

2020 Annual Report

for the period 1 January to 31 December 2020

Risk Intelligence A/S,
Strandvejen 100, 2900 Hellerup
CVR 27475671

RiskIntelligence

Annual Report 2020

Table of contents

Statements

- Statement by management on the annual report..... 3
- Independent auditor’s report..... 4

Managements review

- Company details 7
- Financial highlights..... 8
- Management's review..... 9
- About Risk Intelligence..... 15
- Risk Intelligence Business Model..... 17
- Risk Intelligence System SaaS metrics 21
- Outlook 2021 23
- The Share 24
- Financial Review..... 28

Financial statements

- Income Statement 1 January - 31 December 2020..... 32
- Balance sheet 31 December 33
- Statement of changes in equity..... 35
- Cash flow statement 1 January - 31 December 36
- Notes..... 37

In this document, the following definitions shall apply unless otherwise specified: “the Company” or “Risk Intelligence” refers to Risk Intelligence A/S, CVR number 27475671.

Adopted at the annual general meeting on

chairman

Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Risk Intelligence A/S for the financial year 1 January - 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2020.

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.

Hellerup, 25 March 2021

Executive Management

Hans Tino Hansen

CEO

Board of Directors

Jan Holm

Chairman of the Board

Stig Streit Jensen

Member of the Board

Jens Lorens Poulsen

Member of the Board

Hans Tino Hansen

Member of the Board

Jens Otto Holst

Member of the Board

Independent auditor's report

To the shareholders of Risk Intelligence A/S

Opinion

We have audited the financial statements of Risk Intelligence A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and summary of significant accounting policies. 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 December 2020 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2020 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. 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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.

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, 25 March 2021

Baker Tilly Denmark

Godkendt Revisionspartnerselskab

CVR no. 35 25 76 91

Henrik Ulvsgaard

statsautoriseret revisor

MNE no. mne21318

Peter Aagesen

statsautoriseret revisor

MNE no. mne41287

Company details

The Company	Risk Intelligence A/S Strandvejen 100 2900 Hellerup
	CVR no.: 27 47 56 71
	Reporting period: 1 January - 31 December 2020
	Incorporated: 11 December 2003
	Domicile: Gentofte
Board of Directors	Jan Holm, Chairman Stig Streit Jensen Jens Lorens Poulsen Jens Otto Mucnh Holst Hans Tino Hansen
Executive management	Hans Tino Hansen, CEO
Auditors	Baker Tilly Denmark Godkendt Revisionspartnerselskab Poul Bundgaards vej 1, 1. sal 2500 København

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	<u>2020</u> TDKK	<u>2019</u> TDKK	<u>2018</u> TDKK	<u>2017</u> TDKK	<u>2016</u> TDKK
Key figures					
Revenue	15,703	14,221	11,123	10,980	10,032
Gross profit	9,181	3,500	3,717	7,182	6,770
Profit/loss before amortisation/depreciation and impairment losses (EBITDA)	-3,937	-10,177	-5,958	656	360
Net financials	-2,050	-867	-268	-596	-381
Profit/loss for the year	-5,952	-9,613	-5,879	-939	-495
Balance sheet total	24,097	19,827	15,398	8,986	5,917
Equity	-2,465	1,668	9,191	3,896	-164
Investment in property, plants and equipment	-230	627	1,127	37	13
Investment in development projects	2,387	5,992	1,662	975	945
Financial ratios					
Return on assets	26.1%	-65.3%	-58.6%	-7.2%	-3.6%
Solvency ratio	-10.2	10.6%	59.7%	43.4%	-2.8%
Number of employees	25	22	14	10	9

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Where the accounting policies have been changed in 2018, the comparatives have not been restated. For an account of changes in accounting policies, see the summary of significant accounting policies.

Management's review

Business activities

The main activity is security risk analysis and consulting services for international shipping, offshore, oil and gas companies and government clients. Risk Intelligence's main activity in 2020 continued to be the delivery intelligence-based security threat and risk assessments to companies and organisations within both maritime and landside transportation primarily through a web-based intelligence product, the Risk Intelligence System, consisting of three modules which are seamlessly integrated: MaRisk (maritime), PortRisk (ports) and LandRisk (landside logistics) that can be subscribed with one, or in any combination of two or three modules.

Recognition and measurement uncertainties

The company has a tax asset as of 31 December 2020 amounting to DKK 3,652k and a Tax receivable amounting to DKK 1,800k which primarily relates to tax loss carryforwards and Tax Credit Scheme. As was the case last year, management has decided to recognize the total tax asset of DKK 3,652k and DKK 1,800k as due to the budget for 2021 and the years ahead. The company expects to be able to utilize all tax loss carryforwards within a period of 3-5 years. However, there is an inherent uncertainty associated with the assessment of future earnings, and accordingly a related uncertainty with the valuation of the deferred tax asset.

Business review

Due to the global COVID-19 the Company's income statement for the year ended 31 December 2020 shows a loss of DKK 5,962,249 and the balance sheet at 31 December 2020 shows negative equity of DKK 2,464,899.

Highlights

- First positive quarterly EBITDA and net result since IPO.
- Strong and positive development in all financial figures.
- Risk Intelligence had a growth in revenue of 39% growth in Q4 2020 to 6.7m DKK and 10% in 2020 to 15.7m DKK.
- Risk Intelligence reduced total costs by 30% in Q4 and by 19% for 2020.
- Risk Intelligence had a positive EBITDA of 1.1M DKK in Q4 2020 and a positive Net profit of 0.2M DKK in Q4 2020.
- Risk Intelligence System recurring revenue amounted to 81% of total revenue in 2020 with a renewal rate of 98.6% (churn 1.4%).
- First LandRisk client signed in January and first major client, Sony Europe, signed in December 2020.

- 17 new maritime clients signed during 2020.
- 3 new government clients signed during 2020.

The result in Q4 is a significant milestone, demonstrating that Risk Intelligence is on the right track in spite of challenging local and global circumstances. The Company has managed to increase revenue and reduce costs during the year. Risk Intelligence started facing the impact of COVID-19 already in February due to our global exposure, but nevertheless secured 16% growth compared to Q1 2019. This was followed by a negative Q2 with a decrease in revenue of 34% compared to Q2 2019, which was due to new sales almost coming to a halt as clients were focused on securing their own operations and adapting new ways of working. The business started to pick up slowly in Q3 with 1% growth compared to Q3 2019, and accelerated back into strong growth during Q4 with 39% compared to Q4 2019. The year saw a total growth of 10% compared to 2019, which is satisfactory given the challenges during the year.

During 2020 Risk Intelligence managed to increase revenue and reduce costs. The costs were reduced with DKK 4,756 thousand and EBITDA increased with DKK 6,230 thousand to DKK -3,937 thousand compared to 2019. Revenue was increased both by new clients signing up, which included 17 maritime clients, 2 land based clients and 3 government clients, as well as increased business originating from existing clients. At the same time our existing clients subscribing to the Risk Intelligence System remained loyal and a number of these increased their licenses during the year. Only a very small number terminated their licenses during the year and of these one was due to a merger with an existing client, one was due to selling off their maritime operations and one was due to a change in business area to a low risk area. At the Q4 renewal process for 2021 all clients renewed their licenses with a 0% churn as a result, which is a testimony to the quality of our product and our strong client relations. In addition, some major clients signed 3-year agreements and/or increased their licenses with additional users and additional add-on layers.

The changing business climate during the year mainly impacted negatively the Advisory Services, which is dependent, to a point, on being able to visit vessels, offices, ports and facilities. However, some of the lost onsite business was replaced by desktop assessments and other bespoke products delivered digitally, a trend that will remain alongside on-site consultancy. The business area saw a 41% decrease in revenue during the year, but it is assessed that this business will return when restrictions ease at some point and travelling can be achieved safely. Thanks to a swift change in marketing and lead generation among other things with the first webinar organised in March, new business for all business areas, but mainly for the Risk Intelligence System, was generated during the year.

LandRisk as a new product was hit much harder than the existing business and the promising dialogue from the beginning of the year was completely halted for many months as the potential clients' managers were also deeply involved in their supply chain security, subsequently and logically focusing on securing this, rather than discussing new solutions for risk management. During Q3, Risk Intelligence managed to renew the discussions and reached a significant milestone by signing the first major global client, Sony

Europe, for LandRisk in December 2020. Based on the current discussions it is expected that more will follow during 2021.

Risk Intelligence did not apply for or participate in any COVID-19 support programmes in Denmark. In Singapore the subsidiary Risk Intelligence Singapore Pte Ltd received automatic support (25,000 SGD) paid out based on the public pension payments made by the company. The company is very grateful for the support from the government of Singapore.

The outlook for 2021 is positive compared to 2020, but with certain conservative assumptions. The assumptions are there will still be impact from COVID-19 during the full year either as direct impact from the pandemic and restrictions or indirectly due to a potential downturn in global economy and decreased or ceased government and international COVID-19 support packages. Risk Intelligence assumes that the company will be able to conduct business during 2021 in a similar business environment globally as during Q4 2020 and the budget and forecast is based on this assumption. Any improvement in the global business climate is assumed to have a positive effect.

For the first time since the IPO, The Company is issuing guidance and the growth in revenue for 2021 is expected to be in the range 15-30% with a revenue target of DKK 18.0 to DKK 20.5. The target for 2021 is to reach a positive EBITDA for the full year, but a positive net result is not expected. Finally, the company expects positive net cash flow for the year.

The important LandRisk milestone with Sony Europe and several initiatives including the Data, AI and machine learning strategy and the digital marketing and lead generation investments, which are already delivering strong results, have secured a solid foundation for growth not only in 2021, but also for the years to follow.

Capital Resources

During the financial year, the company realised a net operating loss of DKK 6 million due to strict focus in entering new markets and increasing sales

In order to ensure adequate Capital Resources, the management has secured in February 2021, a cash capital increase amounting to DKK 10.5 million, which reflects a total value of the Company of DKK 75 million. Based on the current budget, management believes that the cash capital increase is sufficient to secure the operations in 2021. Please refer to note 14 for further information.

Research and development activities

Part of the development projects has been the ongoing development of the Risk Intelligence System with the platform and the modules MaRisk, PortRisk and LandRisk.

Risk Intelligence has during 2020 further developed the platform “Risk Intelligence System” with a range of new features finished the migration to a Cloud-based solution started in 2019.

During 2020 the Company has further developed the ambitious data and artificial intelligence project launched in 2019, which will substantially and fundamentally improve the use of data in Risk Intelligence and accelerate pace of operations and reduce production costs.

The development costs consist of both external and internal development costs. The external development costs are related to development providers as well as external consultants working the development projects. These have been working on e.g. design, development and testing as well as improvement of performance prior to launch. The internal time spent directly on the projects has been activated as development costs.

Special risks apart from generally occurring risks in industry

The risks and uncertainties that Risk Intelligence operations are exposed to are summary related to factors such as development, competition, technology development, capital requirements, currencies and interest rates. The assumptions for the year are that there will still be impact from COVID-19 during the full year either as direct impact from the pandemic and restrictions or indirectly due to a potential downturn in global economy following due to decreased or ceased government and international COVID-19 support packages. Risk Intelligence assumes that the company will be able to conduct business during the year as during Q4 2020 and the budget and forecast is based on this assumption.

For more detailed description of risks and uncertainties, refer to the memorandum published in June 2018. The documents are available on the Risk Intelligence website (www.riskintelligence.com).

Impact on external environment and measures of preventing, reducing or mitigating damage

The nature of the Company’s business does not have any impact on external environment and measures of preventing, reducing or mitigating damage.

Significant events occurring after end of reporting period

The World has been hit by the COVID-19 pandemic and Risk Intelligence has implemented various stages of its contingency plan. All staff at the Head Office in Hellerup, Denmark, have been instructed to work from home most of the year of 2020. The Singapore office is carrying out local risk assessments and following guidelines from the Singaporean government, currently working from home. The impact on Risk Intelligence operations is insignificant as a large part of the global staff are already working from home or are used to having to do so. Everyone is used to online meetings and remote collaboration. Furthermore, all data-

administrative-, financial- and operational systems are online and can be accessed remotely. Risk Intelligence has worked in an online environment connecting staff members in Europe, Asia, Middle East, Africa and North America since its very start. However, while the ban on travelling obviously has an impact on both sales and offsite consultancy projects, it has been replaced by an increased online meeting activity. As an example, all client seminars have been replaced by online seminars since spring 2020.

The current situation is too complex and the implications on the World economy is still unknown and hence it is not possible to forecast the total impact on Risk Intelligence during 2021. However the Company sees 2021 as being impacted by the pandemic. Due to recurring revenue and framework agreements for 2021 as well as sales in forms a solid basis for the budget and subsequently also for continued growth compared to 2020.

Importantly, security is still needed, and the threat and risks related to security do not decline because of COVID-19, this results in a constant demand that places Risk Intelligence in an a-cyclical position in the market. The experience from global financial crisis in 2008/2009 and from the shipping crisis in 2015/2016 was that, due to Risk Intelligence's close relation with its clients, the result at the end of the year was unchanged or even with a growth compared to the previous year. It is difficult to assess if this will be the case for 2021. At the same time, the management has implemented a range of cost reductions during 2020. These plans will continue throughout 2021.

In February 2021 the Company made a capital increase of DKK 10.5m as part of securing the future strategy and capital structure of the Company. The negative equity as per 31 December has by this been fully reestablished and increased.

Board of Directors and Executive Management

Jan Holm - Chairman of the Board Company engagement

Maersk Drilling Holdings Singapore Pte. Ltd, CEO/ Board Member
 Maersk Drilling Labuan Ltd., Board Member
 Maersk Drilling Malaysia Sdn. Bhd, Board Member
 Maersk Drilling Nigeria Holdings Pte., Ltd Board Member
 Maersk Drilling Service Singapore Pte Ltd., CEO / Board Member
 Maersk Drillship I Singapore Pte. Ltd., CEO / Board Member
 Maersk Drillship II Singapore Pte. Ltd., CEO / Board Member
 Maersk Drillship III Singapore Pte. Ltd., CEO / Board Member
 Maersk Drilling Drillship IV Singapore, CEO / Board Member
 Maersk Highlander UK Ltd, Board Member
 Maersk Rigworld Ghana Limited, Board Member
 Maersk Drilling JS-Services Lda (Angola), Board member
 Maersk Supply Service Singapore Pte. Ltd., Board Member
 Seaborg Technologies Aps, Advisory Board
 Rainmaking Innovation ApS - Rainmaking Ocean Venture, Advisory Board Member

Jens Otto Holst - Member of the Board Company engagement

Akademiker Pension, CEO
Livdata P/S, Chairman of the Board
MP Ejendomme II P/S, Chairman of the Board
MP Investment Management A/S, Chairman of the Board

Stig Streit Jensen - Member of the Board

Company engagement

Streit, CEO

T.O. Holding A/S, Chairman of the Board

Jens Lorens Poulsen - Member of the Board

Company engagement

Marcura Equities, Group CEO

Hans Tino Hansen- CEO/Member of the Board

Company engagement

Sandbjerg Holding ApS, CEO

About Risk Intelligence

Risk Intelligence was founded in 2001 by Hans Tino Hansen. The Company has evolved into becoming a leading company within security risk intelligence by delivering threat and risk assessments globally. Risk Intelligence assists its customers and partners through offices north of Copenhagen and in Singapore as well as staff in Europe, Asia and North America. The business has been designed with international scalability in mind and the Company is globally regarded as experts in its field of business. Risk Intelligence provides the Risk Intelligence System (MaRisk + PortRisk + LandRisk) that allows clients to monitor global security risks to enable businesses to plan and implement missions in risk areas. The data is collected from direct local sources, on-site-analysts and from a major international intelligence network. On 1 October 2019, Risk Intelligence launched the third product within the Risk Intelligence System, LandRisk, to cover landside logistics security risks. Adding LandRisk to the existing maritime and port security modules on the Risk Intelligence System, provides security risk intelligence for the entire supply chain in one integrated system with a single point of access.

Risk Intelligence has undergone the following phases:

2001 - 2007: Establishment as a security threat consultancy primarily to government clients and signing of the first commercial maritime clients in 2004 and 2005.

2008 - 2013: Operations were scaled up in 2008 upon launch of the digital platform with the MaRisk product, which was customised to maritime operations.

2014 - 2016: Launch of the new platform and the second digital product - PortRisk (2015) and a new version of MaRisk (2016).

2017: Development of Growth Plan for 2020. Initial internal development of the Company's third module LandRisk has begun, which has been requested by the existing customer base. With LandRisk, the Risk Intelligence System will link a whole industry chain of identification and selection of risks and threats, both on land and at sea. With LandRisk, Risk Intelligence's addressable market will increase more than tenfold.

2018: Launch of Growth Plan for 2020 as well as IPO and listing on Spotlight Stock Exchange. New office in Hellerup north of Copenhagen and hiring of a range of key staff members. End year Risk Intelligence completed the Beta test version phase of LandRisk together with the current pilot project clients.

2019: LandRisk was launched at an event in Düsseldorf, Germany on 1 October. In May Risk Intelligence launched an ambitious data and artificial intelligence (AI) project over the next three years, which will substantially and fundamentally improve the use of data in Risk Intelligence and accelerate pace of operations and reduce production costs. In August Risk Intelligence launched Risk Intelligence Singapore Pte Ltd and the office in Singapore, which serves as a hub for client relations and sales in Asia as well as an analytical centre.

2020: Successfully completes the first and second phase of its data and AI strategy, effectively enabling AI and Machine Learning. In March Risk Intelligence launched webinars to increase client relations and online content delivery in response to the COVID-19 situation and continued during the year to improve digital communication. In January the first client signed up for LandRisk and in December Sony Europe signed up for LandRisk as the first major global client.



The Intelligence Cycle (main process used by Risk Intelligence)

Risk Intelligence Business Model



The Risk Intelligence System

The business model is to offer intelligence-based security threat and risk assessments to companies and organisations within both maritime and landside transportation primarily through a web-based intelligence product, the Risk Intelligence System, consisting of three modules which are seamlessly integrated: MaRisk (maritime), PortRisk (ports) and LandRisk (landside logistics) that can be subscribed with one, or in any combination of two or three modules.

MaRisk has been a part of the Risk Intelligence System since its launch in 2008 and provides security information for companies to plan and execute maritime operations. MaRisk offers a global overview of security incidents and threats at sea and in coastal regions.

PortRisk has been included in the Risk Intelligence System since 2015. The module presents updated security information on ports and offshore terminals primarily in medium to high-risk areas around the world. PortRisk monitors more than 240 specifically selected ports and terminals globally. All ports and terminals have undergone extensive analysis, and up to 20 percent of the ports and terminals have been surveyed onsite by a Risk Intelligence team.

LandRisk was launched October 2019 and is providing landside security incidents and alerts, threat analysis of cities, hot spots, regions, and countries for landside transportation. By adding LandRisk to the existing Risk Intelligence System, the client gets access to a complete, integrated end-to-end supply chain

security intelligence solution that provides a single point of access for all relevant transport-related security risk intelligence.

License fee

In addition to the selected modules the client may select additional layers and API integration into the client's corporate systems. The final license fee per year is dependent on 1. Number of selected modules and which modules 2. Number of layers and which type of layers 3. Number of users (and number of vessels operated for ship operating companies) 4. API integration.

The Risk Intelligence System is fully scalable and is based on 12-month licenses with automatic renewal and fully pre-paid subscriptions. The Risk Intelligence System licenses constituted 81% of total revenue in 2020 (72% in 2019).

The Risk Intelligence System has a renewal rate of 98-100% (Churn 0-2%). A core of five companies have been subscribing since they were founding clients of MaRisk in early 2008.

Intelligence reports

In addition, Risk Intelligence offers weekly and monthly intelligence reports for subscription which are also fully scalable. Subscription fees is between 30,000 and 120,000 DKK depending on type of report and subscription period. Intelligence Reports constituted 7.2% of total revenue in 2020 (6.5% in 2019).

Recurring revenue

The total Risk Intelligence recurring revenue constituted 87% of total revenues in Q4 2020 (Q4 2019: 79%) and 88% for FY 2020 (FY 2019: 78%). The renewal rate in Q4 2020 was 100% with a churn of 0%. The long-term goal of the strategy presented at the IPO in 2018 is to reach 90% turnover of recurring revenue.

Advisory Services

Finally, Risk Intelligence offers advisory services in the form of bespoke or semi-bespoke threat and risk assessment to its clients. Advisory Services constituted 12% of total revenue in 2020 (22% in 2019).

Scalability

The current organisation on the production-side is fully staffed to produce the intelligence updates and reports for the Risk Intelligence System in its current configuration. In other words, the product is fully scalable.

With the planned growth in the landside market there will be a need for additional analytical resources for LandRisk in a combination of additional analysts and technical analysis derived from our Data, AI and machine learning project. This will be covered by the higher license fees from LandRisk subscriptions.

Client acquisition process

Risk Intelligence uses a combination of online marketing, client seminars and meetings, word of mouth from clients to potential clients, client ambassadors (users changing jobs and asking new employers to subscribe to the Risk Intelligence System) and direct approach to identified potential clients for lead generation.

Online marketing consists both of dedicated online marketing campaigns, SEO and similar, but since March 2020 also of weekly webinars. Potential clients are requesting or being offered a free 14-day trial, where they get full access to the Risk Intelligence System modules of interest.

When interest is identified the sales or account managers take over the process and addresses the client's needs and how Risk Intelligence can assist in solving those with the full spectrum of products and services. Often the client relationship starts with a subscription to the Risk Intelligence System and then other products are added, but sometimes it starts with reports and/or advisory services products followed by subscription.

When a potential client has been changed into a client the company is assigned a client account manager, who is responsible to coordinate client relations going forward.

In some cases, clients are acquired through partners and the long-term target is to reach a 30% ratio of the total revenue from partners sales.

Maritime client acquisition

Online marketing and webinars

Client seminars

Worth of mouth referrals

User ambassadors

Partners

Direct sales by a sales- or account manager (transactional sales)

Land based client acquisition

Online marketing and webinars

Industry conferences and exhibitions

Worth of mouth referrals

User ambassadors

Partners

Direct sales by a sales- or account manager plus Product Manager and analyst(s) plus Development/IT manager if API or other technical integration is needed (solution sales or transactional sales)

Clients

Risk Intelligence has had a handful of maritime clients for more than 15 years and who also have been subscribing to the Risk Intelligence System since the launch of MaRisk in 2008. In the following years additional clients have been acquired and some have also left again even though the churn is very low (0-2%). Even if the last two-three years have added a significant number of new clients to the Risk Intelligence System, the average age of each maritime client in 2020 was 7.1 years, much due to the loyalty and high renewal rate of the clients.

Maritime

- Shipowners
- Ship managers
- Shipowners organisations
- Offshore companies
- Oil and gas companies
- Trading companies
- Maritime and sub-sea construction companies
- Marine insurers
- War Risk insurers

Landside

- Logistical companies
- Freight forwarders
- Industrial companies e.g.
- Consumer electronics
- Pharmaceutical companies
- Tobacco companies
- Defence industry
- Producers of other various high value goods
- Insurance companies

Government

- Flag states
- Ministries of Defence, Defence commands and Joint commands
- Navies
- Intelligence services
- Security and law enforcement

Risk Intelligence System SaaS metrics

The business model is to deliver intelligence (information and data that has been collected, verified, analysed, and assessed, and thereby turned into intelligence) and not software, and as such the company is not a Software-as-a-Service (SaaS) company. However, the core of its business is based on subscription licenses and recurring revenue is like a SaaS company, which makes the use of SaaS metrics relevant for comparison.

One of the key metrics for SaaS companies is the Annual Recurring Revenue as it expresses the recurring value of the company's subscriptions (Revenue). Annual Recurring Revenue (ARR) is one of the key figures and value drivers when looking at the performance of a Software as a Service (SaaS) company, because it is the foundation for evaluating the potential recurring revenue a SaaS company can generate over time. Equity analysts often apply a multiple to ARR in order to estimate a value of stock exchange listed SaaS companies.

In general, ARR expresses the revenue from subscriptions the SaaS company can generate in a 12-month period from its portfolio of current client agreements. ARR is important because it expresses the recurring value of the company's subscriptions, and as long as these subscriptions are not churned, they will continue to generate revenue year after year.

ARR will in general increase when the SaaS company's subscriptions with existing clients are uplifted and when the company sells new subscriptions. Similarly, ARR will decrease when subscriptions are churned, i.e., not prolonged. Hence, as long as the total value-increase from existing subscriptions and new agreements exceed the value of the agreements churned, ARR will increase and the revenue generated year after year will increase. As long as the SaaS company can continue to increase its ARR there is - in theory - no limit for the accumulated future revenue. That said, all agreements are expected to churn at some point of time, but as long as the value increase exceeds the value of churned agreements total ARR will increase.

An increase in Annual Recurring Revenue (ARR) from year 1 to year 2 can be summarised as follows:

- + Annual Recurring Revenue (ARR) end of year 1 (value of all existing client agreements)
- + increase in subscriptions and transactions from existing clients
- churn of existing clients
- + agreements with new clients

= Annual Recurring Revenue (ARR) end of year 2

Factors impacting the ARR-development

- Sales of subscriptions to new clients increases the ARR
- Upselling to existing clients:
 - Clients increase the number of communication transactions
 - Clients deploy additional communication channels and/or AI
- When clients churn, i.e. the subscription is discontinued, ARR decreases
- As long as the value of additional sales to existing clients and the sales to new clients exceeds the value of the churning clients, the ARR will increase.
- In terms of additional sales, several clients have added more users to their license agreement during the year.

Risk Intelligence System SaaS metrics 2018-2020

DKK '000	2020	2019	2018
ARR	12,767	11,147	9,864
ARR Net increase	1,620	1,283	1,293
ARR growth	15%	14%	15%
ARPU	128	113	115
Renewal Ratio	98.6%	99.3%	99%
Churn	1.4%	0.7%	1%

Risk Intelligence System SaaS metrics 2020 (Maritime vs Land-based)

DKK '000	Total	Maritime	Land-based
ARR	12,767	-	-
ARR growth	15%	-	-
ARPU	-	128	425*
Churn	1.4%	1.4%	0%
LTV	-	986**	3,288***
CAC	-	84	232
Recover CAC	-	0.7 years	0.6 years
LTV/CAC	-	11.7	14.7
TAM	-	200M	2,000M (+)

* Estimated

** 7.1 years average length in 2020

*** Based on estimated license average length being similar to MaRisk and PortRisk

ARR	Annual Recurring Revenue (annualised)
ARR growth	Growth in ARR from year to year or quarter to quarter
ARPU	Annual Recurring Revenue Per Unit (per client)
Churn	Loss of subscriber revenue in % of total
LTV	Life-Time Value - the total value of a subscription based on ARPU, average number of years and any fixed price increases.
CAC	Client Acquisition Costs - the total costs associated by acquiring a new client (direct costs, indirect ratio of sales and marketing costs relevant for new sales).
Recover CAC	The number of years to recover the client acquisitions costs - ARPU/CAC
LTV/CAC	Revenue DKK per client for every DKK spent to acquire the client
TAM	Total Addressable Market - is the estimated total addressable market.

Outlook 2021

Financial outlook

The assumptions for the year are that there will still be impact from COVID-19 during the full year either as direct impact from the pandemic and restrictions or indirectly due to a potential downturn in global economy following due to decreased or ceased government and international COVID-19 support packages. Risk Intelligence assumes that the company will be able to conduct business during the year as during Q4 2020 and the budget and forecast is based on this assumption. Any improvement in the global business climate is assumed to have a positive effect.

Growth in revenue for 2021 is expected to be in the range 15-30% with a revenue target of DKK 18.0 to DKK 20.5.

The target for 2021 is to reach a positive EBITDA for the full year. Due to the uneven distribution of revenue during the year and almost even distribution of costs, it is expected that some quarters will have negative and some positive EBITDA during the year.

Under the above assumptions the company does not expect a positive net result for 2021.

The company expects a positive net cash-flow for the year.

Guidance 2021:

- Growth: 15-30%
- Revenue: 18.0M-20.5M DKK
- EBITDA: Positive
- Net result: Not positive
- Net cash-flow: Positive

The Share

Shareholders

The table below presents shareholders with over 5 % of the votes and capital in Risk Intelligence as per 31 December 2020.

Name	Number of shares	Percentage of capital %	Percentage of voting right %
Sandbjerg Holding ApS*	3,000,000	32.96	37.42
Polaris Maritime Solutions Ltd	456,000	5.01	5.64
Others	5,645,380	62.03	56.94
Total	9,101,380	100.00	100.00

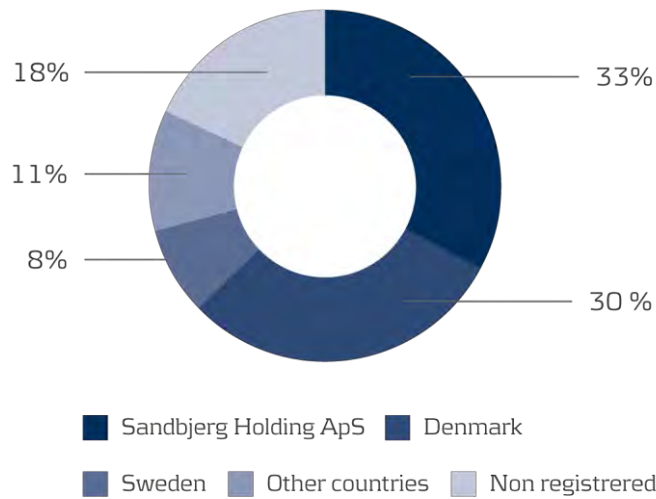
*100% owned by Hans Tino Hansen

The shares of Risk Intelligence A/S were listed on Spotlight Stock Market 17 August 2018. The short name/ticker is RISK and the ISIN code is DK0061031978. As per 31 December 2020, the number of shares was 9,101,380. Each share represents DKK 0.10 equalling a share capital of DKK 910,138. Every stock share equals the same rights to the Company's assets and results. The Risk Intelligence share is held in 14 different countries throughout Europe, the Middle East and South East Asia.

The Company had approximately 890 registered shareholders, but the total number is higher as major holdings are with custodians. Due to legislation the Company does not have access to shareholders trading through custodians such as Swedish Avanza (4.64% of share capital shared between about 225 shareholders), Swedish Nordnet (2.89% of the share capital shared between an unknown number of shareholders) and other Swedish and international banks. Finally, a number of shares is not registered.

The share has a free float of 62% taking the two major shareholders into consideration, Sandbjerg Holding ApS and Polaris Maritime Solutions Ltd both exceeding 5% ownership.

Shareholder structure 2020



In 2020 the shareholder return was 101% despite the global pandemic. The share price was beginning of the year DKK 3.7 and increased during the year to DKK 7.45 end of 2020.



Source: Data from Spotlight Stock Exchange

Share price (DKK)

IPO 2018	6,25	
1 January 2020	3,70	
31 December 2020	7,45	
Low 2020	2,70	(18 March)
High 2020	7,90	(28 December)

Liquidity

The year 2020 saw an increase in traded volume of 80% compared to 2019 (5,007,616 shares compared to 2,787,466 shares in 2019). The turnover in 2020 increased with 220% compared to 2019 (DKK 22,859,373 in 2020 compared to DKK 7,151,915 in 2019).

Table showing the volume, turnover VWAP and closing share price during 2019 and 2020

Liquidity in the share

Period		Volume	Turnover	Average per day	VWAP	Closing share price
Q1	2019	639,178	2,109,159	10,145	3.30	3.40
Q2		705,202	2,666,542	12,372	3.79	4.00
Q3		576,325	2,072,451	8,732	3.60	3.34
Q4		866,761	300,763	13,989	4.46	3.70
		2,787,466	7,151,915			
Q1	2020	909,920	3,252,693	14,217	3.57	3.00
Q2		673,091	1,990,744	11,605	2.96	3.36
Q3		1,957,042	9,236,589	29,652	4.72	5.95
Q4		1,467,563	8,379,347	23,295	5.71	7.45
		5,007,616	22,859,373			

Source: Data from Spotlight Stock Exchange

Warrants

On the Annual General meeting 17 April 2020 Risk Intelligence has decided to give the Board the right to issue 600,000 new warrants. Each warrant will provide the holder with the right to subscribe for one new share in the Company at a subscription rate of DKK 3.00. The warrants program is dedicated for allocation to all the Company employees and staff. Under this program and within the authorisation of the 600,000 the Board of Directors has per 1 May 2020 and 3 December 2020 decided to issue 600,000 warrants to employees and staff. If fully issued and vested by July 2021 the program will lead to a positive cash impact of DKK 1,800,000.

Risk Intelligence has issued warrants to Gemstone Capital ApS ("Gemstone"). The warrants give Gemstone the right to 76,691 shares (equivalent to 1 percent of the total number of shares in the Company after listing). Each warrant will provide the holder with the right to subscribe for one new share in the Company at a subscription rate of DKK 6.25. If fully vested the program will lead to a cash impact of DKK 479,319.

Proposed distribution of Risk Intelligences profit and loss

The Board of Directors and the CEO propose that no dividend shall be paid for the financial year 1 January 2020 - 31 December 2020.

Annual general meeting and annual report 2020

The Annual General Meeting of Risk intelligence will be held in Copenhagen, Denmark on 16 April 2021 at 10:00 a.m. as a virtual meeting.

Financial Calendar

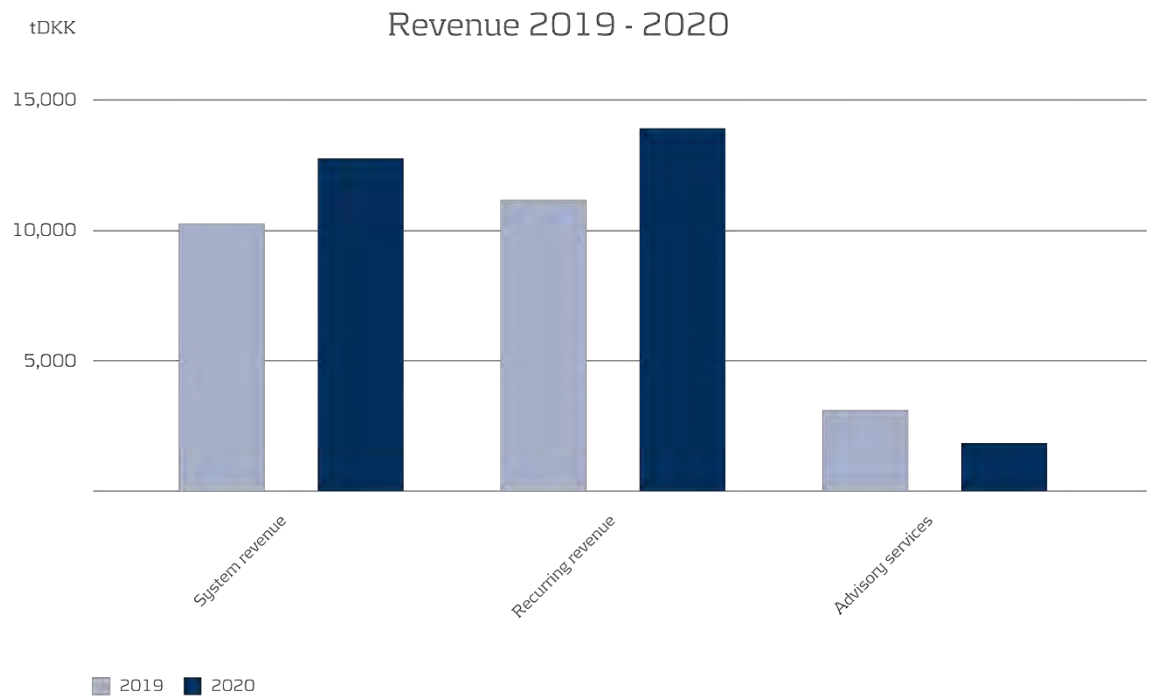
16 April 2021	Annual General Meeting
19 May 2021	Q1 2021 Interim Report
18 August 2021	Q2 2021 Interim Report
17 November 2021	Q3 2021 Interim Report
23 February 2022	Q4 and 2021 Year-end Report

Financial Review

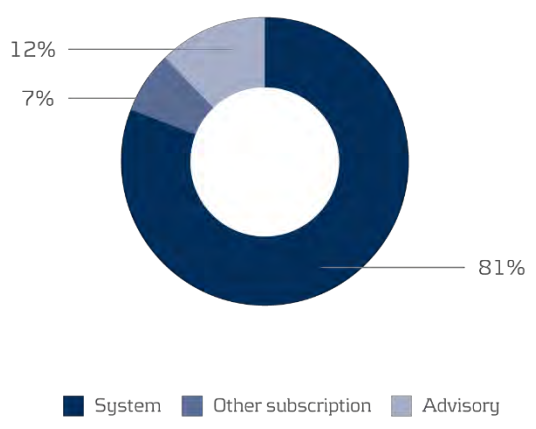
Income Statement

Total revenue increased 39% in Q4 2020 to DKK 6,676 thousand compared to Q4 2019 (DKK 4,796 thousand). Total recurring revenue in Q4 2020 increased by 53% to DKK 5,784 thousand compared to Q4 2019 (DKK 3,790 thousand). The non-recurring bespoke Advisory Service has decreased by 11% to 892 thousand from Q4 2019 (DKK 1,004 thousand), why the revenue ratio in general for advisory services has decreased.

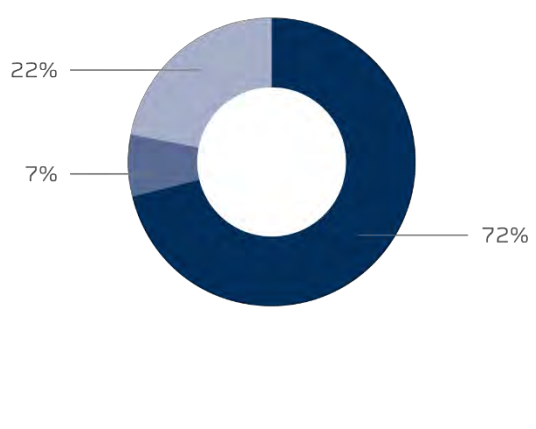
In 2020 total revenue increased by 10% to DKK 15,703 thousand compared to 2019 (DKK 14,221 thousand). The recurring revenue in 2020 ended at DKK 13,882 thousand corresponding an increase of 25 % compared to 2019 (DKK 11,147 thousand).



Revenue ratio 2020 FY



Revenue ratio 2019 FY



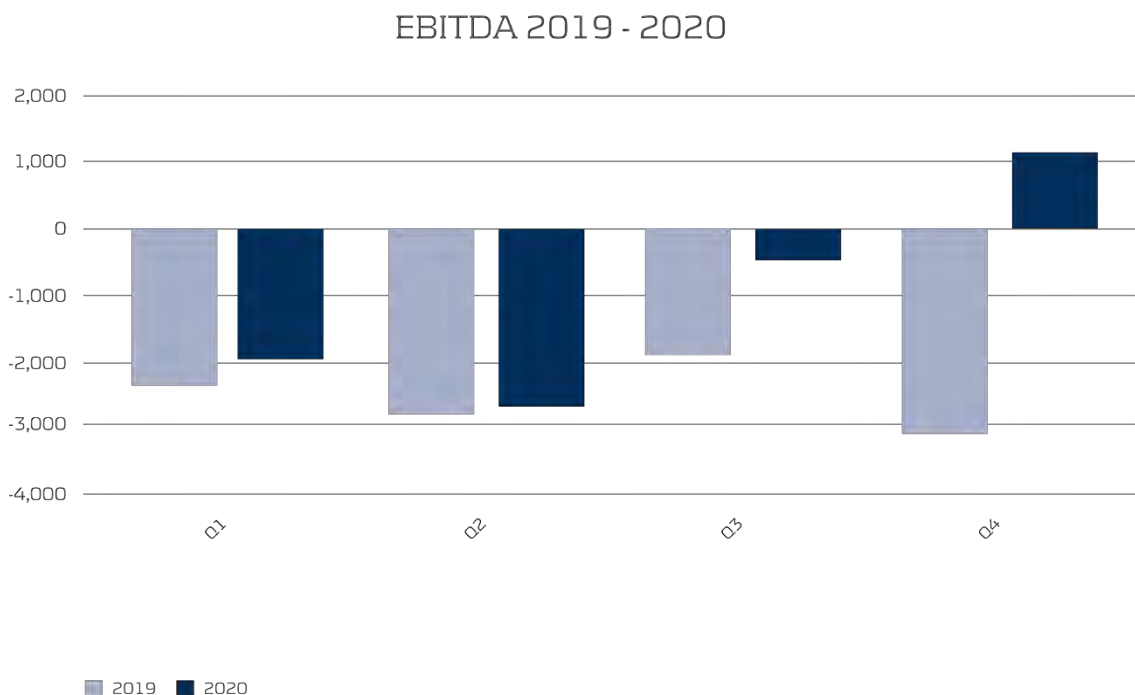
The gross profit increased in Q4 2020 by 1,071% to DKK 4,369 thousand (Q4 2019: DKK 373 thousand), corresponding to an increased gross margin of 65% (Q4 2019: 25%). For 2020 the gross profit increased by 162% to DKK 9,181 thousand (2019: 3,501 thousand). The gross margin increased to 58% compared to 25% for 2019.

Other Operating Expenses decreased in Q4 2020 by 48% to DKK 2,308 thousand (Q4 2019: 4,423). Staff costs amounted to DKK 3,227 thousand (Q4 2019: DKK 3,493 thousand) which is a decrease of 8% compared to Q4 2019. As for 2020 total Other Operating Expenses decreased by 39% to DKK 6,522 (2019 DKK 10,720 thousand). Staff costs in 2020 of DKK 13,118 thousand (2019 DKK 13,677 thousand) decreased by 559 thousand or 4%.

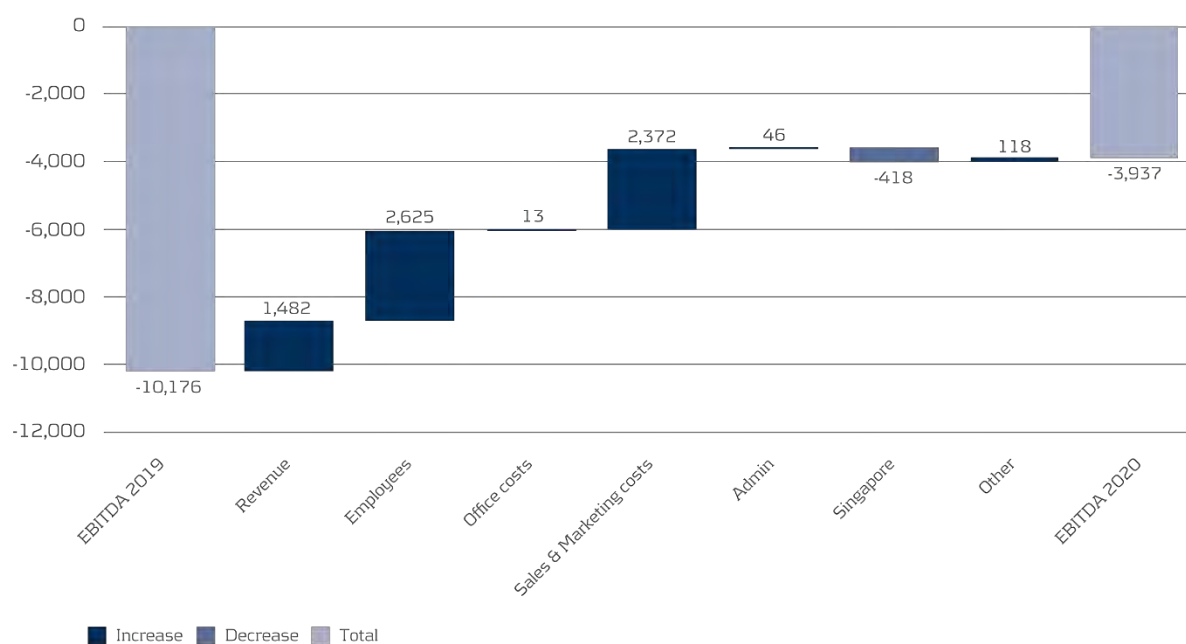
Costs in total decreased by DKK 2,382 thousand or by 30% in Q4 2020 reflecting the Company's prudent cost restraint due to the COVID-19 situation. For 2020 the total costs decreased by 19% or DKK 4,756 thousand.

EBITDA increased in Q4 2020 by DKK 4,263 thousand (137%) to DKK 1,143 thousand (Q4 2019: DKK -3,120 thousand). As for 2020 EBITDA increased by 61% to DKK -3,937 (2019: DKK -10,176). EBITDA ratio improved from -72% in Q4 2019 to 17% in Q4 2020. The increase in EBITDA is the result of the Company's cost restraint program. The EBITDA ratio in 2020 increased to -25% (2019: -72%).

Below figure explains the changes or differences from one comparable period to another in nominal numbers:



EBITDA development 2019 - 2020



EBITDA 2019 -10,176

Revenue 1,482

Employees 2,625

Office costs 13

Sales & Marketing costs 2,372

Admin 46

Singapore -418

Other 118

EBITDA 2020 -3,937

Balance Sheet

The balance sheet total end of 2020 was DKK 24,097 thousand (2019 DKK 19,826 thousand).

Equity at the end of 2020 decreased to negative DKK 2,465 thousand from end 2019 due to the negative result for the year.

Cash-Flows

Investments in Q4 amounted to DKK 558 thousand (Q4 2019: 874 thousand). The main part is related to develop a machine learning intelligence collection tool as part of the Risk Intelligence System. In total investment amounted to DKK 2,157 thousand for 2020 (2019: DKK 6,608 thousand).

Cash-flow from financing amounted to DKK 1,337 thousand in Q4 2020 (Q4 2019: DKK -534 thousand) and for 2020 DKK 8,312 thousand (2019 DKK 11,485). Financing in 2020 comes from a credit facility in Danske Bank, a loan in Vækstfonden and a capital increase.

Income Statement 1 January - 31 December 2020

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> DKK
Revenue		15,703,374	14,220,894
Other external costs		<u>-6,522,437</u>	<u>-10,720,397</u>
Gross profit		9,180,937	3,500,497
Staff costs	1	<u>-13,118,171</u>	<u>-13,677,279</u>
Earnings before interest taxes, depreciation and amortisation (EBITDA)		-3,937,237	-10,176,782
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		<u>-1,801,460</u>	<u>-1,287,448</u>
Profit/loss before financial income and expenses		-5,738,697	-11,464,230
Financial income		5,402	0
Financial costs		<u>-2,055,140</u>	<u>-867,041</u>
Net profit/loss for the year		-7,788,435	-12,331,271
Tax on profit/loss for the year	2	<u>1,826,186</u>	<u>2,718,664</u>
Profit/loss for the year		<u><u>-5,962,249</u></u>	<u><u>-9,612,607</u></u>
Distribution of profit	3		

Balance sheet 31 December

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> DKK
Assets			
Completed development projects		6,104,383	7,106,088
Development projects in progress		<u>4,501,104</u>	<u>2,536,688</u>
Intangible assets	4	<u>10,605,487</u>	<u>9,642,776</u>
Other fixtures and fittings, tools and equipment		<u>1,503,543</u>	<u>2,107,068</u>
Tangible assets	5	<u>1,503,543</u>	<u>2,107,068</u>
Investments in subsidiaries	6	5	5
Deposits		<u>389,254</u>	<u>393,248</u>
Fixed asset investments		<u>389,259</u>	<u>393,253</u>
Total fixed investments		<u>12,498,289</u>	<u>12,143,097</u>
Trade receivables		4,526,945	2,319,458
Other receivables		0	276,239
Deferred tax asset	7	3,651,505	2,285,441
Corporation tax		1,800,366	1,340,244
Prepayments	8	<u>997,444</u>	<u>635,722</u>
Receivables		<u>10,976,260</u>	<u>6,857,104</u>
Cash at bank and in hand		<u>622,483</u>	<u>826,533</u>
Current assets total		<u>11,598,743</u>	<u>7,683,637</u>
Assets total		<u><u>24,097,032</u></u>	<u><u>19,826,734</u></u>

Balance sheet 31 December

	Note	2020 DKK	2019 DKK
Equity and liabilities			
Share capital		910,138	838,709
Reserve for development projects		7,760,391	6,720,647
Retained earnings		<u>-11,135,428</u>	<u>-5,891,730</u>
Total equity	9	<u>-2,464,899</u>	<u>1,667,626</u>
Other credit institutions		4,819,399	1,447,857
Shareholders and management		<u>6,346,690</u>	<u>7,000,000</u>
Total non-current liabilities	10	<u>11,166,089</u>	<u>8,447,857</u>
Short-term part of long-term debt	10	1,600,373	585,315
Lease obligations		710,170	1,085,940
Other credit institutions		2,753,331	146,736
Trade payables		1,161,102	1,597,373
Payables to subsidiaries		494,300	11,106
Payables to shareholders and management		3,896,493	2,364,106
Other payables		3,700,869	2,879,905
Deferred income	11	<u>1,079,204</u>	<u>1,040,770</u>
Total current liabilities		<u>15,395,842</u>	<u>9,711,251</u>
Debt total		<u>26,561,931</u>	<u>18,159,108</u>
Liabilities and equity total		<u>24,097,032</u>	<u>19,826,734</u>
Rental commitments	12		
Charges and securities	13		
Capital Ressources	14		
Recognition and measurement uncertainties	15		

Statement of changes in equity

	<u>Share capital</u> DKK	<u>Share premium account</u> DKK	<u>Reserve for development projects</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	838,709	0	6,720,647	-5,462,672	2,096,684
Net effect adjustment equity beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>-429,058</u>	<u>-429,058</u>
Adjusted equity at 1 January	838,709	0	6,720,647	-5,891,730	1,667,626
Cash capital increase	71,429	1,758,295	0	0	1,829,724
Net profit/loss for the year	0	0	1,039,744	-7,001,993	-5,962,249
Transfer from share premium account	<u>0</u>	<u>-1,758,295</u>	<u>0</u>	<u>1,758,295</u>	<u>0</u>
Equity at 31 December	<u>910,138</u>	<u>0</u>	<u>7,760,391</u>	<u>-11,135,428</u>	<u>-2,464,899</u>

Cash flow statement 1 January - 31 December

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> DKK
Net profit/loss for the year		-5,962,912	-9,612,607
Adjustments		2,025,026	-513,247
Change in working capital		<u>-1,385,554</u>	<u>3,651,863</u>
Cash flows from operating activities before financial income and expenses		-5,323,440	-6,473,991
Financial expenses		<u>-2,049,738</u>	<u>-867,041</u>
Cash flows from ordinary activities		-7,373,178	-7,341,032
Corporation tax paid/received		<u>0</u>	<u>214,810</u>
Cash flows from operating activities		<u>-7,373,178</u>	<u>-7,126,222</u>
Purchase of intangible assets		-2,386,551	-5,992,240
Purchase of property, plant and equipment		226,066	-627,076
Fixed asset investments made etc		3,746	-5
Deposits		<u>-</u>	<u>11,752</u>
Cash flows from investing activities		<u>-2,156,739</u>	<u>-6,607,559</u>
Lease obligations		-375,831	358,386
Raising of loans from credit facilities		7,872,272	8,607,575
Cash capital increase		1,829,427	2,518,795
Other adjustments		<u>-</u>	<u>-144</u>
Cash flows from financing activities		<u>9,325,868</u>	<u>11,484,612</u>
Change in cash and cash equivalents		-204,049	-2,249,169
Cash and cash equivalents		<u>826,533</u>	<u>3,075,702</u>
Cash and cash equivalents		<u>622,483</u>	<u>826,533</u>
Analysis of cash and cash equivalents:			
Cash at bank and in hand		<u>622,483</u>	<u>826,533</u>
Cash and cash equivalents		<u>622,483</u>	<u>826,533</u>

Notes

	<u>2020</u> DKK	<u>2019</u> DKK
1 Staff costs		
Wages and salaries	12,209,525	12,160,900
Pensions	713,683	1,149,153
Other social security costs	107,458	136,102
Other staff costs	<u>87,505</u>	<u>231,124</u>
	<u>13,118,171</u>	<u>13,677,279</u>
Including remuneration to the Executive management and Board of Directors	<u>1,558,000</u>	<u>1,897,000</u>
Average number of employees	<u>25</u>	<u>22</u>

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed in the comparative figures.

On the Annual General meeting 17 April 2020 Risk Intelligence has decided to give the Board the right to issue 600,000 new warrants. Each warrant will provide the holder with the right to subscribe for one new share in the Company at a subscription rate of DKK 3.00. The warrants program is dedicated for allocation to all the Company employees and staff. Under this program and within the authorisation of the 600,000 the Board of Directors has per 1 May 2020 and 3 December 2020 decided to issue 600,000 warrants to employees and staff. If fully issued and vested by July 2021 the program will lead to a positive cash impact of DKK 1,800,000.

Risk Intelligence has issued warrants to Gemstone Capital ApS ("Gemstone"). The warrants give Gemstone the right to 76,691 shares (equivalent to 1 percent of the total number of shares in the Company after listing). Each warrant will provide the holder with the right to subscribe for one new share in the Company at a subscription rate of DKK 6.25. If fully vested the program will lead to a cash impact of DKK 479,319.

	<u>2020</u> DKK	<u>2019</u> DKK
2 Tax on profit/loss for the year		
Current tax for the year	-460,122	-1,340,244
Deferred tax for the year	<u>-1,366,064</u>	<u>-1,378,420</u>
	<u>-1,826,186</u>	<u>-2,718,664</u>
3 Distribution of profit		
Transferred to other statutory reserves	1,039,744	4,323,001
Retained earnings	<u>-7,001,993</u>	<u>-13,935,608</u>
	<u>-5,962,249</u>	<u>-9,612,607</u>
4 Intangible assets		
	<u>Completed</u> <u>development</u> <u>projects</u> DKK	<u>Development</u> <u>projects in</u> <u>progress</u> DKK
Cost at 1 January	12,362,683	2,536,688
Additions for the year	422,366	1,964,416
Transfers for the year	<u>0</u>	<u>0</u>
Cost at 31 December	<u>12,785,049</u>	<u>4,501,104</u>
Impairment losses and amortisation at 1 January	5,256,595	0
Depreciation for the year	<u>1,424,071</u>	<u>0</u>
Impairment losses and amortisation at 31 December	<u>6,680,666</u>	<u>0</u>
Carrying amount at 31 December	<u>6,104,383</u>	<u>4,501,104</u>

Development projects are capitalized provided that the costs can be measured and attributed to development projects reliably.

Part of the development projects has been the ongoing development of the Risk Intelligence System with the platform and the modules MaRisk, PortRisk and LandRisk.

Risk Intelligence has during 2020 further developed the platform "Risk Intelligence System" with a range of new features finished the migration to a Cloud-based solution started in 2019.

During 2020 the Company has further developed the ambitious data and artificial intelligence project launched in 2019, which will substantially and fundamentally improve the use of data in Risk Intelligence and accelerate pace of operations and reduce production costs.

The development costs consist of both external and internal development costs. The external development costs are related to development providers as well as external consultants working the development projects. These have been working on e.g. design, development and testing as well as improvement of performance prior to launch. The internal time spent directly on the projects has been activated as development costs.

5 Tangible assets

	<u>Other fixtures and fittings, tools and equipment</u> DKK
Cost at 1 January	2,569,118
Additions for the year	865,521
Disposals for the year	<u>-1,201,350</u>
Cost at 31 December	<u>2,233,289</u>
Impairment losses and depreciation at 1 January	462,050
Depreciation for the year	377,393
Reversal of impairment and depreciation of sold assets	<u>-109,697</u>
Impairment losses and depreciation at 31 December	<u>729,746</u>
Carrying amount at 31 December	<u><u>1,503,543</u></u>
Value of leased assets	<u>762,414</u>

6 Investments in subsidiaries

	<u>2020</u> DKK	<u>2019</u> DKK
Cost at 1 January	5	0
Additions for the year	<u>0</u>	<u>5</u>
Cost at 31 December	<u>5</u>	<u>5</u>
Carrying amount at 31 December	<u><u>5</u></u>	<u><u>5</u></u>

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Risk Intelligence Singapore Pte. Ltd.	Singapore	100%
	<u>2020</u> DKK	<u>2019</u> DKK

7 Provision for deferred tax

Provision for deferred tax at 1 January	-2,285,441	-786,007
Provision in the year	-1,366,064	-1,378,420
Correction prior year	<u>0</u>	<u>-121,014</u>
Provision for deferred tax at 31 December	<u><u>-3,651,505</u></u>	<u><u>-2,285,441</u></u>

Provisions for deferred tax on:

Intangible assets	2,333,207	2,121,411
-------------------	-----------	-----------

Property, plant and equipment	38,716	55,410
Tax loss carry-forward	-6,023,428	-4,341,248
Transferred to deferred tax asset	<u>3,651,505</u>	<u>2,285,441</u>
	<u>0</u>	<u>0</u>
Deferred tax asset		
Calculated tax asset	<u>3,651,505</u>	<u>2,285,441</u>
Carrying amount	<u>3,651,505</u>	<u>2,285,441</u>

8 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest etc.

9 Equity

The share capital has developed as follows:

	<u>2020</u> DKK	<u>2019</u> DKK	<u>2018</u> DKK	<u>2017</u> DKK	<u>2016</u> DKK
Share capital at 1 January	838,709	179,632	146,580	146,580	146,580
Additions for the year	<u>71,429</u>	<u>587,282</u>	<u>33,052</u>	<u>0</u>	<u>0</u>
Share capital	<u>910,138</u>	<u>766,914</u>	<u>179,632</u>	<u>146,580</u>	<u>146,580</u>

The share capital consists of 9,101,380 shares of a nominal value of DKK 0.1. No shares carry any special rights.

10 Long term debt

	<u>Debt</u> <u>at 1 January</u> DKK	<u>Debt</u> <u>at 31</u> <u>December</u> DKK	<u>Instalment next</u> <u>year</u> DKK	<u>Debt</u> <u>outstanding</u> <u>after 5 years</u> DKK
Other credit institutions	2,033,172	5,766,462	947,063	357,015
Shareholders and management	<u>7,000,000</u>	<u>6,346,690</u>	<u>653,310</u>	<u>0</u>
	<u>9,033,172</u>	<u>12,113,152</u>	<u>1,600,373</u>	<u>357,015</u>

11 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years.

	<u>2020</u> DKK	<u>2019</u> DKK
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12 Rental commitments

Rental commitments		
Within 1 year	738,476	723,996
Between 1 and 5 years	800,016	1,508,325
After 5 years	<u>0</u>	<u>0</u>
	<u>1,538,492</u>	<u>2,232,321</u>

13 Charges and securities

As security for account with credit institution, floating charge of a total of DKK 8.500k has been taken out comprising simple claims inventory, operating equipment and intangible rights with a total carrying amount of DKK 6.031k.

14 Capital Resources

During the financial year, the company realised a net operating loss of DKK 6 million due to strict focus in entering new markets and increasing sales.

The Company's cash position end 2020 was DKK 622 thousand and should always be seen together with Accounts Receivable, end 2020 DKK 4,527. The Company has never lost any outstanding amount on clients, which is why Accounts Receivable, seen from the Company perspective, are considered as good as cash. Account Receivable and Cash end 2020 was 5,149 DKK thousand.

In order to ensure adequate Capital Resources, the management has secured in February 2021, a cash capital increase amounting to DKK 10.5 million, which reflects a total value of the Company of DKK 75 million. Based on the current budget, management believes that the cash capital increase is sufficient to secure the operations in 2021.

15 Recognition and measurement uncertainties

The company has a tax asset as of 31 December 2020 amounting to DKK 3,652k and a Tax receivable amounting to DKK 1,800k which primarily relates to tax loss carryforwards and Tax Credit Scheme. As was the case last year, management has decided to recognize the total tax asset of DKK 3,652k and DKK 1,800k as due to the budget for 2021 and the years ahead. The company expects to be able to utilize all tax loss carryforwards within a period of 3-5 years. However, there is an inherent uncertainty associated with the assessment of future earnings, and accordingly a related uncertainty with the valuation of the deferred tax asset.

Accounting policies

The annual report of Risk Intelligence A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium sized class C entities.

The annual report for 2020 is presented in DKK

Correction to the financial statement 2019

The annual report for 2019 contains a material misinformation, as a lack of recognition of deferred revenue and incorrect recognition of deferred tax. The error is corrected directly in the comparative figures and the effect is recognized directly on equity.

The correction of the material error has reduced the equity as of 31 December 2019 with TDKK 430. The company's total balance sheet as of 31. December 2019 has been increased by t.kr. 121. The company's result for 2019 is unchanged.

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 instalments 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 the sale of goods for resale, finished goods and licenses is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received. The Company's revenue from licenses is assessed to be a "right to use" of the Company's intellectual property, e.g. download of historic data. Accordingly, revenue from licenses is recognized at the point of time for that license.

Other external costs

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

Other external costs also comprise research and development costs that do not qualify for capitalisation.

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.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax 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.

Balance sheet

Intangible assets

Development projects, patents and licenses

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Development projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 7 years.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, which are depreciated separately.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5-10 years
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Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Investments in subsidiaries and associates

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Income tax and deferred tax

Current tax obligations and receivable tax is recognized in the balance sheet as calculated tax on profit/loss for the year, regulated tax from previous years, and account payments.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Liabilities

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

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Cash flow statement

The cash flow statement shows the company's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the company's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are stated as the company's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the company's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial highlights

Definitions of financial ratios.

Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

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