

2021 Annual Report

for the period 1 January to 31 December 2021

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

RiskIntelligence

Annual Report 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.

Adopted at the annual general meeting on

chairman

Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Risk Intelligence A/S for the financial year 1 January - 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2021.

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

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

Hellerup, 30 March 2022

Executive Management

Hans Tino Hansen

CEO

Board of Directors

Jan Holm

Chairman of the Board

Stig Streit Jensen

Member of the Board

Jens Lorens Poulsen

Member of the Board

Hans Tino Hansen

Member of the Board

Jens Otto Holst

Member of the Board

Independent auditor's report

To the shareholders of Risk Intelligence A/S

We have audited the financial statements of Risk Intelligence A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed; we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen,

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
CVR no. 35 25 76 91

Henrik Ulvsgaard
State Authorized Public Accountant
MNE no. mne21318

Company details

The Company

Risk Intelligence A/S
Strandvejen 100
2900 Hellerup

CVR no.: 27 47 56 71

Reporting period: 1 January - 31 December 2021
Incorporated: 11 December 2003

Domicile: Gentofte

Board of Directors

Jan Holm, Chairman
Stig Streit Jensen
Jens Lorens Poulsen
Jens Otto Mucnh Holst
Hans Tino Hansen

Executive management

Hans Tino Hansen, CEO

Auditors

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
Poul Bundgaards vej 1,1. 1
2500 København

Financial highlights

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

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Revenue	18,820	15,260	14,221	11,123	10,980
Gross profit	12,588	8,738	3,500	3,717	7,182
Profit/loss before amortisation/depreciation and impairment losses (EBITDA)	-939	-4,381	-10,177	-5,958	656
Net financials	-1,920	-2,050	-867	-268	-596
Profit/loss for the year	-3,613	-6,308	-9,613	-5,879	-939
Balance sheet total	30,194	24,195	19,827	15,398	8,986
Equity	4,886	-2,811	1,668	9,191	3,896
Investment in property, plants and equipment	370	-230	627	1,127	37
Investment in development projects	2,508	2,387	5,992	1,662	975
Financial ratios					
Return on assets	-10.6%	-26.1%	-65.3%	-58.6%	-7.2%
Solvency ratio	16%	-10.2	10.6%	59.7%	43.4%
Number of employees	24	25	22	14	10

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Business activities

The main activity is security risk analysis and consulting services for international shipping, offshore, oil and gas companies and government clients. Risk Intelligence's main activity in 2021 continued to be the delivery intelligence-based security threat and risk assessments to companies and organisations within both maritime and landside transportation primarily through a web-based intelligence product, the Risk Intelligence System, consisting of three modules which are seamlessly integrated: MaRisk (maritime), PortRisk (ports) and LandRisk (landside logistics) that can be subscribed with one, or in any combination of two or three modules.

Recognition and measurement uncertainties

The company has a tax asset as of 31 December 2021 amounting to DKKt 4,426 and a Tax receivable amounting to DKKt 2,274 which primarily relates to tax loss carry forwards and Tax Credit Scheme. As was the case last year, management has decided to recognize the total tax asset of DKK 4,426k and DKK 2,274k as due to the budget for 2022 and the years ahead. The company expects to be able to utilize all tax loss carry forwards within a period of 3-5 years. However, there is an inherent uncertainty associated with the assessment of future earnings, and accordingly a related uncertainty with the valuation of the deferred tax asset.

Unusual matters

The company's financial position at 31 December 2021 and the results of its operations for the financial year ended 31 December 2021 are not affected by any unusual matters.

Financial review

The Company's income statement for the year ended 31 December 2021 shows a loss of DKK 3,613,448 and the balance sheet on 31 December 2021 shows equity of DKK 4,885,776.

Highlights

- Strong and positive development in all financial figures
- Positive EBITDA up by 113% to 2.4M in Q4
- Improving full year EBITDA up from -4,381 to -939
- Total revenue up by 23% to 18.8M
- Risk Intelligence System recurring revenue amounted to 78% of total revenue
- Renewal rate of 96.8% (churn 3.2%)
- 12 new maritime clients signed during 2021
- 2 new government clients signed during 2021

The most important outcome of 2021 for Risk Intelligence was the delivery of 23% growth from the maritime business, a growth rate the Company have managed to keep as an average since the launch of the Risk Intelligence System with MaRisk in 2008. With the addition of new clients from the land-based business - several already in the final decision phases as the year drew to a close - Management have full confidence that the growth rate will rise well beyond 20% in the coming years.

It was expected to close several LandRisk clients in Q4 2021, thus increasing the growth further in an already positive year. However, the Company were faced with the unpredictable consequences still looming from the pandemic; several of the prospects' management teams were severely affected by the omicron spike, and decisions had to be postponed. This impacted the expected turnover and consequently the expected EBITDA, which ended a bit more negative than expected but improved almost 3M DKK compared to 2020. However, the turnover reached the lower end of the otherwise upwards revised forecast with 23% growth at 18.8M DKK.

Looking back at 2021, the Company have signed 12 new maritime clients for the Risk Intelligence System and succeeded in increasing license sizes for a range of existing clients which led to the healthy growth in the maritime business. With a churn of 3.2 % for the year - slightly higher than previous years - the Company remain at the low end compared to the peers, and while a churn of zero percent is a dream scenario for any subscription-based business it is unrealistic, given the restructuring, mergers, change of commercial focus etc. taking place with the clients in these years.

In the land-based business, the Company undertook a development project with the delivery of a new product, LandRisk Logistics, that was declared fully operational in October. At the same time, the marketing and lead generation team increased the quarter-on-quarter generation of marketing qualified leads by 89%, and the number of qualified free trial requests with 380% from Q3 to Q4. This achievement provided a growth burst across all System pipelines; for LandRisk Logistics, as well as the maritime products, MaRisk and PortRisk. Finally, as published in December 2021, the Company entered a partnership agreement with NAVTOR, a leading company within maritime navigation systems.

Looking into 2022, the Company are strongly positioned to maintain the growth in the maritime business with the enhancements to the commercial setup, which will strengthen the acquisition of new clients, increases to existing licenses, as well as increased revenue from partner sales. The new agreement with NAVTOR is expected to play an important role in the latter.

The investments made in the second half of 2021 to increase the sales pipeline will continue during 2022. Leads generated in Q4 are expected to result in new contracts in both business areas during Q1 and Q2, and to further capitalize on the growing pipeline, that are expanding the sales team with two new sales executives: one in Singapore and one in Europe in the first half of the year. LandRisk Logistics sales from the existing pipeline will initially be covered by the existing resources, and it is currently expected that 3-4 agreements will be closed during Q1 and Q2 2022. At the same time, the management team and the Board of Directors is working on the strategy for 2025, which will be finalised and presented during first half of 2022.

With a track record of 20% growth from the maritime business, and the combination of continued growth in the maritime business as well as new growth in the land-based business, the Company foresees a higher total growth rate in 2022 than was seen in 2021 based on the current expectations for the global economy.

Capital Resources

During the financial year, the company realised a net operating loss of DKK 3.6 million mainly due to the growth focus of entering new markets and increasing sales to existing ones.

In order to ensure adequate capital resources, the management in February 2021 secured a cash capital increase amounting to DKK 10.5 million, which reflected a total value of the Company of DKK 75 million. Furthermore, the employees of Risk Intelligence exercised warrants during July 2021 resulting in a cash capital increase of DKK 1.5 million. Based on the current budget, management will ensure a capital structure sufficient to support operations and planned investments during 2022. Please refer to note 14 for further information.

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 secured funding for all planned initiatives and investments for 2022.

Research and development activities

Part of the development projects has been the ongoing development of the Risk Intelligence System with the platform and the modules MaRisk, PortRisk and LandRisk.

Risk Intelligence has during 2021 further developed LandRisk into the new product LandRisk Logistics with a range of new features customised to clients' specific needs for planning and executing logistics operations.

The development costs consist of both external and internal development costs. The external development costs are related to development providers as well as external consultants working with the development projects. These have been working on e.g. design, development and testing as well as improvement of performance prior to launch. The internal time spent directly on the projects has been activated as development costs.

Special risks apart from generally occurring risks in industry

The risks and uncertainties that Risk Intelligence operations are exposed to are summary related to factors such as development, competition, technology development, capital requirements, currency fluctuations and interest rates. The assumption for 2022 is that there will still be some impact from COVID-19. The risks due to the Russian invasion of Ukraine are still too early to assess, but it is assumed it will impact negatively on

the global economy and international trade, while it will also provide more business for Risk Intelligence at the same time.

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).

Impact on external environment and measures of preventing, reducing or mitigating damage

The nature of the Company's business does not have any impact on external environment and measures of preventing, reducing, or mitigating damage. However the Company have entered into an agreement to neutralize the carbon emission of travel.

Significant events occurring after end of reporting period

War has emerged in Europe as Russia has invaded Ukraine and the world will be affected negatively. Further to this the COVID-19 pandemic has by Danish government been down graded to not being a critical disease anymore. Risk Intelligence has implemented various stages of its contingency plan throughout 2020 and 2021. All staff at the Head Office in Hellerup, Denmark, have been working from home most of the year of 2021 and has fully returned to the office as per 21 February 2022 due to above change of category of the Covid-19. The Singapore office is carrying out local risk assessments and following guidelines from the Singaporean government, currently working still from home.

The current situation of the situation in Ukraine is too complex and the implications on the World economy is still unknown and hence it is not possible to forecast the total impact on Risk Intelligence during 2022. Due to recurring revenue and framework agreements for 2022 as well as sales in forms a solid basis for the budget and subsequently also for continued growth compared to 2021.

Importantly, security is still needed, and the threat and risks related to security do not decline because of Russia invading Ukraine this results in a constant demand that places Risk Intelligence in an a-cyclical position in the market. The experience from global financial crisis in 2008/2009 and from the shipping crisis in 2015/2016 was that, due to Risk Intelligence's close relation with its clients, the result at the end of the year was unchanged or even with a growth compared to the previous year. It is difficult to assess if this will be the case for 2022.

Board of Directors and Executive Management

Jan Holm – Chairman of the Board

Company engagement

Maersk Rigworld Ghana Limited, Board Member

Maersk Drilling JS-Services Lda (Angola), Board member

Seaborg Technologies Aps, Advisory Board Member

Rainmaking Innovation ApS - Motion Venture, Advisory Board Member

Jens Otto Holst – Member of the Board

Company engagement

Akademiker Pension, CEO

Livdata P/S, Chairman of the Board

MP Ejendomme II P/S, Chairman of the Board

MP Investment Management A/S, Chairman of the Board

Stig Streit Jensen – Member of the Board

Company engagement

Streit, CEO

T.O. Holding A/S, Chairman of the Board

Jens Lorens Poulsen – Member of the Board

Company engagement

Marcura Equities, Group CEO

Hans Tino Hansen- CEO/Member of the Board

Company engagement

Sandbjerg Holding ApS, CEO

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.

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.

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.

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 short 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

Digital 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

Digital 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 total annualised recurring revenue (ARR) in 2021 increased by DKK 2,072 thousand (15%) to DKK 15,968 thousand (2020 DKK 13,895 thousand). The renewal ratio ended at 96.1% (Churn 3.9%) for the quarter and 96.8% (churn 3.2%) for 2021. The average revenue per customer (ARPU) was DKK 138 thousand.

Risk Intelligence System SaaS metrics 2018-2021

DKK '000	2021	2020	2019	2018
System ARR	14,625	12,767	10,218	8,839
ARR Net increase	1,858	1,620	1,283	1,293
ARR growth	15%	25%	14%	15%
Total ARR	15,968	13,895	11,147	9,864
ARR Net increase	2,072	2,749	1,282	1,744
ARR Growth	15%	25%	13%	21%
ARPU	138	128	113	115
Renewal Ratio (annualised)	96.8%	98.6%	99.3%	99%
Churn (annualised)	3.2%	1.4%	0.7%	1%

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

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 47 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*

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

The Share

Shareholders

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

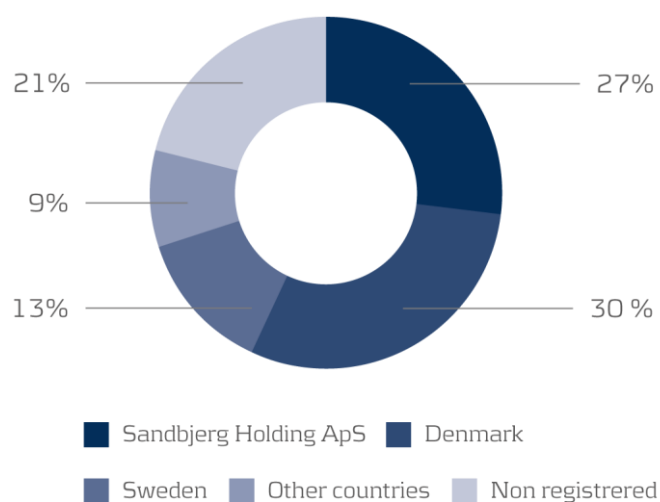
Holding of shares as per 31 December 2021

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 31 December 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 15 different countries throughout Europe, the Middle East, and Southeast Asia.

The Company had approximately 2,361 shareholders, where 969 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 382 shareholders), Swedish Nordnet (2.37% and 969 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 2021





Source: Data from Spotlight Stock Exchange

Share price (DKK)

	2021	2020
1 October	5.32	5.75
31 December	6.14	7.45
High Q4	6.90	7.90
Low Q4	5.32	4.78
High FY	8.25	7.90
Low FY	5.00	2.72

Liquidity

In Q4 2021 we saw an increase in traded volume of 21% compared to Q4 2020 (1,779,985 shares compared to 1,467,563 shares in Q4 2020). The turnover in Q4 2021 increased by 35% compared to Q4 2020 (DKK 8,379,347 in Q4 2020 compared to DKK 11,318,864 in Q4 2021).

For the full year 2021 the volume in traded Risk Intelligence shares increased by 40% and in turnover we saw an almost doubling compared to FY 2020 (increase of 95%).

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	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			

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 6,000,000 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.

Proposed distribution of Risk Intelligences profit and loss

The Board of Directors and the CEO propose that no dividend shall be paid for the financial year 1 January 2021 - 31 December 2021.

Annual general meeting and annual report 2021

The Annual General Meeting of Risk intelligence will be held in Copenhagen, Denmark on 22 April 2021 at 10:00 a.m.

Financial Calendar

22 April 2022	Annual General Meeting
18 May 2022	Q1 2022 Interim Report
17 August 2022	Q2 2022 Interim Report
16 November 2022	Q3 2022 Interim Report
22 February 2023	Q4 and 2022 Year-end Report

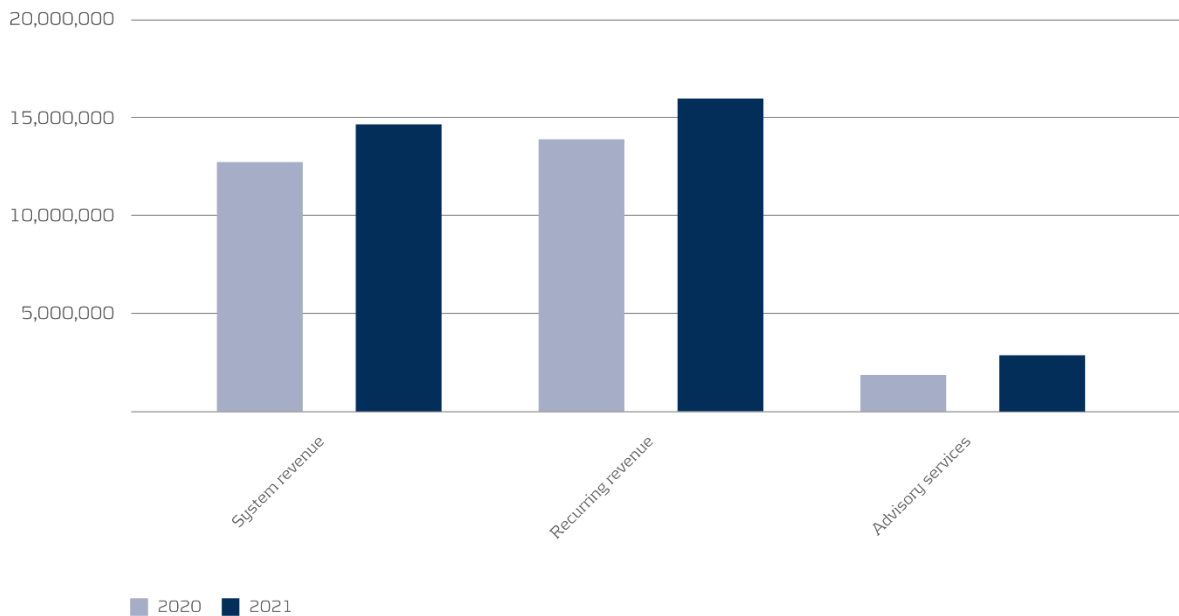
Financial Review

Income Statement

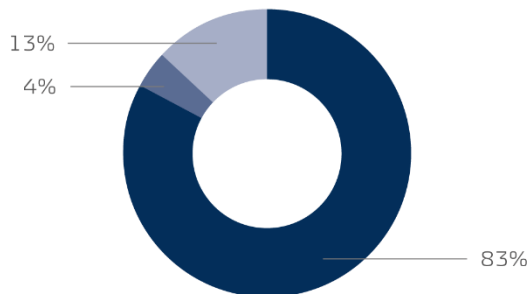
Total revenue increased by 13% in Q4 2021 to DKK 7,527 thousand compared to Q4 2020 (DKK 6,676 thousand). Total recurring revenue in Q4 2021 increased by 21% to DKK thousand compared to Q4 2020 (DKK 5,784 thousand).

In FY 2021 total revenue increased by 23% to DKK 18,820 thousand compared to 2020 (DKK 15,260 thousand). The total recurring revenue in 2021 ended at DKK 15,968 thousand corresponding an increase of 15% compared to 2020 (2020: DKK 13,895 thousand).

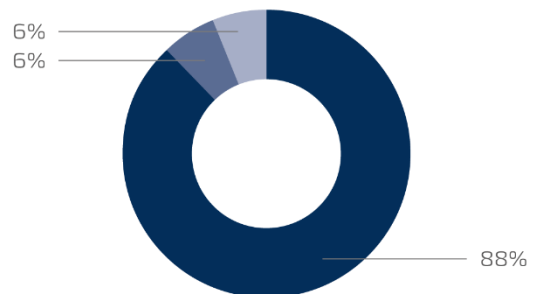
2020 - 2021



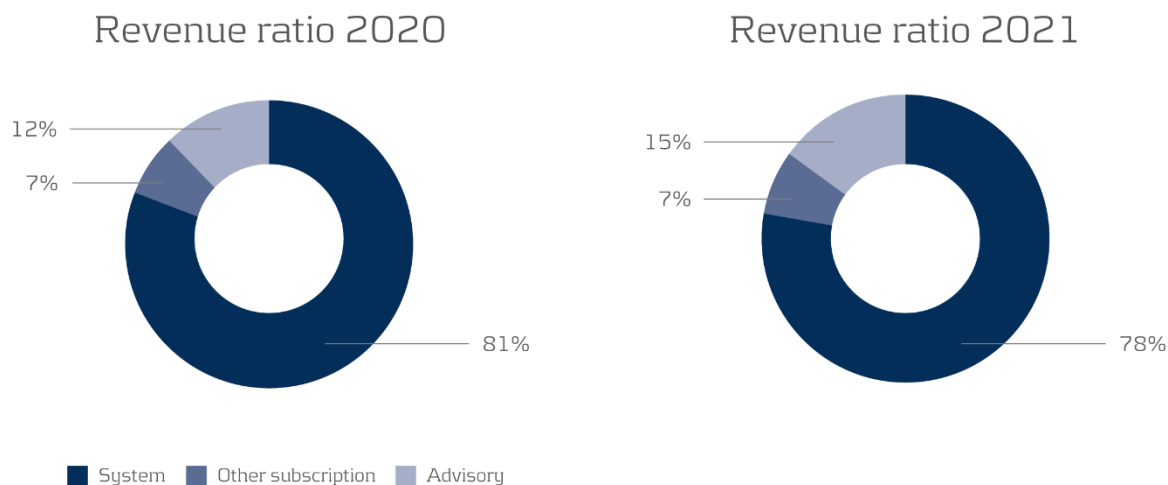
Revenue ratio Q4 2020



Revenue ratio Q4 2021



■ System ■ Other subscription ■ Advisory



The gross profit increased in Q4 2021 by 34% to DKK 5,873 thousand (Q4 2020: DKK 4,369 thousand), corresponding to an increased gross margin to 78% (2020: 65%). For FY 2021 the gross profit increased by 44% to DKK 12,588 thousand (2020: 8,737 thousand). The gross margin ended at 67% compared to 58% for 2020.

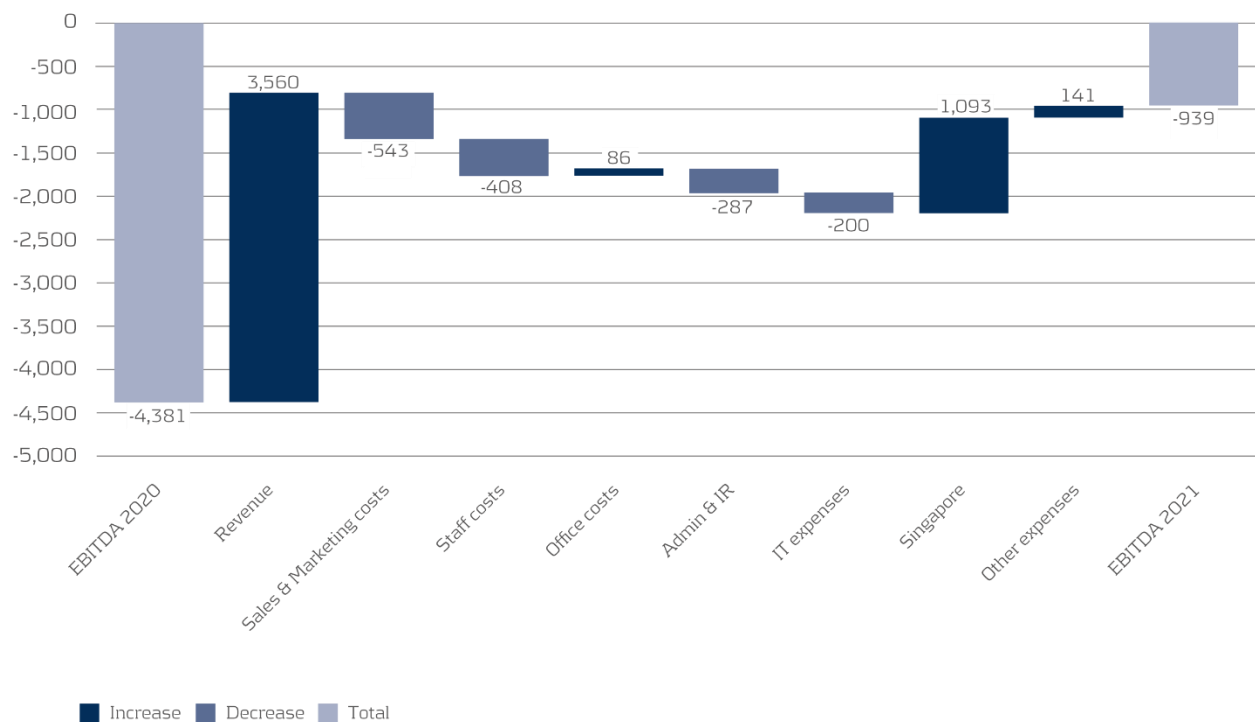
Other Operating Expenses decreased in Q4 2021 by 28% to DKK 1,653 thousand (Q4 2020: 2,308). Staff costs amounted to DKK 3,439 thousand (Q4 2020: DKK 3,227 thousand) which is an increase by 7%. As for FY 2021 in total Other Operating Expenses decreased by 4% to DKK 6,232 (2020 6,522 thousand). Staff costs in 2021 increased by 3% to DKK 13,526 (2020: DKK 13,118 thousand).

Total costs in Q4 decreased by 8% to DKK 5,093 thousand (Q4 2020: 5,534) and for FY 2021 total costs increased by 1% to DKK 19,758 thousand (2020: 19,641).

EBITDA increased in Q4 2021 by 113% to DKK 2,434 thousand (Q4 2020: DKK 1,143 thousand). As for FY 2021 EBITDA increased by 79% to DKK -939 thousand (2020: DKK -4,381). The EBITDA ratio in 2021 increased to -5% (2020: -29%).

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

EBITDA development 2020 - 2021



EBITDA 2020

-4,381

Revenue	3,560
Sales & Marketing costs	-543
Staff costs	-408
Office costs	86
Admin & IR	-287
IT expenses	-200
Singapore	1,093
Other expenses	141

EBITDA 2021

-939

Balance Sheet

Equity

Equity at the end of 2021 increased to DKK 4,886 thousand compared to end 2020 (DKK -2,811 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 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 2,839 thousand is payable within 12 months and is subsequently presented under "Short-term liabilities".

Compared to end 2020 the long-term debt has decreased by DKK 2,625 thousand and total debt has decreased by DKK 1,698 at the end of 2021.

The balance sheet in total was DKK 30,194 thousand at the end of 2021 which is an increase of DKK 6,001 thousand compared to end 2020 (DKK 24,195 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 Q4 2021 DKK -228 thousand. An increase of DKK 941 thousand compared to Q4 2020 (DKK -1,169 thousand). CFFO was impacted in Q4 2021 by change in working capital compared to Q4 2020. As for the FY 2021 CFFO ended at DKK -6,112 thousand (end 2020: DKK -7,373 thousand) an increase of 17%.

Investments in Q4 2021 amounted to DKK -939 thousand which is DKK 380 thousand more than Q4 2020 (DKK -559 thousand). The main part is related to development of the Lane Threat Assessment Tool (LTAT) layer for LandRisk.

Cashflow from financing (CFFF) amounted in Q4 2021 to DKK 3,317 thousand due to increase in external loans (Q4 2020: DKK 2,349 thousand). FY 2021 CFFF was DKK 12,222 thousand positive due to the capital increase in Q1 and the warrant exercise program in Q3 (2020: DKK 9,326 thousand)

Income Statement 1 January - 31 December 2021

	Note	<u>2021</u> DKK	<u>2020</u> DKK
Revenue		18,819,594	15,259,556
Other external costs		<u>-6,231,885</u>	<u>-6,522,437</u>
Gross profit		12,587,709	8,737,119
Staff costs	1	<u>-13,526,248</u>	<u>-13,118,171</u>
Earnings before interest taxes, depreciation and amortisation (EBITDA)		-938,541	-4,381,052
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		<u>-1,927,063</u>	<u>-1,801,460</u>
Profit/loss before financial income and expenses		-2,865,604	-6,182,512
Financial income		134,452	5,402
Financial costs		<u>-2,033,532</u>	<u>-2,055,140</u>
Net profit/loss for the year		-4,764,684	-8,232,250
Tax on profit/loss for the year	2	<u>1,151,236</u>	<u>1,923,826</u>
Profit/loss for the year		<u><u>-3,613,448</u></u>	<u><u>-6,308,424</u></u>
Distribution of profit	3		

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Assets			
Completed development projects		4,965,822	6,104,383
Development projects in progress		<u>6,656,175</u>	<u>4,501,104</u>
Intangible assets	4	<u>11,621,997</u>	<u>10,605,487</u>
Other fixtures and fittings, tools and equipment		<u>1,469,634</u>	<u>1,503,543</u>
Tangible assets	5	<u>1,469,634</u>	<u>1,503,543</u>
Investments in subsidiaries	6	5	5
Deposits		<u>400,323</u>	<u>389,254</u>
Fixed asset investments		<u>400,328</u>	<u>389,259</u>
Total fixed investments		<u>13,491,959</u>	<u>12,498,289</u>
Trade receivables		5,174,871	4,526,945
Other receivables		104,190	0
Deferred tax asset	7	4,426,266	3,749,145
Corporation tax		2,274,481	1,800,366
Prepayments	8	<u>890,039</u>	<u>997,444</u>
Receivables		<u>12,869,847</u>	<u>11,073,900</u>
Cash at bank and in hand		<u>3,832,020</u>	<u>622,483</u>
Current assets total		<u>16,701,867</u>	<u>11,696,383</u>
Assets total		<u><u>30,193,826</u></u>	<u><u>24,194,672</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Equity and liabilities			
Share capital		1,108,205	910,138
Reserve for development projects		8,836,508	7,760,391
Retained earnings		<u>-5,058,937</u>	<u>-11,481,606</u>
Total equity	9	<u>4,885,776</u>	<u>-2,811,077</u>
Other credit institutions		3,474,352	4,819,399
Shareholders and management		<u>5,067,424</u>	<u>6,346,690</u>
Total non-current liabilities	10	<u>8,541,776</u>	<u>11,166,089</u>
Short-term part of long-term debt	10	2,839,226	1,600,373
Lease obligations		617,590	710,170
Other credit institutions		3,061,252	2,753,331
Trade payables		967,816	1,161,102
Payables to subsidiaries		186,602	494,300
Payables to shareholders and management		6,018,417	3,896,493
Other payables		2,424,922	3,700,869
Deferred income	11	<u>650,449</u>	<u>1,523,022</u>
Total current liabilities		<u>16,766,274</u>	<u>15,839,660</u>
Debt total		<u>25,308,050</u>	<u>27,005,749</u>
Liabilities and equity total		<u>30,193,826</u>	<u>24,194,672</u>
Rental commitments	12		
Charges and securities	13		
Capital Resources	14		
Recognition and measurement uncertainties	15		

Statement of changes in equity

	<u>Share capital</u> DKK	<u>Share premium account</u> DKK	<u>Reserve for development projects</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	910,138	0	7,760,391	-11,135,428	-2,464,899
Net effect adjustment equity beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>-346,178</u>	<u>-346,178</u>
Adjusted equity at 1 January	910,138	0	7,760,391	-11,481,606	-2,811,077
Cash capital increase	198,067	11,112,234	0	0	11,310,301
Net profit/loss for the year	0	0	1,076,117	-4,689,565	-3,613,448
Transfer from share premium account	<u>0</u>	<u>-11,112,234</u>	<u>0</u>	<u>11,112,234</u>	<u>0</u>
Equity at 31 December	<u>1,108,205</u>	<u>0</u>	<u>8,836,508</u>	<u>-5,058,937</u>	<u>4,885,776</u>

Cash flow statement 1 January - 31 December

	Note	<u>2021</u> DKK	<u>2020</u> DKK
Net profit/loss for the year		-3,613,451	-5,962,912
Adjustments		2,674,911	2,025,026
Change in working capital		<u>-3,253,497</u>	<u>-1,385,554</u>
Cash flows from operating activities before financial income and expenses		-4,192,036	-5,323,440
Financial expenses		<u>-1,919,796</u>	<u>-2,049,738</u>
Cash flows from ordinary activities		-6,111,832	-7,373,178
Corporation tax paid/received		<u>0</u>	<u>0</u>
Cash flows from operating activities		<u>-6,111,832</u>	<u>-7,373,178</u>
Purchase of intangible assets		-2,507,543	-2,386,551
Purchase of property, plant and equipment		-381,432	226,066
Fixed asset investments made etc		-11,323	3,746
Deposits		<u>-</u>	<u>-</u>
Cash flows from investing activities		<u>-2,900,298</u>	<u>-2,156,739</u>
Lease obligations		-92,410	-375,831
Raising of loans from credit facilities		1,003,778	7,872,272
Cash capital increase		11,310,299	1,829,427
Other adjustments		<u>-</u>	<u>-</u>
Cash flows from financing activities		<u>12,221,667</u>	<u>9,325,868</u>
Change in cash and cash equivalents		3,209,537	-204,049
Cash and cash equivalents beginning		<u>622,483</u>	<u>826,533</u>
Cash and cash equivalents		<u>3,832,020</u>	<u>622,483</u>
Analysis of cash and cash equivalents:			
Cash at bank and in hand		<u>3,832,020</u>	<u>622,483</u>
Cash and cash equivalents		<u>3,832,020</u>	<u>622,483</u>

Notes

	<u>2021</u> DKK	<u>2020</u> DKK
1 Staff costs		
Wages and salaries	11,931,596	12,209,525
Pensions	1,169,433	713,683
Other social security costs	161,902	107,458
Other staff costs	<u>263,317</u>	<u>87,505</u>
	<u>13,526,248</u>	<u>13,118,171</u>
Including remuneration to the Executive management and Board of Directors	<u>1,660,000</u>	<u>1,558,000</u>
Average number of employees	<u>24</u>	<u>25</u>

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

At the General Meeting 16 April 2021 Risk Intelligence decided to give the Board authorization to issue up to in total 1,500,000 new warrants. Each warrant providing a subscription right for one share of DKK 0.10 against payment of a price to be determined as the volume weighted average price (VWAP) for a period of 10 trading days prior the time of allotment and deducted 15%, for a period of 5 years expiring on 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 6,000,000 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.

	<u>2021</u> DKK	<u>2020</u> DKK
2 Tax on profit/loss for the year		
Current tax for the year	-474,115	-460,122
Deferred tax for the year	<u>-677,121</u>	<u>-1,463,704</u>
	<u>-1,151,236</u>	<u>-1,923,826</u>
3 Distribution of profit		
Transferred to other statutory reserves	1,076,117	1,039,744
Retained earnings	<u>-4,689,565</u>	<u>-7,348,171</u>
	<u>-3,613,448</u>	<u>-6,308,427</u>
4 Intangible assets		
	<u>Completed</u> <u>development</u> <u>projects</u> DKK	<u>Development</u> <u>projects in</u> <u>progress</u> DKK
Cost at 1 January	12,785,049	4.501.104
Additions for the year	351,992	2.155.071
Transfers for the year	<u>0</u>	<u>0</u>
Cost at 31 December	<u>13,137,041</u>	<u>6.656.175</u>
Impairment losses and amortisation on 1 January	6,680,666	0
Depreciation for the year	<u>1,490,553</u>	<u>0</u>
Impairment losses and amortisation on 31 December	<u>8,171,219</u>	<u>0</u>
Carrying amount at 31 December	<u>4,965,822</u>	<u>6.656.175</u>

Part of the development projects has been the ongoing development of the Risk Intelligence System with the platform and the modules MaRisk, PortRisk and LandRisk.

Risk Intelligence has during 2021 further developed LandRisk into the new product LandRisk Logistics with a range of new features customised to clients' specific needs for planning and executing logistics operations. The development costs consist of both external and internal development costs. The external development costs are related to development providers as well as external consultants working with the development projects. These have been working on e.g. design, development and testing as well as improvement of performance prior to launch. The internal time spent directly on the projects has been activated as development costs.

5 Tangible assets

	<u>Other fixtures and fittings, tools and equipment</u> DKK
Cost on 1 January	2,233,289
Additions for the year	1,128,228
Disposals for the year	<u>-832,981</u>
Cost on 31 December	<u>2,528,536</u>
Impairment losses and depreciation on 1 January	729,746
Depreciation for the year	436,510
Reversal of impairment and depreciation of sold assets	<u>-107,354</u>
Impairment losses and depreciation on 31 December	<u>1,058,902</u>
Carrying amount at 31 December	<u>1,469,634</u>
Value of leased assets	<u>847.446</u>

	<u>2021</u> DKK	<u>2020</u> DKK
6 Investments in subsidiaries		
Cost on 1 January	<u>5</u>	<u>5</u>
Cost on 31 December	<u>5</u>	<u>5</u>
Carrying amount on 31 December	<u>5</u>	<u>5</u>

Investments in subsidiaries are specified as follows:

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

	<u>2021</u> DKK	<u>2020</u> DKK
7 Provision for deferred tax		
Provision for deferred tax on 1 January	-3,749,145	-2,285,441
Provision in the year	<u>-677,121</u>	<u>-1,463,704</u>
Provision for deferred tax on 31 December	<u>-4,426,266</u>	<u>-3,749,145</u>
Provisions for deferred tax on:		
Intangible assets	2,556,839	2,333,207
Property, plant and equipment	36,865	38,716
Tax loss carry-forward	-7,019,969	-6,121,066
Transferred to deferred tax asset	<u>4,426,266</u>	<u>3,749,145</u>
	<u>0</u>	<u>0</u>
Deferred tax asset		
Calculated tax asset	<u>4,426,266</u>	<u>3,749,145</u>
Carrying amount	<u>4,426,266</u>	<u>3,749,145</u>

8 Prepayments

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

9 Equity

The share capital has developed as follows:

	<u>2021</u> DKK	<u>2020</u> DKK	<u>2019</u> DKK	<u>2018</u> DKK	<u>2017</u> DKK
Share capital on 1 January	910,138	838,709	179,632	146,580	146,580
Additions for the year	<u>198,067</u>	<u>71,429</u>	<u>587,282</u>	<u>33,052</u>	<u>0</u>
Share capital	<u>1,108,205</u>	<u>910,138</u>	<u>766,914</u>	<u>179,632</u>	<u>146,580</u>

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

10 Long term debt

	<u>Debt</u> <u>at 1 January</u> DKK	<u>Debt</u> <u>at 31</u> <u>December</u> DKK	<u>Instalment next</u> <u>year</u> DKK	<u>Debt</u> <u>outstanding</u> <u>after 5 years</u> DKK
Other credit institutions	5,766,462	4,844,267	1,369,915	0
Shareholders and management	<u>6,346,690</u>	<u>5,067,424</u>	<u>1,469,311</u>	<u>0</u>
	<u><u>12,113,152</u></u>	<u><u>9,911,691</u></u>	<u><u>2,839,226</u></u>	<u><u>0</u></u>

11 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years.

	<u>2021</u> DKK	<u>2020</u> DKK
12 Rental commitments		
Rental commitments		
Within 1 year	753.246	738.476
Between 1 and 5 years	62.770	800.016
After 5 years	<u>0</u>	<u>0</u>
	<u><u>816.016</u></u>	<u><u>1.538.492</u></u>

13 Charges and securities

As security for account with credit institution, floating charge of a total of DKK 8,500k has been taken out comprising simple claims inventory, operating equipment and intangible rights with a total carrying amount of DKK 6,645k.

14 Capital Resources

During the financial year, the company realised a net operating loss of DKK 3,613,448 million due to strict focus in entering new markets and increasing sales.

The Company's cash position end 2021 was DKK 3,832 thousand and should always be seen together with Accounts Receivable, end 2021 DKK 5,175. 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 2021 was 9,007 DKK thousand.

In order to ensure adequate capital resources, the management did in February 2021 secure a cash capital increase amounting to DKK 10.5 million, which reflected a total value of the Company of DKK 75 million. Furthermore, the employees of Risk Intelligence exercised warrants during July 2021 resulting in a cash capital increase of DKK 1.5 million. Based on the current budget, management will ensure a capital structure sufficient to support operations and planned investments during 2022.

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 secured funding for all planned initiatives and investments for 2022.

15 Recognition and measurement uncertainties

The company has a tax asset as of 31 December 2021 amounting to DKK 4,426k and a Tax receivable amounting to DKK 2,274k which primarily relates to tax loss carryforwards and Tax Credit Scheme. As was the case last year, management has decided to recognize the total tax asset of DKK 4,426k and DKK 2,274k as due to the budget for 2022 and the years ahead. The company expects to be able to utilize all tax loss carryforwards within a period of 3-5 years. However, there is an inherent uncertainty associated with the assessment of future earnings, and accordingly a related uncertainty with the valuation of the deferred tax asset.

Accounting policies

The annual report of Risk Intelligence A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium sized class C entities.

The annual report for 2021 is presented in DKK

Correction to the financial statement 2020

The annual report for 2020 contains a material misinformation, as a lack of recognition of deferred revenue and incorrect recognition of deferred tax. The error is corrected directly in the comparative figures and the effect is recognized directly on equity.

The correction of the material error has reduced the equity as of 31 December 2020 with TDKK 346. The company's total balance sheet as of 31. December 2020 has been increased by TDKK 98.

The accounting policies are otherwise consistent with those of last year

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

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

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

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

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

Accounting policies

Accounting policies

Revenue

Income from the sale of goods for resale, finished goods and licenses is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received. 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.

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

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Accounting policies

Balance sheet

Intangible assets

Development projects, patents and licenses

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Developments projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 7 years.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, which are depreciated separately.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5-10 years
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Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Leases

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Investments in subsidiaries and associates

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Income tax and deferred tax

Current tax obligations and receivable tax is recognized in the balance sheet as calculated tax on profit/loss for the year, regulated tax from previous years, and account payments.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Accounting policies

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Cash flow statement

The cash flow statement shows the company's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the company's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are stated as the company's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes. Dividend income from investments is recognised under 'Interest income and dividend received'.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the company's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months, and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial highlights

Definitions of financial ratios.

Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Profit/loss from ordinary operations after tax} \times 100}{\text{Average equity}}$

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.

Accounting policies

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

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

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

= Annual Recurring Revenue (ARR) end of year 2

Factors impacting the ARR-development

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

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

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