

Quarterly report Q3

JUL - SEP 2021



RISMA Systems A/S



Content

MANAGEMENT REVIEW

Letter from the CEO	4
Letter from the CCO	5
Statement from the CFO	6-7

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement	9
Consolidated Balance Sheet	10
Consolidated Equity Statement	11
Consolidated Cash Flow Statement	12

Letter from the CEO

RISMA shifts focus from preparation of growth to execution of growth

The period from the IPO in March 2021 to now has been spent on preparing for growth. We have spent time and resources on recruitments, signing new partner agreements, training, sharpening our value proposition, translating solutions, and many other activities that are prerequisites for the significant growth we expect in 2022.

At the same time, we have improved our software, which is now, de facto, the only full GRC platform in the Scandinavian market. We consider it unlikely that any Scandinavian competitors will be able to provide full GRC platforms to the same extend anytime soon.

User friendly platform supports specialists and provides insights for management

In Q1 2022, we expect to launch a multi-disciplinary performance overview that can be used for management reporting. We consider it likely that multi-disciplinary performance overviews will become an industry standard over time.

With that in place, we have accomplished our initial design ambition of having a user-friendly platform, robust enough to support specialists and being able to provide insights for management decisions.

Overall, we think that our product gives us a competitive advantage. Now, our task is to translate that into high growth rates.

I will now leave the word to my partner in Executive Management - RISMA's CCO, Jan Jansson. Jan will elaborate on the status and initiatives in the new sales organization.

Yours sincerely,

Lars Nybro Munksgaard,
Chief Executive Officer & Founder



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our product gives us a
competitive advantage.
Now our task is to translate
that into high growth rates.**

Letter from the CCO

New business

Our ability to bring in new customers has increased by 100% in the first quarters of 2021 compared to the same period in 2020.

The average deal size is constantly increasing throughout 2021 due to the following reasons:

- Customer sees the need of having more solutions installed initially
- Introduction of the suite and the underlying attractive price model
- The average size of the customers is increasing.

The functionality of our solutions is being optimized on an ongoing basis, based on identified needs and feedback from customers.

Partner development

During 2021, we have signed five new partner agreements (2020: one) and the total number of partnerships is now seven. We may consider signing a few more partnerships in 2021 but, in general, we consider our existing partnerships to be adequate and will now focus on developing the existing partnerships.

The partnerships play an important role to scale our business and to deliver in accordance with our growth ambition for 2022 and onwards. We expect that the partnerships will directly or indirectly contribute to more than 50% of our ARR growth already in 2022.

Recently, we have defined a partner framework and selected a vendor for establishing a partner portal that will be in place before year-end. That will allow us to work more strategic and structured with the go-to-market approach for our different types of partnerships and potentials across the Nordics. Our customers will benefit from stronger partnerships as we now have relevant implementation partners within all our solutions.

Expansion in Direct Sales

We have now in accordance with our plans established our sales teams in Norway and Sweden. Today, each team consists of three FTEs. Furthermore, we have increased the number of salespeople in Denmark significantly. The total number of salespeople is expected to be 12 before end of Q1 2022.

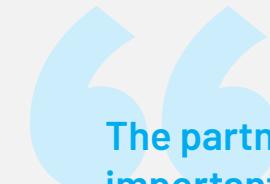
The collaboration between Direct Sales and the Partner function is natural and key for our growth in 2022 which is supported by our incentive program.

Outlook - Execution focus

During the past quarter, the commercial function has managed to deliver the results in the short term and, at the same time, planned for the longer term. As described above, we have now established our teams and partner program and will now change our focus to executing our significant growth plans for 2022.

Yours sincerely,

Jan Axel Jansson,
Chief Commercial Officer



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Statement from the CFO (1 of 2)



HIGHLIGHTS OF ANNUAL RECURRING REVENUE (ARR) Q3 2021

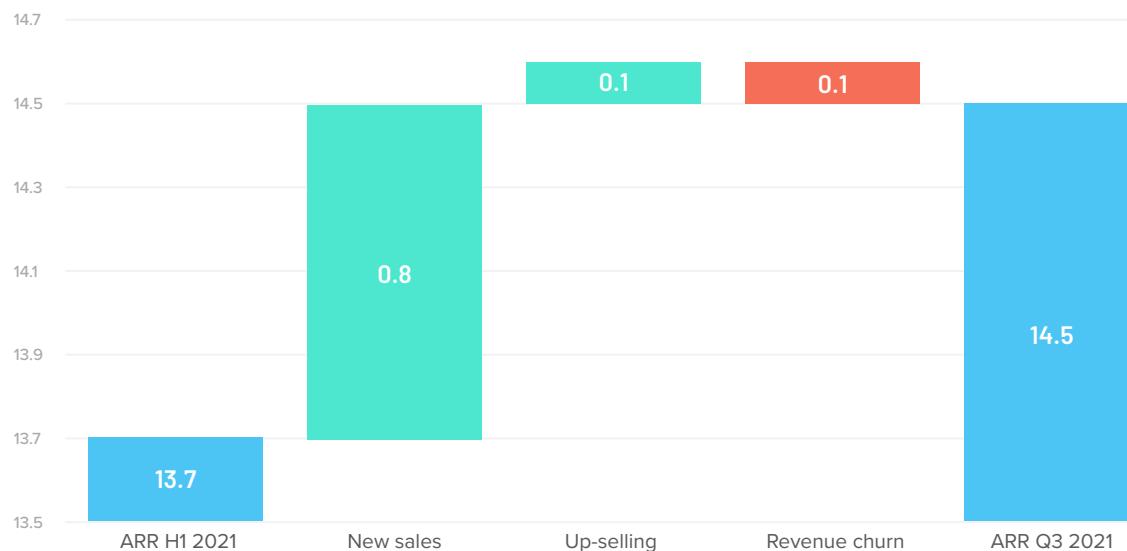
ARR end of 2021-Q3 was 14.5 Mdkk which is 21% higher than 12.0 Mdkk end of 2020-Q3. Total ARR increased by 0.8 Mdkk in 2021-Q3 which is 100% higher than the 0.4 Mdkk increase in 2020-Q3.

RISMA churned customers for less than 1% in Q3 2021. The retention rate for Q3 2021 is 100%.

Our partner channel had their first sale with 120 Tdkk ARR.

RISMA has until now onboarded 36 customers with an average ARR of 60,178 dkk.

Factors Impacting ARR from H1 2021 to Q3 2021



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.

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.

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

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.

RETENTION REVENUE RATE

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

Statement from the CFO (2 of 2)

HIGHLIGHTS OF CONSOLIDATED INCOME STATEMENT

Revenue

Revenue is 10.9 Mdkk YTD Q3 2021. YTD Q3 2020, the revenue was 9.6 Mdkk. This is a 14% increase in revenue.

Other external expenses

Other external expenses increased from 1.9 Mdkk in YTD Q3 2020 to 8.8 Mdkk YTD Q3 in 2021. Out of the 8.8 Mdkk YTD Q3 2021, the 4.1 Mdkk is IPO costs.

Besides the IPO costs, the increase is related to sales costs.

Staff costs

Staff costs increased from 7.2 Mdkk in YTD Q3 2020 to 13.0 Mdkk YTD in 2021.

The 5.8 Mdkk increase is related to investments:

- The Technology department invested in five FTE Backend developers and a project manager.
- Sales teams in Denmark, Norway and Sweden added eight sales resources (established in Norway and Sweden).
- Customer Success/Product development team added four FTE's.
- Marketing added one FTE.

The investments in Technology and Product development are as promised and will secure that the suite will continue to be state of the art within Compliance solutions. The Nordic Sales teams are established and a new sales pipeline is built and RISMA expects the first sales ultimo 2021/primo 2022.

Amounts in MDKK	30th Sep 2021	30th Sep 2020
Gross profit	-1.1	5.1
IPO costs*	4.1	0.0
Gross profit (without IPO costs)*	3.0	5.1
Staff costs	-13.0	-7.2
EBITDA*	-10.0	-2.1

*Gross profit/EBITDA is without IPO costs of 4.1 MDKK, as fundraising costs is not considered part of normal operations.

— Thomas Hermann
CHIEF FINANCE OFFICER



Consolidated Financial statement

Consolidated Income Statement

Amounts in DKK '000	2021-03	2021-03-YTD	2020-03	2020-03-YTD
Revenue	3,591	10,913	3,059	9,590
Cost of sales	-837	-3,232	-901	-2,658
Other external expenses	-2,357	-8,782	-774	-1,853
Gross Profit	397	-1,105	1,384	5,079
Staff costs	-5,107	-12,998	-2,017	-7,232
Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-678	-1,963	-619	-1,780
Profit/loss before net financials	-5,388	-16,062	-1,252	-3,933
Financial income	20	87	0	0
Financial expenses	-16	-107	0	-28
Profit/loss before tax	-5,384	-16,082	-1,252	-3,961
Tax for the year	309	552	121	337
Profit/loss for the year	-5,075	-15,530	-1,131	-3,624

	2021-03	2021-03-YTD	2020-03-YTD
Shares, average	15,993,389	15,993,389	13,606,130
Net earnings	-5,075,000	-15,530,000	-3,624,000
Net earnings per share	-0.32	-0.97	-0.27

Consolidated Balance Sheet

Amounts in DKK '000	30th Sep 2021	31th Dec 2020	Amounts in DKK '000	30th Sep 2021	31th Dec 2020
Assets			EQUITY AND LIABILITIES		
Fixed Assets			Equity		
Intangible assets			Share capital	1,807	1,380
Completed development projects	7,058	6,426	Foreign currency translation reserve	151	152
Acquired intangible assets	60	71	Retained earnings	23,346	40
	7,118	6,497	Total Equity	25,304	1,572
Property, plant and equipment			Liabilities other than provisions		
Fixtures and fittings, other plant and equipment	496	119	Non-current liabilities other than provisions		
	496	119	Non-current other payables	901	901
Investments				901	901
Deposits, investments	301	15	Current liabilities other than provisions		
	301	15	Trade payables	1,625	1,897
Total fixed assets	7,915	6,631	Other payables	1,308	2,165
Non-fixed assets			Deferred income	7,815	7,371
Receivables				10,748	11,433
Trade receivables	3,496	1,950	Total liabilities other than provisions	11,649	12,334
Corporation tax receivable	1,009	457	TOTAL EQUITY AND LIABILITIES	36,953	13,906
Prepayments	661	1,495			
	5,166	3,902			
Cash	23,872	3,373			
Total non-fixed assets	29,038	7,275			
TOTAL ASSETS	36,953	13,906			

Consolidated Equity Statement

Amounts in DKK '000	Share capital	Share premium account	Foreign currency translation reserve	Retained earnings	Total
Equity at 1 January 2020	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	-3,624	-3,624
Transferred from shared premium account	0	-2,546	0	2,546	0
Adjustment of investments through foreign exchange adjustments	0	0	165	0	165
Equity at 30 September 2020	1,380	0	152	3,471	5,003
Equity at 1 January 2021	1,380	0	152	40	1,572
Capital increase	427	39,823	0	0	40,250
Transfer through appropriation of loss	0	0	0	-15,530	-15,530
Transferred from shared premium account	0	-39,823	0	39,823	0
Transaction cost	0	0	0	-987	-987
Adjustment of investments through foreign exchange adjustments	0	0	-1	0	-1
Equity at 30 September 2021	1,807	0	151	23,346	25,304

Consolidated Cash Flow Statement

Amounts in DKK '000	2021-03-YTD	2020-03-YTD
Profit/loss for the year	-15,530	-3,624
Adjustments	1,272	965
Cash generated from operations (operating activities)	-14,258	-2,659
Changes in working capital	-1,553	643
Cash generated from operations (operating activities)	-15,811	-2,016
Interest received, etc.	96	0
Interest paid, etc.	-104	-28
Income taxes received	0	537
Cash flows from operating activities	-15,819	-1,507
Additions of intangible assets	-2,509	-1,532
Additions of property, plant and equipment	-434	-79
Cash flows to investing activities	-2,943	-1,611
Transaction cost	-987	0
Cash capital increase	40,250	2,430
Cash flows from financing activities	39,263	2,430
Net cash flow	20,501	-688
Cash and cash equivalents at 1. January	3,373	4,094
Foreign exchange adjustments	-2	-30
Cash and cash equivalents at 30. September	23,872	3,376