

# Half-Year Report

JAN - JUN 2022



RISMA Systems A/S



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# Summary and key figures

			2022-H1	2021-H1
1	<b>ANNUAL RECURRING REVENUE</b>	Annual Recurring Revenue increased by 38% compared to the first half year of 2021.	19.0 MDKK	13.7 MDKK
2	<b>ARR QUARTERLY GROWTH</b>	ARR first half year growth in 2022 increased by approx. four times compared to the first half year growth of 2021.	3.7 MDKK	1.0 MDKK
3	<b>UPSELLING</b>	Upselling on existing customers increased by approx. seven times compared to the first half year of 2021.	1.3 MDKK	0.2 MDKK
4	<b>REVENUE CHURN</b>	Revenue Churn increased by 1%-point during the period, from 5% to 6% in H2 2022.	0.9 MDKK	0.6 MDKK
5	<b>NET REVENUE RETENTION RATE</b>	Net Revenue Retention Rate improved by 6%-points in the first half year of 2022 compared to first half year of 2021.	103%	97%
6	<b>CUSTOMER ACQUISITION COST</b>	Customer Acquisition Cost decreased by 19 TDKK in the first half year of 2022 compared to the first half year of 2021.	138 TDKK	157 TDKK

## FINANCIAL GUIDANCE

The ARR guidance for 2022 is updated to 23-26 MDKK, equivalent to a growth rate of 50-70% in 2022. The prior guidance was 25-28 MDKK. The EBITDA guidance for 2022 is -21 to -23 MDKK, which is unchanged.

# Letter from the CEO

Per 30 June 2022 RISMA's revenue has increased by 41% year-on-year. H1 2022 RISMA increased the ARR with 3.7 MDKK compared to 1.0 MDKK in H1 2021. The year-on-year growth in ARR is 38% per 30 June, which is an improvement from 20% per 31 December 2021. We foresee a significant upward trend in year-on-year growth in H2 2022, especially in Q4.

The direct sales activities in Denmark has delivered as expected. Sales in Sweden and Norway are progressing, but the penetration takes a little longer than anticipated. Norway had, however, their best month ever in June and both Sweden and Norway have significantly stronger pipelines compared to just three months ago. Especially in Norway and Sweden do the partnerships contribute to the pipeline.

The GRC software suite introduced in H2 2021 has led to an increase in new sales to existing customers as well as more initial sales to new customers. Furthermore, our outsourcing solution, which is not part of the suite, has been a significant driver in establishing a strong presence in the insurance and pension industry, often with a full suite sales to new customers. We have strengthened our controls solution embedded in the GRC suite. This has also led to new customers, who were only looking for a controls solution. It is, however, still the privacy (GDPR) and IT-Security solutions that drives a majority of RISMA's lead generation and thereby new sales.

We are presently building a new solution to support compliance with a new directive from the EU, the corporate sustainability reporting directive (CSRD). This solution essentially uses the same software code as the GRC solutions.

The CSRD stipulates which sustainability-related matters that need to be reported in the annual report. Among advisors with knowledge about the CSRD, there seems to be consensus about the opinion that this directive will place a much larger compliance burden on the businesses than any recent new legislation.

Based on the latest draft version of the directive, RISMA is building content in our generic compliance software, and we will be able to provide the market with a solution that can ease that burden shortly after the directive has been passed. Presently, this is expected to happen in November this year. Shortly thereafter we will have the opportunity to build another sustainability-related solution, also based on the existing software code.

At the end of 2022, RISMA will thereby have two business legs: The GRC solutions and the sustainability solution(s). We expect the new product(s) related to sustainability to be the biggest growth driver for RISMA since GDPR in 2017-2018.

Yours sincerely,

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



**We expect the new products related to sustainability to be the biggest growth driver for RISMA since GDPR in 2017-2018.**

# Commercial perspective



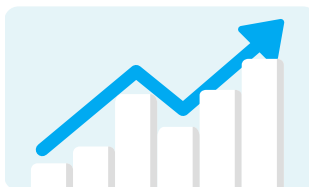
## New ESG solution

- Timing and quality hand-in-hand is key
- Relevant in the implementation phase and as ongoing governance tool
- Signed-up with a knowledge partner
- High sales ambitions from FY23 and onwards
- Lead-gen for solution from Q3, 2022



## Partner portal

- Launch of comprehensive partner portal
- Our digital portal allows for scalability and continued professionalism
- Increase our ability to collaborate and educate partners
- Transparency of business progress in partnerships



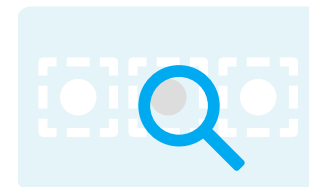
## Commercial growth indicators

- New customer intake increased by 183% compared to H1, 2021 – welcoming 65 new clients
- Consolidation of GRC in one platform. Of the total ARR growth in H1 about 31% came from sales of the GRC suite
- An increasingly share of our pipeline consists of GRC suite opportunities



## Continued Nordic success

- Gaining Nordic momentum as 20% of our total ARR growth in H1 comes from NO & SE – incl. strategic wins. This number is expected to increase in H2
- Continued pipeline growth in SE & NO
- New Swedish board member who also generate leads



## Focal points for following quarters

- Partner execution – we see a continuous trend of growth with more and bigger leads – particular in NO & SE
- Continued sales momentum in DK – and scale knowledge & best practice to SE & NO
- Lead generation of new ESG solution

NB: Q2 was impacted by investments in new ESG solution and finalization of partner portal but also postponements of some significant deals, and a re-set in Sweden with a new Sales Director



**Jan Axel Jansson**  
Chief Commercial Officer

# Statement from the CFO

## Revenue & EBITDA

RISMA managed to increase the revenue by 41% from first half 2021 to first half 2022, which was in line with the expectations.

EBITDA was impacted by the investment to accelerate the growth in Scandinavia, where offices in Sweden and Norway were established as well as increased sales, partnership function and customer success function in Denmark were expanded during the period. This impacted the staff cost which was partly offset by lower other external expenses due to IPO cost in H2 2021.

Overall EBITDA was at the expected level in H2 2022.

Amounts in MDKK	2022 - H1	2021 - H1
Revenue	10.3	7.3
Cost of sales	-2.9	-2.4
Other external expenses	-4.3	-6.4
<b>Gross profit</b>	<b>3.1</b>	<b>-1.5</b>
Staff costs	-15.2	-7.9
<b>EBITDA</b>	<b>-12.1</b>	<b>-9.4</b>

## SaaS Metrics

The annual recurring revenue ended at 19.0 MDKK which was an increase of 38% in H1 2022 compared to H1 2021. The increase was slightly below the expected level mainly driven by slower penetration in the Swedish and Norwegian market. Though, the pipeline in both countries remains very strong.

Upselling ended at 1.3 MDKK, which was 1.1 MDKK more up-selling than same period last year.

Revenue Churn ended close to the same level as in H1 2022 at 6%, while H1 2021 were at 5%.

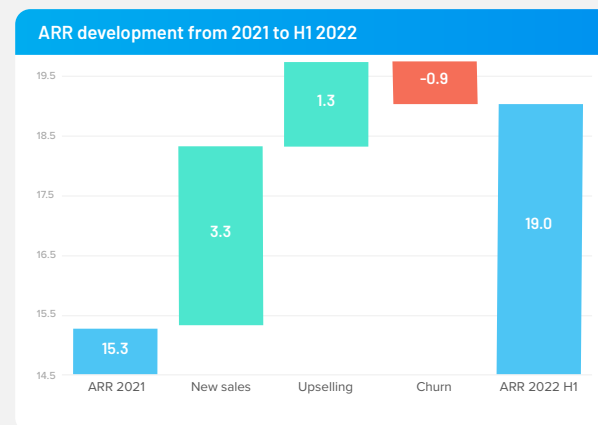
The revenue retention rate ended at 103% for H1 2022, which was an improvement of 6%-points compared to last year.

Customer acquisition cost continues to improve and ended at 138 TDKK for H1 2022, which was a decrease by 19 TDKK.

## Outlook

Despite the slightly lower ARR in H1 2022 the pipeline remains very strong. The ARR guidance for 2022 is updated to 23 to 26 MDKK. The prior guidance was 25-28 MDKK.

The EBITDA guidance is kept unchanged at -21 to -23 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.

**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 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.

# Financial statement



# Income Statement

Amounts in DKK '000	2022 - H1	2021 - H1
Revenue	10,292	7,322
Cost of sales	-2,936	-2,395
Other external expenses	-4,253	-6,425
<b>Gross Profit</b>	<b>3,103</b>	<b>-1,498</b>
Staff costs	-15,205	-7,891
Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,511	-1,285
<b>Profit/loss before net financials</b>	<b>-13,613</b>	<b>-10,674</b>
Financial income	63	67
Financial expenses	-426	-91
<b>Profit/loss before tax</b>	<b>-13,976</b>	<b>-10,697</b>
Tax for the year	417	243
<b>Profit/loss for the year</b>	<b>-13,559</b>	<b>-10,455</b>

	2022 - H1	2021 - H1
Shares, average	18,071,656	15,933,890
Net earnings	-13,559,000	-10,450,000
Net earnings per share	-0.75	-0.65

# Balance Sheet

Amounts in DKK '000	30th Jun 2022	31st Dec 2021
<b>Assets</b>		
<b>Fixed Assets</b>		
<b>Intangible assets</b>		
Completed development projects	7,847	7,386
Acquired intangible assets	49	57
	<b>7,896</b>	<b>7,443</b>
<b>Property, plant and equipment</b>		
Fixtures and fittings, other plant and equipment	401	472
	401	472
<b>Investments</b>		
Deposits, investments	301	301
	301	301
<b>Total fixed assets</b>	<b>8,598</b>	<b>8,216</b>
<b>Non-fixed assets</b>		
<b>Receivables</b>		
Trade receivables	5,865	2,988
Corporation tax receivable	1,192	774
Prepayments	2,470	2,516
Other receivables	56	75
	<b>9,583</b>	<b>6,353</b>
Cash	10,611	19,977
Total non-fixed assets	20,194	26,330
<b>TOTAL ASSETS</b>	<b>28,792</b>	<b>34,546</b>

Amounts in DKK '000	30th Jun 2022	31st Dec 2021
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,807	1,807
Foreign currency translation reserve	-279	-266
Retained earnings	3,608	17,167
<b>Total equity</b>	<b>5,136</b>	<b>18,708</b>
<b>Liabilities other than provisions</b>		
<b>Non-current liabilities other than provisions</b>		
Non-current other payables	785	785
	785	785
<b>Current liabilities other than provisions</b>		
Trade payables	763	2,091
Other payables	8,551	2,780
Deferred income	13,557	10,182
	<b>22,871</b>	<b>15,053</b>
<b>Total liabilities other than provisions</b>	<b>23,656</b>	<b>15,838</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>28,792</b>	<b>34,546</b>

# Equity Statement

Amounts in DKK '000	Share capital	Share premium account	Foreign currency translation reserve	Retained earnings	Total
Equity at 1 January 2021	1,380	0	152	40	1,572
Capital increase	427	39,923	0	0	40,350
Transfer through appropriation of loss	0	0	0	-21,809	-21,809
Transferred from shared premium account	0	-39,923	0	39,923	0
Transaction cost	0	0	0	-987	-987
Adjustment of investments through foreign exchange adjustments	0	0	-418	0	-418
<b>Equity at 31 December 2021</b>	<b>1,807</b>	<b>0</b>	<b>-266</b>	<b>17,167</b>	<b>18,708</b>
Equity at 1 January 2022	1,807	0	-266	17,167	18,708
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 at 30 June 2022</b>	<b>1,807</b>	<b>0</b>	<b>-279</b>	<b>3,608</b>	<b>5,136</b>

# Cash Flow Statement

Amounts in DKK '000	2022 - H1	2021 - H1
Profit/loss for the year	-13,559	-10,455
Adjustments	1,457	1,065
<b>Cash generated from operations (operating activities)</b>	<b>-12,102</b>	<b>-1,222</b>
Changes in working capital	4,946	1,502
<b>Cash generated from operations (operating activities)</b>	<b>-7,156</b>	<b>-7,888</b>
Interest paid, etc.	-316	-58
<b>Cash flows from operating activities</b>	<b>-7,472</b>	<b>-7,946</b>
Additions of intangible assets	-1,894	-1,527
Additions of property, plant and equipment	0	-64
<b>Cash flows to investing activities</b>	<b>-1,894</b>	<b>-1,591</b>
Transaction cost	0	-970
Cash capital increase	0	40,250
<b>Cash flows from financing activities</b>	<b>0</b>	<b>39,280</b>
Net cash flow	-9,366	29,743
Cash and cash equivalents at 1. January	19,977	3,373
Foreign exchange adjustments	0	-2
<b>Cash and cash equivalents at 30. June</b>	<b>10,611</b>	<b>33,114</b>