

Q2 2020

# Interim Report

1 January 2020 - 30 June 2020

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

**RiskIntelligence**

# Q2 2020 Interim Report

## 1 January 2020 – 30 June 2020

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*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.*

## **Statement by the Board of Directors**

The Board of Directors provide their assurance that the interim report provides a fair and true overview of the Company's operations, financial position and results.

Hellerup, 19 August 2020

*Jan Holm - Chairman of the Board*

*Hans Tino Hansen - Board member and CEO*

*Stig Streit Jensen - Board member*

*Jens Munch Holst - Board member*

*Jens Lorens Poulsen - Board member*

## Key figures and selected financial posts

DKK 000'	Q2 2020	Q2 2019	1H 2020	1H 2019	FY 2019
Net sales	1,787	2,704	5,495	5,904	14,221
Operating profit (EBITDA)	-2,695	-2,788	4,624	-5,155	-10,177
Profit after financial items	-3,587	-3,035	-6,253	-5,832	-12,331
Profit/loss for the year	-2,800	-2,367	-4,880	-4,549	-9,613
Total assets	19,405	16,789	19,405	16,789	19,706
Operating margin	-150,8%	-103,12%	-84,15%	-87,32%	-71,6%
Cash flow from operating activities	-1,397	1,389	-2,375	-552	-7,125
Cash flow from investing activities	-402	-2,081	-991	-2,936	-6,608
Equity ratio	-%	44,32%	-%	44,32%	10,6%
Number of registered shares	8,387,090	7,740,935	8,387,090	7,740,935	8,387,090
Earnings per share*)	-0.33	-0.29	-0.59	-0.63	-1.14
Number of employees	24	22	24	22	26

### Definitions

Operating margin: Operating profit divided by net sales.

Equity ratio: Equity divided by total assets.

\*) Earnings per share is not adjusted for change in number of registered shares

## Highlights during the period 1 April 2020 – 30 June 2020

- On 6 April, it was announced that the revenue in Q1 was increased by 16% compared to Q1 2019
- On 17 April, the Annual General Meeting in Risk Intelligence was held.
- On May 28, it was announced that the Company has signed an agreement with a major UK based ship management company.
- On June 10, the Company appoints new directors and strengthens client relations and sales.
- On June 22, Risk Intelligence signed an agreement with Teekay for the Risk Intelligence System.
- On June 26, the Company announced that Hanne Klintøe joins Risk Intelligence as Head of Communication and Marketing.

## Highlights after the period

- On July 3, the Company announces that a major South-East Asian oil and gas service provider signs up for the Risk Intelligence System.
- On July 7, the Company announced that it reached an acceptable turnover in H1 after challenging Q2 and communicates optimistic outlook for 2020.
- On July 9, the Company successfully completed a direct share issue of approx. DKK 2 million as part of an 8 million funding package.
- On July 22, the Company announced it sees renewed increase in Advisory Service.
- On 24 July, it was announced that it had successfully completed the 8 million funding package.
- On August 3, Risk Intelligence announced that the Company had signed an agreement with the Singapore War Risk Mutual.
- On August 17, The Company announced that is had signed an agreement with the International Chamber of Shipping.

## CEO Hans Tino Hansen

A few months ago, at the height of the uncertainty from the global COVID-19 situation, I was not quite sure what we were going to report for Q2 and 1H 2020 as our business had been directly impacted on the acquisition of new clients in February to mid-June with new sales almost coming to a halt in April and May.



For existing clients, our services continued unhindered during the period, but the signing of new clients has been almost impossible due to their legal and procurement departments being closed or with very limited operations. During June these started to come back online, and we have been able to sign several new clients for the Risk Intelligence System during the latter part of the month and during July and August.

Thanks to an excellent January and the pickup in business at the end of June, with both months better than in 2019, we managed to reach an acceptable level of revenue despite the challenging situation with a decrease in revenue of 7% in combination with a decrease in costs of 9% in 1H. Additional cost savings have been introduced during May that will come into full effect during 2H.

The promising discussions with potential clients for LandRisk from the beginning of the year also stopped in March as all stakeholders were engaged in securing their own supply chains due to COVID-19. While the situation is not over, these discussions have been renewed in second half of June with several promising potential clients and talks will continue after the summer.

The cautious optimism we have witnessed in June and early July makes us believe that we will continue to see an uptake in our business and that we can deliver on our budget during second half of the year. With more than DKK 9m in known/recurring revenue in 2H and a range of potential new clients in the pipeline for both the maritime and land-based business, we have a solid foundation for further growth in revenue during 2020. Under the current circumstances with cautious optimism, and with reservations for the high level of uncertainty, we are still striving to reach a positive EBITDA in Q4 and for the full year of 2020.

During the end of the reporting period we have prepared a funding package of DKK 8m, which was finalised in July, consisting of a DKK 2m credit, a capital increase of DKK 2m and a long term loan from Vækstfonden of DKK 4m, which due to the uneven distribution of revenues across the year and the even distribution of the costs will form the basis for our liquidity and capital reserves for 2020 and forward.

The combination of strong relationships with our clients, a high-quality product and recurring revenue has provided a strong core for the company which is even more important in times of global crisis -

a core combination, which will continue to increase in strength and further accelerate growth. This is also why we are planning to invest even more resources into our product and our relationships during second half of 2020.

*Hans Tino Hansen*

*CEO*

*Risk Intelligence A/S*

## About Risk Intelligence

Risk Intelligence was founded in 2001 by Hans Tino Hansen. The Company has evolved into becoming a prominent company in security risk management by delivering threat and risk assessments globally. Risk Intelligence assists its customers and partners through offices north of Copenhagen as well as representatives 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 a digital platform (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 complete supply chain in one integrated system with a single point of access.

Risk Intelligence has undergone the following phases:

2001 - 2007: Market establishment and signing of the first maritime clients.

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). PortRisk monitors port and terminal security risks on more than two hundred specifically selected ports around the world.

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.

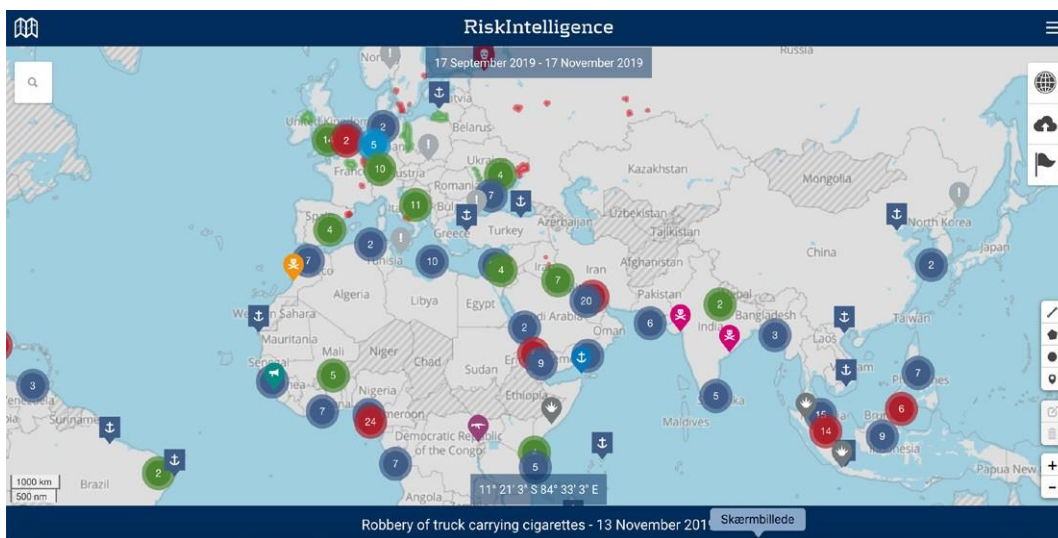
2018: Launch of Growth Plan for 2020 as well as IPO and listing on Spotlight Stock Exchange. New office in Hellerup north of Copenhagen and hiring of a range of key staff members. End year Risk Intelligence completed the Beta test version phase of LandRisk together with the current pilot project clients.

2019: LandRisk Beta test period with more than 30 test companies and final development of LandRisk based on the feedback, input from developers and findings. 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. Risk Intelligence announced further in September that the Company is fully funded to support the current strategy.



## Risk Intelligence System

The Risk Intelligence System is a digital security intelligence solution that has been developed in close collaboration with global businesses established in the fields of shipping, offshore, oil and gas. The digital platform has been designed based on customer needs along with the experienced security risk analysts at Risk Intelligence. The Risk Intelligence System offers customers a complete picture of immediate, short- and medium-term security risks for coastal areas, ocean, port and land. The analysis is focused on insurgency, piracy, organised crime, terrorism, military conflicts and the interplay between these. Risk Intelligence identifies where serious events arise and presents an assessment of how great the threat is in each area. This makes it possible for companies to easily evaluate both current and future security risks with the purpose of minimising risks that affect their operations. There are three modules in the Risk Intelligence System - MaRisk, PortRisk and LandRisk.



The above image illustrates Risk Intelligence System's risk notifications.



The above image illustrates a clipboard of Risk Intelligence System's global map of risk notifications.



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 marine missions. MaRisk offers a global overview of security incidents and threats at sea. A subscription to MaRisk module includes:

- A user-friendly and easy to navigate System
- Global maps (including digital sea charts)
- 24/7 incident updates
- 24/7 piracy alerts of motherships or attack groups
- Access to Risk Intelligence Duty Watch team for queries
- Country and Area threat assessments
- Statistics tool
- Recommendations and guidance
- Satellite fleet tracking integration and SAT AIS vessel position integration

PortRisk has been included in the Risk Intelligence System since 2015. The module presents updated security information on ports and sea-level terminals in medium to high risk areas around the world. PortRisk monitors more than 220 specifically selected ports and terminals globally. All ports and terminals have undergone extensive analysis, and more than 20 percent of the ports and terminals have been surveyed onsite by a Risk Intelligence team. A subscription to PortRisk module includes:

- A user-friendly and easy to navigate System
- Global maps (including digital sea charts)
- Port data with IMO code, ISPS level, Foreign Flag State etc.
- Port risk, vulnerability and threat assessments
- City threat assessments and guidance for crew changes
- Country and Area threat assessments
- Facility security information
- Security and emergency units information
- Agents Lists
- Photos and maps

LandRisk was launched 1 October 2019. 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. A subscription to LandRisk module includes:

- Country, Area, City and Hotspot threat analysis
- Route planning tool
- Integrated fleet tracking through API
- 24/7 access to Risk Intelligence Duty Watch team
- Incidents database
- Incident notification services

## Risk Intelligence Business Model

### Business Model

Risk Intelligence business model is divided into three areas:

1. **Subscription/Recurring:** (79% in 2019). Sale of subscription licenses that provide access to the Risk Intelligence System (MaRisk + PortRisk + LandRisk) through a subscription service where the client in advance pays for access to the system for twelve months. The subscription service creates recurring revenue and generates strong cash flow for the Company. Over the years more than 98 percent renew their subscription and several of the Company's customers have renewed their subscriptions for the 12th time. LandRisk will generate additional recurring revenue.

Licenses are paid upfront 12 months ahead with a standard license pricing for MarRisk and PortRisk between 38,625 to 324,450 DKK depending on number of modules, license type for standard licenses with set number of users and higher license fees for bespoke licenses with e.g. additional users and/or API integration.

2. **Reports/Recurring:** (6% in 2019). Weekly reports on threat and risk assessments of Libya and Yemen.

Subscriptions are from 30,000 to 120,000 DKK per country depending on selected time frame.

3. **Advisory services:** (22% in 2019). Threat and risk assessments, evaluation of the client companies' security suppliers and corporate risk management consulting. The advisory services are an opportunity to establish a much closer customer relationship with the client than the subscription service currently can. The goal is that the advisory services should lead the customer to choose either to maintain an existing license agreement or to enter into a license agreement whereby the Company receives additional recurring income.

### Recurring revenue

The Risk Intelligence recurring revenue accounts for 86% of total revenues in Q2 2020 (Q2 2019: 78%) and 91% for 1H 2020 (1H 2019: 81%). The renewal rate in Q2 2020 was 98% with a churn of 2%.

Known revenue (revenue combined from recurring revenue and projects as well as other deliverables contractually agreed during 2019 and 1H 2020 for delivery in 2020) was as per 30 June 2020 14.5m DKK (30 June 2019: DKK 13.7) which is an increase of 1m DKK compared to 31 December 2019.

### Annual Recurring Revenue (ARR)

Risk Intelligence should be seen as a SaaS company, which are the closest category that the Company fit into in terms of understanding the business and in terms of key metrics.

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.

A SaaS company is defined as a company that delivers access to a centrally hosted software model on subscription.

In general, ARR expresses the revenue from subscriptions the SaaS company can generate in a 12 months 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.

This also means that if the SaaS company's ARR is increasing, the revenue that will be generated year after year is also increasing.

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

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= Annual Recurring Revenue (ARR) end of year 2

### Factors impacting the ARR-development

- 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
- Sales of subscriptions to new clients increases the ARR
- As long as the value of upselling to existing clients and the sales to new clients exceeds the value of the churning clients, the ARR will increase.
- In terms of upselling, several costumers have added more users to their license agreement during 2019.

The Renewal ratio for H1 2020 was 98% with a churn of 2%.

**Highlights Software as a Service (SaaS):**

DKK '000	Q2 2020	Q2 2019	2019	2018
Annual Recurring revenue (ARR)	11,641	11,444	11,147	9,851
Net increase/decrease (-) in ARR	198	3,497	1,296	1,293
Average Annual Recurring Revenue (ARPU)	113	123	113	115
Renewal Ratio	98%	100%	99.3%	99%
Churn	2%	0%	0.7%	1%

**Capital Resources**

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 and still have 2-3 million as cash position. 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 2020 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. At this point the Company has secured funding for all planned initiatives and investments for 2020. As part of this policy the company in April has got a 2m DKK credit facility at Danske Bank supported by a financial guarantee by Vækstfonden, a loan at Vækstfonden in July of DKK 4 million and successfully completed a direct share issue of DKK 2 million also in July.

The Company's cash position end Q2 2020 was DKK 2 thousand (prior to the capital increase and loan from Vækstfonden) and should always be seen together with Accounts Receivable, end Q2 2020 DKK 1,448. 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. Accounts Receivable and Cash end Q2 2020 was DKK 1,450 thousand.

The Equity is at 30 June 2020 DKK negative by 2,783 thousand and by that the share capital of DKK 839 is lost. The Company will within 6 months from end March 2020 call in for an Extra Ordinary General Meeting in due time if the need should arise and the equity has not increased above the Share Capital through earnings. Together with profit of ongoing business the direct share issue in July 2020 as part of the DKK 8 million funding package is at this point seen to be sufficient capital.

**Sales streams**

The Risk Intelligence business model generates new sales in three streams: Initial sales, direct sales and partner sales.

**1: In-bound sales** mean that the Company's services are considered so attractive that the end customer himself chooses to contact the Company to conclude an agreement. This may result in sales of all types of products and services. Risk Intelligence has a Client Portal, which essentially is a web shop for clients, where customers initially can purchase single ports in the Risk Intelligence System for a certain period and select access to one or more ports for a specified period.

**2: Direct sales** mean that the Risk Intelligence sales organization actively sells the Company's services based on generated leads from the Sales Lead Generation Team.

**3: Partner sales** mean that the Company signs an agreement with a strategic partner, such as Pole Star or GNS, which sells its products / licenses with Risk Intelligence integrated into its platform to the end-customer.

### Sales goals

Risk Intelligence's latest sales stream is partner sales, which is expected to increase significantly in both revenue and in the share of the Company's total business. This part of the business is especially profitable because it delivers access to existing data to new customers, integrated into the partner's products. Risk Intelligence's goal is that inbound sales from online marketing, word-of-mouth, etc., will account for 10 percent of sales, that direct sales will account for 60 percent of sales and that partner sales will account for 30 percent.

### Shareholders

The table below presents shareholders with over 5 % of the votes and capital in Risk Intelligence as per 30 June 2020.

Name	Number of shares	Percentage of capital (%)	Percentage of voting right (%)
Sandbjerg Holding ApS	3,000,000	35.77	36.8
Polaris Maritime Solutions Ltd	456,000	5.43	5.78
Others	4,931,090	58.80	57.42
<b>Total</b>	<b>8,387,090</b>	<b>100.00</b>	<b>100.00</b>

### The share

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 30 June 2020, the number of shares was 8,387,090. Every stock share equals the same rights to the Company's assets and results.

### Warrants

Risk Intelligence has on an Extraordinary General Meeting in June 2019 decided to issue 717,949 new warrants to shareholder subscribers participating in the capital increase announced in May 2019. Each Warrant gives the owner the right to buy one share at a fixed price of DKK 4.68 (120% of the subscription price of DKK 3.90). The exercise of the warrants shall take place in the period of 1 May 2020 - 30 June 2020 where after the warrant will lapse and have no effect. The program lapsed in July 2020 and has not been exercised.

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 as per 1 May 2020 decided to issue 572,929 warrants to employees and staff. If fully issued and vested by July 2021 the program will lead to a cash impact of DKK 1,718,787.

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.

### **Operational risks and uncertainties**

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 the current period, no significant changes in risk factors or uncertainties have occurred. 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](http://www.riskintelligence.com)).

### **Principles for Interim Report**

The interim report has been made in accordance with Danish jurisdiction for annual accounts.

### **Auditor's review**

The interim report has not been reviewed by the Company's auditor.

### **Financial Calendar**

18 November 2020

3 March 2021

Q3 2020 Interim Report

Q4 and 2020 Year-end Report

### **For further information, please contact**

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CFO Jens Krøis

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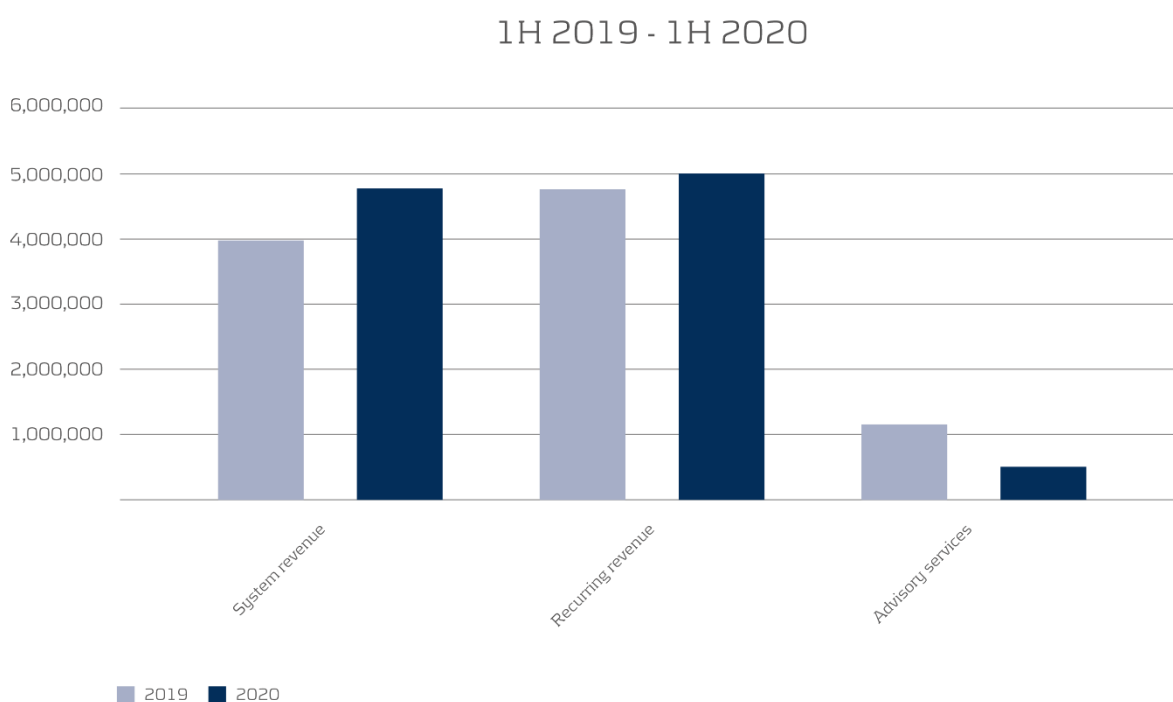
Website: <https://www.riskintelligence.eu>

## Financial Review

### Income Statement

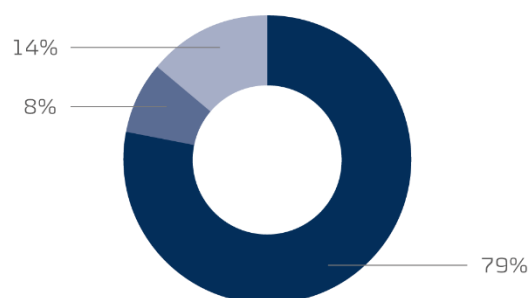
Total revenue decreased 34% in Q2 2020 to DKK 1,787 thousand compared to Q2 2019 (DKK 2,705 thousand). Total recurring revenue in Q2 2020 decreased by 27% to DKK 1,542 thousand compared to Q2 2019 (DKK 2,113 thousand). Part of the decrease in both revenue and recurring revenue is due to timing of two renewal contracts moved from Q2 2020 to Q4 2020.

In 1H 2020 total revenue decreased by 7% to DKK 5,495 thousand compared to 1H 2019 (DKK 5,904 thousand). The recurring revenue in 1H 2020 ended at DKK 4,997 thousand corresponding an increase of 5 % compared to the same period in 2019 (1H 2019: DKK 4,754 thousand). Both revenue growth and recurring revenue would have seen an increase due to the changed timing of the two mentioned renewal contracts.



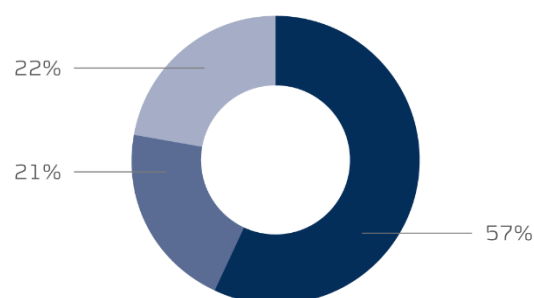


Revenue ratio Q2 2020

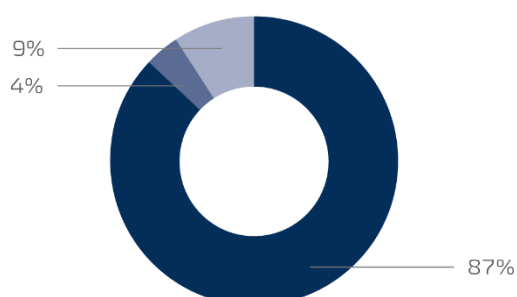


■ System ■ Other subscription ■ Advisory

Revenue ratio Q2 2019

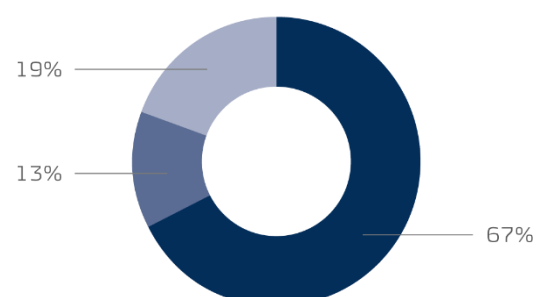


Revenue ratio 2020 1H



■ System ■ Other subscription ■ Advisory

Revenue ratio 2019 1H

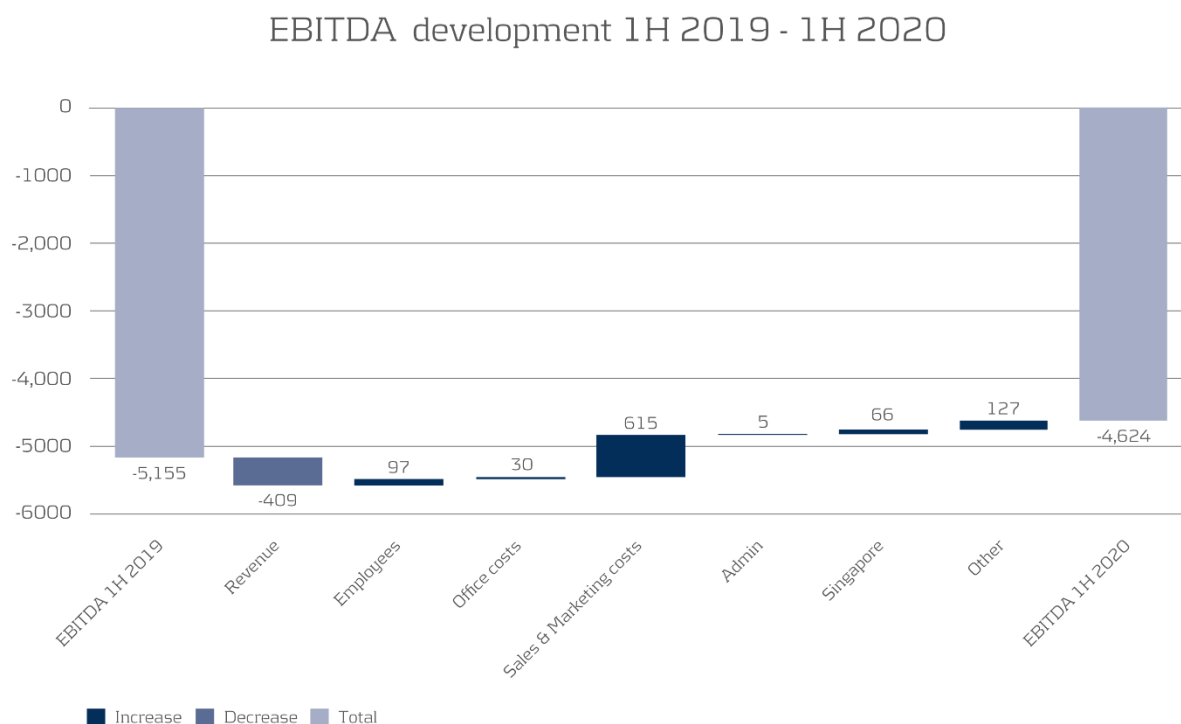


The gross profit increased in Q2 2020 by 28% to DKK 629 thousand (Q2 2019: DKK 490 thousand), corresponding to an increased gross margin of 35% (Q2 2019: 18%). For the period of 1H 2020 the gross profit increased by 49% to DKK 2,566 thousand (1H 2019: 1,718 thousand). The gross margin ended at 47% compared to 29% for 1H 2019.

Other Operating Expenses decreased in Q2 2020 by 48% to DKK 1,158 thousand (Q2 2019: 2,214). Staff costs amounted to DKK 3,323 thousand (Q2 2020: DKK 3,278 thousand) which is on Q2 2019 level. As for 1H in total Other Operating Expenses decreased by 30% to DKK 2,929 (1H 2019 4,185 thousand). Staff costs in 1H 2020 increased by 5% to DKK 7,192 (1H 2019: DKK 6,873 thousand). Total costs decreased in total by DKK 951 thousand or by 9% for the first six months reflecting the Company's prudent cost restraint due to the Covid-19 situation.

EBITDA increased in Q2 2020 by DKK 92 thousand (3%) to DKK -2,694 thousand (Q2 2019: DKK -2,787 thousand). As for 1H EBITDA increased by 10% to DKK -4,624 (1H 2019: DKK -5,154). The increase in EBITDA is the result of the Company's cost restraint program despite a lower revenue in the period. The EBITDA ratio in 1H 2020 increased to -84% (1H 2019: -87%).

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



EBITDA 1H 2019 -5,155

Revenue -409

Employees 97

Office costs 30

Sales & Marketing costs 615

Admin 5

Singapore 66

Other 127

EBITDA 1H 2020 -4,624

### Balance Sheet

The balance sheet total was DKK 19,405 thousand at the end of Q2 2020 which is at the same level as end 2019 (DKK 19,706 thousand).

Equity at the end of Q2 2020 decreased to negative DKK 2,783 thousand (end of 2019: DKK 2,097 thousand) due to the result of H1 2020. The equity ratio was to compare end of 2019: 10.6%.

As part of the Company's DKK 8 million funding package a direct share issue of DKK 2 million was completed in July 2020 increasing the equity by the same amount.

### Cash Flows

Investments in Q2 amounted to DKK 402 thousand (Q2 2019: 2,081 thousand). The main part is related to further development of a LandRisk module (a machine learning intelligence collection tool). In total investment amounted to DKK 991 thousand for the first six months of 2020 (1H 2019: DKK 2,936 thousand).

Cashflow from financing amounted to DKK 2,277 thousand in Q2 2020 (Q2 2019: DKK 2,664 thousand). Financing comes from a credit facility in Danske Bank. This is further supported by the direct share issue and a Vækstfonden loan in July totaling DKK 6 million.

## Income Statement

DKK '000	Q2 2020	Q2 2019	1H 2020	1H 2019	FY 2019
<b>Net sales</b>	<b>1,787</b>	<b>2,704</b>	<b>5,495</b>	<b>5,904</b>	<b>14,221</b>
Other operating expenses	-1,158	-2,213	-2,929	-4,185	-10,720
<b>Gross profit</b>	<b>629</b>	<b>490</b>	<b>2,566</b>	<b>1,719</b>	<b>3,500</b>
Staff costs	-3,324	-3,278	-7,192	-6,873	-13,677
<b>Earnings before depreciation and amortization (EBITDA)</b>	<b>-2,695</b>	<b>-2,788</b>	<b>-4,624</b>	<b>-5,155</b>	<b>-10,177</b>
Depreciation / amortization of tangible and intangible fixed assets	-450	-273	-898	-531	-1,287
Other operating expenses	0	109	-0	-13	0
<b>Profit/loss before financial items</b>	<b>-3,145</b>	<b>-2,952</b>	<b>-5,524</b>	<b>-5,698</b>	<b>-11,464</b>
Financial costs	-442	-83	-729	-133	-867
<b>Profit/loss before taxes</b>	<b>-3,587</b>	<b>-3,035</b>	<b>-6,253</b>	<b>-5,832</b>	<b>-12,331</b>
Tax on profit for the year	787	668	1,373	1,283	2,718
<b>Net profit</b>	<b>-2,800</b>	<b>-2,367</b>	<b>-4,880</b>	<b>-4,549</b>	<b>-9,613</b>
Proposed distribution of profit					
Transfer of profits for development projects	102	1,554	432	2,154	4,323
<b>Retained earnings</b>	<b>-2,902</b>	<b>-3,921</b>	<b>-5,312</b>	<b>-6,704</b>	<b>-13,936</b>

## Balance Sheet in comparison

DKK 000'	30-06-2020	30-06-2019	31-12-2019
<b>Assets</b>			
Intangible assets			
Completed development projects	7,473	3,279	7,106
Ongoing development projects	2,530	3,654	2,537
<b>Total intangible fixed assets</b>	<b>10,003</b>	<b>6,933</b>	<b>9,643</b>
Tangible fixed assets			
Other facilities, fixtures and accessories	1,870	1,809	2,107
<b>Total tangible assets</b>	<b>1,870</b>	<b>1,809</b>	<b>2,107</b>
Financial assets			
Investments in subsidiaries	0	-	0
Other long-term receivables	363	387	393
<b>Financial assets</b>	<b>363</b>	<b>387</b>	<b>393</b>
<b>Total fixed assets</b>	<b>12,236</b>	<b>9,129</b>	<b>12,143</b>
Receivables			
Accounts Receivables	1,448	2,529	2,319
Feeds from affiliated companies	-	-	0
Other receivables	215	55	276
Tax	1340	366	1340
Deferred tax	3,537	2,069	2,164
Accruals	627	386	636
<b>Total Receivables</b>	<b>7,167</b>	<b>5,404</b>	<b>6,736</b>
Assets			
Cash at bank and in hand	2	2,256	827
<b>Current assets total</b>	<b>7,169</b>	<b>7,661</b>	<b>7,563</b>
<b>Assets total</b>	<b>19,405</b>	<b>16,789</b>	<b>19,706</b>

## Balance Sheet in comparison

DKK 000'	30-06-2020	30-06-2019	31-12-2019
<b>Liabilities and equity</b>			
Equity			
Share capital	839	839	839
Reserve for development costs	6,721	4,552	6,721
Retained earnings	-10,343	2,050	-5,463
<b>Total equity</b>	<b>-2,783</b>	<b>7,441</b>	<b>2,097</b>
Long-term liabilities			
Other credit institutions	1,559	1,881	1,448
Shareholder and Management	7,023	-	7,000
<b>Long-term liabilities</b>	<b>8,582</b>	<b>1,881</b>	<b>8,448</b>
Current liabilities			
Short-term part of long-term debt	370	416	585
Trade payables	1,381	1,387	1,597
Payables to subsidiaries	3	0	11
Lease obligations	978	714	1,086
Shareholder and Management	2,475	0	2,364
Other payables	5,467	4,950	3,027
Credit institutions	2,932	0	0
Deferred income	0	0	491
<b>Short-term liabilities</b>	<b>13,606</b>	<b>7,467</b>	<b>9,161</b>
<b>Debt total</b>	<b>22,188</b>	<b>9,348</b>	<b>17,609</b>
<b>Liabilities and equity total</b>	<b>19,405</b>	<b>16,789</b>	<b>19,706</b>

## Cash Flows

DKK 000'	Q2 2020	Q2 2019	1H 2020	1H 2019	Q1-Q4 2019
<b>Profit/loss for the year</b>	<b>-2,800</b>	<b>-2,368</b>	<b>-4,880</b>	<b>-4,550</b>	<b>-9,613</b>
Adjustments	-337	-395	-475	-752	-1,380
Change in working capital	957	4,152	2,197	4,750	3,652
<b>Cash flows from ordinary activities</b>	<b>-2,180</b>	<b>1,389</b>	<b>-3,158</b>	<b>-552</b>	<b>-7,340</b>
Corporation tax paid (-)/received	0	0	0	0	215
<b>Cash flows from operating activities</b>	<b>-2,180</b>	<b>1,389</b>	<b>-3,158</b>	<b>-552</b>	<b>-7,125</b>
Purchases of intangible assets	-468	-1,918	-1,056	-2,750	-5,993
Purchases of property, plant and equipment	34	-185	34	-205	-627
Deposits	31	-	31	-	12
Fixed asset investments made etc.	0	22	-	19	0
<b>Cash flow from investing activities</b>	<b>-402</b>	<b>-2,081</b>	<b>-991</b>	<b>-2,936</b>	<b>-6,608</b>
Change in lease obligations	-106	-6	-108	-14	358
Loans from credit institutions	2,658	-130	3,043	-117	8,608
Cash capital increase	0	2,800	0	2,800	2,519
Other financing	-274	-	390	-	-
<b>Cash flow from financing activities</b>	<b>2,278</b>	<b>2,664</b>	<b>3,324</b>	<b>2,669</b>	<b>11,485</b>
<b>Change in cash and cash equivalents</b>	<b>-304</b>	<b>1,971</b>	<b>-825</b>	<b>-819</b>	<b>-2,249</b>
Cash and cash equivalents beginning	306	284	827	3,076	3,076
<b>Cash and cash equivalents</b>	<b>2</b>	<b>2,256</b>	<b>2</b>	<b>2,256</b>	<b>827</b>



## Equity

1 January 2019 – 31 December 2019	Share capital	Share premium account	Reserve for development costs	Total profit	Total
<i>DKK '000</i>					
Equity at 1 January 2019	767	-	2,398	6,026	9,191
Cash capital increase	72	2,447	-		2,519
Transfer, reserves		-2,447	-	2,447	0
Net profit/loss for the year	-	-	4,323	-13,936	-9,613
<b>Equity at 31 December 2019</b>	<b>839</b>	<b>-</b>	<b>6,721</b>	<b>-5,463</b>	<b>2,097</b>

1 January 2020 – 30 June 2020	Share capital	Share premium account	Reserve for development costs	Total profit	Total
<i>DKK '000</i>					
Equity at 1 January 2020	839	-	6,721	-5,463	2,097
Profit for the period	-	-	432	-5,312	-4,880
Transferred from share premium	-	-	-	-	-
<b>Equity at 30 June 2020</b>	<b>839</b>	<b>-</b>	<b>7,153</b>	<b>-10,775</b>	<b>-2,783</b>

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