

# Half-Year Report

JAN - JUN 2023



RISMA Systems A/S

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# Summary and Key Figures

			2023-H1	2022-H1
1	Annual Recurring Revenue	Annual Recurring Revenue increased by 55% compared to the first half year of 2022.	29.4 MDKK	19.0 MDKK
2	ARR Growth	ARR first half year growth in 2023 increased by approx. 80% compared to the same period last year.	6.7 MDKK	3.7 MDKK
3	Upselling	Upselling on existing customers increased by approx. 75% compared to the first half year of 2022.	2.4 MDKK	1.3 MDKK
4	Revenue Churn	Revenue Churn was improved by 1%-point in the first half year of 2023 compared to the first half year of 2022.	4%	5%
5	Net Revenue Retention Rate	Net Revenue Retention Rate was unchanged compared to the first half year of 2022.	103%	103%
6	Customer Acquisition Cost (CAC)	Customer Acquisition Cost decreased by 54 TDKK in the first half year of 2023 compared to the first half year of 2022.	84 TDKK	138 TDKK

# Management Statement

# Letter from the CEO

Per 30 June 2023 RISMA's ARR has increased by 55% year-on-year. In H1 2023 RISMA increased the ARR with 6,7 MDKK compared with 3,7 MDKK in H1 2022 and 1,0 MDKK in H1 2021. RISMA launches an unparalleled number of new and updated solutions in Q3 2023 and foresees a continued significant growth in H2 2023 and in 2024. In H1 2023 RISMA had, for the first time, positive cash flow from operations in a six months period.

Sales in H1 2023 were in line with the budget in all three countries: Denmark, Norway and Sweden. Furthermore, all three countries organisations produced positive cash flow from operations.

In H1 2023, the average customer acquisition cost (CAC) has been lower than the average yearly license for a new customer. The average CAC Payback Period (CPP) has been 9 months for new customers. This is the first six months period in which RISMA's CPP is lower than 12 months.

In the changing landscape of the market, customers are showing a preference for multipurpose solutions, such as GRC platforms like RISMA's. On the other hand, the market for solutions with single purposes, such as GDPR/IT security, internal controls, or contract management solutions, has reached maturity in Denmark and to some extent in Norway and Sweden. As a result, price is becoming an important factor in determining sales success for compliance management software that addresses a specific and narrow scope.

RISMA is consistently achieving favourable and increasing prices for two reasons: 1) Adaptable software enables RISMA to introduce new solutions fast and cost-effectively. This strategic capability allows RISMA to bring solutions to market before they become widely available.

Furthermore, the cost-effectiveness allows RISMA to introduce niche products, where the entry barrier is too high for most competitors. 2) A uniquely broad platform, meaning that customers seeking one-stop compliance solutions have limited options, primarily RISMA and USA-based software providers.

By 23 March 2023, RISMA introduced a new solution, CSRD, addressing the new EU requirements concerning companies' reporting on sustainability. This solution is expected to play a substantial role in driving RISMA's growth throughout 2023 and 2024. The solution often serves as a "gate opener," as CSRD customers tend to explore and purchase additional RISMA products. It also acts as a differentiator between RISMA and competitors with a limited offering. By the end of Q2 2023, RISMA has successfully sold 16 solutions in Denmark and Sweden combined.

It is expected that RISMA will launch the following solutions in Q3 2023: a) NIS2 (IT security), b) Åpenhetsloven (Norwegian sustainability framework, with Norwegian law firm Kvale), c) Anti-money laundering (revised version with Danish law firm Horten), d) GDPR (updated version with Danish law firm Plesner) and e) an updated version of the CSRD-solution.

**“RISMA launches an unparalleled number of new and updated solutions in Q3 2023 and foresees a continued significant growth in H2 2023 and in 2024”**

The new Norwegian solution for sustainability reporting, Åpenhetsloven, is projected to play a pivotal role in RISMA's growth within the Norwegian market in Q4 2023 and, particularly, in 2024. On the other hand, NIS2-solution is essential for any software provider offering software for IT security. It is, therefore, partly a defensive or responsive move, though expected to generate noteworthy new revenue.



Yours sincerely,

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

# Statement from the CFO

## Revenue & EBITDA

RISMA managed to increase the revenue by 43% to 14.7 MDKK in H1 2023 from 10,3 MDKK in H1 2022, which was in line with the expectations.

EBITDA was positive impacted by the new strategy “Sustainable Growth Journey” and the significant cost reductions where especially staff costs has been reduced with 4.0 MDKK. Together with the improvement in revenue the EBITDA was improved with 8.9 MDKK to -3.2 MDKK during the period, see below.

The cash flow has been positive in H1 2023 amounting 2.3 MDKK and is expected to be slightly negative for 2023. However, a positive cash flow is still expected in 2024. A loan facility of 12 MDKK was negotiated in March 2022. The loan facility, which is in place until March 2025 is unused.

Key figures, MDKK	2023 – H1	2022 – H1
Revenue	14.7	10.3
<b>GROSS PROFIT</b>	<b>9.9</b>	<b>5.0</b>
Staff costs	-13.1	-17.1
<b>EBITDA</b>	<b>-3.2</b>	<b>-12.1</b>
Average no. of FTE (excl. outsourced developers)	32	37
Net cash flow	2.3	-9.4
Loans	0.0	0.0
Unused loan facility	12.0	12.0

The annual recurring revenue ended at 29.4 MDKK which was an increase of 55% compared to H1 2022. The increase was mainly driven by new sales of 5.9 MDKK with a satisfactory split between the countries DK, SE and NO.

Upselling ended at 2.4 MDKK, which was an increase of 1,1 MDKK compared to the same period last year.

Revenue Churn was improved by 1%-point to 4% in H1 2023 from 5% in H1 2022 amounting 1.2 MDKK in H1 2023.

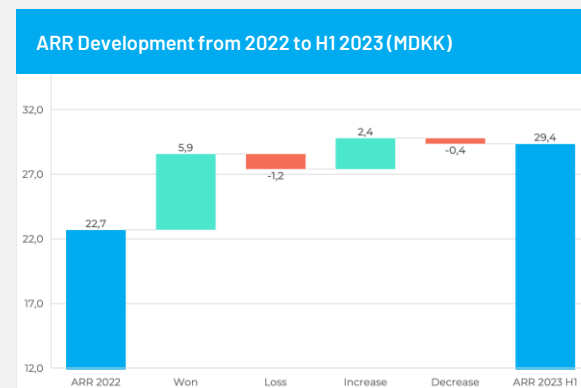
The revenue retention rate ended at 103% for H1 2023, which was unchanged compared to H1 2022.

Customer acquisition cost continues to improve and ended at 84 TDKK for H1 2023, which was a decrease by 54 TDKK.

## Outlook

The ARR in H1 2023 is in line with expectations, and the pipeline remain strong. The guidance for 2023 is therefore unchanged at 34 to 38 MDKK.

The EBITDA guidance is also kept unchanged at -7.5 to -9.5 MDKK which was communicated in company announcement no. 13, July 4, 2023.



## DEFINITIONS

**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 with no future revenue, hence they are not depicted in the ARR.

**UPSELLING** Upselling consists of additional licenses and modules sales with existing customers as well as price regulation of current contracts.

**RETENTION REVENUE RATE** The revenue retention rate is the difference between negative impact of revenue churn, downgrading 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 Statements

# Income statement

DKK '000	2023 - H1	2022 - H1
Revenue	14,693	10,292
Work performed for own account and capitalized	1,566	1,894
Cost of sales	-2,511	-2,936
Other external expenses	-3,893	-4,253
<b>GROSS PROFIT</b>	<b>9,855</b>	<b>4,997</b>
Staff costs	-13,095	-17,099
<b>EBITDA</b>	<b>-3,240</b>	<b>-12,102</b>
Depreciation, amortization and impairment losses	-1,626	-1,511
<b>OPERATING PROFIT/LOSS (EBIT)</b>	<b>-4,866</b>	<b>-13,613</b>
Financial income	23	63
Financial expenses	-180	-426
<b>PROFIT/LOSS BEFORE TAX</b>	<b>-5,023</b>	<b>-13,976</b>
Tax for the year	0	417
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>-5,023</b>	<b>-13,559</b>
<b>Other key figures</b>		
Average no. of FTE (excl. outsourced developers)	32	37
Outstanding shares	21,708,020	18,071,656
Net earnings (DKK)	-5,023,000	-13,559,000
Net earnings per share (DKK)	-0.23	-0.75

# Cash Flow Statement

DKK '000	2023 - H1	2022 - H1
Profit/loss for the year	-5,023	-13,559
Depreciation, amortization and impairment losses reversed	1,626	1,511
Changes in working capital	7,305	4,946
Adjustments (exchange rates etc.)	157	-54
<b>Cash flows from primary activities</b>	<b>4,065</b>	<b>-7,156</b>
Interest paid, etc.	-157	-316
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>3,908</b>	<b>-7,472</b>
Additions of intangible assets	-1,628	-1,894
Additions of property, plant and equipment	0	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-1,628</b>	<b>-1,894</b>
Transaction cost	0	0
Cash capital increase	0	0
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>0</b>	<b>0</b>
<b>NET CASH FLOW</b>	<b>2,280</b>	<b>-9,366</b>
Cash and cash equivalents on January 1	14,138	19,977
Net cash flow	2,280	-9,366
Exchange rate adjustments	72	0
<b>CASH AND CASH EQUIVALENTS JUNE 30, 2023</b>	<b>16,490</b>	<b>10,611</b>



# Balance Sheet

DKK '000	30 <sup>th</sup> Jun 2023	30 <sup>th</sup> Jun 2022
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Completed development projects	8,918	7,847
Acquired intangible assets	35	49
<b>Intangible assets</b>	<b>8,953</b>	<b>7,896</b>
Fixtures and fittings, other plant and equipment	263	401
Deposits, investments	301	301
<b>TOTAL NON-CURRENT ASSETS</b>	<b>9,517</b>	<b>8,598</b>
<b>CURRENT ASSETS</b>		
Trade receivables	4,038	5,865
Corporation tax receivable	968	1,192
Prepayments	1,900	2,470
Other receivables	102	56
<b>Receivables</b>	<b>7,008</b>	<b>9,583</b>
Cash and cash equivalents	16,490	10,611
<b>TOTAL CURRENT ASSETS</b>	<b>23,498</b>	<b>20,194</b>
<b>TOTAL ASSETS</b>	<b>33,015</b>	<b>28,792</b>

DKK '000	30 <sup>th</sup> Jun 2023	30 <sup>th</sup> Jun 2022
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	2,171	1,807
Foreign currency translation reserve	-54	-279
Retained earnings	9,376	3,608
<b>TOTAL EQUITY</b>	<b>11,493</b>	<b>5,136</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>	<b>0</b>	<b>785</b>
Trade payables	689	763
Other payables	3,720	8,551
Deferred income	17,113	13,557
<b>Current liabilities</b>	<b>21,522</b>	<b>22,871</b>
<b>TOTAL LIABILITIES</b>	<b>21,522</b>	<b>23,656</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>33,015</b>	<b>28,792</b>

# Equity Statement

DKK '000	Share capital	Share premium account	Foreign currency translation reserve	Retained earnings	Total
<b>EQUITY JANUARY 1, 2023</b>	<b>2,171</b>	<b>0</b>	<b>-126</b>	<b>14,249</b>	<b>16,294</b>
Adjustments previous year	0	0	0	150	150
<b>ADJUSTED EQUITY JANUARY 1, 2023</b>	<b>2,171</b>	<b>0</b>	<b>-126</b>	<b>14,399</b>	<b>16,444</b>
Transfer through appropriation of loss	0	0	0	-5,023	-5,023
Adjustment of investments through foreign exchange adjustments	0	0	72	0	72
<b>EQUITY JUNE 30, 2023</b>	<b>2,171</b>	<b>0</b>	<b>-54</b>	<b>9,376</b>	<b>11,493</b>
<b>EQUITY JANUARY 1, 2022</b>	<b>1,807</b>	<b>0</b>	<b>-366</b>	<b>17,167</b>	<b>18,708</b>
Transfer through appropriation of loss	0	0	0	-13,559	-13,559
Adjustment of investments through foreign exchange adjustments	0	0	-13	0	-13
<b>EQUITY JUNE 30, 2022</b>	<b>1,807</b>	<b>0</b>	<b>-279</b>	<b>3,608</b>	<b>5,136</b>

# Company Information

## Entity

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RISMA Systems A/S  
Ejby Industrivej 34-38  
2600 Glostrup

CVR: 32769713

## Board of Directors

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Lars Ankjer Jensen, Chairman  
Lars Nybro Munksgaard  
Claus Henrik Christiansen  
Rolf Erik Hall  
Merete Søby  
Rolf Bladt

## Executive Board

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Lars Nybro Munksgaard, CEO

## Certified Advisor

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Grant Thornton  
Stockholmegade 45  
2100 Copenhagen Ø