

# RISK INTELLIGENCE (RISK)

## THE BLOOMBERG OF RISK



Risk Intelligence ("Risk" or the "Company") produces and sells advisory services, research reports and software products within international risk analysis for shipping routes. Risk's primary business activity is their software products, enabling clients to receive a threat analysis at sea, ports and on land. The Company's new software product, LandRisk, combined with a strong demand for reliable safety systems, is expected to result in an increasing ARPU with a CAGR between 2020-2023 of 35,5%. The LandRisk product, a more lucrative product mix and a historical low churn of 1% is expected to enable Risk to reach break-even in 2023. By applying a target multiple of 4.0x EV/S with a revenue in 2021 of 21.7 MDKK results in a valuation within six months of 8.2 DKK.

### ▪ The ARPU Is Expected to Increase With a CAGR of 35.5% Between 2020-2023

The ARPU, *Average Revenue Per User*, is estimated to increase during 2020-2023 due to an increased focus on the LandRisk product. The ARPU from LandRisk in 2020 was 425 TDKK compared to the ARPU from the Company's other software products of 128 TDKK. In 2023 the ARPU for all software products is estimated to 318 TDKK due to an increase of users of LandRisk. LandRisk has yet to show its full potential because of its launch, in Q4-2019, just before the pandemic. Despite this, two clients signed during 2020, where one signed in January and the other one, Sony Europe, signed in December. The effects of this deal have barely been seen as of today but will be shown for FY 2022.

### ▪ A More Lucrative Product Mix Is Expected in 2023

The highly scalable SaaS business is expected to reach 90.2% of sales in 2023 and is unlike the Company's advisory services and intelligence reports not as dependent on staff to gain sales. The intelligence reports are expected to correspond to 3.8% of sales and advisory services to 5.9% of sales. The effect of the more scalable business is an expected increase in gross margin from 58.5% in 2020 to 74.1% in 2023.

### ▪ Expected Break-Even in 2023

The larger focus on the SaaS business, especially the LandRisk product, is expected to increase the margins alongside a sales increase with a CAGR of 37.9% during 2020-2023, reaching 41.2 MDKK in 2023. The estimated net income for break-even in the year 2023 is 5.8 MDKK, with a net income margin of 14.1%

### ▪ Motivated Valuation of 8.2 DKK

The Company is compared with Nordic SaaS businesses similar size and growth. A 4.0x EV/S multiple with estimated sales in 2021 of 21.7 MDKK results in a valuation within six months of 8.2 DKK.

## CURRENT PRICE 5.3 DKK

### VALUATION RANGE

<b>BEAR</b> 4.9 DKK	<b>BASE</b> 8.2 DKK	<b>BULL</b> 9.3 DKK
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RISK INTELLIGENCE				
Share Price (2021-07-22)	5.3			
Shares Outstanding (M)	10.6			
Market Cap (MDKK)	56.1			
Net Debt (MDKK)	-0.2			
Enterprise Value (MDKK)	55.9			
1 Year Price Range	3.6 – 8.9			
Exchange	Spotlight Stock Market			
SHARE PRICE DEVELOPMENT				
1 Month	-2.9%			
3 Months	-21.6%			
1 Year	26.8%			
YTD	-28.9%			
OWNERS				
Sandbjerg Holding ApS (Hans Timo Hansen)	29.3%			
Avanza Pension	4.0%			
Nordnet Pension	2.5%			
Jens Lorens Paulsen	2.0%			
Stig Streit Jensen	0.8%			
CEO AND CHAIRMAN				
CEO	Hans Tino Hansen			
Chairman	Jan Holm			
FINANCIAL CALENDAR				
Q2-2021	2021-08-18			
ESTIMATES (BASE), MDKK				
Total Revenue	2020	2021	2022	2023
	15.7	21.7	29.7	41.2
<b>Gross Profit</b>	<b>9.2</b>	<b>14.0</b>	<b>20.7</b>	<b>30.5</b>
<i>Gross margin</i>	58.5%	64.5%	69.6%	74.1%
<b>EBIT</b>	<b>-5.7</b>	<b>-5.3</b>	<b>-0.3</b>	<b>7.5</b>
<i>EBIT margin</i>	Neg.	Neg.	Neg.	24%
<b>Net income</b>	<b>-6.0</b>	<b>-6.7</b>	<b>-2.3</b>	<b>4.7</b>
<i>Net income margin</i>	Neg.	Neg.	Neg.	14.1%
P/S	3.6x	2.6x	1.9x	1.4x
EV/S	3.6x	2.6x	1.9x	1.4x

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## Bull and bear

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### Definition Bull

Bull is a metaphor for an optimistic view of the future. It indicates a belief in improvement.

### Definition Bear

Bear is a metaphor for a pessimistic view set on the future. It indicates a belief deterioration.

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