

Q3 2022 Interim Report

1 January 2022 - 30 September 2022

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

RiskIntelligence

Q3 2022 Interim Report

1 January 2022 – 30 September 2022

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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, 16 November 2022

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 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
Net sales	4,614	4,231	11,561	11,293	18,820
Operating profit (EBITDA)	-929	-224	-6,088	-3,372	-939
Profit after financial items	-1,698	-684	-7,980	-4,736	-2,845
Profit/loss for the period	-1,882	-875	-7,634	-4,728	-3,613
Total assets	27,705	26,691	27,705	26,691	30,194
Operating margin	-20%	-5.3%	-53%	-29.9%	-5%
ARPU	152	123	152	123	138
SystemARR	4,211	3,424	16,278	14,654	14,625
Churn	1.4%	0%	1.6%	1.8%	3.2%
NRR	122%	124%	N/A	N/A	115%
Cash flow from operating activities	-4,381	-2,855	-7,215	-5,884	-6,112
Cash flow from investing activities	134	-871	-334	-1,962	-2,900
Cash flow from financing activities	3,158	2,790	3,765	8,905	12,222
Cash flow net	-1,089	-936	-3,784	1,060	3,210
Equity ratio	N/A	16%	N/A	16%	16%
Number of registered shares	11,082,047	11,082,047	11,082,047	11,082,047	11,082,047
Earnings per share*)	-0.17	-0.08	-0.69	-0.4	-0.33
Number of employees**)	26	24	25	24	24

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

***) Number of employees calculated as FTE (Full Time Employees) from Q1 2022

Highlights during the period 1 July 2022 – 30 September 2022

- On 7 July 2022, the Company announces that a major cruise operator had signed a deal for the Risk Intelligence System and bespoke advisory services.
- On 12 July 2022, the Company announces that it had signed a deal for the Risk Intelligence System and bespoke advisory services.
- On 25 July 2022, The Company announced that it had secured funding package.
- On 9 August 2022, The Company announced that it had signed an agreement with Lloyd's for the Risk Intelligence System and bespoke advisory services.
- On 21 September 2022, the Company launches its 2025 Strategy.
- On 28 September 2022, the Company announces that it had signed a 5-year contract with the US Navy Naval Information Warfare Center.
- On 29 September 2022, the Company announces that it had entered partnerships with MedAire.

Highlights after the period

- On 15 November 2022, the Company calls in for an Extraordinary General Meeting.

CEO Hans Tino Hansen

The Q3 period and the year to date have been characterised by a significant impact from the geopolitical situation; the war in Ukraine, continued supply chain challenges, rising inflation, and the turmoil in the financial markets. Some of these aspects have increased demand for Risk Intelligence's products and services, while others have impacted negatively on the business - on par with the rest of the market. We have assessed the combined net impact in the short term to be neutral to negative, while in the long term it is assessed to be positive, due to the increase in recurring revenue and new client relations.



The short-term net negative impact mainly stems from increased operating costs and increasing financial costs. Total operating costs increased by 24% in Q3 compared to Q3 2021. However, the main part of this increase is rooted in planned growth initiatives, predominantly within intelligence analysis, and sales and marketing. The rest are cost increases in a range of areas with staff costs being the main element.

The challenging geopolitical situation has increased risk globally, and thereby our clients' need for intelligence analysis. This is the key factor behind the significant increase in license fees for the Risk Intelligence System. Also weighing in is an increasing need for reporting and compliance, as well as an increased need to understand security risk in other departments within our clients' organisations. Therefore, it is safe to say that the impact on balance for our business in the medium term and long term will be positive.

During Q3, the System Annual Recurring Revenue (ARR) increased by 23% and by 21% for Q1-Q3. At the same time, the total ARR increased by 19% in both Q3, and Q1-Q3. This implies that System revenue is increasing at a higher growth rate than the subscription-based intelligence reports. The high Net Retention Rate (NRR) of 122% again underlines our high level of client satisfaction. Although Advisory Services have decreased with 38% in Q3 (compared to the same period in 2021), activity is picking up in Q4.

Risk Intelligence is experiencing growth in our core business, the Risk Intelligence System, while retaining a high level of client loyalty and developing client relations with new and longstanding clients. In other words, Risk Intelligence is securing long term growth.

For the rest of 2022 and for 2023, we will continue to implement the 2025 Strategy, which will lead to positive figures during the full year of 2023. At the same time, we are experiencing an increase in business related to critical infrastructure, energy and renewable energy production in Europe, Asia and elsewhere. Our partnerships will also start to generate revenue as partner products integrating Risk Intelligence analytical data are introduced to the markets. Both areas will be further developed during 2023. Additional clients are being added for the maritime business and recurring revenue from existing clients, new clients, and partners is increasing during Q4. The land-based business is also finally starting to see traction. This will further fuel our growth in 2023.

Finally, the Board of Directors are working to change the long-term capital structure of the company. As part of this, Risk Intelligence Board of Directors and management is continuously securing liquidity for its operations and investments, which has included additional loan capital during Q3. A limited capital increase is planned.

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.

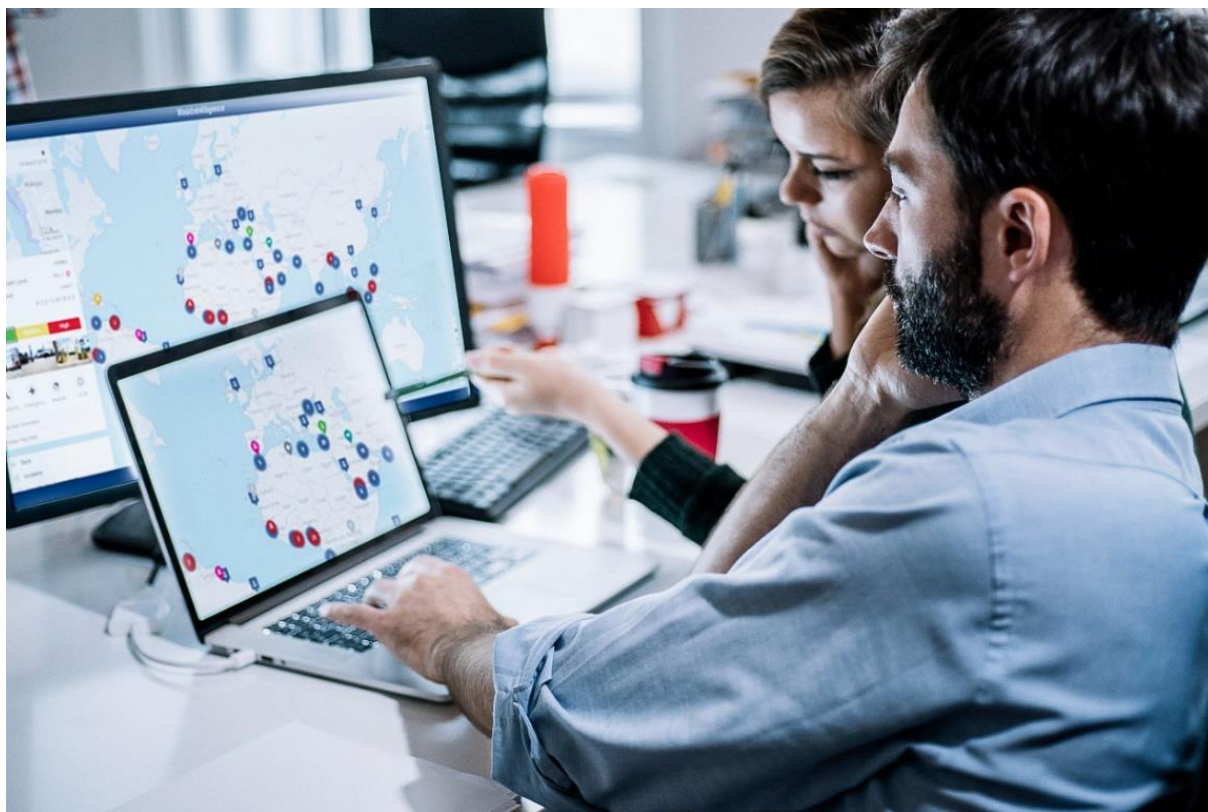
2021: Launched the new product LandRisk Logistics, which is a 360-degree solution for logistics security and includes the Lane Threat Assessment Tool with security threat overview of individually selected transport lanes as well as for alternative routes. It provides automated updates and dashboards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

The Intelligence Cycle



(Main process used by Risk Intelligence)

Risk Intelligence business model



The Risk Intelligence System

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 78% of total revenue (2021), 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 2021.

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 22% of total revenue in 2021.

Commercial cycle

Recurring revenue

The total Risk Intelligence recurring revenue constituted 85% in 2021. The renewal rate in 2021 was 96.8% with a churn of 3.2%. 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 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 2021 was 7.1 years, much due to the loyalty and high renewal rate of the clients.

Maritime

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

Landside

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

Government

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

Risk Intelligence System SaaS metrics

The annualised System Recurring Revenue (ARR) in Q3 2022 increased by 2,787 DKK thousand (21%) to DKK 16,278 thousand (Q3 2021 DKK 13,491 thousand). One Client churned due to cessation of its business the renewal ratio by this ended at 98.5% (Churn 1.5%) for the quarter.

The total ARR in Q3 2022 increased by 2,806 DKK thousand (19%) to DKK 17,460 thousand (Q3 2021 DKK 14,654 thousand). The annualised renewal ratio was 98.4% with a corresponding churn of 1.7%. The average revenue per costumer (ARPU) increased to DKK 152 thousand.

NRR (Net Retention Rate) was 122% for Q3 2022 (Q3 2021 124%)

Risk Intelligence System SaaS metrics 2018 - 2022

DKK '000	Q3 2022	Q3 2021	2021	2020	2019	2018
System ARR	16,278	13,491	14,625	12,767	10,218	8,839
ARR Net increase	2,787	2,614	1,858	1,620	1,283	1,293
ARR growth	21%	24%	15%	25%	14%	15%
Total ARR	17,460	14,654	15,968	13,895	11,147	9,864
ARR Net increase	2,806	2,752	2,072	2,749	1,282	1,744
ARR Growth	19%	23%	15%	25%	13%	21%
ARPU	152	128	138	128	113	115
Renewal Ratio (annualised)	98.4%	98.3%	96.8%	98.6%	99.3%	99%
Renewal Ratio (quarter)	98.6%	100%				
Churn (annualised)	1.6%	1.7%	3.2%	1.4%	0.7%	1%
Churn (quarter)	1.4%	0%				
NRR	122%	124%	115%	N/A	N/A	N/A

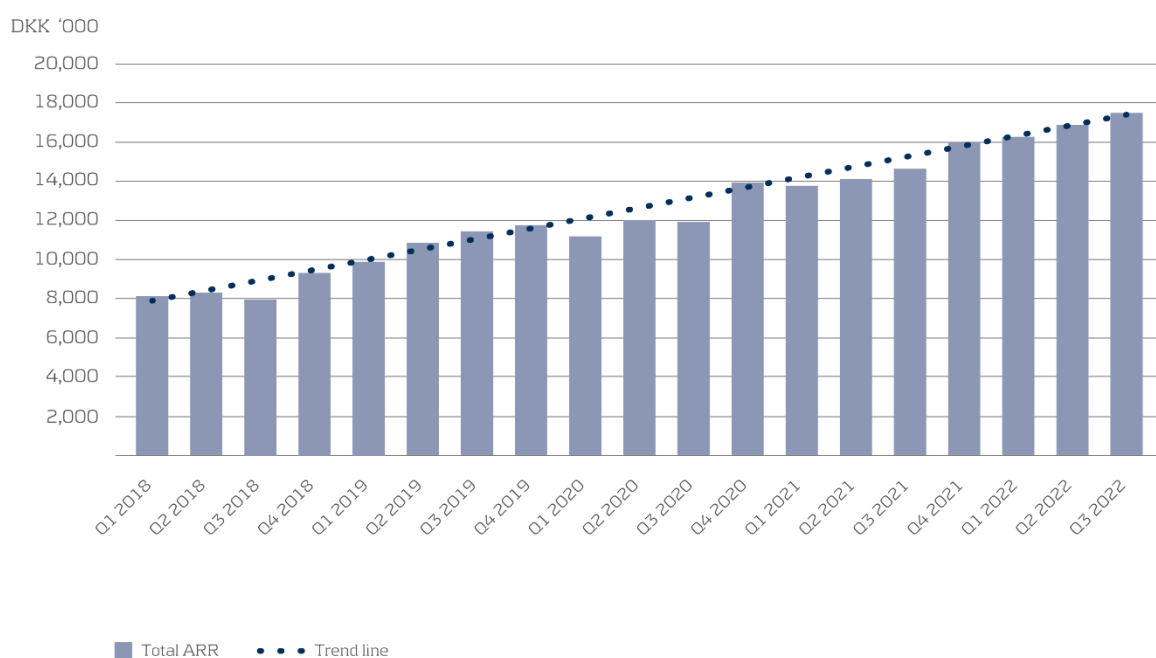
Risk Intelligence System SaaS metrics 2021 (maritime vs. land-based)

DKK '000	Total	Maritime	Land-based
ARR System	14,426	-	-
ARR growth System	15%	-	-
ARPU System	138	138	300*
Churn	3.2%	3.2%	0%
LTV	-	1,108**	2,410***
CAC	-	62	162*
Recover CAC	-	0.5 years	0.5 years*
LTV/CAC	-	17.9	14.9*
TAM	-	400M	4,000M (+)

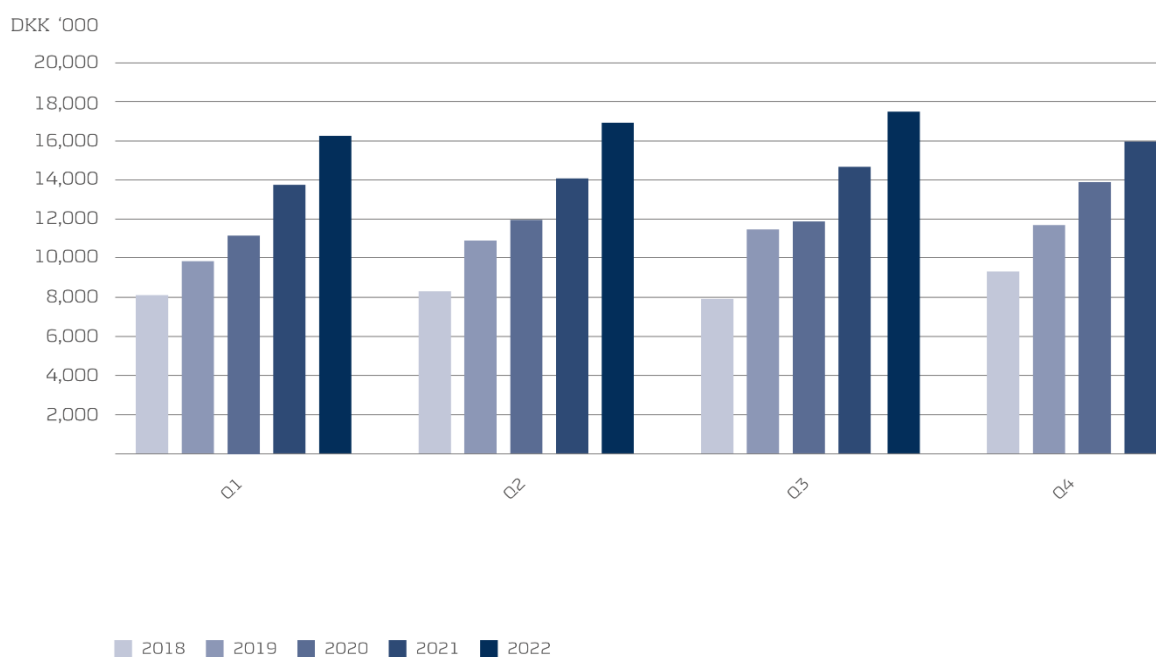
* Estimated
 ** 7.1 years average age in 2021
 *** Based on estimated license average length being similar to MaRisk and PortRisk

To compare the development quarter by quarter since 2018 for the Total ARR are shown in below tables

Total ARR by quarters 2018-2022



Total ARR quarter by quarter 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 32 and forward.

Outlook 2022

Financial outlook

Revenue growth in 2022 is expected to be at least at the same level as in 2021 equal to a revenue of 21.5M-23.5M (15-25% growth), based on the current assumptions for the 2022 business climate including remaining effects of COVID-19 and taking into account impact of the war in Ukraine. Risk Intelligence will continue its growth strategy throughout 2022, which will lead to negative EBITDA and subsequently a negative net result.

Guidance 2022:

- Growth: 15-25%
- Revenue: 21.5M-23.5M DKK
- EBITDA: Negative
- Net result: Negative
- Net cash-flow: Positive

Capital resources

The Company's cash position end Q3 2022 was DKK 48 thousand and should always be seen together with Accounts Receivable, end Q3 2022 DKK 5,189. 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 2022 was 5,237 DKK thousand.

Based on the current budget, management will ensure a capital structure sufficient to support operations and planned investments throughout 2022 and into 2023.

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 2022 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 called for an Extraordinary General Meeting to secure funding for all planned initiatives and investments.

During summer 2022 the Company have secured funding of DKK 5.5 million in loans from private lenders.

The equity is still negative and on 30 September 2022 by DKK 2,748 thousand and by that the share capital of DKK 1,082 thousand is lost. The Board of directors has called for an Extraordinary General Meeting in December. The two topics on the EGM will be a mandate for conversion of debt into equity and an increased mandate for cash capital increase.

The Share

Shareholders

The table below presents shareholders with over 5 % of the votes and capital in Risk Intelligence as per 30 September 2022.

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	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

Senior Management

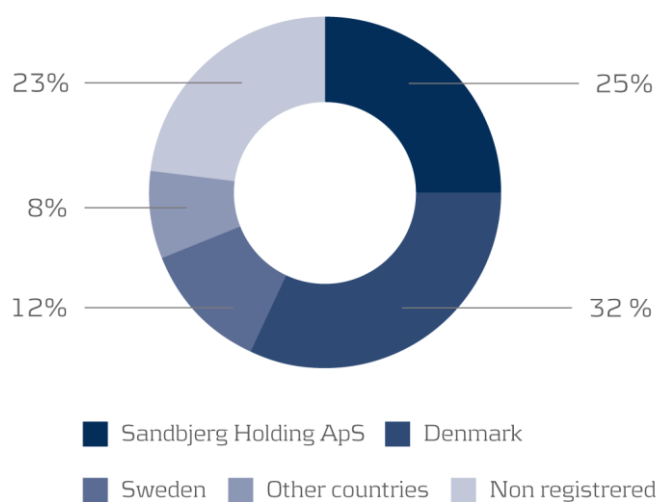
Name	Title		Number of shares
Hans Tino Hansen	CEO	(incl. Sandbjerg Holding ApS)	3,102,300
Henrik Ehlers Kragh	COO		64,383
Jens Krøis	CFO		55,484
Jim Pascoe	CCO		27,803

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 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 2,250 shareholders, where 954 hereof are registered. Due to legislation the Company does not have access to shareholders trading through custodians such as Swedish Avanza (about 335 shareholders), Swedish Nordnet (961 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 Q3 2022



Volume and Share price development 2020 to 2022



Source: Data from Spotlight Stock Exchange

Share price [DKK]

	2022	2021
1 July	2.39	5.38
30 September	2.29	5.48
High Q3	4.69	6.86
Low Q3	2.30	4.97
High YTD	6.28	8.25
Low YTD	1.96	4.97

Liquidity

In Q3 2022 we saw a significant decrease in traded volume of 31% compared to Q3 2021 (725.180 shares compared to 1.047.088 shares in Q3 2021). In general, all trading in listed shares have also in Q3 2022 decreased. The turnover in Q3 2022 decreased by 71% compared to Q3 2021 (DKK 5,755,844 in Q3 2021 compared to DKK 1,654,181 in Q3 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		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	3.46	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		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		800,553	2,582,731	13,803	3.23	2.39
Q3		725,180	1,654,181	12,503	2.28	2.29
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 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 4,000,000 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 to employees under above programme.

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

22 February 2023	Q4 and 2022 Year-end Report
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

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 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).

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

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CFO Jens Krøis

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Web: investor.riskintelligence.eu

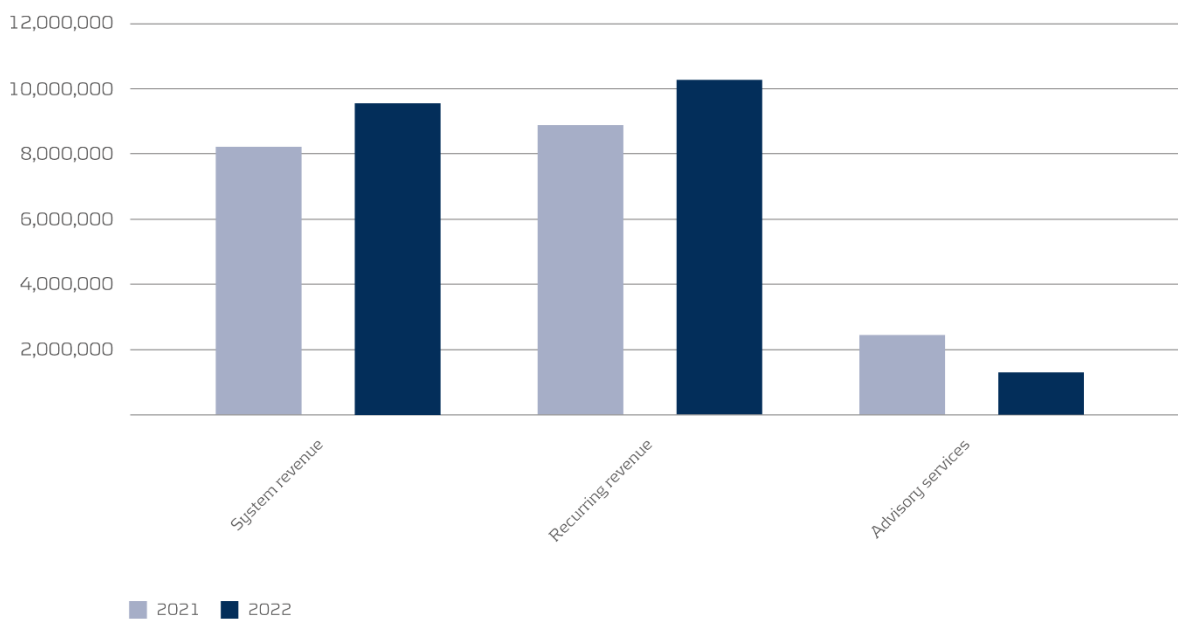
Financial Review

Income Statement

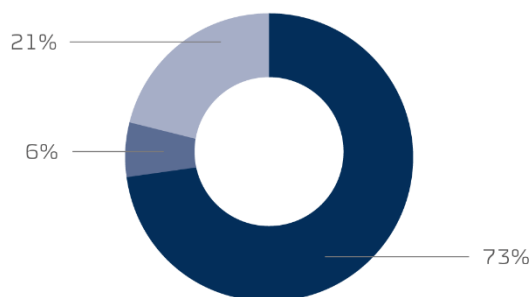
Total revenue increased by 9% in Q3 2022 to DKK 4,614 thousand compared to Q3 2021 (DKK 4,231 thousand). Total recurring revenue in Q3 2022 increased by 15.9% to DKK 4,285 thousand compared to Q3 2021 (DKK 3,696 thousand).

In Q1-Q3 2022 total revenue increased by 2% to DKK 11,561 thousand compared to 2021 (DKK 11,293 thousand). The total recurring revenue in Q1-Q3 2022 ended at DKK 17,460 thousand corresponding an increase of 20 % compared to the same period in 2021 (Q1-Q3 2021: DKK 14,654 thousand).

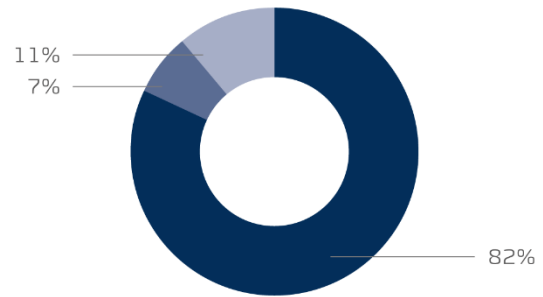
Revenue split Q1-Q3 2021 - 2022



Revenue ratio Q3 YTD 2021

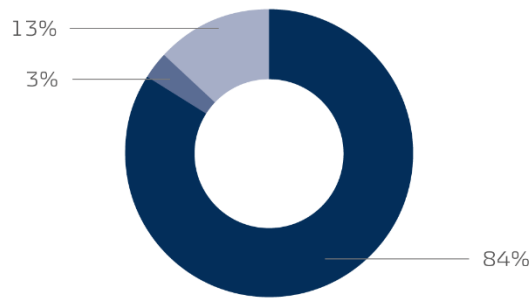


Revenue ratio Q3 YTD 2022

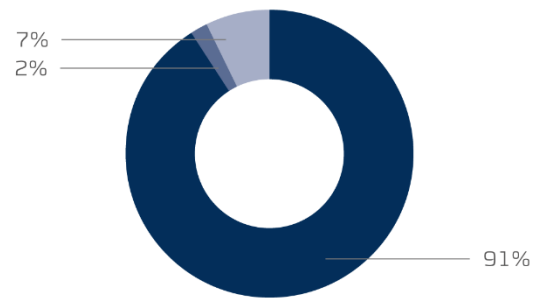


■ System ■ Other subscription ■ Advisory

Revenue ratio Q3 2021

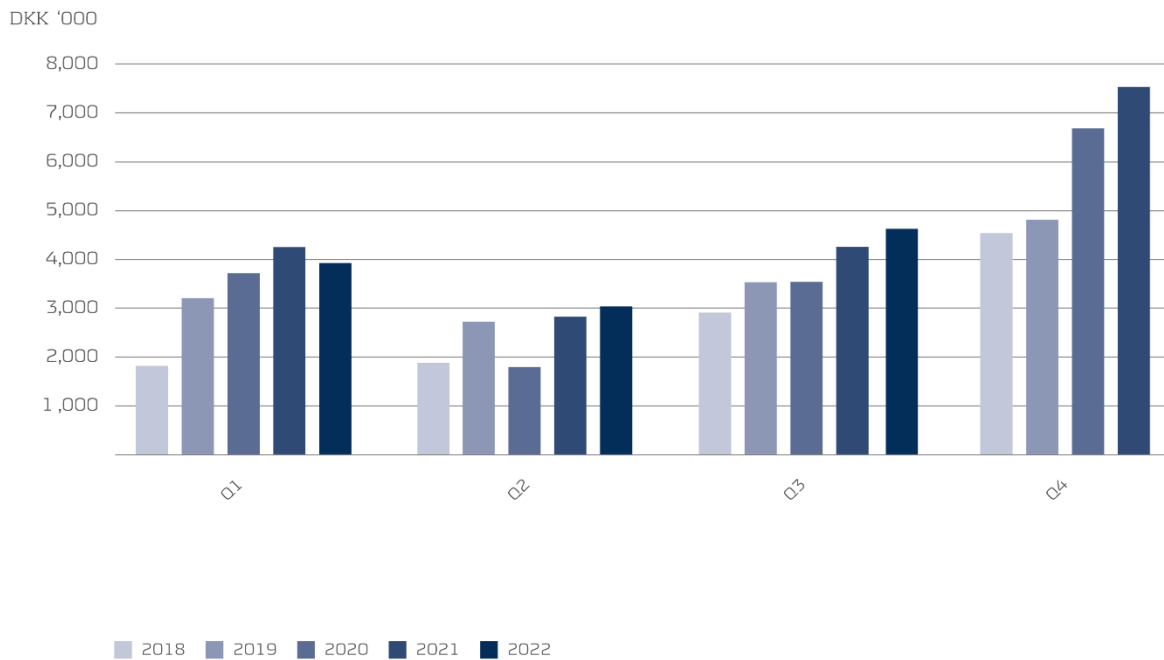


Revenue ratio Q3 2022



■ System ■ Other subscription ■ Advisory

Revenue quarter by quarter 2018 - 2022



The gross profit increased in Q3 2022 by 1% to DKK 2,815 thousand (Q3 2021: DKK 2,777 thousand), corresponding to a decreased gross margin of 7% (Q3 2021: 66%). For the period Q1-Q3 2022 the gross profit decreased by 14% to DKK 5,751 thousand (Q1-Q3 2021: 6,714 thousand). The gross margin ended at 50% compared to 59% for Q1-Q3 2021.

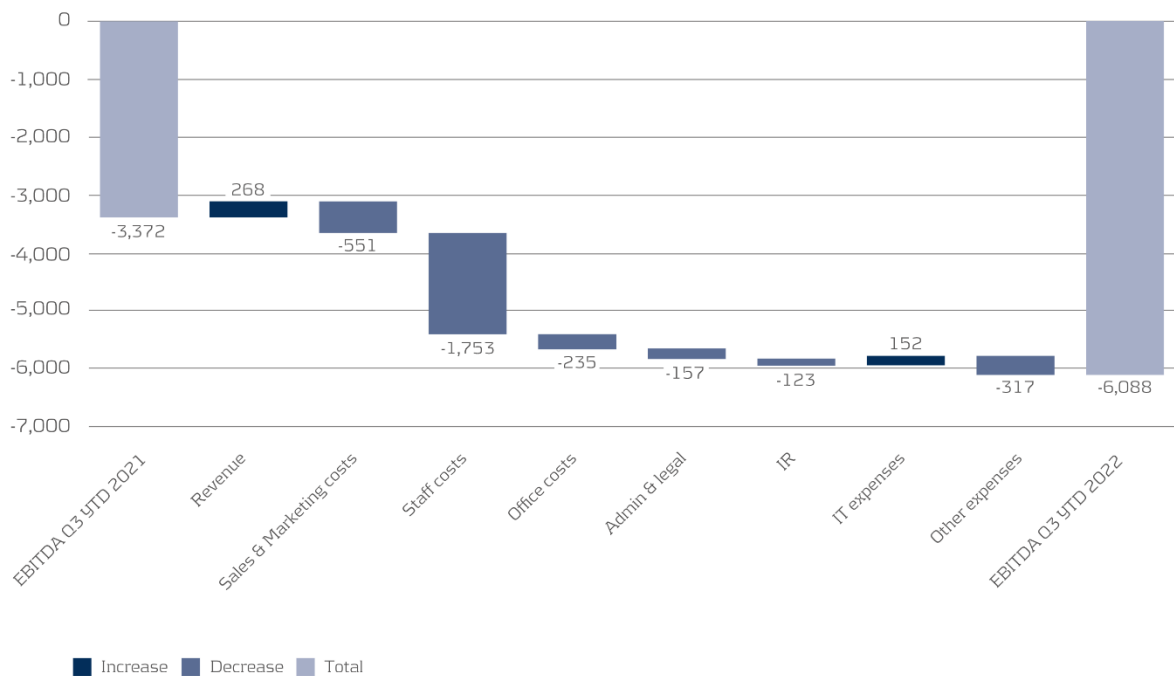
Other Operating Expenses increased in Q3 2022 by 24% to DKK 1,799 thousand (Q3 2021: 1,454). Staff costs amounted to DKK 3,744 thousand (Q3 2021: DKK 3,001 thousand) which is an increase by 25%. As for Q3 YTD 2022 in total Other Operating Expenses increased by 27% to DKK (Q3 YTD 2021 5,809 thousand). Staff costs Q3 YTD 2022 increased by 17% to DKK 11,840 (Q3 YTD 2021: DKK 10,087 thousand).

Total costs in total increased by 20% for the first nine months in 2022.

EBITDA decreased in Q3 2022 by DKK 705 thousand (314%) to DKK -929 thousand (Q3 2021: DKK -224 thousand). As for Q3 YTD EBITDA decreased by 81% to DKK -6,088 (Q3 YTD 2021: DKK -3,372). The EBITDA ratio in Q3 YTD 2022 decreased to -53% (Q3 2021: -30%).

Below figure explains the changes or differences from Q3 YTD 2021 to Q3 YTD 2022 in nominal numbers:

EBITDA development from 2021 to Q3 YTD 2022

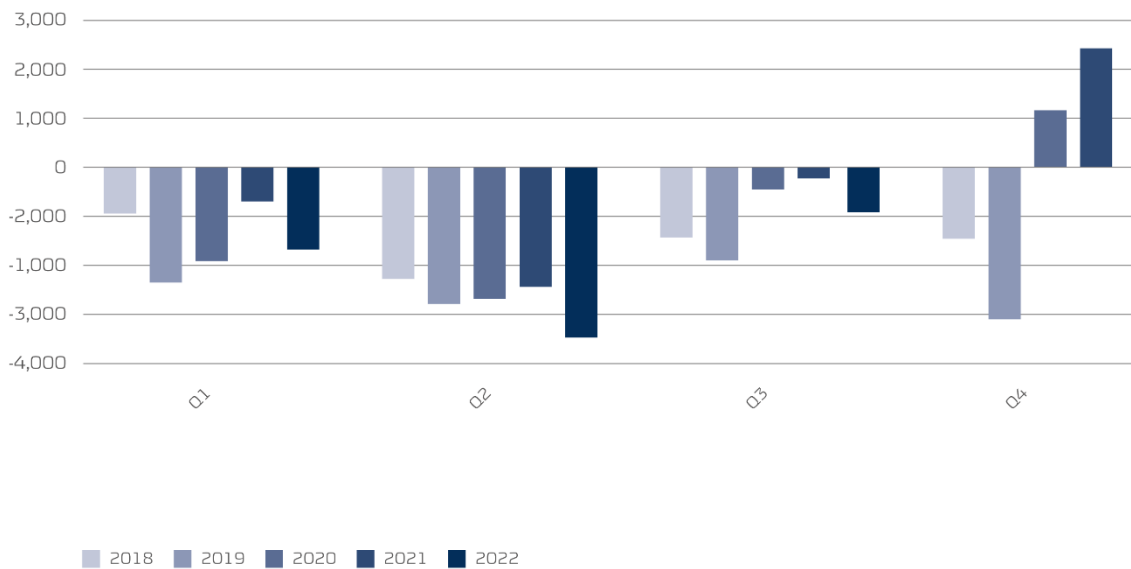


EBITDA Q3 YTD 2021 -3,372

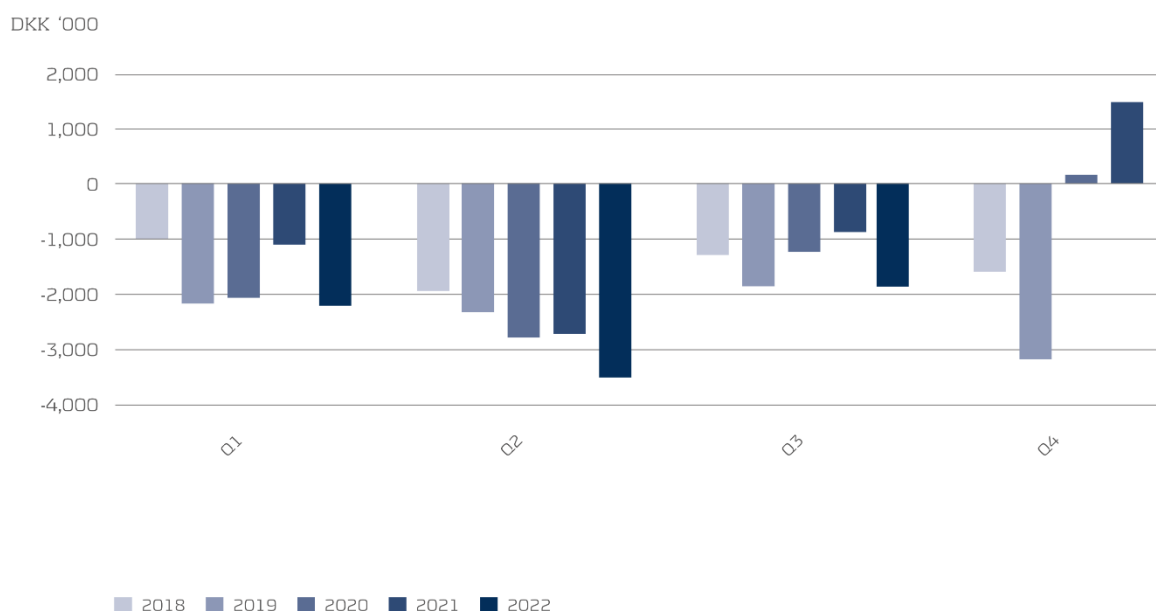
Revenue	268
Sales & Marketing costs	-551
Staff costs	-1,753
Office costs	-235
Admin & legal	-157
IR	-123
IT expenses	152
Other expenses	-317

EBITDA Q3 YTD 2022 -6,088

EBITDA quarter by quarter 2018 - 2022



Net result quarter by quarter 2018 - 2022



Balance sheet

Equity at the end of Q3 2022 decreased to negative DKK 2,748 thousand (end of 2021: DKK 4,886 thousand).

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 long-term loans will be fully repaid. Due to the repayment schedule of the long-term debt DKK 2,624 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 1,656 thousand and total debt has increased by DKK 5,147 at the end of Q3 2022.

The balance sheet total was DKK 27,705 thousand at the end of Q3 2022 which is a decrease of DKK 2,489 thousand compared to end 2021 (DKK 30,194 thousand).

Cash flows

Cash flows from operating activities (CFFO) was in Q3 2022 DKK -4,381 thousand. A decrease of DKK 1,526 compared to Q3 2021 (DKK -2,855 thousand).

Investments in Q3 2022 amounted to DKK 134 thousand which is lower than Q3 2021 (DKK 871 thousand).

Cashflow from financing amounted to DKK 3,158 thousand in Q3 2022 (Q3 2021: DKK -2,790 thousand).

Income Statement 1 January – 30 September

DKK '000	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY2021
Net sales	4,614	4,231	11,561	11,293	18,820
Other operating expenses	-1,799	-1,454	-5,809	-4,578	-6,232
Gross profit	2,815	2,777	5,751	6,714	12,588
Staff costs	-3,744	-3,001	-11,840	-10,087	-13,526
Earnings before depreciation and amortization (EBITDA)	-929	-224	-6,088	-3,372	-939
Depreciation / amortization of tangible and intangible fixed assets	-769	-460	-1,891	-1,364	-1,906
Profit/loss before financial items	-1,698	-684	-7,980	-4,736	-2,845
Financial costs	-756	-437	-1,807	-1,325	-1,920
Profit/loss before taxes	-2,454	-1,121	-9,787	-6,061	-4,765
Tax on profit for the year	572	246	2,153	1,333	1,151
Net profit	-1,882	-875	-7,634	-4,728	-3,613
Proposed distribution of profit					
Transfer of profits for development projects	372	-54	548	485	1,076
Retained earnings	-2,254	-821	-8,182	-5,213	-4,689

Balance Sheet 30 September

DKK 000'	30-09-2022	30-09-2021	31-12-2021
Assets			
Intangible assets			
Completed development projects	8,570	5,422	4,966
Ongoing development projects	2,351	6,101	6,656
Total intangible fixed assets	10,921	11,523	11,622
Tangible fixed assets			
Other facilities, fixtures and accessories	1,171	1,205	1,470
Total tangible assets	1,171	1,205	1,470
Financial assets			
Investments in subsidiaries	0	0	0
Other long-term receivables	400	369	400
Financial assets	400	369	400
Total fixed assets	12,493	13,097	13,492
Receivables			
Accounts Receivables	5,189	4,640	5,175
Other receivables	170	150	104
Tax	2,274	1,800	2,274
Deferred tax	6,579	4,985	4,426
Accruals	951	338	890
Total Receivables	15,164	11,912	12,870
Assets			
Cash at bank and in hand	48	1,681	3,832
Current assets total	15,212	13,594	16,702
Assets total	27,705	26,691	30,194

Balance Sheet 30 September

DKK 000'	30-09-2022	30-09-2021	31-12-2021
Liabilities and equity			
Equity			
Share capital	1,108	1,108	1,108
Reserve for development costs	9,385	8,245	8,837
Retained earnings	-13,241	-5,208	-5,059
Total equity	-2,748	4,145	4,886
Long-term liabilities			
Other credit institutions	2,385	3,799	3,474
Shareholders and Management	4,499	6,749	5,067
Long-term liabilities	6,885	10,548	8,541
Current liabilities			
Short-term part of long-term debt	2,624	2,775	2,839
Trade payables	2,125	1,077	968
Payables to subsidiaries	220	127	187
Lease obligations	559	431	618
Shareholders and Management	10,783	1,115	6,018
Other payables	3,861	3,512	2,467
Credit institutions	3,397	2,822	3,019
Deferred income	0	138	650
Short-term liabilities	23,569	11,198	16,766
Debt total	30,454	22,546	25,308
Liabilities and equity total	27,705	26,691	30,194

Cash Flow statement 1 January – 30 September

DKK 000'	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
Profit/loss for the year	-1,882	-875	-7,634	-4,728	-3,613
Adjustments	909	651	1,281	1,356	2,675
Change in working capital	-2,652	-2,194	945	-1,186	-3,253
Cash flows from ordinary activities	-3,626	-2,418	-5,408	-4,559	-4,192
Financial expenses	-756	-437	-1,807	-1,325	-1,920
Cash flows from ordinary activities	-4,381	-2,855	-7,215	-5,884	-6,112
Corporation tax paid (-)/received	0	0	0	0	0
Cash flows from operating activities	-4,381	-2,855	-7,215	-5,884	-6,112
Purchases of intangible assets	125	-746	-352	-1,971	-2,508
Purchases of property, plant and equipment	-21	-124	-12	9	-381
Deposits	31	0	31	0	-11
Fixed asset investments made etc.	0	0	0	0	0
Cash flow from investing activities	134	-871	-334	-1,962	-2,900
Change in lease obligations	-6	-20	-59	-279	-92
Loans from credit institutions	3,164	1,308	3,824	-2,154	1,004
Cash capital increase	0	1,501	0	11,338	11,310
Other financing	0	0	0	0	0
Cash flow from financing activities	3,158	2,790	3,765	8,905	12,222
Change in cash and cash equivalents	-1,089	-936	-3,784	1,060	3,210
Cash and cash equivalents beginning	1,137	2,617	3,832	622	622
Cash and cash equivalents	48	1,681	48	1,681	3,832

Equity

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
1 January 2021 – 31 December 2021					
<i>DKK '000</i>					
Equity 1 January	910	0	7,760	-11,135	-2,465
Net effect adjustment equity beginning	0	0	0	-346	-346
Adjusted equity 1 January	910	0	7,760	-11,481	-2,811
Cash capital increase	198	11,112	0	0	11,310
Profit for the period	0	0	1,076	-4,689	-3,613
Transferred from share premium	0	-11,112	0	11,112	0
Equity 31 December	1,108	0	8,837	-5,059	4,886
1 January 2022 – 30 September 2022					
<i>DKK '000</i>					
Equity at 1 January	1,108	0	8,837	-5,059	4,886
Profit for the period	0	0	548	-8,182	-7,634
Equity at 30 September	1,108	0	9,385	-13,241	-2,748

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 are 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 (Average Revenue Per Unit)	Average 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.
NRR	Net Retention Revenue

RiskIntelligence



Knowing
Risk

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