes

1 Staff costs

	2024 DKK	2023 DKK
Wages and salaries	40,554,072	17,332,955
Pension costs	1,926,299	628,547
Other social security costs	523,933	200,236
	43,004,304	18,161,738
Average number of full-time employees	67	38

2 Depreciation, amortisation and impairment losses

	2024 DKK	2023 DKK
Amortisation of intangible assets	995,274	531,450
Depreciation of property, plant and equipment	18,545	18,545
	1,013,819	549,995

3 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	5,072,846	1,284,941
Transfers	9,849,695	(9,849,695)
Additions	331,678	8,564,754
Cost end of year	15,254,219	0
Amortisation and impairment losses beginning of year	(834,701)	0
Amortisation for the year	(995,274)	0
Amortisation and impairment losses end of year	(1,829,975)	0
Carrying amount end of year	13,424,244	0

4 Development projects

Development projects consists of two different projects, which both has been finanlized during 2024 and launched to customer use.

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.

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 13,424k.

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

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	75,181
Cost end of year	75,181
Depreciation and impairment losses beginning of year	(18,545)
Depreciation for the year	(18,545)
Depreciation and impairment losses end of year	(37,090)
Carrying amount end of year	38,091

6 Financial assets

	Investments in group enterprises DKK	Deposits DKK	Other receivables DKK
Cost beginning of year	0	555,262	30,785
Transfers	0	(500,262)	0
Additions	22,431	2,742,150	0
Disposals	0	(651,435)	(30,785)
Cost end of year	22,431	2,145,715	0
Share of profit/loss for the year	(12,239)	0	0
Impairment losses end of year	(12,239)	0	0
Carrying amount end of year	10,192	2,145,715	0

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Formalize S.L.	Madrid, Spain	S.L.	100.00

7 Non-current liabilities other than provisions

	Due within 12 months	Due after more than 12 months	Outstanding after 5 years
	2024	2024	2024
	DKK	DKK	DKK
Debt to other credit institutions	1,616,225	12,611,628	1,275,600
	1,616,225	12,611,628	1,275,600

8 Unrecognised rental and lease commitments

	2024	2023
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	1,512,909	1,848,430

9 Contingent liabilities

The Company has assumed an exit-obligation towards a third party relating to an exit-transaction. In view of the Company's current operations, Management does not find it necessary to recognise a liability.

10 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 28.155 in 2024 and t.DKK 14.606 in 2023.

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.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Tax on profit/loss for the year and deferred tax

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 profit or loss for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Deferred tax is recognised on all temporary differences between the carrying amount and the tax base of assets and liabilities, for which the tax base of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value.

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

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.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

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.

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:

	Useful life
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.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Receivables

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

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.