

Quarterly update





Q3 2022



RISMA Systems A/S



Content

-  **Summary and key figures Q3, 2022** **4**
-  **Letter from the CEO** **5**
by Lars Nybro Munksgaard
-  **Commercial perspective on Q3, 2022** **6**
by Lars Nybro Munksgaard
-  **Statement from the CFO** **7**
by Jacob Halberg

Summary and key figures Q3 YTD

		2022-Q3 YTD	2021-Q3 YTD	
1	ANNUAL RECURRING REVENUE	Annual Recurring Revenue increased by 41% compared to the third quarter of 2021.	20.5 MDKK	14.5 MDKK
2	ARR GROWTH	ARR third quarter growth in 2022 increased by approx. three times compared to the third quarter growth of 2021.	5.2 MDKK	1.8 MDKK
3	UPSELLING	Upselling on existing customers increased by approx. six times compared to the third quarter of 2021.	1.7 MDKK	0.3 MDKK
4	REVENUE CHURN	Revenue Churn was at the expected level and unchanged versus third quarter of 2021.	5%	5%
5	NET REVENUE RETENTION RATE	Net Revenue Retention Rate improved by 7%-points in the third quarter of 2022 compared to third quarter of 2021.	104%	97%
6	CUSTOMER ACQUISITION COST	Customer Acquisition Cost decreased by 46 TDKK in the third quarter of 2022 compared to the third quarter of 2021.	138 TDKK	184 TDKK

FINANCIAL GUIDANCE

The ARR guidance for 2022 is unchanged and at 23-26 MDKK, equivalent to a growth rate of 50-70% in 2022.

The EBITDA guidance for 2022 is -21 to -23 MDKK, which is unchanged.

Letter from the CEO

RISMA had good sales in Q3

Typically, sales are relatively low in Q3 due to the summer vacation, with sales being nearly non-existent from early July to mid-August. RISMA's ARR increased almost as much in Q3 as it did in Q1 and Q2. As a result, the year-on-year growth increased to 41%.

The year-on-year growth has increased from 20% end of 2021 to 32% end of Q1, 38% end of Q2, and now 41%. We expect year-on-year growth to be at least 50% by the end of Q4.

Looking into 2023, we expect a new business area, ESG (sustainability), to become a contributor to RISMA's growth. The GRC solutions that have contributed to RISMA's growth to date will, of course, still be where most of RISMA's recurring revenue comes from. Concerning new sales in 2023, we expect GRC and ESG to contribute with a significant share each.

We have for some time known that ESG would, at some point, become a focus area for RISMA. In May 2022, we decided to build a solution to support the governance of a new EU directive, CSRD, expected to be approved by the EU Commission in Q4. Since then, we have allocated significant resources to product development, which three potential customers are testing.

In Q3, we changed the sales organization, merging direct sales with the partner team. In the process, we also performed a cost cut.

With the cost cut and capital raise performed in early Q4, RISMA has secured a solid capital base going into 2023. We are now looking into hiring new staff with other capabilities. We do not least need more employees for the onboarding of new customers.

Yours sincerely,

Lars Nybro Munksgaard,
Chief Executive Officer & Founder



Commercial perspective on Q3, 2022



New ESG solution

- Successful co-creation process with knowledge partner and selected customers/prospects
- On track for launch when CSRD is approved
- Lead-gen is progressing according to plan within the enterprise segment
- Positive response from existing and potential new customers



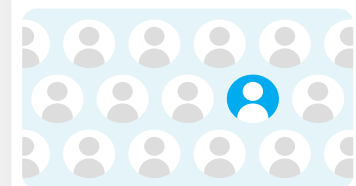
Commercial growth indicators

- New customer intake increased by 123% compared to Q3, 2021 – welcoming 28 new clients
- Norway has had a strong quarter with 7 new wins



Continued Nordic success

- Norway has had three consecutive months excluding July (summer vacation) with satisfying new sales
- Sweden is still trailing, but improving
- Increase in pipeline in NO & SE is in line with growth projections



New Commercial Organisation

- CCO steps down in line with new strategy
- DK Sales Director is new Chief Sales Officer with Nordic sales responsibility
- Direct sales and partner sales are integrated as a natural step to accelerate wins

Statement from the CFO

HIGHLIGHTS OF ANNUAL RECURRING REVENUE Q3 2022

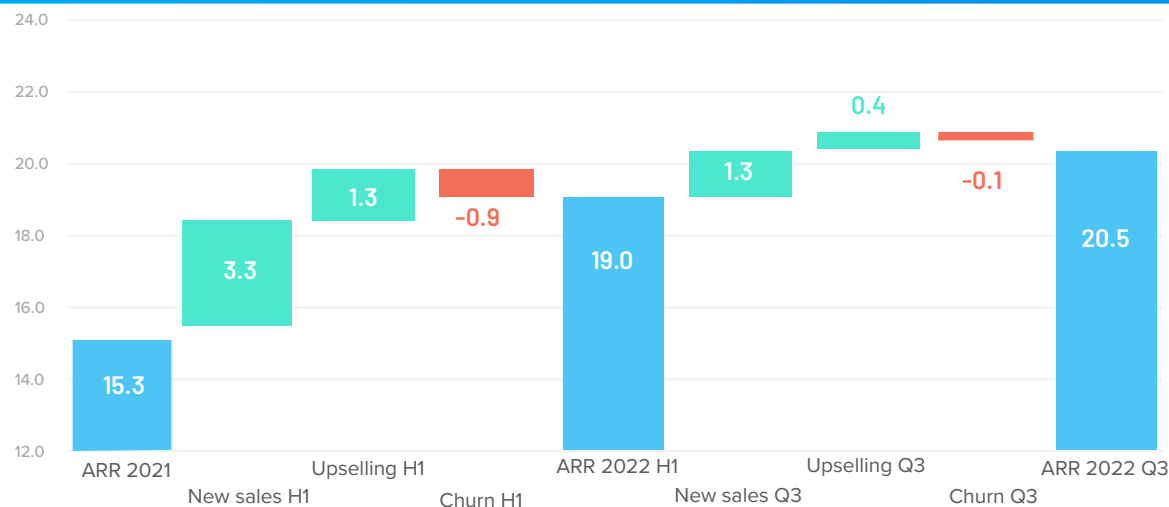
ARR ended at 20.5 MDKK in 2022-Q3 which is 41% higher than 14.5 MDKK end of 2021-Q3, and on track to reach our guidance for 2022.

Total ARR increased by 5.2 MDKK in 2022-Q3 YTD which is approx. three times higher growth than the 1.8 MDKK increase in 2021-Q3 YTD. RISMA churned revenue for 5% in Q3 2022 YTD while the upselling was 8.2%. The retention rate for Q3 2022 was 104%. RISMA has in the third quarter YTD of 2022 onboarded 93 customers with an average ARR of 48,757 DKK.



Jacob Halberg
Chief Financial Officer

Annual Recurring Revenue Development MDKK



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.

NEW SALES

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

UPSELLING

Upselling consists of sales of additional licenses or modules and index regulations on existing contracts.

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.

NET REVENUE RETENTION RATE

The Net Revenue Retention Rate is the difference between the positive impact of revenue upselling and the negative impact of revenue churn, compared to the level of ARR by the start of the period.