

# Q4 2020 Interim and Year-end Report

1 January 2020 - 31 December 2020

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

**RiskIntelligence**

## Q4 2020 Interim and Year-end Report

### 1 January 2020 – 31 December 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, 24 February 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 highlights

DKK 000'	Q4 2020	Q4 2019	FY 2020	FY 2019
Net sales	6,676	4,796	15,703	14,221
Operating profit (EBITDA)	1,143	-3,120	-3,937	-10,177
Profit after financial items	691	-4,107	-7,788	-12,331
Profit/loss for the year	158	-3,198	-5,952	-9,613
Total assets	24,096	19,826	24,096	19,826
Operating margin	17%	-65.1%	-25%	-71.6%
Cash flow from operating activities	127	-1,846	-6,331	-7,125
Cash flow from investing activities	-558	-874	-2,157	-6,608
Equity ratio	-%	10.6%	-%	10.6%
Number of registered shares	9,101,380	8,387,090	9,101,380	8,387,090
Earnings per share*)	0.02	-0.38	-0.35	-1.14
Number of employees	25	26	26	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 October 2020 – 31 December 2020

- On 1 October, the Company announces that it had successfully completed the first and second phase of its data and AI strategy.
- On 9 October, the Company announced that it had increased the recurring revenue by 20% in Q3 2020.
- On 3 November, the Company announces that it had signed an agreement with a European NATO member.
- On 12 November, the Company announced that an agreement was signed for the Risk Intelligence System with a leading Scandinavian marine insurer.
- On 25 November, the Company announced that it had signed an agreement for the Risk Intelligence System with the Portuguese Navy.
- On 8 December, the Company wins ECM prize for visionary use of metadata.
- On 15 December, the Company announces that it had recorded 0% in churn in Q4 2020.
- On the 22 December, the Company announces that Sony Europe had signed up for LandRisk and enters project development with the Company.

### Highlights after the period

- On 27 January, the Company announces that it had signed its third multi-year agreement for the Risk Intelligence System with a global energy major.

## CEO Hans Tino Hansen

It is a great pleasure to present the first positive EBITDA and first positive result in a quarter since the IPO in 2018. The result in Q4 is a significant milestone, demonstrating that Risk Intelligence is on the right track in spite of challenging local and global circumstances. I am proud that we have managed to increase revenue and reduce costs during the year. Risk Intelligence started facing the impact of COVID-19 already in February due to our global exposure, but nevertheless secured



16% growth compared to Q1 2019. This was followed by a negative Q2 with a decrease in revenue of 34% compared to Q2 2019, which was due to new sales almost coming to a halt as clients were focused on securing their own operations and adapting new ways of working. The business started to pick up slowly in Q3 with 1% growth compared to Q3 2019, and accelerated back into strong growth during Q4 with 39% compared to Q4 2019. The year saw a total growth of 10% compared to 2019, which is satisfactory given the challenges during the year.

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

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

business for all business areas, but mainly for the Risk Intelligence System, was generated during the year.

LandRisk as a new product was hit much harder than our existing business and the promising dialogue from the beginning of the year was completely halted for many months as the potential clients' managers were also deeply involved in their supply chain security, subsequently and logically focusing on securing this, rather than discussing new solutions for risk management. During Q3, Risk Intelligence managed to renew the discussions and reached a significant milestone by signing the first major global client, Sony Europe, for LandRisk in December 2020. Based on the current discussions it is expected that more will follow during 2021.

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

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

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

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

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

Risk Intelligence has undergone the following phases:

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

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

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

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

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

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

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



The Intelligence Cycle (main process used by Risk Intelligence)



## Risk Intelligence Business Model



### The Risk Intelligence System

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

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

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

LandRisk was launched October 2019 and is providing landside security incidents and alerts, threat analysis of cities, hot spots, regions, and countries for landside transportation. By adding LandRisk to the

existing Risk Intelligence System, the client gets access to a complete, integrated end-to-end supply chain security intelligence solution that provides a single point of access for all relevant transport-related security risk intelligence.

#### **License fee**

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

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

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

#### **Intelligence reports**

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

#### **Recurring revenue**

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

#### **Advisory Services**

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

#### **Scalability**

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

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

## Client acquisition process

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

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

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

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

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

### Maritime client acquisition

Online marketing and webinars

Client seminars

Worth of mouth referrals

User ambassadors

Partners

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

### Land based client acquisition

Online marketing and webinars

Industry conferences and exhibitions

Worth of mouth referrals

User ambassadors

Partners

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

## Clients

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

### Maritime

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

### Landside

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

### Government

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

## Risk Intelligence System SaaS metrics

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

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

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

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

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

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

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= Annual Recurring Revenue (ARR) end of year 2

### Factors impacting the ARR-development

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

## Risk Intelligence System SaaS metrics 2018-2020

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

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

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

\* Estimated

\*\* 7.1 years average length in 2020

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

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

## Outlook 2021

### Financial outlook

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

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

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

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

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

### Guidance 2021:

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

## 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 the cash position and at any time will fund the Company further to reach the goals and fulfil the strategy. In 2021 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 will secure funding for all planned initiatives and investments for 2021. As part of this policy the company in April 2020 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 2020.

The Company's cash position end Q4 2020 was DKK 622 thousand and should always be seen together with Accounts Receivable, end Q4 2020 DKK 4,527. The Company has never lost any outstanding amount on clients, which is why Accounts Receivable, seen from the Company perspective, are considered as good as cash. Accounts Receivable and Cash end Q4 2020 was DKK 5,149 thousand (end 2019 DKK 3,146 thousand).

The Equity is on 31 December 2020 DKK negative by 2,465 thousand and by that the share capital of DKK 910 is lost. The Board of Directors will act accordingly within its power to secure the above.



## The Share

### Shareholders

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

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

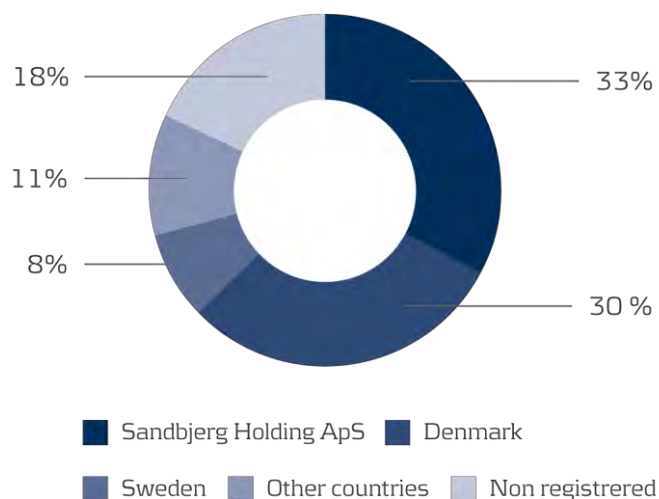
\*100% owned by Hans Tino Hansen

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

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

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

## Shareholder structure 2020



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



Source: Data from Spotlight Stock Exchange

### Share price (DKK)

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

## Liquidity

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

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

### Liquidity in the share

Period		Volume	Turnover	Average per day	VWAP	Closing share price
Q1	2019	639,178	2,109,159	10,145	3.30	3.40
Q2		705,202	2,666,542	12,372	3.79	4.00
Q3		576,325	2,072,451	8,732	3.60	3.34
Q4		866,761	300,763	13,989	4.46	3.70
		<b>2,787,466</b>	<b>7,151,915</b>			
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
		<b>5,007,616</b>	<b>22,859,373</b>			

Source: Data from Spotlight Stock Exchange

## Warrants

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

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

## Financial Calendar

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

**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.

**For further information, please contact**

CEO Hans Tino Hansen

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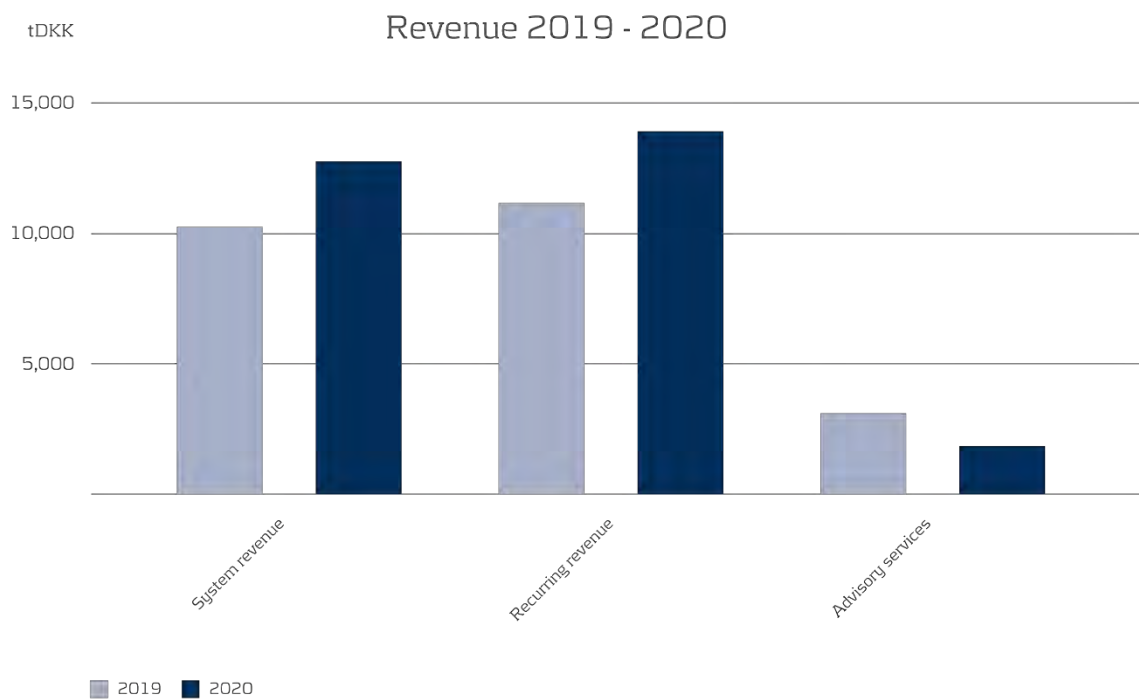
Website: <https://www.riskintelligence.eu>

## Financial Review

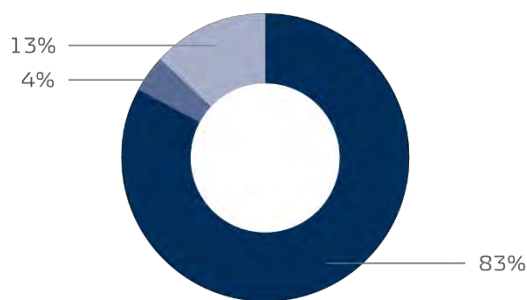
### Income Statement

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

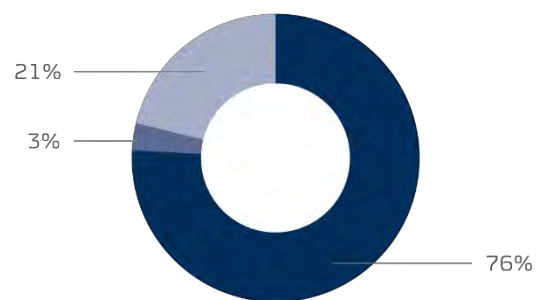
In 2020 total revenue increased by 10% to DKK 15,703 thousand compared to 2019 (DKK 14,221 thousand). The recurring revenue in 2020 ended at DKK 13,882 thousand corresponding an increase of 25 % compared to 2019 (DKK 11,147 thousand).



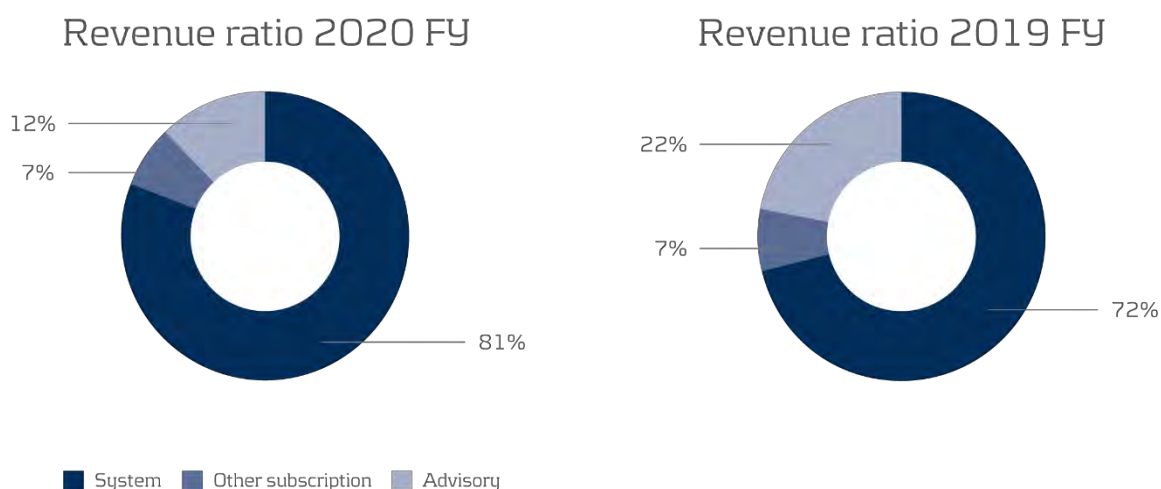
Revenue ratio Q4 2020



Revenue ratio Q4 2019



Legend: System (dark blue), Other subscription (medium blue), Advisory (light blue)



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

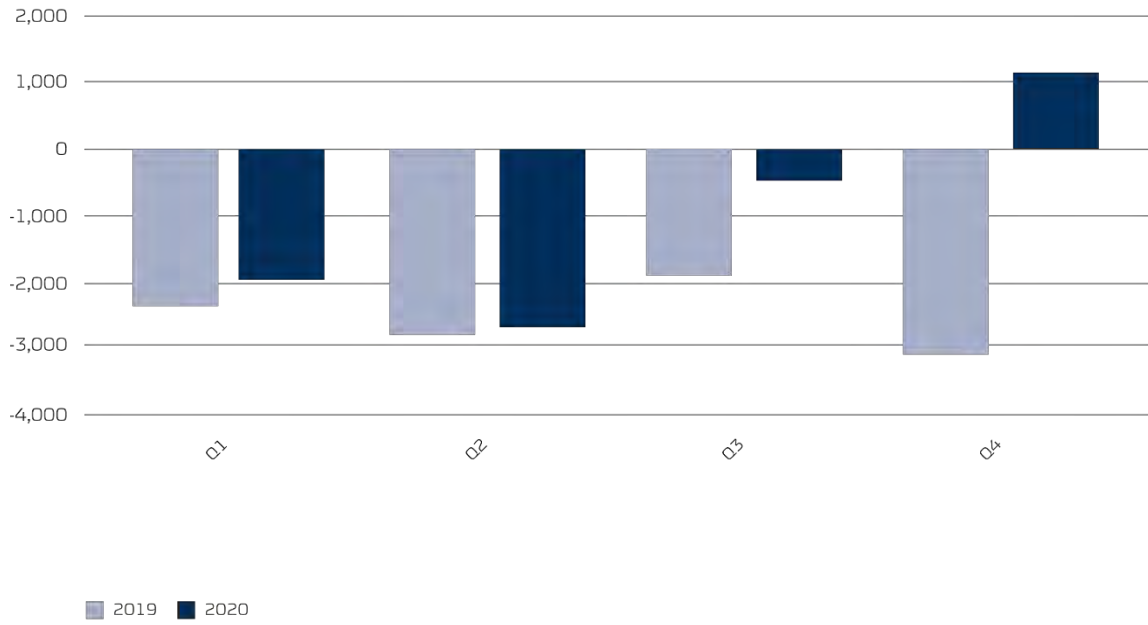
Other Operating Expenses decreased in Q4 2020 by 48% to DKK 2,308 thousand (Q4 2019: 4,423). Staff costs amounted to DKK 3,227 thousand (Q4 2019: DKK 3,493 thousand) which is a decrease of 8% compared to Q4 2019. As for 2020 total Other Operating Expenses decreased by 39% to DKK 6,522 (2019 DKK 10,720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

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

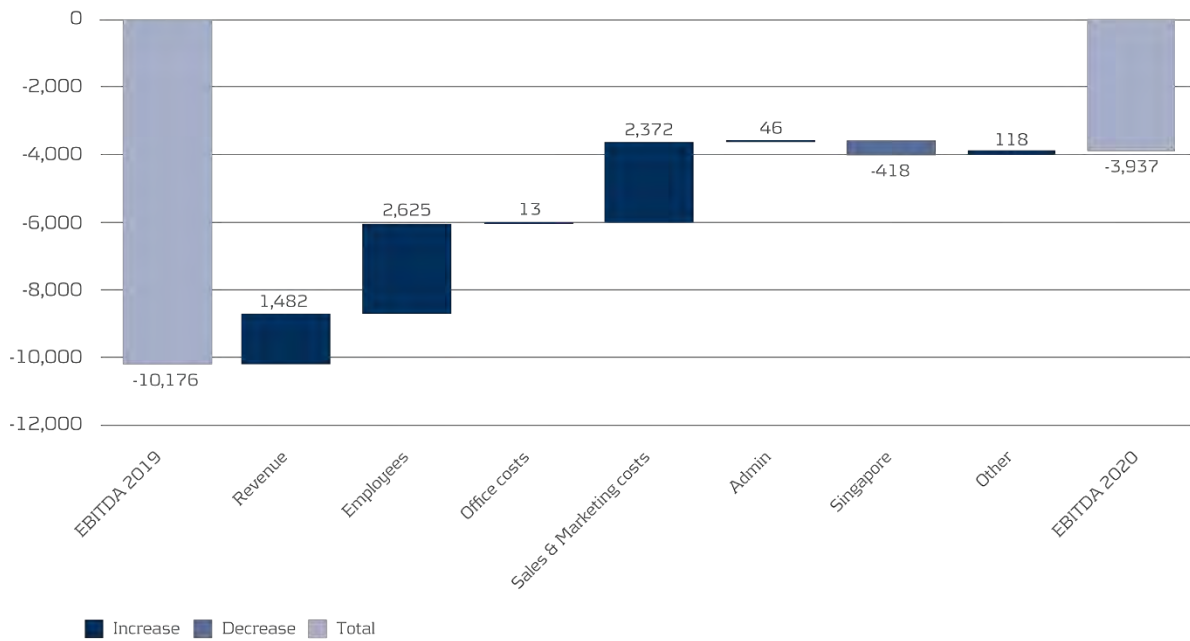
EBITDA increased in Q4 2020 by DKK 4,263 thousand (137%) to DKK 1,143 thousand (Q4 2019: DKK -3,120 thousand). As for 2020 EBITDA increased by 61% to DKK -3,937 (2019: DKK -10,176). EBITDA ratio improved from -72% in Q4 2019 to 17% in Q4 2020. The increase in EBITDA is the result of the Company's cost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

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

### EBITDA 2019 - 2020



### EBITDA development 2019 - 2020





EBITDA 2019 -10,176

Revenue	1,482
Employees	2,625
Office costs	13
Sales & Marketing costs	2,372
Admin	46
Singapore	-418
Other	118

EBITDA 2020 -3,937

### Balance Sheet

The balance sheet total end of 2020 was DKK 24,096 thousand (2019 DKK 19,826 thousand).

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

### Cash-Flows

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

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

## Income Statement

DKK '000	Q4 2020	Q4 2019	FY 2020	FY 2019
<b>Net sales</b>	<b>6,676</b>	<b>4,796</b>	<b>15,703</b>	<b>14,221</b>
Other operating expenses	-2,308	-4,423	-6,522	-10,720
<b>Gross profit</b>	<b>4,369</b>	<b>373</b>	<b>9,181</b>	<b>3,500</b>
Staff costs	-3,227	-3,493	-13,118	-13,677
<b>Earnings before depreciation and amortization (EBITDA)</b>	<b>1,143</b>	<b>-3,120</b>	<b>-3,937</b>	<b>-10,177</b>
Depreciation / amortization of tangible and intangible fixed assets	-452	-497	-1,801	-1,287
Other operating expenses	0	13	0	0
<b>Profit/loss before financial items</b>	<b>691</b>	<b>-3,604</b>	<b>-5,738</b>	<b>-11,464</b>
Financial costs	-666	-503	-2,050	-867
<b>Profit/loss before taxes</b>	<b>25</b>	<b>-4,107</b>	<b>-7,788</b>	<b>-12,331</b>
Tax on profit for the year	133	909	1,826	2,718
<b>Net profit</b>	<b>158</b>	<b>-3,198</b>	<b>-5,962</b>	<b>-9,613</b>
Proposed distribution of profit				
Transfer of profits for development projects	392	615	1,040	4,323
<b>Retained earnings</b>	<b>-234</b>	<b>-3,813</b>	<b>-7,002</b>	<b>-13,936</b>

## Balance Sheet in comparison

DKK 000'	31-12-2020	31-12-2019
<b>Assets</b>		
Intangible assets		
Completed development projects	6,103	7,106
Ongoing development projects	4,503	2,537
<b>Total intangible fixed assets</b>	<b>10,605</b>	<b>9,643</b>
Tangible fixed assets		
Other facilities, fixtures and accessories	1,504	2,107
<b>Total tangible assets</b>	<b>1,504</b>	<b>2,107</b>
Financial assets		
Investments in subsidiaries	0	0
Other long-term receivables	389	393
<b>Financial assets</b>	<b>389</b>	<b>393</b>
<b>Total fixed assets</b>	<b>12,498</b>	<b>12,143</b>
Receivables		
Accounts Receivables	4,527	2,319
Other receivables	0	276
Tax	1,800	1340
Deferred tax	3,652	2,285
Accruals	997	636
<b>Total Receivables</b>	<b>10,976</b>	<b>6,856</b>
Assets		
Cash at bank and in hand	622	827
<b>Current assets total</b>	<b>11,598</b>	<b>7,683</b>
<b>Assets total</b>	<b>24,096</b>	<b>19,826</b>

## Balance Sheet in comparison

DKK 000'	31-12-2020	31-12-2019
<b>Liabilities and equity</b>		
Equity		
Share capital	910	839
Reserve for development costs	7,760	6,721
Retained earnings	-11,135	-5,892
<b>Total equity</b>	<b>-2,465</b>	<b>1,667</b>
Long-term liabilities		
Other credit institutions	4,819	1,448
Shareholder and Management	6,347	7,000
<b>Long-term liabilities</b>	<b>11,166</b>	<b>8,448</b>
Current liabilities		
Short-term part of long-term debt	1,600	585
Trade payables	1,161	1,597
Payables to subsidiaries	494	11
Lease obligations	710	1,086
Shareholder and Management	3,896	2,364
Other payables	3,702	3,027
Credit institutions	2,753	0
Deferred income	1,079	1,040
<b>Short-term liabilities</b>	<b>15,395</b>	<b>9,710</b>
<b>Debt total</b>	<b>26,561</b>	<b>18,158</b>
<b>Liabilities and equity total</b>	<b>24,096</b>	<b>19,826</b>

## Cash-Flows

DKK 000'	Q4 2020	Q4 2019	FY 2020	FY 2019
<b>Profit/loss for the year</b>	<b>158</b>	<b>-3,199</b>	<b>-5,962</b>	<b>-9,613</b>
Adjustments	319	-360	-25	-1,380
Change in working capital	-489	1,498	-229	3,652
<b>Cash-flows from ordinary activities</b>	<b>-12</b>	<b>-2,061</b>	<b>-6,216</b>	<b>-7,340</b>
Corporation tax paid (-)/received	-145	215	-145	215
<b>Cash-flows from operating activities</b>	<b>-157</b>	<b>-1,846</b>	<b>-6,361</b>	<b>-7,125</b>
Purchases of intangible assets	-748	-745	-2,387	-5,993
Purchases of property, plant and equipment	201	-122	226	-627
Deposits	-11	0	4	12
Fixed asset investments made etc.	0	-7	-	0
<b>Cash-flow from investing activities</b>	<b>-558</b>	<b>-874</b>	<b>-2,157</b>	<b>-6,608</b>
Change in lease obligations	-231	-4	-376	358
Loans from credit institutions	-1538	2,042	4,794	8,608
Cash capital increase	0	-151	1,829	2,519
Other financing	3,106	0	2,067	-
<b>Cash-flow from financing activities</b>	<b>1,337</b>	<b>1,887</b>	<b>8,313</b>	<b>11,485</b>
<b>Change in cash and cash equivalents</b>	<b>621</b>	<b>-834</b>	<b>-205</b>	<b>-2,249</b>
Cash and cash equivalents beginning	1	1,661	827	3,076
<b>Cash and cash equivalents</b>	<b>622</b>	<b>827</b>	<b>622</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 – 31 December 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
Corrections				-429	-429
<b>Adjusted equity at 1 January 2020</b>	<b>839</b>	<b>-</b>	<b>6,721</b>	<b>-5,892</b>	<b>1,668</b>
Capital increase	71	1,758			1,829
Transferred from share premium	-	-1,758	-	1,758	0
Profit for the period	-	-	1,040	-7,002	-5,962
<b>Equity at 31 December 2020</b>	<b>910</b>	<b>-</b>	<b>7,760</b>	<b>-11,135</b>	<b>-2,465</b>

# RiskIntelligence

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