2022
Annual Report

for the period 1 January to 31 December 2022

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

RiskIntelligence

Annual Report 2022

Table of contents

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

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chairman

Statement by management on the annual report

The Executive Management and Board of Directors have today discussed and approved the annual report of Risk Intelligence A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2022.

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

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

Hellerup, 23 March 2022

Executive Management

Hans Tino Hansen

CEO

Board of Directors

Jan Holm	*Stig Streit Jensen*	*Jens Lorens Poulsen*
Chairman of the Board	*Member of the Board*	*Member of the Board*
Hans Tino Hansen	*Jens Otto Holst*	
Member of the Board	*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 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared 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 31.12.2022 and of the results of its operations and cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding circumstances in the financial statements

There is material uncertainty regarding the measurement of the company's deferred tax assets. For further description, reference is made to note 2

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, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements 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 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 judgement and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion 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 audit 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 audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Copenhagen 23 March 2023

Deloitte

Statsautoriseret
Revisionspartnerselskab
CVR No. 33963556

Henrik Wolff Mikkelsen

State Authorised Public Accountant
Identification No (MNE) mne33747

Company details

The Company	Risk Intelligence A/S Strandvejen 100 2900 Hellerup	
	CVR no.:	27 47 56 71
	Reporting period:	1 January - 31 December 2022
	Incorporated:	11 December 2003
	Domicile:	Gentofte
Board of Directors	Jan Holm, Chairman Stig Streit Jensen Jens Lorens Poulsen Jens Otto Munch Holst Hans Tino Hansen	
Executive management	Hans Tino Hansen, CEO	
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 København	

Financial highlights

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

	2022*)	2021*)	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Revenue	17,734	16,387	15,260	14,221	11,123
Gross profit	9,032	10,156	8,738	3,500	3,717
Profit/loss before amortisation/depreciation and impairment losses (EBITDA)	-7,171	-3,371	-4,381	-10,177	-5,958
Net financials	-3,320	-1,920	-2,050	-867	-268
Profit/loss for the year	-10,333	-5,511	-6,308	-9,613	-5,879
Total assets	31,962	32,779	24,195	19,827	15,398
Equity	-13,268	-2,935	-2,811	1,668	9,191
Investment in property, plants and equipment	266	381	-230	627	1,127
Investment in development projects	1,249	2,508	2,387	5,992	1,662
Financial ratios					
Solvency ratio	N/A	N/A	N/A	10.6%	59.7%
Number of employees	26	24	25	22	14

*) The Company has changed its accounting principle in relation to revenue recognition in relation to license fees. Due to this change, revenue, total assets, and equity for 2021 have been restated as well as updated for 2022 compared to quarterly reports. According to the updated principle, revenue related to license income is recognized over time rather than at a point in time. This means that as 31 December 2022, a total deferred revenue of DKKm 11.6 exists, which will be recognized as income in future periods.

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.

Key figures for 2018-2020 have not been restated

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 2022 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 deferred tax asset as of 31 December 2022 amounting to DKKt 9,926 and a Tax receivable amounting to DKKt 2,274 which primarily relates to tax loss carry forwards and Tax Credit Scheme. As was the case last year, management has decided to recognize the total tax asset of DKK 9,926k and DKK 2,274k as due to the budget for 2023 and the years ahead. The company expects to be able to utilize all tax loss carry forwards 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.

Unusual matters

The company's financial position at 31 December 2022 and the results of its operations for the financial year ended 31 December 2022 are not affected by any unusual matters.

Financial review

The Company's income statement for the year ended 31 December 2022 shows a loss of DKK 10,332,817 and the balance sheet on 31 December 2022 shows a negative equity of DKK 13,267,999.

Highlights

- The principle for recognising revenue has been changed to full periodisation with impact on revenue. growth figures, P/L, and equity.
- Total revenue according to the new principles up by 8% in 2022.
- Total recurring revenue up by 9% in 2022.
- Net Retention Rate 111%.
- Costs have increased by 26% in 2022 due to higher activity and new staff in sales and marketing.
- EBITDA 2022 according to the new principles decreased by 114%.
- Net profit in 2022 according to the new principles decreased by 88%.
- 6 new maritime clients signed during 2022.

CEO Hans Tino Hansen

Since the launch of the 2025 Strategy in September of last year, Risk Intelligence has reached its first milestones while increasing the core business. Our development is, in other words, going to plan with core business developing in the right direction, something which will not be affected by the announced change of accounting principles.

The change of accounting principles from revenue recognition at the time of invoicing to full periodisation has, as explained in the press release and presentation published Friday 17 February, had a significant impact in past, present and future reported revenue. The recalculated revenue has resulted in a reduction in turnover and growth, as revenue has been carried forward from 2020 to 2021, 2021 to 2022 and most significantly from 2022 to 2023. Historically, 66% of Risk Intelligence's recurring revenue has been invoiced in the second half of the year, and it is this uneven distribution across the year that now causes significant changes to numbers.

Despite a temporary short to medium-term negative impact on figures, the new accounting and reporting principles will be an advantage over time, as it will be easier to compare Risk Intelligence to other companies with a SaaS business model. It is also important to highlight that the changes to accounting principles have no impact on liquidity and cash flow. All licenses will continue to be invoiced for 12 months up front with no option to terminate during the license period. Finally, the changes have no impact on clients and partners.

Q4 saw a focus on preparing and executing the 2025 Strategy with several important milestones reached. Most notably were the launched partnerships with MedAire/International SOS and Geollect. The MedAire partnership has opened Risk Intelligence access to the luxury yacht market through the planned integration of maritime security intelligence into Medaire's super yacht and mega yacht products. The Geollect partnership involves cooperation on joint projects for insurance and government clients and, at the same time, providing new solutions to protection of critical maritime infrastructure. And we are also working closely with Geollect to develop our new platform for the Risk Intelligence System, as outlined in the strategy.

2022 saw an increase in the important recurring revenue figures with a growth in ARR of 10 percent, an ARPU increasing to 151K and a NRR of 111 percent. Effectively, the revenue from clients in 2022 increased by 11% despite a subtraction of churned licenses of 2.4 percent. The growth in ARR, low churn and, even more importantly, the NRR, are key indicators of client satisfaction with Risk Intelligence’s products, service, and relationship management.

Q4 also saw an expansion of the sales team in Europe and in Singapore from 1 January. Growth in sales to existing clients is one of the key building blocks in the 2025 Strategy, while other steps include increased sales and marketing efforts to acquire new clients, execution of partnerships providing access to new markets, and development of a new platform for our System to generate further revenue streams. Therefore, this growth of our commercial team is imperative in order to support the objectives of the 2025 Strategy.

Finally, and since the end of COVID, work has been ongoing to finalise contracts for LandRisk Logistics. This has meant more bespoke solutions, which in turn has led to further development work and adjustments to the existing product. All development has been carried out in connection with client projects, in line with the strategy. As the press releases in January demonstrated, this approach has paid off with two major logistics companies that will be start using LandRisk Logistics in 2023.

With the ongoing execution of the 2025 Strategy, new partnerships, expansion of our commercial team, new LandRisk Logistics clients and initial development of the new platform for the Risk Intelligence, we are on track to reach further milestones during 2023.

Capital Resources

The Company's cash position end 2022 was DKK 342 thousand and should always be seen together with Accounts Receivable, end 2022 DKK 5,791. 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 2022 was 6,133 DKK thousand.
Based on the current budget, management will ensure a capital structure sufficient to support operations and planned investments throughout 2023 and into 2024.

The Company's cash policy is at any time to have enough cash to run the company for a period of 12 months according to plans and initiatives decided upon. To achieve that, the Company is on an ongoing basis monitoring the cash flow and at any time will fund the Company further to reach the goals and fulfill the strategy. In 2023 the Company will ensure that the cash position will reflect the cash result throughout a 12-month period by either loan- or credit facilities or further funding if needed.

The equity is still negative and on 31 December 2022 by DKK 13,268 thousand and by that the share capital of DKK 1,082 thousand is lost. The Company had an Extraordinary General Meeting on 8 December 2022. The Board of Directors was authorised to increase the share capital by conversion of debt and by cash contribution.

On 27 February 2023 the Company announced that it had converted DKK 3.9 million from debt into share capital. Furthermore on 21 March 2023 the Company increased the share capital by DKK 5.7 million in a combination of debt conversion and cash capital increase.
Management of Risk Intelligence A/S sees the company as a going concern and that the capital resources are sufficient for the year 2023.

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 2022 further developed LandRisk into the new product LandRisk Logistics with a range of new features customised to clients' specific needs for planning and executing logistics operations.

More significantly the Company has started the development of a new platform. The major part of this development will continue in 2023.

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 with 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 capitalised 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. During 2022 there has been significant impact from the geopolitical situation; the war in Ukraine, continued supply chain challenges, rising inflation, and increasing financial costs due to the turmoil in the financial markets. For more detailed description of general risks and uncertainties, refer to the memorandum published in June 2018. The documents are available on the investor website (investor.riskintelligence.eu).

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 current situation of the situation in Ukraine is too complex and the implications on the World economy is still unknown other than what has been seen for energy prices and hence it is not possible to forecast the total impact on Risk Intelligence during 2023. Due to recurring revenue and framework agreements for 2023 as well as sales in forms a solid basis for the budget and subsequently also for continued growth compared to 2022.

Importantly, security is still needed, and the threat and risks related to security do not decline because of Russia invading Ukraine 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 2023.

On 27 February 2023 the Company announced that it had completed a directed share issue against debt for approx. DKK 3,9 million.

On 21 March 2023 the Company announced that it had completed a directed share issue against debt and cash capital increase of approx. DKK 5.7 million.

Board of Directors and Executive Management

Jan Holm – Chairman of the Board
Company engagement

Alexandra Road Ventures Pte. Ltd.	Director
Oceanway Holdings Pte. Ltd.	Director
Risk Intelligence Singapore Pte. Ltd.	Director
Rov-Tech Pte. Ltd.	Director
Seaborg Singapore Pte. Ltd.	Director
Sirius Venture Pte. Ltd.	Director
Centre for Strategic Energy and Resources Limited	Director
Sembcorp Marine Ltd.	Director

Jens Otto Holst – Member of the Board
Company engagement

Akademiker Pension, CEO
Livdata P/S, Chairman of the Board
Akademikerne Ejedomme P/S, Chairmann og the board
PMP Ejendomme II P/S, Chairman of the Board
MP Investment Management A/S, Chairman of the Board
OPP NAU P/S member of the board
UNIP Ejendomme P/S member 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 Holding, Group CEO

Hans Tino Hansen- CEO/Member of the Board
Company engagement

Sandbjerg Holding ApS, Managing Director

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 primarily as Intelligence as a Service. Risk Intelligence assists its clients 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 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.

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.

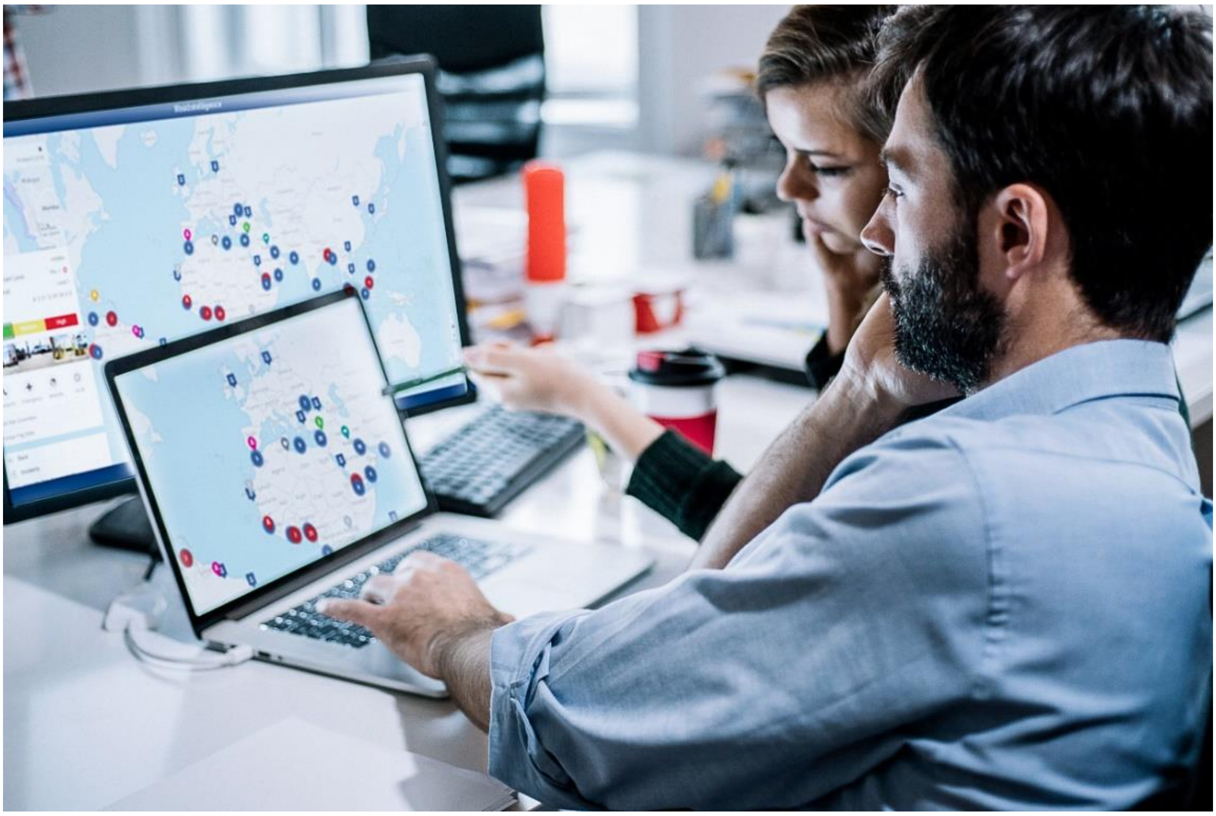
2021: Launched the new product LandRisk Logistics, which is a 360-degree solution for logistics security and includes the Lane Threat Assessment Tool with security threat overview of individually selected transport lanes as well as for alternative routes. It provides automated updates and dashboards of selected lanes and parking areas.

2022: Re-started discussions after COVID with potential clients for LandRisk Logistics. Impact from the Russian invasion on Ukraine with more intelligence analysis related to the war and launch of weekly report. Developed and launched new 2025 Strategy re-focusing on maritime security that will include investments in new platform. First strategy milestones reached in terms of partnerships with MedAire/International SOS and with Geollect.

The Intelligence Cycle

(main process used by Risk Intelligence)

Risk Intelligence Business Model



The Risk Intelligence System

Risk Intelligence offers intelligence-based security threat and risk assessments in an Intelligence-as-a-Service model to companies and organisations within both maritime and landside transportation. This primarily through a web-based intelligence product, the Risk Intelligence System, consisting of three risk planning and assessment modules that are seamlessly integrated. The modules: MaRisk (maritime), PortRisk (ports) and LandRisk (landside logistics), are offered through a subscription model which is billed annually in advance, in any combination of one, 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, and various tools for planning and analysis.

PortRisk was added to the Risk Intelligence System in 2015. The module offers updated security information on ports and offshore terminals, primarily in medium to high-risk areas around the world. PortRisk monitors more than 240 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 covers 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, clients have 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. LandRisk Logistics is a 360-degree solution for logistics security and includes the Lane Threat Assessment Tool, enabling comparable security threat overviews of user-built transport lanes and alternative routes. Users can set up automated incident alerts and access dashboards of selected lanes and parking areas.

License fee

In addition to their chosen System modules, clients can add extra layers to each module, or use API integration into their corporate systems. In total, there are four variables that determine the cost of a client's annual license fee:

1. Number and type of selected modules
2. Number and type of selected 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 pre-paid subscriptions and automatic renewal. An annual 3% price increase is part of all license agreements. The Risk Intelligence System licenses constitute 82% of total revenue (2022), and the System has a renewal rate of 96-100% (Churn 0-4%). A core of five companies have subscribed since they became founding clients of MaRisk in early 2008.

Intelligence reports

Risk Intelligence also offers weekly and monthly intelligence reports by subscription. These products are also fully scalable, and subscription fees range between 30,000 and 120,000 DKK depending on the type of report and subscription period. Intelligence reports constituted 6% of total revenue in 2022.

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 18% of total revenue in 2022 (including reports).

Commercial cycle

Recurring revenue

The total Risk Intelligence recurring revenue constituted 88% in 2022. The renewal rate in 2022 was 97.6% with a churn of 2.4%. The long-term goal of the strategy presented at the IPO in 2018 is to reach 90% turnover of recurring revenue.

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.

Planned growth in the landside market will create 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's lead generation is a combination of digital marketing, on and offline client events and meetings, recommendations from clients to potential clients or new employers, and direct approach to identified potential clients.

Digital marketing consists of ongoing content marketing, targeted online marketing campaigns, organic (SEO) and paid search, as well as automated marketing and sales flows. Since March 2020, regular webinars have been central to the online content and are offered both live and on demand.

14-day free trials of the System are used as a central client acquisition asset, where users get access to the Risk Intelligence System modules of interest and are on-boarded through a shot live demo and automated on-boarding content.

When interest is identified, a sales or account manager will address the prospect's needs and present how Risk Intelligence can assist through its full spectrum of products and services. Often the client relationship starts with a subscription to the Risk Intelligence System and other products are added gradually, but occasionally it starts with reports and/or advisory services products, followed by System subscription.

Once a prospect converts to client, the client company is assigned a dedicated client account manager, who is then responsible for all client relations with this company 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

Inbound marketing including webinars
Automated sales nurturing
Client seminars
Referrals
User ambassadors
Partners
Direct sales by a sales or account manager (transactional sales)

Land based client acquisition

Inbound marketing including webinars
Automated sales nurturing
Industry conferences and exhibitions
Referrals
User ambassadors
Partners
Direct sales by sales, account or product managers (solution sales or transactional sales)

Clients

Risk Intelligence has had a handful of maritime clients for more than 15 years, who have also subscribed to the Risk Intelligence System since the launch of MaRisk in 2008. Since then, several others have followed and very few have moved on. The annual System churn is very low (0-4%). The past two-three years have added a significant number of new clients to the Risk Intelligence System, and the average lifetime of each existing maritime client in 2022 was 7.54 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 total annualised recurring revenue (ARR) in 2022 increased by DKK 1,359 thousand (9%) to DKK 17,327 thousand (2021 DKK 15,968 thousand). The renewal ratio ended at 97.6% (Churn 2.4%). The average revenue per costumer (ARPU) was DKK 151 thousand.

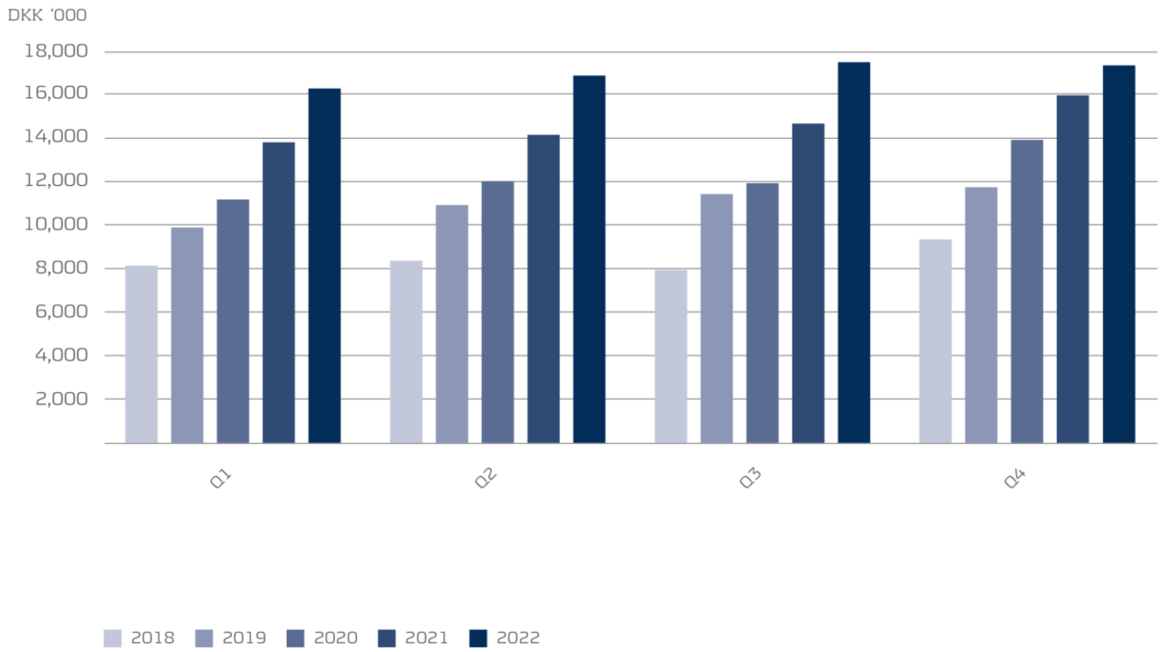
NRR (Net Retention Rate) was 111% for 2022 (2021 115%).

DKK '000	2022	2021	2020	2019	2018
System ARR	16,044	14,625	12,767	10,218	8,839
ARR Net increase	1,420	1,858	1,620	1,283	1,293
ARR growth	10%	15%	25%	14%	15%
Total ARR	17,327	15,968	13,895	11,147	9,864
ARR Net increase	1,359	2,072	2,749	1,282	1,744
ARR Growth	9%	15%	25%	13%	21%
ARPU	151	138	128	113	115
Renewal Ratio (annualised)	97.6%	96.8%	98.6%	99.3%	99%
Renewal Ratio (quarter)	98%				
Churn (annualised)	2.4%	3.2%	1.4%	0.7%	1%
Churn (quarter)	2%				
NRR	111%	115%	N/A	N/A	N/A

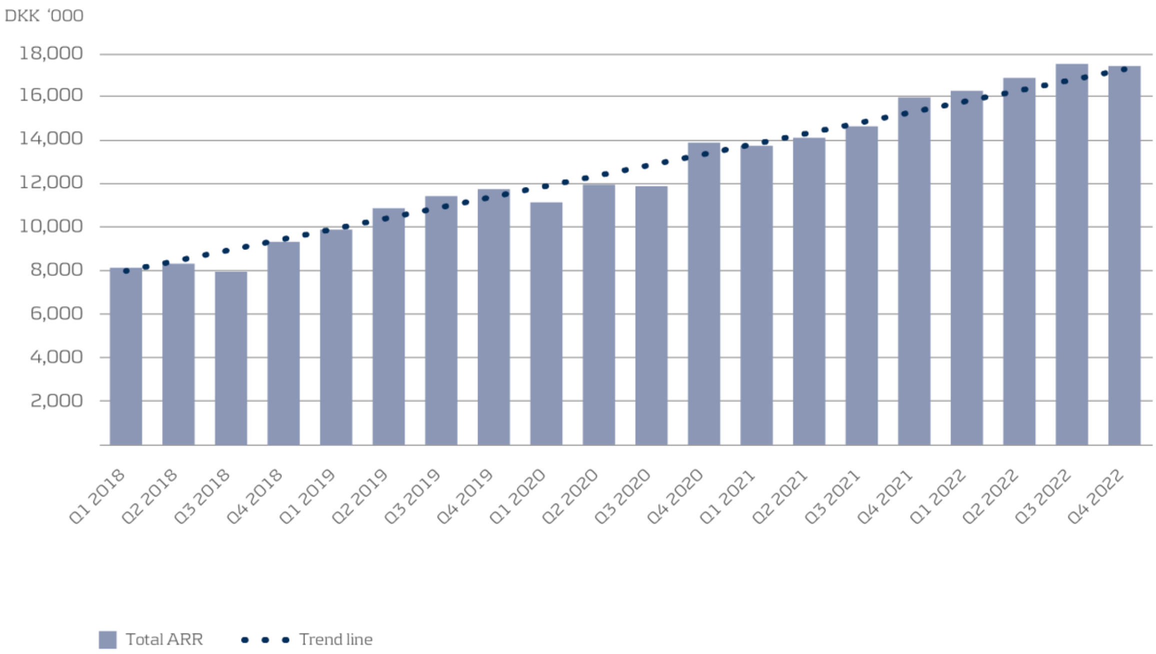
DKK '000	Total	Maritime	Land-based
ARR System	16,044	-	-
ARR growth System	10%	-	-
ARPU System	151	151	425*
Churn	2.4%	2.4%	0%
LTV	-	1,247*	3,510**
CAC	-	93	163
Recover CAC	-	0.6 years	0.4 years
LTV/CAC	-	13.4	21.5
TAM	-	528M****	4,000M****

* Estimated
** 7.54 years average age in 2022
*** Based on estimated license average length being similar to MaRisk and PortRisk
**** USD 76m estimated market in 2022 for commercial market from Maritime Market opportunities report by Thetius for Risk Intelligence A/S. Government market in addition and not estimated in this study

Total ARR quarter by quarter 2018 - 2022



Total ARR by quarters 2018-2022



SaaS Metric methodology

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, but an Intelligence as a Service 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.

For further explanation of ARR please see Key definitions and explanations on page 45 and forward.

Outlook 2023

Financial outlook

ARR in 2023 is expected to be at a range of 18.5M-20.9M (15-30% growth), based on the current assumptions for the 2023 business climate and taking the war in Ukraine into account will still impact the business. Risk Intelligence will continue its growth strategy throughout 2023, which is expected to lead to negative EBITDA, and negative net result.

Guidance 2023:

- ARR Growth: 15 - 30%
- System ARR: 18.5M – 20.9M DKK
- EBITDA: Negative
- Net result: Negative
- 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 2022.

Name	Number of shares	Pecentage of capital %	Pecentage of voting right %
Sandbjerg Holding ApS*	3,000,000	27.07	36.68
Others	8,082,047	72.93	63.32
Total	**11,082,047**	**100.00**	**100.00**

*100% owned by Hans Tino Hansen

Voting right and percentage of capital are not similar as not all capital owners are registered.

Board of Directors

Name	Title		Number of shares
Jan Holm	Chairman		98,207
Jens Lorens Poulsen	Member		214,980
Stig Streit Jensen	Member		87,660
Jens Munch Holst	Member		0
Hans Tino Hansen	Member	(incl. Sandbjerg Holding ApS)	3,102,300

Holding of shares as per 31 December 2022

Name	Title		Number of shares
Hans Tino Hansen	CEO	(incl. Sandbjerg Holding ApS)	3,102,300
Henrik Ehlers Kragh	COO		64,383
Jens Krøis	CFO		55,484
Jim Pascoe	CCO		27,803

Holding of shares as per 31 December 2022

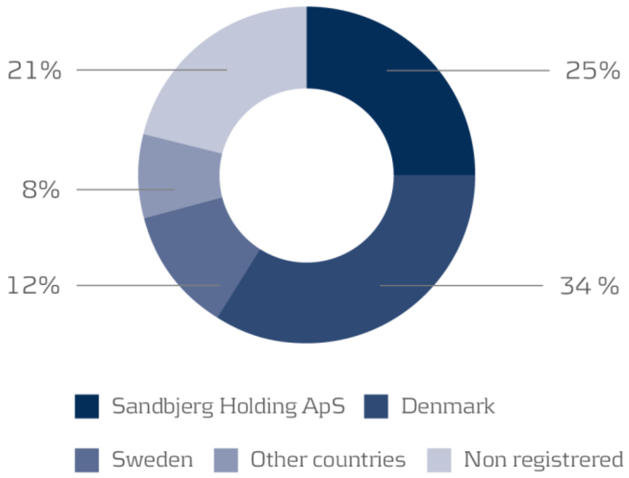
The shares of Risk Intelligence A/S were listed on Spotlight Stock Market 17 August 2018. The short name/ticker is RISK and the ISIN code is DK0061031978. As per 31 December 2022, the number of shares was 11,082,047. Each share represents DKK 0.10 equalling a share capital of DKK 1,108,205.

Every stock share equals the same rights to the Company´s assets and results. The Risk Intelligence share is held in 15 different countries throughout Europe, the Middle East, and Southeast Asia.

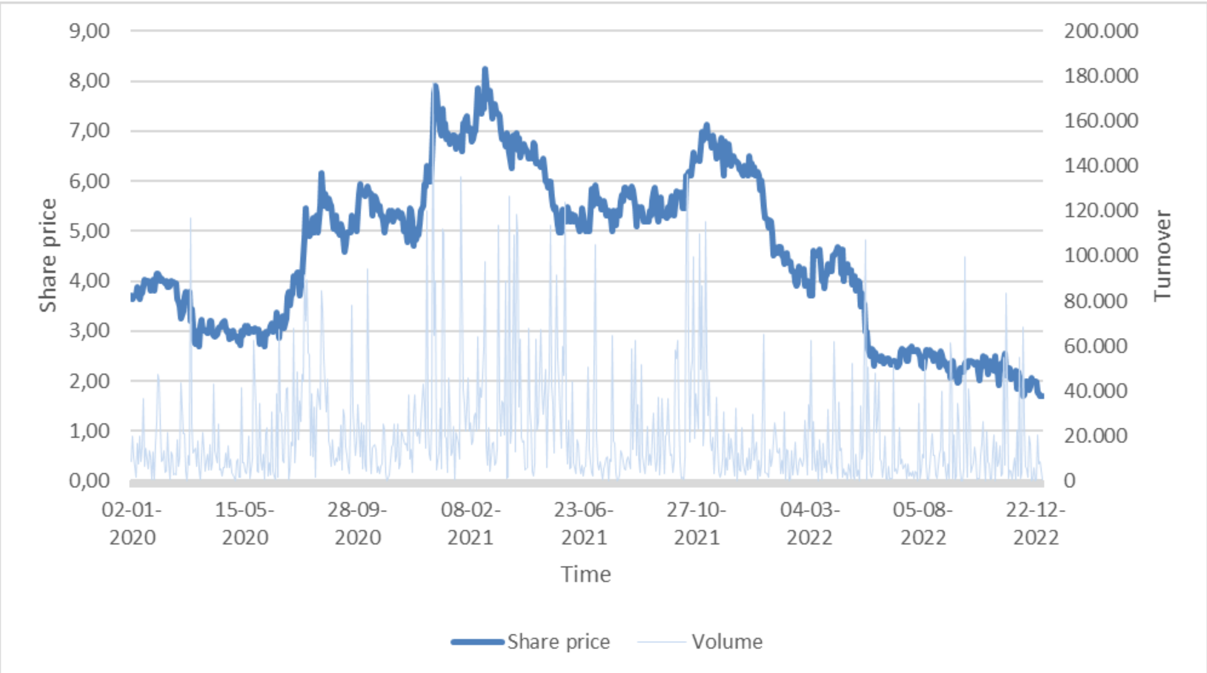
The Company had approximately 2,187 shareholders, where 924 hereof are registered. Due to legislation the Company does not have access to shareholders trading through custodians such as Swedish Avanza (about 324 shareholders), Swedish Nordnet (939 shareholders) and other Swedish and international banks. Finally, several shares are not registered. The majority of these are held by Swedish investors.

The share has a free float of 73% taking the major shareholder into consideration, Sandbjerg Holding ApS exceeding 5% ownership.

Shareholder structure end 2022



Volume and Share price development 2020 to 2022



Source: Data from Spotlight Stock Exchange

Share price (DKK)

	2022	2021
1 October	2.38	5.32
31 December	1.7	6.14
High Q4	2.55	6.90
Low Q4	1.7	5.32
High YTD	6.28	8.25
Low YTD	1.7	5.00

Liquidity

In 2022 we saw a significant decrease in traded volume of 56% compared to 2021 (3,088,378 shares compared to 7,035,591 shares in 2021). In general, all trading in listed shares have also in 2022 decreased. The turnover in 2022 decreased by 79% compared to 2021 (DKK 44,496,733 in 2021 compared to DKK 9,471,286 in 2022). The fall in turnover is a combination of lower share price and the general drop in traded shares.

Table showing the volume, turnover VWAP and closing share price from 2019 to 2022.

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	2019	705,202	2,666,542	12,372	3.79	4.00
Q3	2019	576,325	2,072,451	8,732	3.60	3.34
Q4	2019	866,761	300,763	13,989	3.46	3.70
		2,787,466	**7,151,915**			
Q1	2020	909,920	3,252,693	14,217	3.57	3.00
Q2	2020	673,091	1,990,744	11,605	2.96	3.36
Q3	2020	1,957,042	9,236,589	29,652	4.72	5.95
Q4	2020	1,467,563	8,379,347	23,295	5.71	7.45
		5,007,616	**22,859,373**			
Q1	2021	2,354,382	16,614,250	37,974	7.06	6.95
Q2	2021	1,854,136	10,807,776	32,529	5.83	5.00
Q3	2021	1,047,088	5,755,844	16,109	5.50	5.48
Q4	2021	1,779,985	11,318,864	27,812	6.36	6.14
		7,035,591	**44,496,733**			
Q1	2022	814,624	3,681,679	12,931	4.52	4.50
Q2	2022	800,553	2,582,731	13,803	3.23	2.39
Q3	2022	725,180	1,654,181	12,503	2.28	2.29
Q4	2022	748,021	1,552,694	12,897	2.08	1.70
		3,088,378	**9,471,286**			

Source: Data from Spotlight Stock Exchange

Warrants

At the General Meeting 16 April 2021 Risk Intelligence decided to give the Board authorization to issue up to in total 1,500,000 new warrants. Each warrant providing a subscription right for one share of DKK 0.10 against payment of a price to be determined as the volume weighted average price (VWAP) for a period of 10 trading days prior the time of allotment and deducted 15%, for a period of 5 years expiring on 31 December 2026.

This warrants programme, which is directly connected to the growth strategy, is seen by the Board of Directors as a major incentive for all employees as well as for retention and not least top-level recruitment towards 2026. The allocation of warrants will be associated directly with the results of the long-term strategy and allocation will happen once per year provided milestones have been met. There will be no execution the first two years from this programme and the exercise period will start in 2023 with 2021 and 2022 allocations and 2024 with the 2023 allocation and so forth. The programme includes a reserve for new employees as part of the growth strategy. The share price will be paid to Risk Intelligence and if fully issued and vested the programme will lead to a cash impact of at least DKK 5,000,000 based on current share price. As per above the share price for each year's allotment will be based on the above model and if the growth targets are met then the share price is assumed to increase as well over time.

The Board of Directors have on a board meeting on 23 February 2022 decided to grant 272.564 warrants for the year 2021 and on a board meeting on 22 February 2023 granted 296,172 warrants to employees under above programme for the year 2022.

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 2021 – 31 December 2022.

Annual general meeting and annual report 2022

The Annual General Meeting of Risk intelligence will be held in Copenhagen, Denmark on 14 April 2023 at 10:00 a.m.

Financial Calendar

14 April 2023	Annual General Meeting
16 May 2023	Q1 2023 Interim Report
16 August 2023	Q2 2023 Interim Report
15 November 2023	Q3 2023 Interim Report
28 February 2024	Q4 and 2023 Year-end Report

Financial Review

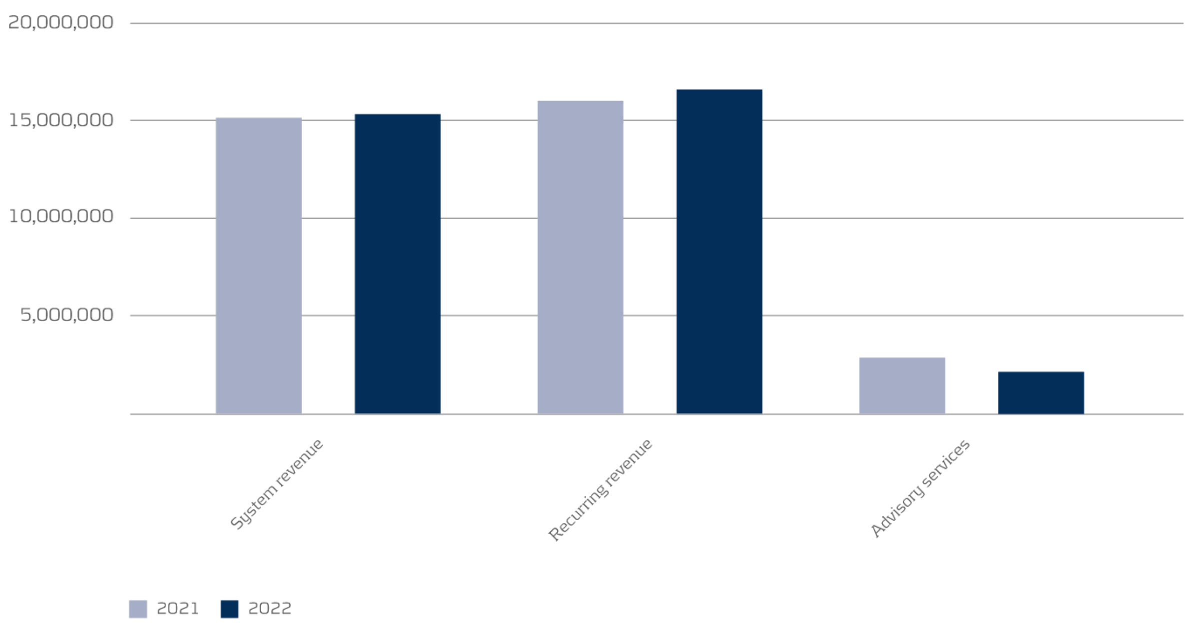
Change of accounting principles to full periodisation

The Company has changed its principle in relation to revenue recognition in relation to license fees. Due to this change, revenue, total assets, and equity for 2021 have been restated as well as updated for 2022 compared to quarterly reports. According to the updated principle, revenue is recognized over time rather than at a point in time. This means that as 31 December 2022, a total deferred revenue of DKKm 11.6 exists, which will be recognized as income in future periods.

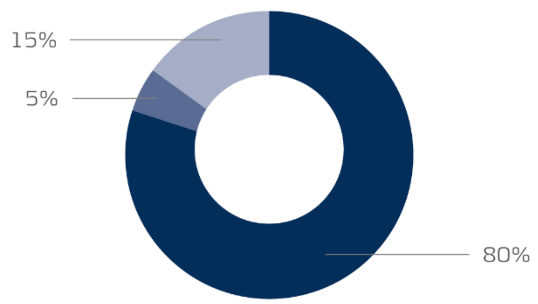
Income Statement

In FY 2022 total revenue increased by 8% to DKK 17,734 thousand compared to 2021 (DKK 16,387 thousand). The total recurring revenue in 2022 ended at DKK 17,327 thousand corresponding an increase of 9% compared to 2021 (2021: DKK 15,968 thousand).

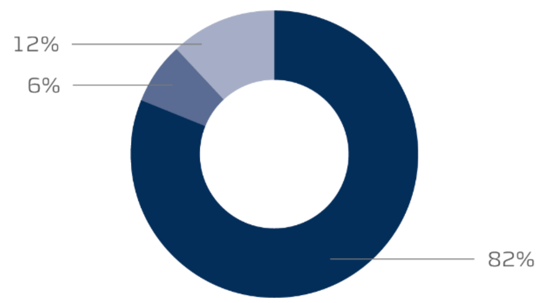
Revenue split FY 2021 - 2022



Revenue ratio FY 2021



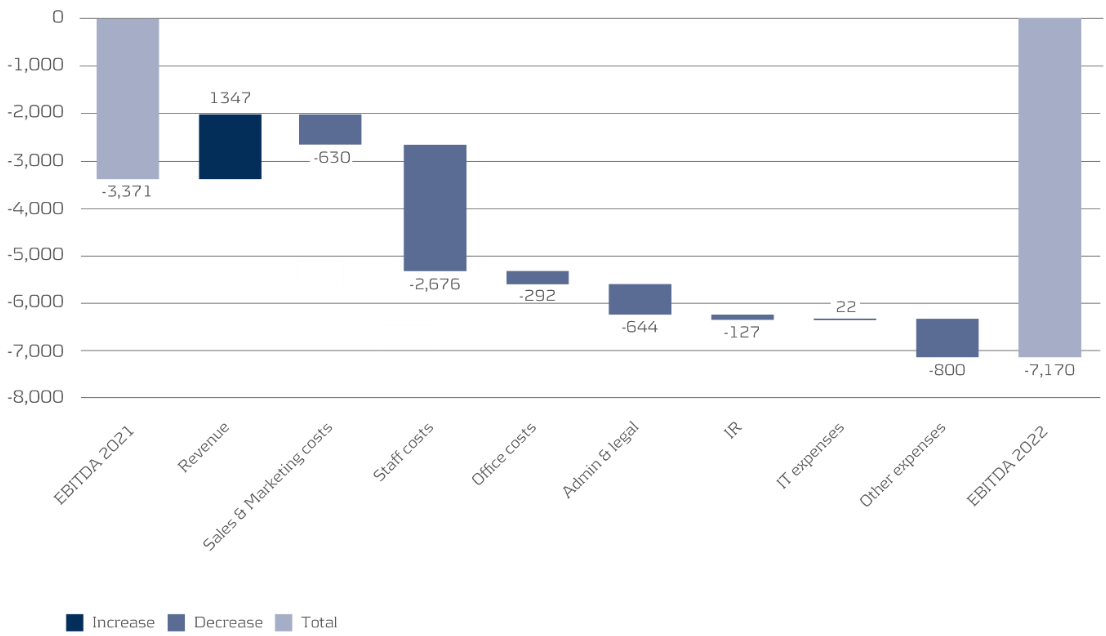
Revenue ratio FY 2022



The gross profit in 2022 decreased by 11% to DKK 9,032 thousand (2021: 10,156 thousand). The gross margin ended at 51% compared to 62% for 2021.

In 2022 Other Operating Expenses increased by 40% to DKK 8,702 (2021 6,232 thousand). Staff costs in 2022 increased by 20% to DKK 16,202 (2021: DKK 13,526 thousand).
Total costs FY 2022 increased by 26% to DKK 24,904 thousand (2021: 19,758).
EBITDA in 2022 decreased to DKK -7,170 thousand (2021: DKK -3,371). The EBITDA ratio in 2022 decreased to -40% (2021: -21%).
Below figure explains the changes or differences from 2021 to 2022 in nominal numbers:

EBITDA development from 2021 to 2022



EBITDA 2021 -3,371

Revenue	1347
Sales & Marketing costs	-630
Staff costs	-2,676
Office costs	-292
Admin & legal	-644
IR	-127
IT expenses	22
Other expenses	-800

EBITDA 2022 -7,170

Balance Sheet

Equity

Equity at the end of 2022 decreased to DKK -13,268 thousand compared to end 2021 (DKK -2,935 thousand) due to the net result of 2022 and the full periodisation. The equity ratio was negative end 2022 as it was end of 2021.

Debt

The long-term debt under "Long term liabilities" consists of two loans from "Vækstfonden" (the Danish State Growth Fund) and private loans from shareholders. The original long term Vækstfonden loan has been repaid since April 2019 with a moratorium during COVID-19 in 2020. From July 2021 the Company started repaying the two long-term loans. In summer 2026 all current long-term loans will be fully repaid. Due to the repayment schedule of the long-term debt DKK 3,428 thousand is payable within 12 months and is subsequently presented under "Short-term liabilities".
Compared to end 2021 the long-term debt has decreased by DKK 2,776 thousand and total debt has increased by DKK 9,515 at the end of 2022.

Total assets were DKK 31,962 thousand at the end of 2022 which is a decrease of DKK 817 thousand compared to end 2021 (DKK 32,779 thousand). The increase is a result of increased total debt and the decrease in equity (net result for the year).

Cash Flows

Cash flows from operating activities (CFFO) in 2022 ended at DKK -7,461 thousand (2021: DKK -6,112 thousand).
Investments in 2022 amounted to DKK -1,542 thousand which is DKK 1,358 thousand less than 2021 (DKK -2,900 thousand).
Cashflow from financing (CFFF) amounted in 2022 to DKK 5,513 thousand due to increase in external loans (2021: DKK 12,222 thousand). In 2021 a capital increase made the larger difference in the two years.

Income Statement 1 January – 31 December 2022

	Note	2022 DKK	2021 DKK
Revenue		**17,734,257**	**16,387,390**
Other external costs		-8,701,816	-6,231,885
Gross profit		**9,032,441**	**10,155,505**
Staff costs	3	-16,202,463	-13,526,248
Earnings before interest taxes, depreciation and amortisation (EBITDA)		**-7,171,023**	**-3,370,743**
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-2,756,706	-1,906,351
Profit/loss before financial income and expenses		**-9,926,729**	**-5,277,094**
Financial income		0	113,740
Financial costs		-3,320,472	-2,033,532
Net profit/loss for the year		**-13,247,201**	**-7,196,890**
Tax on profit/loss for the year	4	2,914,384	1,686,321
Profit/loss for the year		-10,332,817	-5,510,569
Distribution of profit	5		

Balance sheet 31 December

	Note	2022 DKK	2021 DKK
Assets			
Completed development projects		8,702,872	4,965,822
Development projects in progress		1,916,537	6,656,175
Intangible assets	6	**10,619,409**	**11,621,997**
Other fixtures and fittings, tools and equipment		1,248,963	1,469,634
Tangible assets	7	**1,248,963**	**1,469,634**
Investments in subsidiaries	8	5	5
Deferred tax asset	10	9,926,196	7,011,813
Deposits		427,942	400,323
Fixed assets		**10,354,143**	**7,412,141**
Total fixed investments		**22,222,516**	**20,503,772**
Trade receivables		5,791,447	5,174,871
Other receivables		194,184	104,190
Receivables from owners and management	9	6,170	0
Corporation tax	11	2,274,481	2,274,481
Prepayments	12	1,131,180	890,039
Receivables		**9,397,462**	**8,443,581**
Cash at bank and in hand		**341,993**	**3,832,020**
Current assets total		**9,739,455**	**12,275,601**
Assets total		**31,961,971**	**32,779,373**

Balance sheet 31 December

	Note	2022 DKK	2021 DKK
Equity and liabilities			
Share capital		1,108,205	1,108,205
Reserve for development projects		8,283,139	8,836,508
Retained earnings		-22,659,340	-12,879,892
Total equity	13	**-13,267,999**	**-2,935,179**
Other credit institutions		2,088,626	3,474,352
Shareholders and management		3,677,103	5,067,424
Total non-current liabilities	14	**5,765,729**	**8,541,776**
Short-term part of long-term debt	14	3,427,747	2,839,226
Lease obligations		751,176	617,590
Bank debt		3,155,579	3,061,252
Trade payables		2,103,209	967,816
Payables to subsidiaries		300,909	186,602
Payables to shareholders and management		13,491,193	6,018,417
Other payables		4,659,848	2,424,922
Deferred income	15	11,574,580	11,056,951
Total current liabilities		**39,464,241**	**27,172,776**
Debt total		**45,229,970**	**35,714,552**
Liabilities and equity total		**31,961,971**	**32,779,373**
Going concern	1		
Uncertainty regarding recognition and measurement	2		
Rental commitments	16		
Charges and securities	17		
Capital Ressources	18		

Statement of changes in equity

	Share capital DKK	Share premium account DKK	Reserve for development projects DKK	Retained earnings DKK	Total DKK
Equity at 1 January	1,108,205	0	8,836,508	-5,058,937	4,885,776
Net effect change in income recognition	0	0	0	-7,820,955	-7,820,955
Adjusted equity at 1 January	1,108,205	0	8,836,508	-12,879,892	-2,935,179
Net profit/loss for the year	0	0	-553,369	-9,779,448	-10,332,817
Transfer from share premium account	0	0	0		0
Equity at 31 December	1,108,205	0	8,283,139	-22,659,340	-13,267,996

Cash flow statement 1 January – 31 December

	Note	2022 DKK	2021 DKK
Net profit/loss for the year		-10,332,817	-5,510,570
Adjustments		3,258,319	2,674,911
Change in working capital		2,934,117	-1,356,378
Cash flows from operating activities before financial income and expenses		**-4,140,381**	**-4,192,036**
Financial expenses		-3,320,472	-1,919,796
Cash flows from ordinary activities		**-7,460,854**	**-6,111,832**
Corporation tax paid/received		0	0
Cash flows from operating activities		**-7,460,854**	**-6,111,832**
Purchase of intangible assets		-1,249,039	-2,507,543
Purchase of property, plant and equipment		-265,658	-381,432
Fixed asset investments made etc			-11,323
Deposits		-27,619	-
Cash flows from investing activities		**-1,542,316**	**-2,900,298**
Lease obligations		133,586	-92,410
Raising of loans from credit facilities		5,379,577	1,003,778
Cash capital increase			11,310,299
Other adjustments			
Cash flows from financing activities		**5,513,163**	**12,221,667**
Change in cash and cash equivalents		**-3,490,007**	**3,209,537**
Cash and cash equivalents beginning		3,832,020	622,483
Cash and cash equivalents		**341,993**	**3,832,020**
Analysis of cash and cash equivalents:			
Cash at bank and in hand		341,993	3,832,020
Cash and cash equivalents		**341,993**	**3,832,020**

Notes

1 Going concern

The Company has a negative equity and short-term liabilities are significantly higher than current assets. However, a process of increasing capital of DKK 3.9 million and DKK 5.7 million respectively was finalised on 21 March 2023. Further, the company has received binding loan commitments from existing loan providers in the amount of DKK 6.5 million.

Based on these factors and the budget for 2023, it is Management's assessment that the company is a going concern. Consequently, the financial statements are presented based on the assumption that the Company is a going concern.

2 Uncertainty regarding recognition and measurement

The preparation of Risk Intelligence A/S' financial statements require Management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Management continuously reassesses these estimates and judgements based on several factors in the given circumstances.

Tax assets

The company has a tax asset as of 31 December 2022 amounting to DKK 9,926k and a Tax receivable amounting to DKK 2,274k 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 9,926k and DKK 2,274k as due to the budget for 2023 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.

Valuation of development projects

Development projects consist of completed development projects, that are amortised over their useful lives. Completed development projects are assessed for impairment whenever there is an indication that the development asset may be impaired. The amortisation period for completed development projects are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as amortisation. The estimated values of intangible assets are based on Management estimates and assumptions and are by nature subject to uncertainty.

		2022 DKK	2021 DKK
3	**Staff costs**		
	Wages and salaries	14,299,379	11,931,596
	Pensions	1,265,125	1,169,433
	Other social security costs	155,284	161,902
	Other staff costs	482,674	263,317
		16,202,463	13,526,248

Costs for DKK 449,489 have been capitalised as internal time spent on development projects.

Including remuneration to the Executive management and Board of Directors	1,894,000	1,660,000
Average number of employees	26	24

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

At the General Meeting 16 April 2021 Risk Intelligence decided to give the Board authorization to issue up to in total 1,500,000 new warrants. Each warrant providing a subscription right for one share of DKK 0.10 against payment of a price to be determined as the volume weighted average price (VWAP) for a period of 10 trading days prior the time of allotment and deducted 15%, for a period of 5 years expiring on 31 December 2026.
This warrants programme, which is directly connected to the growth strategy, is seen by the Board of Directors as a major incentive for all employees as well as for retention and not least top-level recruitment towards 2026. The allocation of warrants will be associated directly with the results of the long-term strategy and allocation will happen once per year provided milestones have been met. There will be no execution the first two years from this programme and the exercise period will start in 2023 with 2021 and 2022 allocations and 2024 with the 2023 allocation and so forth. The programme includes a reserve for new employees as part of the growth strategy. The share price will be paid to Risk Intelligence and if fully issued and vested the programme will lead to a cash impact of at least DKK 5,000,000 based on current share price. As per above the share price for each year's allotment will be based on the above model and if the growth targets are met then the share price is assumed to increase as well over time.

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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.

		2022 DKK	2021 DKK
4	**Tax on profit/loss for the year**		
	Current tax for the year	0	-474,115
	Deferred tax for the year	-2,914,384	-1,212,206
		-2,914,384	-1,686,321
5	**Distribution of profit**		
	Transferred to other statutory reserves	-553,369	1,076,117
	Retained earnings	-9,779,448	-6,586,686
		-10,332,817	-5,510,569

6 **Intangible assets**

	Completed development projects DKK	Development projects in progress DKK
Cost at 1 January	13,137,040	6.656.173
Additions for the year	834,407	414,639
Transfers for the year	5,154,275	-5,154,275
Cost at 31 December	19,125,722	1,916,537
Impairment losses and amortisation on 1 January	8,171,223	0
Depreciation for the year	2,251,627	0
Impairment losses and amortisation on 31 December	10,422,850	0
Carrying amount at 31 December	8,702,872	1,916,537

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 2022 further developed LandRisk into the new product LandRisk Logistics with a range of new features customised to clients' specific needs for planning and executing logistics operations.

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 with 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.

7 Tangible assets

	Other fixtures and fittings, tools and equipment DKK
Cost on 1 January	2,528,536
Additions for the year	1,003,759
Disposals for the year	-932,356
Cost on 31 December	2,599,937
Impairment losses and depreciation on 1 January	1,058,902
Depreciation for the year	486,329
Reversal of impairment and depreciation of sold assets	-194,257
Impairment losses and depreciation on 31 December	1,350,974
Carrying amount at 31 December	**1,248,963**
Value of leased assets	888.118

	2022 DKK	2021 DKK
8 Investments in subsidiaries		
Cost on 1 January	5	5
Cost on 31 December	5	5
Carrying amount on 31 December	5	5

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Risk Intelligence Singapore Pte. Ltd.	Singapore	100%

9 Receivables from owners and management

The amount is foreign currency in advance for travel. Interest rate is 12% p.a. The amount has been paid afterwards.

	2022 DKK	2021 DKK
10 Provision for deferred tax		
Provision for deferred tax on 1 January	-7,011,813	-4,426,266
Provision in the year	-2,914,384	-2,585,547
Provision for deferred tax on 31 December	**-9,926,196**	**-7,011,813**
Provisions for deferred tax on:		
Intangible assets	2,336,272	2,556,839
Property, plant and equipment	-15,208	36,865
Tax loss carry-forward	-12,247,260	-7,019,969
Transferred to deferred tax asset	9,926,196	4,426,266
	0	0
Deferred tax asset		
Calculated tax asset	9,926,196	7,011,813
Carrying amount	**9,926,196**	**7,011,813**

For further description of uncertainties reference is made to note 2

11 Corporation tax

Corporation tax receivable recognised in the balance sheet relates to the use of the tax credit scheme under section 8X of “Ligningsloven”, whereby the company can be paid the tax value of tax losses which originate from costs for research and development.

Based on the review of the criteria for using the scheme, it is the management's opinion that the company is entitled to use the scheme and the recognition has been made based on this assessment.

However, whether the criteria for applying the scheme are met is based on a discretionary assessment. As a result, there may be a risk that the tax authorities assess that the criteria are not met. If applicable, the receivable will have to be fully or partially reversed via the profit and loss statement in the following financial year.

12 Prepayments

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

13 Equity

The share capital has developed as follows:

	2022 DKK	2021 DKK	2020 DKK	2019 DKK	2018 DKK
Share capital on 1 January	1,108,205	910,138	838,709	766,914	179,632
Additions for the year	0	198,067	71,429	71,795	587,282
Share capital	1,108,205	1,108,205	910,138	838,709	766,914

The share capital consists of 1,108,205 shares of a nominal value of DKK 0.1. No shares carry any special rights.

14 Long term debt

	Debt at 1 January DKK	Debt at 31 December DKK	Instalment next year DKK	Debt outstanding after 5 years DKK
Other credit institutions	4,844,267	2,088,626	1,789,415	0
Shareholders and management	5,067,424	4,093,511	1,638,332	0
	9,911,691	6,182,137	3,427,747	0

15 Deferred income

Deferred income consists of invoiced revenue as per 31 December 2022 to be recognized as income in future periods.

16 Rental commitments

	2022 DKK	2021 DKK
Rental commitments		
Within 1 year	404,241	753.246
Between 1 and 5 years	0	62.770
After 5 years	0	0
	404,241	816.016

17 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, operating equipment and intangible rights with a total carrying amount of DKK 6,645k.

18 Capital Ressources

During the financial year, the company realised a net operating loss of DKK 10.333 million.

The Company's cash position end 2022 was DKK 342 thousand and should always be seen together with Accounts Receivable, end 2022 DKK 5,791. 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 2022 was 6,133 DKK thousand.
Based on the current budget, management will ensure a capital structure sufficient to support operations and planned investments throughout 2023 and into 2024.

The Company's cash policy is at any time to have enough cash to run the company for a period of 12 months according to plans and initiatives decided upon. To achieve that, the Company is on an ongoing basis monitoring the cash flow and at any time will fund the Company further to reach the goals and fulfill the strategy. In 2023 the Company will ensure that the cash position will reflect the cash result throughout a 12-month period by either loan- or credit facilities or further funding if needed.

The equity is still negative and on 31 December 2022 by DKK 13,268 thousand and by that the share capital of DKK 1,082 thousand is lost. The Company had an Extraordinary General Meeting on 8 December 2022. The Board of Directors was authorised to increase the share capital by conversion of debt and by cash contribution.

On 27 February 2023 the Company announced that it had completed a directed share issue against debt for approx. DKK 3,9 million.

On 21 March 2023 the Company announced that it had completed a directed share issue against debt and cash capital increase of DKK 5.7 million.

Accounting policies

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 annual report for 2022 is presented in DKK

Changes in accounting policies and correction of prior years errors

Historically the Company has recognised revenue from licenses when a contract is entered, and the client is invoiced which has not been in accordance with Danish Financial Statements Act . Revenue from licenses should have been recognised on a straight-line basis over the license period.

The correction has resulted in allocation of revenue to the balance sheet recognised as deferred income set out in note 15 Deferred income.

Numbers for 2021 have been impacted as follows (DKKm):

Revenue	-2.4
Deferred income	-10.4
Income tax	0.5
Deferred tax	2.6
Equity	-7.8

Revenue recognition for advisory services and other fees remain unchanged.

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

Basis of recognition and measurement

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

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

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

Certain financial assets and liabilities are measured at amortised cost using the effective interest method.

Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

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

Accounting policies

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. . Revenue from licenses are recognised on a straight-line basis over the license period.

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.

Accounting policies

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.

Developments 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	1-10	years

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.

Accounting policies

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.

Accounting policies

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. Dividend income from investments is recognised under ‘Interest income and dividend received’.

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.

Accounting policies

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	Gross profit x 100 Revenue
Return on assets	Profit/loss before financials x 100 Average assets
Solvency ratio	Equity, end of year x 100 Total assets at year-end
Return on equity	Profit/loss from ordinary operations after tax x 100 Average equity

Key figures

Operating margin	Operating Profit (EBITDA) x 100 Revenue
Equity ratio	Equity Total assets
EPS (Earnings Per Share)	Profit/loss for the period Number of registered shares
ARR (Annual Recurring Revenue)	Annualised annual recurring revenue

Explanation: 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.

Accounting policies

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.

ARPU (Annual Revenue Per Unit)	Annual Recurring Revenue calculated on average per client.
LTV (Life-Time Value)	The total value of a subscription based on ARPU, average number of years and any fixed price increases.
Churn	Loss of subscriber revenue in % of total.
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.

Risk Intelligence A/S
Strandvejen 100
2900 Hellerup
Denmark

Tel: +4570266230
info@riskintelligence.eu
www.riskintelligence.eu