

Half-Year Report

JAN – JUN 2024



RISMA Systems A/S

Contents

Management review

Summary and key figures.....	3
Letter from the CEO.....	5
Statement from the CFO.....	6

Financial statements

Income Statement.....	8
Cash Flow Statement.....	8
Balance Sheet.....	9
Equity Statement.....	10

Company Information

Summary and key figures

			2024-H1	2023-H1
1	Annual recurring revenue	Annual Recurring Revenue increased by 33% compared to the first half year of 2023.	39.1 MDKK	29.4 MDKK
2	ARR growth	ARR first half year growth in 2024 increased by approx. 15% compared to the same period last year.	5.2 MDKK	6.7 MDKK
3	Upselling	Upselling on existing customers was unchanged compared to the first half year of 2023.	2.4 MDKK	2.4 MDKK
4	Revenue churn	Revenue Churn was unchanged in the first half year of 2024 compared to the first half year of 2023 (12-month period).	4%	4%
5	Net revenue retention rate	Net Revenue Retention Rate was improved by 5%-points compared to the first half year of 2023 (12-month period).	108%	103%
6	Customer acquisition cost	Customer Acquisition Cost increased by 64 TDKK in the first half year of 2024 compared to the first half year of 2023 (12-month period).	148 TDKK	84 TDKK

Financial guidance

The ARR guidance for 2024 is unchanged and at 45-49 MDKK, however, in the lower end.

The EBITDA guidance for 2024 is -5,6 to -9,6 MDKK, which is communicated in company announcement no. 14, July 17, 2024

Management statement

Letter from the CEO

Per 30 June 2024, RISMA's ARR has increased by 33% year-on-year. In H1 2024, RISMA increased the ARR with 5,2 MDKK.

Sales-wise, RISMA had a strong Q2 in 2024, as we had in 2023. In H1, direct sales in Denmark and Norway performed more or less as expected, while direct sales in Sweden and partner sales performed below expectations. Steps are being taken to reorganize the Swedish sales organization.

In 2023, RISMA strategically decided to prioritize cash flow over growth. In RISMA, investing in growth typically has an impact c. 12-15 months after the investment due to the training period, sales cycle, etc. Therefore, we expect the increase in ARR in 2024 to align with the growth in ARR in 2023, i.e., a little more than 10 MDKK.

We maintain a close-to-neutral cash flow while steadily increasing the yearly ARR growth measured in DKK/EUR. We do not aim to maintain a certain growth percentage, which would require additional cash burn. The additional cash produced from operation in 2024 as a result of the increasing ARR is invested in growth initiatives with the intention of increasing the yearly ARR growth.

Almost all software-as-a-service (SaaS) companies face the issue of balancing cash flow and growth rate. There is no universally correct answer as to which to prioritize, but this is the decision RISMA has taken for now.

In April, RISMA launched a new solution for a legal EU framework, DORA, targeted at the financial industry. Plesner Law Firm was the knowledge provider. Sales of this solution have begun well. The legal framework will be in force from January 2025, as will the Legal EU framework NIS2, for which RISMA also has a solution.

RISMA also expects to launch two new solutions in H2 2024. Many competitors consider RISMA a front-runner, and we often see that they find inspiration in our product launches. Therefore, going forward, we have decided to share less information about future solutions and software updates.

We expect to launch version 10.0 of RISMA's software in late October or early November. This release contains some of the biggest improvements ever to our software, some of which we have worked on for over a year.

As expected, we have experienced a steady increase in customers considering replacing several point solutions with one GRC platform. Almost without exception, RISMA has been chosen as the software provider when we are involved in such a process.

In late October or early November, we expect to launch version 10.0 of RISMA's software. This release contains some of the biggest improvements ever to our software, some of which we have been working on for more than a year.



Yours sincerely,

Lars Nybro Munksgaard
Chief Executive Officer & Founder

Statement from the CFO

Revenue & EBITDA

RISMA managed to increase the revenue by 33% to 19,5 MDKK in H1 2024 from 14,7 MDKK in H1 2023, which was in line with the expectations.

As mentioned in the annual report for 2023, Risma has decided to expand the workforce in 2024 rather than pursuing a positive cash flow. Most new hires are in sales, marketing and product development. Staff cost has increased to -17,0 MDKK in H1 2024 from -13,1 in H1 2023.

However, together with the increased revenue the EBITDA ended at -3,6 MDKK just slightly below last years -3,3 MDKK which is satisfactory.

Amounts in MDKK	2024 - H1	2023 - H1
Revenue	19,5	14,7
GROSS PROFIT	13,4	9,9
Staff costs	-17,0	-13,1
EBITDA	-3,6	-3,3

SaaS Metrics

The annual recurring revenue ended at 39.1 MDKK which was an increase of 33% compared to H1 2023. The increase was mainly driven by new sales of 3,7 MDKK which was slightly below expectations.

Upselling ended at 2,4 MDKK, which was unchanged compared to the same period last year.

Revenue Churn was unchanged at 4% in H1 2024 compared to the same period last year which is slightly better than expected.

The revenue retention rate ended at 108% for H1 2024, which is a 5%-points increase compared to H1 2023, which exceeded the expectations.

Customer acquisition cost increased to 148 TDKK in H1 2024 compared to 84 TDKK in H1 2023 due to primarily increased cost in sales and marketing.

Negative equity

As of June 30, 2024, "Total Equity" was negative by 1,0 MDKK compared to a positive total equity of 4,2 MDKK on December 31, 2023. The changes related to the planned loss for the period. Having a negative "Total Equity" for a period is quite usual for a growing SaaS-company, as an increasing ARR result in an increasing deferred income. To maintain a positive Total Equity for RISMA would require RISMA to have an increasing cash position, which is not the strategy as surplus cash is mainly invested in new growth.

The Board of directors will during 2024 consider the re-establishment of the Total Equity.

Cash in hand amounts to 10,1 MDKK as of June 30, 2024, and together with the unused credit facility of 12 MDKK, it is considered more than sufficient to cover the liquidity needs the coming 12 months.

Outlook

The pipeline remains strong while the guidance for 2024 is unchanged at 45 to 49 MDKK. However, in the lower end.

The EBITDA guidance is also kept unchanged at -5,6 to -9,5 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.

Consolidated Financial statement

Income statement

Amounts in DKK '000	2024 - H1	2023 - H1
Revenue	19,464	14,693
Work performed for own account and capitalized	1,469	1,566
Cost of sales	-2,672	-2,511
Other external expenses	-4,900	-3,893
GROSS PROFIT	13,361	9,855
Staff costs	-17,039	-13,095
Depreciation, amortization and impairment losses	-1,612	-1,626
OPERATING PROFIT (EBIT)	-5,290	-4,866
Financial income	93	23
Financial expenses	-115	-180
PROFIT/LOSS BEFORE TAX	-5,312	-5,023
Tax for the year	0	0
PROFIT/LOSS FOR THE YEAR	-5,312	-5,023
Other key figures		
Average no. of FTE (excl. outsourced developers)	42	32
Outstanding shares	21,708,020	21,708,020
Net earnings (DKK)	-5,312,000	-5,023,000
Net earnings per share (DKK)	-0,24	-0,23

Cash Flow Statement

Amounts in DKK '000	2024 - H1	2023 - H1
Profit/loss for the year	-5,312	-5,023
Depreciation, amortization, impairment losses reversed	1,612	1,626
Changes in working capital	2,030	7,305
Adjustments	345	157
Cash flows from primary activities	-1,325	4,065
Interest paid, etc.	-22	-157
CASH FLOWS FROM OPERATING ACTIVITIES	-1,347	3,908
Additions of intangible assets	-1,759	-1,628
Additions of property, plant and equipment	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	-1,759	-1,628
Transaction cost	0	0
Cash capital increase	0	0
CASH FLOWS FROM FINANCING ACTIVITIES	0	0
NET CASH FLOW	-3,106	2,280
Cash and cash equivalents January 1	13,113	14,138
Net cash flow	-3,106	2,280
Foreign exchange adjustments	61	72
CASH AND CASH EQUIVALENTS June 30	10,068	16,490

Balance Sheet

Amounts in DKK '000	30 th Jun 2024	30 th Jun 2023
ASSETS		
NON-CURRENT ASSETS		
Completed development projects	8,649	8,918
Acquired intangible assets	21	35
Intangible assets	8,670	8,953
Fixtures and fittings, other plant and equipment	150	263
Deposits, investments	334	301
TOTAL NON-CURRENT ASSETS	9,154	9,517
CURRENT ASSETS		
Trade receivables	6,436	4,038
Corporation tax receivable	2	968
Prepayments	2,049	1,900
Other receivables	34	102
Receivables	8,521	7,008
Cash and cash equivalents	10,068	16,490
TOTAL CURRENT ASSETS	18,589	23,498
TOTAL ASSETS	27,743	33,015

Amounts in DKK '000	30 th Jun 2024	30 th Jun 2023
EQUITY AND LIABILITIES		
EQUITY		
Share capital	2,171	2,171
Foreign currency translation reserve	16	-54
Retained earnings	-3,239	9,376
TOTAL EQUITY	-1,052	11,493
LIABILITIES OTHER THAN PROVISIONS		
Non-current liabilities other than provisions	0	0
Trade payables	609	689
Other payables	4,979	3,720
Deferred income	23,207	17,113
Current liabilities other than provisions	28,795	21,522
TOTAL LIABILITIES OTHER THAN PROVISIONS	28,795	21,522
TOTAL EQUITY AND LIABILITIES	27,743	33,015

Equity Statement

Amounts in DKK '000	Share capital	Share premium account	Foreign currency translation reserve	Retained earnings	Total
EQUITY JANUARY 1, 2024	2,171	0	-45	2,073	4,199
Transfer through appropriation of loss	0	0	0	-5,312	-5,312
Adjustment of investments through foreign exchange adjustments	0	0	61	0	61
EQUITY JUNE 30, 2024	2,171	0	16	-3,239	-1,052
EQUITY JANUARY 1, 2023	2,171	0	-126	14,249	16,294
Transfer through appropriation of loss	0	0	0	-4,873	-4,873
Adjustment of investments through foreign exchange adjustments	0	0	72	0	72
EQUITY JUNE 30, 2023	2,171	0	-54	9,376	11,493

Company Information

Entity

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

CVR: 32769713

Board of Directors

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

Executive Board

Lars Nybro Munksgaard, CEO

Certified Advisor

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