

# Consolidated Half-Year Report

## JAN – JUN 2021



RISMA Systems A/S



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# Letter from the CEO

In June RISMA adjusted the full year expectations for ARR (annual recurring revenue) In 2021 from 14,6 million DKK to 15,0-15,4 million DKK. RISMA has, thereby, been one of few companies on NASDAQ First North Denmark that has issued a positive adjustment within the first months after the IPO.

Overall, things are progressing as expected and as described in the Business Description issued in connection with the IPO. The only unforeseen obstacle is that the recruitment market is tougher than we could have hoped. This is, however, apparently a challenge in most industries in the post-lockdown employment market.

In June, RISMA introduced our new GRC software suite and a new price model. We got the first two customers purchasing the full suite before the end of June. Furthermore, we generally receive positive feedback on the suite as well as on the new price model. The price model is a significant change, as we do not anymore charge customers per user.

We expect that a significant share of our customers over the coming 2-3 years will shift from using the one or two components of the suite they initially took into use, to using the full suite.

Moreover, we foresee that the market will shift from point solutions (i.e. solutions used only for one or few subjects within the GRC umbrella) to GRC software suites in the coming years. A significant share of the new-comers to the GRC software market will choose to go directly from spreadsheets to GRC software suites, and a significant share of companies that are presently using point solutions, will disregard these solutions in favor of a GRC software suite. This expectation is supported by market survey results.

Presently, these companies have very few, if any, good alternatives to RISMA's GRC suite. Some software providers market themselves with terms as "platform", etc., but the reality is that RISMA is competing against point solutions.

RISMA is, thereby, front-runner in a market that will almost certainly by and large shift from point solutions to suites in this decade. As illustrated on page 6, we expect to fill the last few gaps in RISMA's suite and build a holistic reporting layer, over the next six months. Following that, we plan to build integrations to ensure that RISMA's solution becomes a truly one-stop GRC solution.

With these things in place, we believe that RISMA has played a significant role in introduction of a disrupting technology that within a relative short span of years likely will lead to consolidation of the market for GRC software.

Even without the holistic reporting layer and the integrations, RISMA has with the introduction of the software suite become a much more attractive partner for markets leaders in the advisor industry as well as young ambitious growth companies. We can, therefore, see that we need to scale up the partner function faster than expected. I therefore leave the word to my new partner in Executive Management - RISMA's CCO, Jan Jansson.

Yours sincerely,

**Lars Nybro Munksgaard,**  
Chief Executive Officer & Founder



**We expect that a significant share of our customers over the coming 2-3 years will shift from using the one or two components of the suite they initially took into use, to using the full suite.**

# Letter from the CCO

## Partner development

Both in Denmark and the new geographical markets, RISMA prioritize a partner strategy targeted at key players in relevant consulting areas such as legal, accounting, management and digital consulting and GRC advisors.

In order to drive the partner function RISMA has hired Kim Møller-Larsen as Director. Kim has consulting and GRC experience from Big 4 and will bridge the software into end-to-end solutions in close collaboration with our partners.

RISMA has already some strong and relevant partnerships with big potentials. On top of that we have experienced an increased interest from different potential partners. Based on initial dialogues with some of these potential partners we have identified a need to hire more people in this area as we foresee the majority of our new business will come through partnerships.

## Expansion in Sweden and Norway

In accordance with the growth strategy, it was decided to expand our presence in Norway and enter the market in Sweden.

In both countries we now have a Sales Director in place. Farid Djahani started in Sweden in June and Per Christian Næsset started in Norway in August. Both are senior people and experienced within software sales for GRC solutions and have in their previous roles been responsible for establishing and managing partnerships. Locations for sales offices are established in both Oslo and Stockholm. The plan is to have sales team of minimum 3 people in both Norway and Sweden before year-end.

## Commercial strategic initiatives

Recently we have developed an internal road map for commercial strategic initiatives across the Nordics. This is to ensure our customers experience a professional and value-adding approach throughout the entire customer journey.

To further accelerate our growth and to support with the initiatives mentioned above, RISMA has entered into an agreement with Gartner.

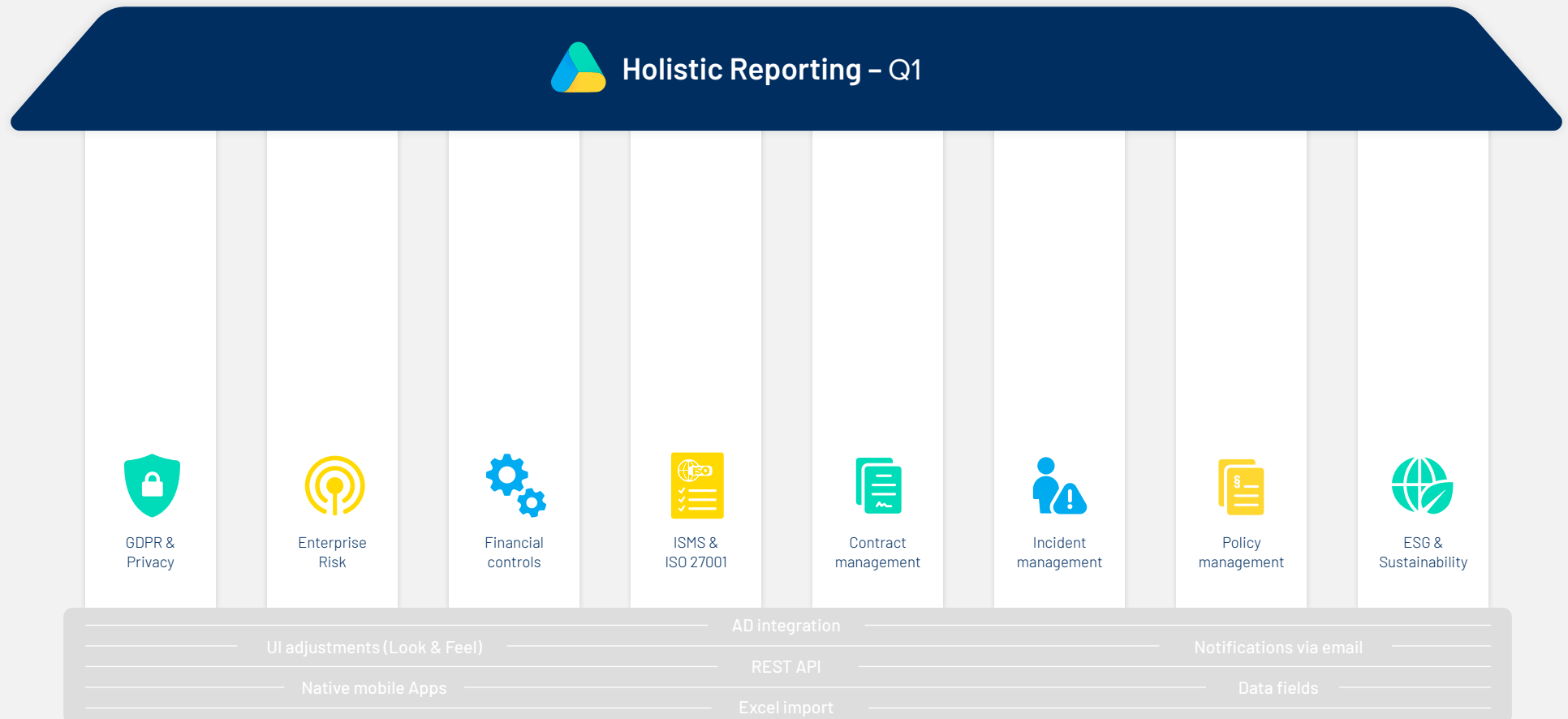


**RISMA has already some strong and relevant partnerships with big potentials. On top of that we have experienced an increased interest from different potential partners.**

Yours sincerely,

**Jan Axel Jansson,**  
Chief Commercial Officer

# GRC suite status - Q1 2022



# Statement from the CFO

## Revenue & EBITDA

In the first half year of 2021, RISMA managed to increase the revenue with 12% from the first half year of 2020. In the first half year of 2021, the EBITDA is -6 Mdkk.

Amounts in MDKK	30th Jun 2021	30th Jun 2020
Revenue	7.3	6.5
Cost of sales	-2.4	-1.8
Other external expenses	-6.4	-1
IPO cost	3.4	0
<b>Gross profit*</b>	<b>1.9</b>	<b>3.7</b>
Staff costs	-7.9	-5.2
<b>EBITDA*</b>	<b>-6</b>	<b>-1.5</b>

\*Gross profit/EBITDA is without IPO costs of 3.4 MDKK, as fundraising costs is not considered part of normal operations.

## Profit/loss for the first half year of 2021

The loss for the first half year of 2021 is -10.4 mdkk compared to -2.5 mdkk in the first half year of 2020.

## Annual recurring revenue from 1st of January 2021 to 1st of June 2021

Annual recurring revenue (ARR) has increased with 8% in 2021. The ARR are 13.7 Mdkk the 1st of June 2021.

RISMA has churned customers for 4.7% in H1 2021 and the upselling was 1.6%. The retention rate is 97%.

## Revenue Churn

After the first half year of 2021 the revenue churn is 0.6 Mdkk, which is equivalent to a 4.7% revenue churn rate.

## Revenue Retention Rate

The revenue retention rate in the first half year of 2021 was 97%.

## Upselling

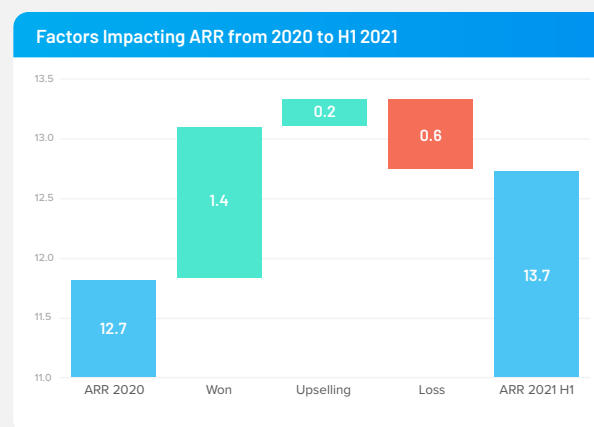
In the first half year 2021 we managed to increase existing contracts with 1,6% to our existing customers.

## New Sales

In the first half year of 2021, we managed to successfully on-board 22 new customers with an increase in ARR with 1.4 mdkk which increased the ARR with 11%.

## Average onboarding revenue per customer

The average revenue per onboarded customer in the first half year of 2021, was 62 tdkk.



## DEFINITIONS

### DEFINITION ANNUAL RECURRING REVENUE

The annual recurring revenue, also referred to as ARR, is defined as currently contracted revenue, and can be used to forecast the future annual revenue stream.

### REVENUE CHURN

Revenue churn is customers with terminated contracts, which have expired and there is no future revenue, hence they are not depicted in the ARR.

### UP-SELLING

In RISMA's contracts with customers, there is an annual index regulation equivalent to 2.5% per year. In addition, hereto up-selling consists of sales of additional licenses or modules

### RETENTION REVENUE RATE

The revenue retention rate is the difference between negative impact of revenue churn and positive impact of revenue upselling.

### NEW SALES

New sales is defined as revenue derived from newly acquired customers. In the ARR the value of new licenses is added, however revenue from the implementation is excluded.

# Consolidated Financial statement



# Consolidated Income Statement

Amounts in DKK '000	30th Jun 2021	30th Jun 2020
Revenue	7,322	6,531
Cost of sales	-2,395	-1,757
Other external expenses	-6,425	-1,079
<b>Gross Profit</b>	<b>-1,498</b>	<b>3,696</b>
Staff costs	-7,891	-5,215
Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,285	-1,161
<b>Profit/loss before net financials</b>	<b>-10,674</b>	<b>-2,681</b>
Financial income	67	0
Financial expenses	-91	-17
<b>Profit/loss before tax</b>	<b>-10,697</b>	<b>-2,698</b>
Tax for the year	243	216
<b>Profit/loss for the year</b>	<b>-10,455</b>	<b>-2,482</b>

	30th Jun 2021	30th Jun 2020
Shares, average	15,933,890	13,606,130
Net earnings	-10,450,000	-2,482,000
Net earnings per share	-0.65	-0.18

# Consolidated Balance Sheet

Amounts in DKK '000	30th Jun 2021	31th Dec 2020
<b>Assets</b>		
<b>Fixed Assets</b>		
<b>Intangible assets</b>		
Completed development projects	6,724	6,426
Acquired intangible assets	64	71
	<b>6,788</b>	<b>6,497</b>
<b>Property, plant and equipment</b>		
Fixtures and fittings, other plant and equipment	134	119
	134	119
<b>Investments</b>		
Deposits, investments	15	15
	15	15
<b>Total fixed assets</b>	<b>6,938</b>	<b>6,631</b>
<b>Non-fixed assets</b>		
<b>Receivables</b>		
Trade receivables	2,881	1,950
Corporation tax receivable	700	457
Prepayments	332	1,495
	<b>3,913</b>	<b>3,902</b>
Cash	33,114	3,373
Total non-fixed assets	37,027	7,275
<b>TOTAL ASSETS</b>	<b>43,965</b>	<b>13,906</b>

Amounts in DKK '000	30th Jun 2021	31th Dec 2020
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,807	1,380
Foreign currency translation reserve	6	152
Retained earnings	28,415	40
<b>Total equity</b>	<b>30,228</b>	<b>1,572</b>
<b>Liabilities other than provisions</b>		
<b>Non-current liabilities other than provisions</b>		
Non-current other payables	901	901
	901	901
<b>Current liabilities other than provisions</b>		
Trade payables	879	1,897
Other payables	2,629	2,165
Deferred income	9,328	7,371
	<b>12,836</b>	<b>11,433</b>
<b>Total liabilities other than provisions</b>	<b>13,737</b>	<b>12,334</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>43,965</b>	<b>13,906</b>

# Consolidated Equity Statement

Amounts in DKK '000	Share capital	Share premium account	Foreign currency translation reserve	Retained earnings	Total
<b>Equity at 1 January 2020</b>	1,346	0	-13	4,549	5,882
Capital increase	34	2,546	0	0	2,580
Transfer through appropriation of loss	0	0	0	-7,055	-7,055
Transferred form shared premium account	0	-2,546	0	2,546	0
Adjustment of investments through foreign exchange adjustments	0	0	165	0	165
<b>Equity at 31 December 2020</b>	<b>1,380</b>	<b>0</b>	<b>152</b>	<b>40</b>	<b>1,572</b>
<b>Equity at 1 January 2021</b>	1,380	0	152	40	1,572
Capital increase	427	39,823	0	0	40,250
Transfer through appropriation of loss	0	0	0	-10,455	-10,455
Transferred form shared premium account	0	-39,823	0	39,823	0
Transaction cost	0	0	0	-970	-970
Adjustment of investments through foreign exchange adjustments	0	0	-146	-23	-169
<b>Equity at 30 June 2021</b>	<b>1,807</b>	<b>0</b>	<b>6</b>	<b>28,415</b>	<b>30,228</b>

# Consolidated Cash Flow Statement

Amounts in DKK '000	30th Jun 2021	30th Jun 2020
Profit/loss for the year	-10,455	-2,482
Adjustments	823	1,260
<b>Cash generated from operations (operating activities)</b>	<b>-9,632</b>	<b>-1,222</b>
Changes in working capital	1,744	1,818
<b>Cash generated from operations (operating activities)</b>	<b>-7,887</b>	<b>596</b>
Interest paid, etc.	-58	-16
<b>Cash flows from operating activities</b>	<b>-7,945</b>	<b>580</b>
Additions of intangible assets	-1,527	-984
Additions of property, plant and equipment	-64	-20
<b>Cash flows to investing activities</b>	<b>-1,591</b>	<b>-1,004</b>
Transaction cost	-970	0
Cash capital increase	40,250	964
<b>Cash flows from financing activities</b>	<b>39,280</b>	<b>964</b>
Net cash flow	29,743	541
Cash and cash equivalents at 1. January	3,373	4,094
Foreign exchange adjustments	-2	-5
<b>Cash and cash equivalents at 30. June</b>	<b>33,114</b>	<b>4,630</b>

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## Lars Ankjer Jensen

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