

Q3 2021

Interim Report

1 January 2021 - 30 September 2021

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

RiskIntelligence

Q3 2021 Interim Report

1 January- 30 September 2021

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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, 17 November 2021

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'	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	FY 2020
Net sales	4,231	3,532	11,293	9,027	15,703
Operating profit (EBITDA)	-224	-454	-3,372	-5,079	-3,937
Profit after financial items	-1,121	-1,561	-6,061	-7,813	-7,788
Profit/loss for the period	-875	-1,241	-4,728	-6,120	-5,952
Total assets	26,691	21,930	26,691	21,930	24,096
Operating margin	-5.3%	-12.9%	-44.6%	-56.3%	-25%
ARPU	123	102	123	102	128
ARR	14,654	11,902	14,654	11,902	12,767
Churn	0%	0%	1.8%	2%	1.4%
Cash flow from operating activities	-2,855	-3,046	-5,884	-6,204	-7,373
Cash flow from investing activities	-871	-607	-1,962	-1,598	-2,157
Equity ratio	16%	-%	16%	-%	-10,2%
Number of registered shares*)	11,082,047	9,101,380	11,082,047	9,101,380	9,101,380
Earnings per share	-0.08	-0.14	-0.43	-0.67	-0,35
Number of employees	24	24	24	24	26

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

Highlights during the period 1 July – 30 September 2021

- On 1 July, the Company announces that the CEO had purchased 90,000 shares.
- On 6 July, the Company announces that revenue is up by 58% in Q2.
- On 10 August, The Company announced that management and employees have increased their ownership of the company.
- On 16 August, the Company announced the launch of new product LandRisk Logistics.
- On 19 August, the Company announced that HCA Capital initiates research.
- On 24 September, the Company announced that it sees significant increase in recurring revenue from clients

Highlights after the period

- On 6 October, the Company announced that Q3 revenue is up by 19% and System ARR is up by 24%

CEO Hans Tino Hansen

The year's first nine months has resulted in continued strong growth in revenue of 25% with a cost increase of 4%, leading to strong and positive development in all financial figures. The cost increase is mainly the result of increased investments and activity in sales and marketing. This will continue during the coming quarter. These investments will boost the sales pipeline and sales in Q4 2021, as well as during 2022.



As providers of Intelligence as a Service (analysed data in the form of intelligence), based on a SaaS business model with license-based recurring revenue, one of the most important metrics for us is the Annual Recurring Revenue (ARR). For the first nine months, the total ARR increased by 23% to DKK 14,654M. At the same time, the churn was 1.7 %, which again is a testimony to our high client satisfaction, the quality of our products, as well as the close relationship we have with our clients.

In Q3, we launched a dedicated sales and marketing campaign for the new product: LandRisk Logistics. This led to product trials by a range of new potential clients, as well as a continued dialogue with existing leads. As the lead time is considerably longer for LandRisk than for our maritime products due to the complexity of this client segment's organisations and their operations, we must remain patient, even if everyone in the involved teams is eager to deliver the deals. The current pipeline does look promising, however.

Based on the first nine month's financial figures and the assumptions of the business climate for the rest of the year, our guidance for 2021 has now changed from 15-30% revenue growth to 20-30%, equating DKK 18.8M to 20.5M in top line revenue. However, the increased investments in primarily sales and marketing, may result in an EBITDA around zero or a small positive or negative figure. The net result will remain negative.

Finally, the management team and the Board of Directors are looking forward to finalise and present the growth strategy for 2025 during Q1 2022.

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 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

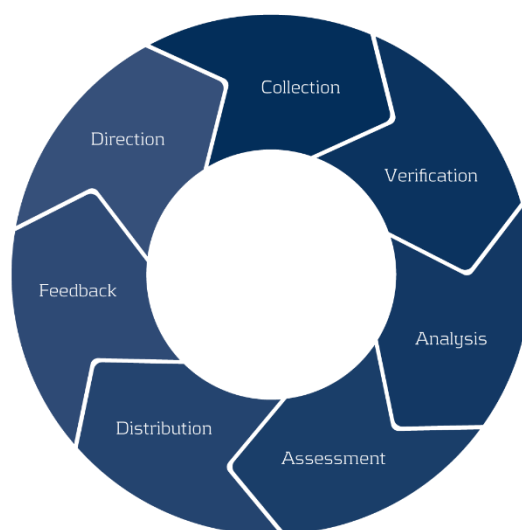
Intelligence System will link a whole industry chain of identification and selection of risks and threats, both on land and at sea. With LandRisk, Risk Intelligence's addressable market will increase more than tenfold.

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.



The Intelligence Cycle (main process used by Risk Intelligence)

Risk Intelligence Business Model



The Risk Intelligence System

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

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

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

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

security risk intelligence. LandRisk Logistics 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.

License fee

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

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

An annual 3% price increase is part of all license agreements.

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

Intelligence reports

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

Recurring revenue

The total Risk Intelligence recurring revenue constituted 88% for 2020. The renewal rate in 2020 was 98.6% with a churn of 1.4%. The long-term goal of the strategy presented at the IPO in 2018 is to reach 90% turnover of recurring revenue.

Advisory Services

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

Scalability

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

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

Client acquisition process

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

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

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

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

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

Maritime client acquisition

Online marketing and webinars

Client seminars

Word of mouth referrals

User ambassadors

Partners

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

Land based client acquisition

Online marketing and webinars

Industry conferences and exhibitions

Word of mouth referrals

User ambassadors

Partners

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

Clients

Risk Intelligence has had a handful of maritime clients for more than 15 years and who also have been subscribing to the Risk Intelligence System since the launch of MaRisk in 2008. In the following years additional clients have been acquired and some have also left again even though the churn is very low (0-3%). Even if the last two-three years have added a significant number of new clients to the Risk Intelligence System, the average age of each maritime client in 2021 was 8.1 years, much due to the loyalty and high renewal rate of the clients.

Maritime

Shipowners

Ship managers

Shipowners' organisations

Offshore companies

Oil and gas companies

Trading companies

Maritime and sub-sea construction companies

Marine insurers

War Risk insurers

Landside

Logistical companies

Freight forwarders

Industrial companies e.g.

Consumer electronics

Pharmaceutical companies

Tobacco companies

Defence industry

Producers of other various high value goods

Insurance companies

Government

Flag states

Ministries of Defence, Defence commands and Joint commands

Navies

Intelligence services

Security and law enforcement

Risk Intelligence System SaaS metrics

The total annualised recurring revenue (ARR) in Q3 2021 increased by DKK 2,752 thousand (23%) to DKK 14,654 thousand (Q3 2020 DKK 11,902 thousand). The renewal ratio ended at 100% (Churn 0%) for the quarter and 98.35% (churn 1.65%) for the first nine month of 2021. The average revenue per customer (ARPU) was DKK 128 thousand.

Risk Intelligence System SaaS metrics 2018-2021

DKK '000	Q3 2021	Q3 2020	2020	2019	2018
System ARR	13,491	10,877	12,767	10,218	8,839
ARR Net increase	2,614	92	1,620	1,283	1,293
ARR growth	24%	1%	15%	14%	15%
Total ARR	14,654	11,902	13,895	11,147	9,864
ARR Net increase	2,752	176	2,749	1,282	1,744
ARR Growth	23%	2%	25%	13%	21%
ARPU	128	102	128	113	115
Renewal Ratio (annualised)	98.3%	98.2%	98.6%	99.3%	99%
Renewal Ratio (quarter)	100%	100%			
Churn (annualised)	1.7%	1.8%	1.4%	0.7%	1%
Churn (quarter)	0%	0%			

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

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

* Estimated

** 7.1 years average length in 2020

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

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 32.

Outlook 2021

Financial outlook

Based on the first nine-month financial figures and the assumptions for the business climate for the year, the guidance for 2021 is changed from 15-30% revenue growth to 20-30%, equating DKK 18.8M to 20.5M in top line revenue. However, the increased investments in primarily sales and marketing, may result in an EBITDA around zero or a small positive or small negative figure why the guidance have been changed more specific. The net result will still be negative.

Guidance 2021:

- Growth: 20-30% (changed from 15-30%)
- Revenue: 18.8M-20.5M DKK (changed from 18.0M-20.5M)
- EBITDA: Around zero (Changed from "Positive")
- Net result: Not positive
- Net cash-flow: Positive

Capital Resources

The Company's cash position end Q3 2021 was DKK 1,681 thousand and should always be seen together with Accounts Receivable, end Q3 2021 DKK 4,640. 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 Q3 2021 was 6,321 DKK thousand.

In order to ensure adequate capital resources, the management has secured in February 2021, a cash capital increase amounting to DKK 10.5 million, which reflects a total value of the Company of DKK 75 million. Based on the current budget, management believes that the capital structure is sufficiently strong to secure the operations in 2022. Furthermore, the employees of Risk Intelligence exercised warrants during July 2021 and by that the company had a cash capital increase of DKK 1.5 million.

The Share

Shareholders

The table below presents shareholders with over 5 % of the votes and capital in Risk Intelligence as per 30 September 2021.

Name	Number of shares	Percentage of capital %	Percentage 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	Chairmann	76,348
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)	3,102,200

Holding of shares as per 30 September 2021

Senior Management

Name	Title	Number of shares
Hans Tino Hansen	CEO (incl. Sandbjerg Holding ApS)	3,102,200
Henrik Ehlers Kragh	COO	64,383
Jens Krøis	CFO	55,484
Jim Pascoe	CCO	27,803

Holding of shares as per 30 September 2021

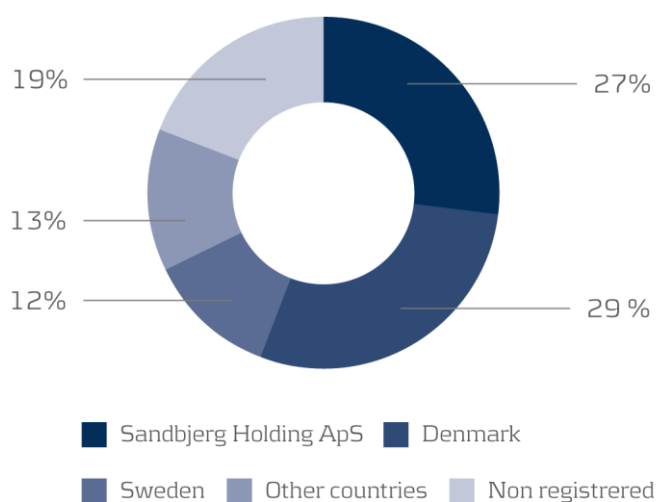
The shares of Risk Intelligence A/S were listed on Spotlight Stock Market 17 August 2018. The short name/ticker is RISK and the ISIN code is DK0061031978. As per 30 September 2021, the number of

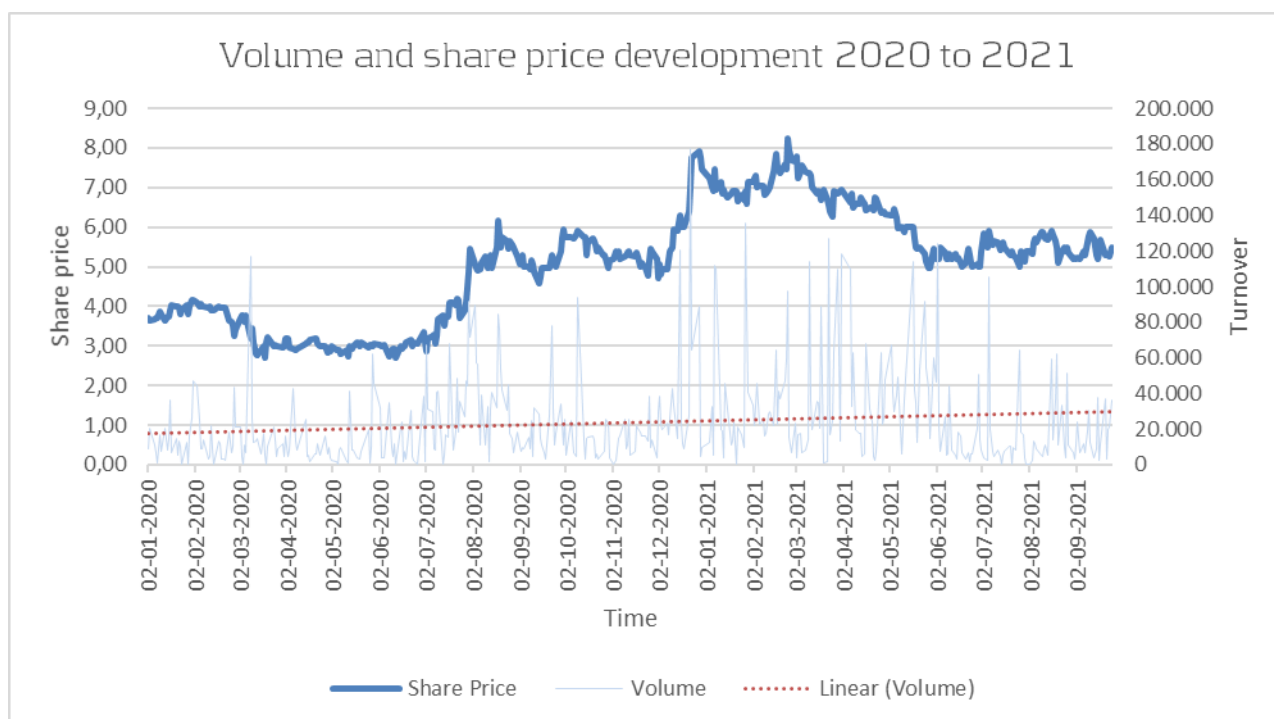
shares was 11,082,047. Each share represents DKK 0.10 equalling a share capital of DKK 1,108,205. Every stock share equals the same rights to the Company's assets and results. The Risk Intelligence share is held in 17 different countries throughout Europe, the Middle East, and Southeast Asia.

The Company had approximately 2,241 shareholders, where 971 hereof are registered. Due to legislation the Company does not have access to shareholders trading through custodians such as Swedish Avanza (3.81% of share capital shared between about 366 shareholders), Swedish Nordnet (2.37% 990 shareholders) and other Swedish and international banks. Finally, a number of shares is not registered. The majority of these are held by Swedish investors.

The share has a free float of 72% taking the major shareholder into consideration, Sandbjerg Holding ApS exceeding 5% ownership.

Shareholder structure 2021





Source: Data from Spotlight Stock Exchange

Share price (DKK)

IPO 2018	6.25
1 April 2020	3.00
30 June 2020	3.36
1 July 2021	5.38
30 September 2021	5.48
High (6 July 2021)	5.92
Low (30 August 2021)	5.18

Liquidity

In Q3 2021 we saw a decrease in traded volume of 46% compared to Q3 2020 (1,047,088 shares compared to 1,957,042 shares in Q3 2020). The turnover in Q3 2021 decreased by 38% compared to Q3 2020 (DKK 9,236,589 in Q3 2020 compared to DKK 5,755,844 in Q3 2021).

Table showing the volume, turnover VWAP and closing share price during 2019, 2020 and 2021

Liquidity in the share

Period		Volume	Turnover	Average per day	VWAP	Closing share price
Q1	2019	639,178	2,109,159	10,145	3.30	3.40
Q2		705,202	2,666,542	12,372	3.79	4.00
Q3		576,325	2,072,451	8,732	3.60	3.34
Q4		866,761	300,763	13,989	4.46	3.70
		2,787,466	7,151,915			
Q1	2020	909,920	3,252,693	14,217	3.57	3.00
Q2		673,091	1,990,744	11,605	2.96	3.36
Q3		1,957,042	9,236,589	29,652	4.72	5.95
Q4		1,467,563	8,379,347	23,295	5.71	7.45
		5,007,616	22,859,373			
Q1	2021	2,354,382	16,614,250	37,974	7.06	6.95
Q2		1,854,136	10,807,776	32,529	5.83	5.00
Q3		1,047,088	5,755,844	16,109	5.50	5.48
Q4						

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 1st April 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 substantial cash impact of at least DKK 10,000,000 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.

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.

Financial Calendar

23 February 2022

16 April 2022

18 May 2022

17 August 2022

16 November 2022

22 February 2023

Q4 and 2021 Year-end Report

Annual General Meeting

Q1 2022 Interim Report

Q2 2022 Interim Report

Q3 2022 Interim Report

Q4 and 2022 Year-end Report

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.eu).

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.

For further information, please contact

CEO Hans Tino Hansen

CFO Jens Krøis

E-mail: investor@riskintelligence.eu

Cell Phone: (+45) 70 26 62 30

Website: www.investor.riskintelligence.eu

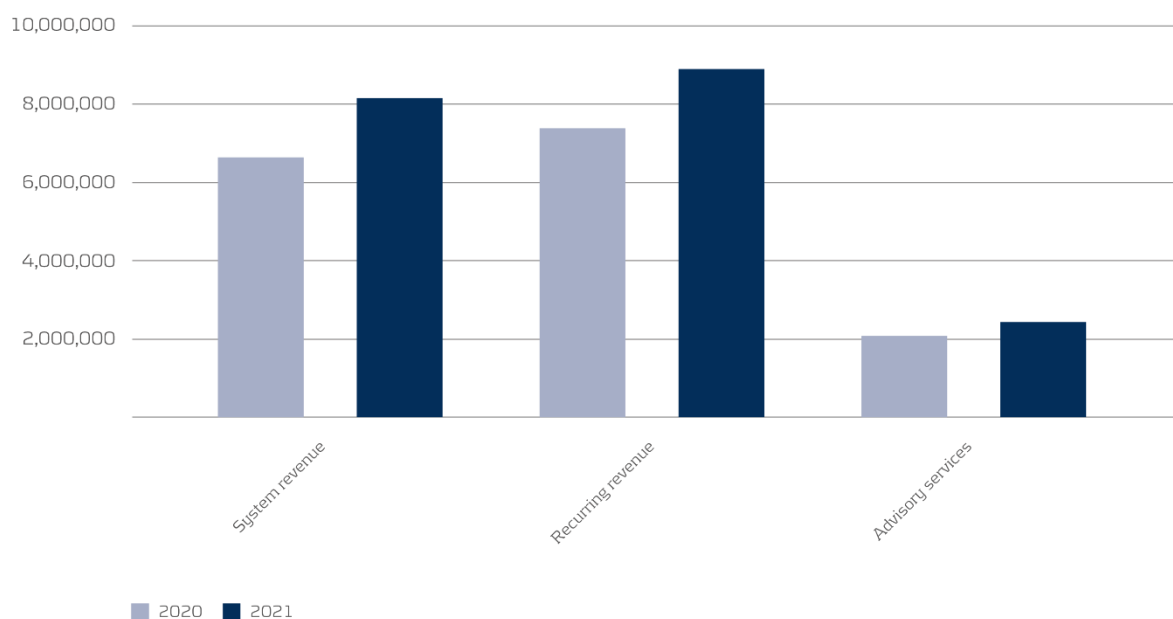
Financial Review

Income Statement

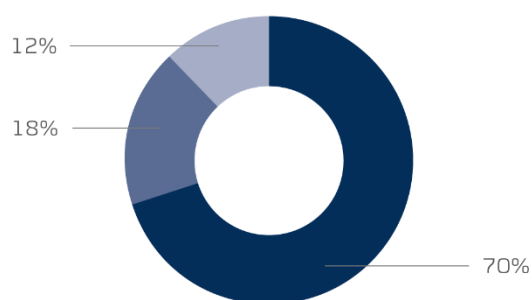
Total revenue increased by 20% in Q3 2021 to DKK 4,231 thousand compared to Q3 2020 (DKK 3,532 thousand). Total recurring revenue in Q3 2021 increased by 19% to DKK 3,697 thousand compared to Q3 2020 (DKK 3,114 thousand).

In Q3 YTD 2021 total revenue increased by 25% to DKK 11,293 thousand compared to Q3 YTD 2020 (DKK 9,027 thousand). The total recurring revenue in Q1 to Q3 2021 ended at DKK 8,870 thousand corresponding an increase of 9 % compared to the same period in 2020 (Q1 to Q3 2020: DKK 8,111 thousand).

Q3 YTD 2020 - Q3 YTD 2021

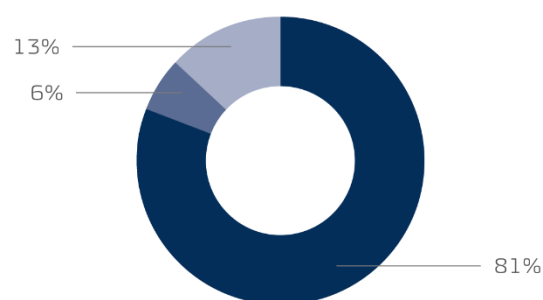


Revenue ratio Q3 2020

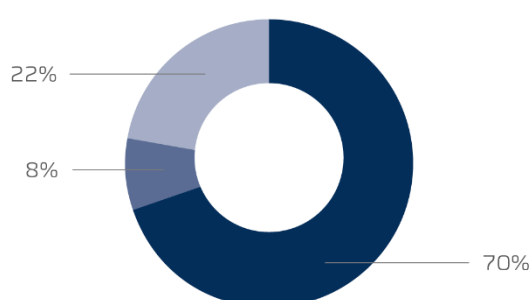


■ System ■ Other subscription ■ Advisory

Revenue ratio Q3 2021

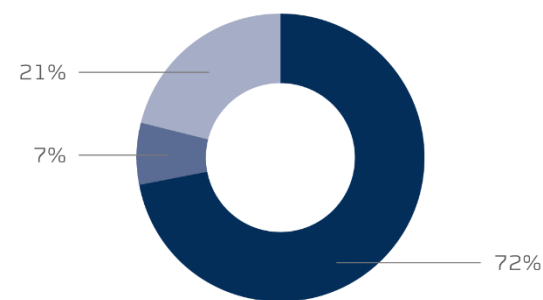


Revenue ratio Q3 YTD 2020



■ System ■ Other subscription ■ Advisory

Revenue ratio Q3 YTD 2021



The gross profit increased in Q3 2021 by 24% to DKK 2,777 thousand (Q3 2020: DKK 2,246 thousand), corresponding to an increased gross margin of 66% (Q3 2020: 53%). For the period Q1 to Q3 2021 the gross profit increased by 40% to DKK 6,714 thousand (Q1 to Q3 2020: 4,812 thousand). The gross margin ended at 59% compared to 53% for Q1 to Q3 2020.

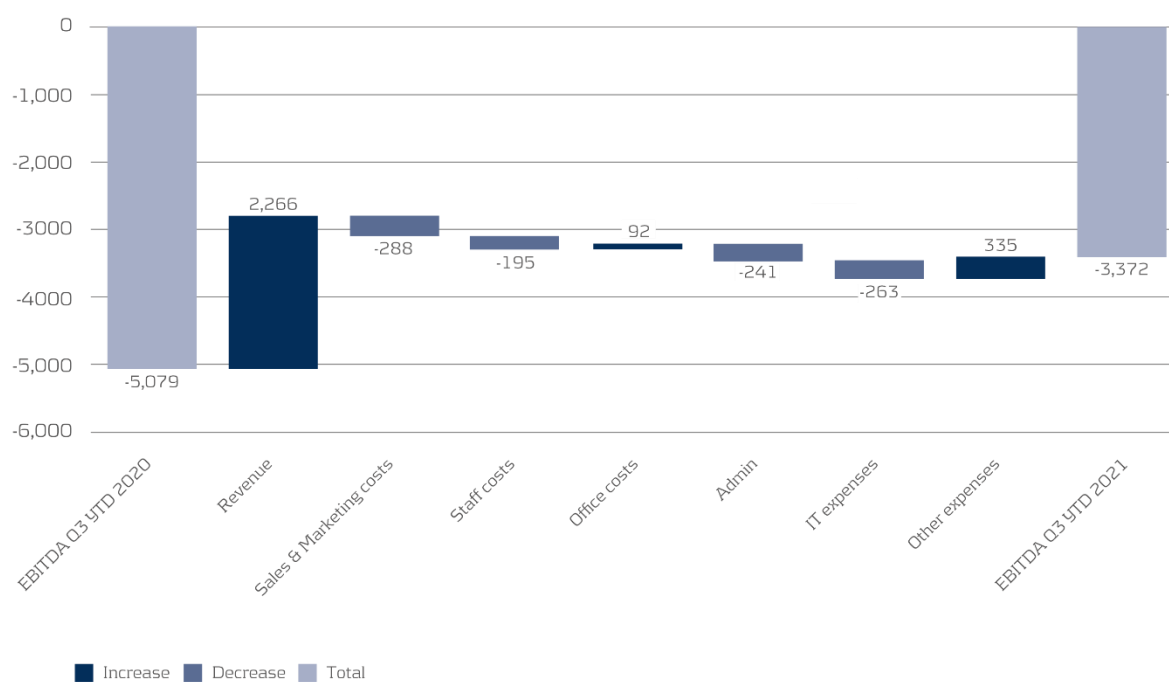
Other Operating Expenses increased in Q3 2021 by 13% to DKK 1,454 thousand (Q3 2020: 1,286). Staff costs amounted to DKK 3,001 thousand (Q3 2020: DKK 2,700 thousand) which is an increase by 11%. As for Q3 YTD 2021 in total Other Operating Expenses increased by 9% to DKK 4,578 (Q3 YTD 2020 4,215 thousand). Staff costs in Q1 to Q3 2021 increased by 2% to DKK 10,087 (Q1 to Q3 2020: DKK 9,891 thousand).

Total costs in Q3 increased by 12% to DKK 4,455 thousand (Q3 2020: 3,987) and for the first nine months of 2021 total costs increased by 4% to DKK 14,665 thousand (Q3 YTD 2020: 14,106).

EBITDA increased in Q3 2021 by 51% to DKK -224 thousand (Q3 2020: DKK -454 thousand). As for Q3 YTD EBITDA increased by 34% to DKK -3,372 (Q3 YTD 2020: DKK -5,079). The EBITDA ratio in Q3 YTD 2021 increased to -5% (Q3 YTD 2020: -56%).

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

EBITDA development Q3 YTD 2020 - Q3 YTD 2021



EBITDA Q3 YTD 2020 -5,079

Revenue 2,266

Sales & Marketing costs -288

Staff costs -195

Office costs 92

Administrative -241

IT expenses -263

Other expenses 335

EBITDA Q3 YTD 2021 -3,372

Balance Sheet

Equity

Equity at the end of Q3 2021 increased to DKK 4,145 thousand compared to end 2020 (DKK -2,465 thousand) due to the capital increase in Q1 2021, the warrants exercise in August deducted the result in 2021. The equity ratio was 16% end Q3 2021 to compare to a negative ratio end of 2020.

Debt

The long-term debt under "Long term liabilities" consists of two loans from "Vækstfonden" (the Danish State Growth Fund) and one private loan 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 2,775 thousand is payable within 12 months and is subsequently presented under "Short-term liabilities".

Compared to end Q3 2020 the total debt has decreased by DKK 1,553 at the end of Q3 2021.

The balance sheet in total was DKK 26,691 thousand at the end of Q3 2021 which is an increase of DKK 2,595 thousand compared to end 2020 (DKK 24,096 thousand). The increase is a result of decreased total debt and a higher increase in equity (capital increase).

Cash Flows

Cash flows from operating activities (CFFO) was in Q3 2021 DKK -2,855 thousand. An increase of DKK 191 thousand compared to Q3 2020 (DKK -3,046 thousand). CFFO was impacted in Q3 2021 by change in working capital compared to Q3 2020. As for the first nine months of 2021 CFFO ended at DKK -5,884 thousand (Q3 YTD 2020: DKK -6,204 thousand) an increase of 5%.

Investments in Q3 2021 amounted to DKK -871 thousand which is a bit higher than Q3 2020 (DKK -607 thousand). The main part is related to development of the Lane Threat Assessment Tool (LTAT) layer for LandRisk.

Cashflow from financing (CFFF) amounted in Q3 2021 to DKK 2,790 thousand due to the warrant exercise in August (Q3 2020: DKK 3,651 thousand). Q3 YTD CFFF was DKK 8,905 thousand positive due to the capital increase in Q1 and the warrant exercise program in Q3 (Q3 YTD 2020: DKK 6,976 thousand)

Income Statement 1 January – 30 September

DKK '000	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	FY 2020
Net sales	4,231	3,532	11,293	9,027	14,221
Other operating expenses	-1,454	-1,286	-4,578	-4,215	-10,720
Gross profit	2,777	2,246	6,714	4,812	3,500
Staff costs	-3,001	-2,700	-10,087	-9,891	-13,677
Earnings before depreciation and amortization (EBITDA)	-224	-454	-3,372	-5,079	-10,177
Depreciation / amortization of tangible and intangible fixed assets	-460	-451	-1,364	-1,350	-1,287
Other operating expenses	0	0	0	0	0
Profit/loss before financial items	-684	-906	-4,736	-6,429	-11,464
Financial costs	-437	-655	-1,325	-1,384	-867
Profit/loss before taxes	-1,121	-1,561	-6,061	-7,813	-12,331
Tax on profit for the year	246	320	1,333	1,693	2,718
Net profit	-875	-1,241	-4,728	-6,120	-9,613
Proposed distribution of profit					
Transfer of profits for development projects	-54	216	485	648	4,323
<i>Retained earnings</i>	<i>-821</i>	<i>-1,457</i>	<i>-5,213</i>	<i>-6,768</i>	<i>-13,936</i>

Balance Sheet 30 September

DKK 000'	30-09-2021	30-09-2020	31-12-2020
Assets			
Intangible assets			
Completed development projects	5,422	7,243	6,103
Ongoing development projects	6,101	2,995	4,503
Total intangible fixed assets	11,523	10,238	10,605
Tangible fixed assets			
Other facilities, fixtures and accessories	1,205	1,776	1,504
Total tangible assets	1,205	1,776	1,504
Financial assets			
Investments in subsidiaries	0	0	0
Other long-term receivables	369	378	389
Financial assets	369	378	389
Total fixed assets	13,097	12,392	12,498
Receivables			
Accounts Receivables	4,640	3,359	4,527
Other receivables	150	283	0
Tax	1,800	1,340	1,800
Deferred tax	4,985	3,858	3,652
Accruals	338	697	997
Total Receivables	11,912	9,537	10,976
Assets			
Cash at bank and in hand	1,681	1	622
Current assets total	13,594	9,538	11,598
Assets total	26,691	21,930	24,096

Balance Sheet 30 September

DKK 000'	30-09-2021	30-09-2020	31-12-2020
Liabilities and equity			
Equity			
Share capital	1,108	910	910
Reserve for development costs	8,245	7,369	7,760
Retained earnings	-5,208	-10,448	-11,135
Total equity	4,145	-2,169	-2,465
Long-term liabilities			
Other credit institutions	3,799	5,604	4,819
Shareholders and Management*)	6,749	7,000	6,347
Long-term liabilities	10,548	12,604	11,166
Current liabilities			
Short-term part of long-term debt	2,775	370	1,600
Trade payables	1,077	1,454	1,161
Payables to subsidiaries	127	18	494
Lease obligations	431	941	710
Shareholders and Management*)	1,115		3,896
Other payables	3,512	6,537	3,702
Credit institutions	2,822	2,176	2,753
Deferred income	138	0	1,079
Short-term liabilities	11,198	11,496	15,395
Debt total	22,546	24,099	26,561
Liabilities and equity total	26,691	21,930	24,096

*) Only shareholders

Cash Flow statement 1 January – 30 September

DKK 000'	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	FY 2020
Profit/loss for the year	-875	-1,240	-4,728	-6,120	-5,962
Adjustments	651	786	1,356	981	2,025
Change in working capital	-2,194	-1,937	-1,186	260	-1,386
Cash flows from ordinary activities	-2,418	-2,391	-4,559	-4,879	-5,323
Financial expenses	-437	-655	-1,325	-1,325	-2,050
Cash flows from ordinary activities	-2,855	0	-5,884	0	-7,373
Corporation tax paid (-)/received	0	0	0	0	0
Cash flows from operating activities	-2,855	-3,046	-5,884	-6,204	-7,373
Purchases of intangible assets	-746	-583	-1,971	-1,639	-2,387
Purchases of property, plant and equipment	-124	-9	9	25	226
Deposits	0	-15	0	15	4
Fixed asset investments made etc.	0	0	0	-	0
Cash flow from investing activities	-871	-607	-1,962	-1,598	-2,157
Change in lease obligations	-20	-37	-279	-145	-376
Loans from credit institutions	1,308	3,288	-2,154	6,331	7,872
Cash capital increase	1,501	1,853	11,338	1,853	1,829
Other financing	0	-1,453	0	-1,063	0
Cash flow from financing activities	2,790	3,651	8,905	6,976	9,326
Change in cash and cash equivalents	-936	-1	1,060	-826	-205
Cash and cash equivalents beginning	2,617	2	622	827	827
Cash and cash equivalents	1,681	1	1,681	1	622

Equity

1 January 2020 – 31 December 2020	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
<i>DKK '000</i>					
Equity at 1 January	839	0	6,721	-5,463	2,097
Net effect adjustment equity beginning	0	0	0	-429	-429
Adjusted equity at 1 January	839	0	6,721	-5,892	1,668
Cash capital increase	71	1,758	0	0	1,830
Transfer, reserves	0	-1,758	0	1,758	0
Net profit/loss for the year	0	0	1,040	-7,002	-5,962
Equity at 31 December 2020	910	0	7,760	-11,135	-2,465
1 January 2021 – 30 September 2021	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
<i>DKK '000</i>					
Equity at 1 January 2021	910	0	7,760	-11,135	-2,465
Cash capital increase	198	11,140	0	0	11,338
Profit for the period	0	0	485	-5,213	-4,728
Transferred from share premium	0	-11,140	0	11,140	0
Equity at 30 September 2021	1,108	0	8,245	-5,208	4,145

Key definitions and explanations

Income statement

Revenue

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

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc. (according to the rules set out in the Danish Financial Statements Act.)

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

Gross profit

Revenue deducted by Other External Costs

Explanation: Given Risk Intelligence is a company that delivers intelligence analysis (and not software) the "production" includes analytic man hours why this is part of the Gross Profit. Furthermore, as the Company is a Danish company, it is following the rules and tables set out in the Danish Financial Statements Act. According to this all costs for providing the product including admin, rent etc. has be included in the Gross Profit.

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 any refunds made by public authorities.

Operating profit (EBITDA)

Earnings Before Interest, Taxes, depreciation and Amortisation.

Balance sheet

Liabilities

Long-term liabilities

Explanation: Consists of two loans to "Vækstfonden" and one to private lenders. All loans are fully paid back according to pay-back schedule summer 2026.

Shareholders and Management

Consist of debt to shareholders

Explanation: "Shareholders and Management" is a term that Danish Financial Statements Act sets out for the Company to use, covering both Management and Shareholders. Risk Intelligence has three long-term loans and two are with Vækstfonden and one with private lenders, where some happens to be shareholders

as well.

Key figures

Operating margin	$\frac{\text{Operating Profit (EBITDA)} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity}}{\text{Total assets}}$
EPS (Earnings Per Share)	$\frac{\text{Profit/loss for the period}}{\text{Number of registered shares}}$
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.

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.

RiskIntelligence

www.riskintelligence.eu

+45 7026 6230

info@riskintelligence.eu