



Invitation to subscribe for shares in Risk Intelligence A/S

RiskIntelligence

The rights issue in brief

CONDITION

Those who on the record date, 10 October 2023, are registered as shareholders in Risk Intelligence have preferential rights to subscribe for units, containing shares. For each existing share, one (1) unit right is obtained. Thirteen (13) unit rights entitle the holder to subscribe for one (1) unit, containing twelve (12) new shares.

OFFER

The rights issue comprises a maximum of 14,158,512 shares of nominally DKK 0.10. Upon full subscription in the Rights Issue, the Company will receive approximately DKK 18,4 million before issue costs, which are estimated to amount to approximately DKK 2.6 million. The rights issue corresponds to a valuation of Risk Intelligence (pre-money) of approximately DKK 19.9 million.

SUBSCRIPTION PRICE

The subscription price is DKK 15.60 per unit, corresponding to DKK 1.30 per share of nominally DKK 0.10. No commission is charged.

SUBSCRIPTION COMMITMENTS

The rights issue is covered by subscription commitments totalling DKK 13.9 million, corresponding to a total of 75.2 percent of the issue amount.

SUBSCRIPTION PERIOD

11 October – 24 October 2023.

TRADING IN UNIT RIGHTS (RISK INTEL./T-RET)

11 October – 20 October 2023.

TRADING IN TEMPORARY UNITS (RISK INTEL./MIDL)

11 October 2023 – until the Rights Issue has been registered with the Danish Business Authority (Dk. Erhvervsstyrelsen).

PUBLICATION OF RESULTS

The final outcome of the Rights Issue is expected to be announced around 27 October 2023.

OTHER

ISIN CODE FOR THE SHARES:

DK0061031978

TICKER FOR THE SHARES:

RISK

MARKETPLACE:

SPOTLIGHT STOCK MARKET

ISIN CODE FOR THE RIGHTS (RISK INTEL./T-RET):

DK0062501656

ISIN CODE FOR TEMPORARY UNITS (RISK INTEL./MIDL):

DK0062501573

Background and motive

Risk Intelligence A/S is a leading provider of security risk intelligence, offering global security threat and risk assessments. With the cutting-edge cloud-based solution, the Risk Intelligence System, clients gain the power to monitor international security threats at sea, in ports, and on land, empowering planning and operations. The Company assists clients operating 15.7% of the World commercial fleet, as well as a range of other private and government clients and two of the world's top three largest logistics companies.

Built for global expansion, the business model is designed for international scalability and with a subscription-based approach, Risk Intelligence generates recurring annual revenue while retaining full scalability at its core.

Risk Intelligence operates from its headquarters located north of Copenhagen, the office in Singapore as well as through staff members in Europe, Asia and North America. Risk Intelligence is listed on the Spotlight Stock market [RISK].

The 2025 Strategy aims to create 30% average year-on-year topline growth throughout the period through a number of strategic initiatives.

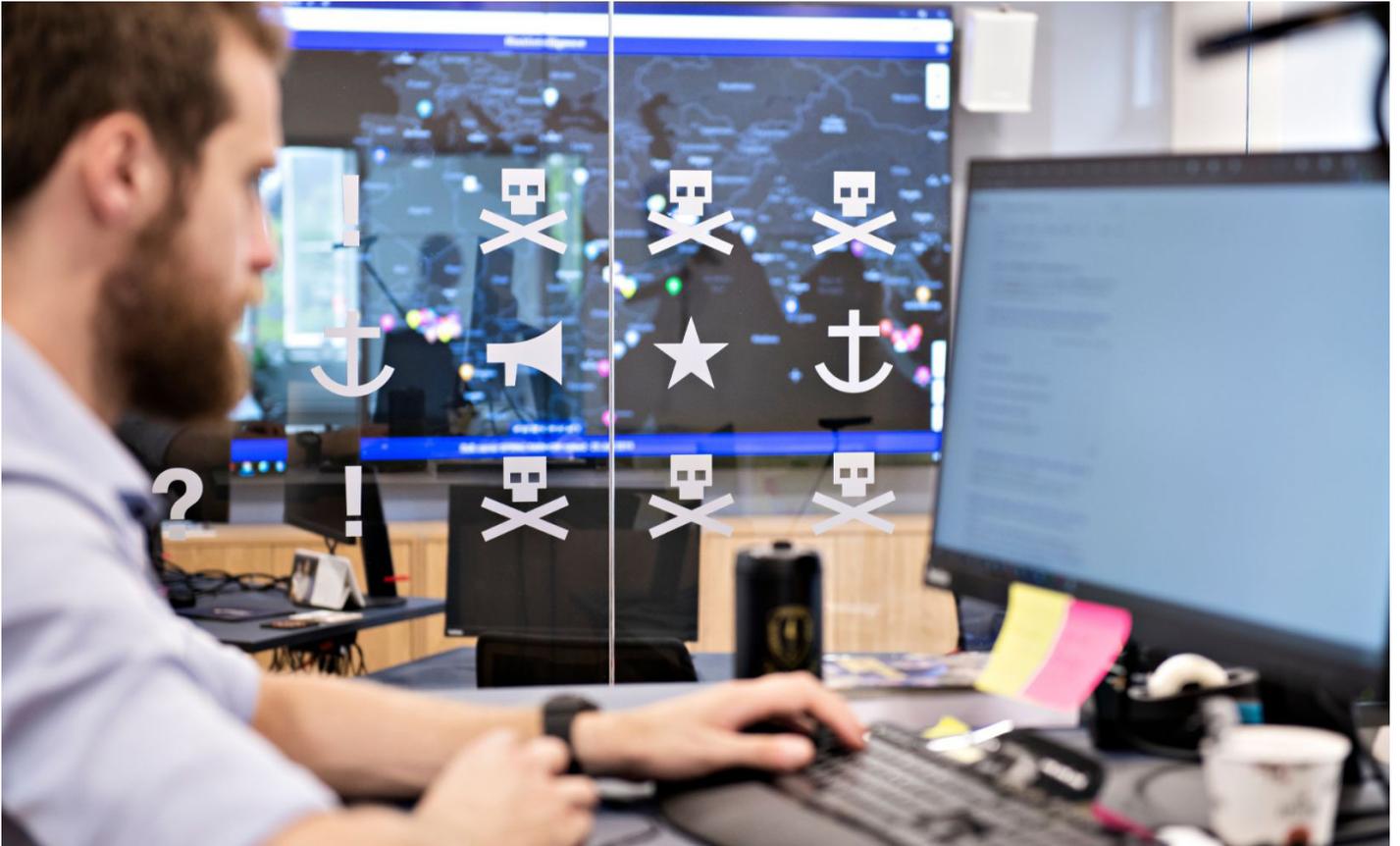
First of all, the company will launch a new platform for the Risk Intelligence System, which will increase the revenue streams from one to three: the original standard subscription fees, additional fee-based features and finally, fee-based third-party data.

Secondly, revenue will be increased through partner sales of Risk Intelligence data integrated into their offerings to their clients in parts of the market, which Risk Intelligence has not

approached previously. This is both by increasing the market horizontally, such as the luxury leisure market with cruise and super yachts with MedAire/International SOS, as well as increasing the market vertically with Navtor. Navtor will be launching products with Risk Intelligence data, which will be used by other parts of the organisation of the shipping companies. Both partners are expected to launch the products during 2024.

Finally, the 2025 Strategy aims for a positive net result from 2024, which is supported by the change to positive cash-flow from operations during Q4 2023 and onwards, as no further significant costs or investments are required to support the strategy.

To support the 2025 Strategy, the Board of Directors has decided to address the balance, reestablish the equity, remove all short-term debt, establish a sufficient liquidity reserve and secure capital for investments. This will enable a stable platform for the remaining elements of the 2025 Strategy and significantly reduce financial costs of up to DKK 1.5M leading to improved EBT.



Use Of Issue Liquidity

Upon full subscription in the Rights Issue, Risk Intelligence will receive approx. DKK 18.4 million before issue costs, which are estimated to amount to up to approx. DKK 2.6 million. The net proceeds from the Rights Issue of approx. DKK 15.8 million will together with a long-term loan with EIFO, the Danish State growth fund, former Vækstfonden, of up to DKK 5 million (based on conditional commitments), or a total of DKK 20.8 million are intended to be available for the following uses, in priority order with estimated distribution of the issue and loan proceeds:

- Investments in the new platform (approximately DKK 2 million).
- Removal of all short-term loans (approximately DKK 13 million).
- General liquidity reserve and for growth initiatives (approximately 5.8 million).

If the Rights Issue is not fully subscribed, the company will due to the pre-subscription and underwriting receive a minimum of net DKK 11.5 million plus 5 million in loans. The impact will be Risk Intelligence will subsequently reduce the liquidity reserve to DKK 1.5 million, which in combination of credit line in the bank, the board finds sufficient for the operation of the company. in particular since the company is expected to turn cash flow positive from operations in Q4 2023.

Risk Intelligence in brief



Risk Intelligence was founded in 2001 by Hans Tino Hansen. The Company has evolved into becoming a leading company within security risk intelligence by delivering threat and risk assessments globally primarily as Intelligence as a Service. Risk Intelligence assists its clients and partners through offices north of Copenhagen and in Singapore as well as staff in Europe, Asia and North America.

The business has been designed with scalability in mind and the Company is globally regarded as experts in its field of business. Risk Intelligence provides the Risk Intelligence System (MaRisk + PortRisk + LandRisk) that allows clients to monitor global security risks to enable businesses to plan and implement missions in risk areas. The data is collected from direct local sources, on-site-analysts and from a major international intelligence network

Risk Intelligence business model

Risk Intelligence offers intelligence-based security threat and risk assessments in an Intelligence-as-a-Service model to companies and organisations within both maritime and landside transportation. This primarily through a web-based intelligence product, the Risk Intelligence System, consisting of three risk planning and assessment modules that are seamlessly integrated. The modules: MaRisk (maritime), PortRisk (ports) and LandRisk (landside logistics), are offered through a subscription model which is billed annually in advance, in any combination of one, two, or three modules.

MaRisk

MaRisk has been a part of the Risk Intelligence System since its launch in 2008 and provides security information for companies to plan and execute maritime operations. MaRisk offers a global overview of security incidents and threats at sea and in coastal regions, and various tools for planning and analysis

PortRisk

PortRisk was added to the Risk Intelligence System in 2015. The module offers updated security information on ports and offshore terminals, primarily in medium to high-risk areas around the world. PortRisk monitors more than 240 selected ports and terminals globally. All ports and terminals have undergone extensive analysis, and up to 20 percent of the ports and terminals have been surveyed on-site by a Risk Intelligence team.

LandRisk

LandRisk was launched October 2019 and covers landside security incidents and alerts, threat analysis of cities, hot spots, regions, and countries for landside transportation. By adding LandRisk to the existing Risk Intelligence System, clients have access to a complete, integrated end-to-end supply chain security intelligence solution that provides a single point of access for all relevant transport-related security risk intelligence. LandRisk Logistics is a 360-degree solution for logistics security and includes the Lane Threat Assessment Tool, enabling comparable security threat overviews of user-built transport lanes and alternative routes. Users can set up automated incident alerts and access dashboards of selected lanes and parking areas.

Risk Intelligence System

LICENSE FEE

In addition to their chosen System modules, clients can add extra layers to each module, or use API integration into their corporate systems. In total, there are four variables that determine the cost of a client's annual license fee:

1. Number and type of selected modules
2. Number and type of selected layers
3. Number of users (and number of vessels operated for ship operating companies)
4. API integration

The Risk Intelligence System is fully scalable and is based on 12-month licenses with pre-paid subscriptions and automatic renewal. An annual 3% price increase is part of all license agreements. The Risk Intelligence System licenses constitute 82% of total revenue (2022), and the System has a renewal rate of 96-100% (Churn 0-4% based on revenue value). A core of five companies have subscribed since they became founding clients of MaRisk in early 2008, while the average age is 7.54 years (2022).

Intelligence reports

Risk Intelligence offers weekly and monthly intelligence reports by subscription. These products are also fully scalable, and subscription fees range between DKK 30,000 and 120,000 depending on the type of report and subscription period. Intelligence reports constituted 6% of total revenue in 2022.

Advisory Services

Risk Intelligence offers advisory services in the form of bespoke or semi-bespoke threat and risk assessment to its clients. Advisory Services constituted 12% of total revenue in 2022 (including reports).

Commercial cycle



RECURRING REVENUE

The total Risk Intelligence recurring revenue constituted 88% in 2022. The renewal rate in 2022 was 97.6% with a churn of 2.4%. The long-term goal of the strategy presented at the IPO in 2018 is to reach 90% turnover of recurring revenue.

SCALABILITY

The current organisation on the production side is fully staffed to produce the intelligence updates and reports for the Risk Intelligence System in its current configuration. In other words, the product is fully scalable.

Planned growth in the landside market will create a need for additional analytical resources for LandRisk in a combination of additional analysts and technical analysis derived from our Data, AI and machine learning project. This will be covered by the higher license fees from LandRisk subscriptions.

Strategy 2025

The Vision:
A global market leader in security risk intelligence

Risk Intelligence will be a leading global supply chain security intelligence provider to the entire supply chain market by air, on land, in port and at sea.

From a position as the main unbiased security intelligence capacity, Risk Intelligence will dominate its core market of relevant commercial and government organisations and deliver actionable intelligence to all relevant allied countries with an international naval presence.

The Strategy

The 2025 Strategy was launched in 2022 includes five strategic milestones:

1. Refocusing the business on maritime security
2. Land-based security as an independent business area
3. Strong commercial partnerships
4. Average year-on-year growth of 30% to 50m DKK
5. A positive net result from 2024

Refocusing the business on maritime security

The strategy marks a return to a focus on maritime security and intelligence analysis. Product, market, partner, and technology will mainly take place within this area, and Risk Intelligence will partner with the best technology partners to power its solutions.

The first major step will be the launch in 2023 of a new technology platform for the maritime products within the Risk Intelligence System (MaRisk and PortRisk), delivered by a partner company, and this, as well as new partnerships, will be strong enablers for the renewed focus.

Land-based security as an independent business area

LandRisk and LandRisk Logistics will continue on the existing platform and will increasingly become a scalable yet bespoke product. The land-based business will have its own dedicated team, managing solution sales to existing clients and potential clients in the pipeline.

Additional resources will be added when needed and warranted by revenue.

The land-based business and especially LandRisk Logistics will still be a strong potential upside.

Strong commercial partnerships

Risk Intelligence will significantly increase partnerships, which will deliver Risk Intelligence System data to partners' clients and thereby expand the market horizontally and vertically.

The partner sales will expand horizontally through the addition of new markets that have only been addressed marginally until now, or not at all.

The partner sales will also expand the market vertically, as existing Risk Intelligence clients can acquire navigation, fleet management, or similar systems for their fleet with integrated Risk Intelligence System data, without that cannibalising existing revenue.

Average year-on-year growth of 30% to 50m DKK

Historically, Risk Intelligence has had an average growth of about 20%, which is the basis for future growth.

A combination of new clients, upselling to existing clients, and revenue from partner sales will deliver the additional 10% growth. A new unique platform with a range of new features and new third-party data will provide additional revenue from existing and new clients and subsequently increase the ARPU and ARR. ARR is targeted to grow with an average of 30% per year.

The revenue target for 2025 is DKK 50m (based on invoiced revenue, while the reported/recognised revenue will only reach DKK 50m with a time-lag).

A positive net result from 2024

With the new strategy, Risk Intelligence will see an average growth of 30% year-on-year during the period to and including 2025.

The growth in revenue will be markedly higher than the growth in cost and deliver a positive EBITDA for the full year 2024.

The positive EBITDA and reduced financial costs will lead to positive net result from the full year 2024 and onwards.

Furthermore, the 2025 Strategy contains six strategic objectives supporting the strategy:

1. Commercial: Calibrating the commercial engine for growth
2. Technology: Outsourcing development
3. System: A new platform for the Risk Intelligence System
4. Quality: Adding ISO standards for quality management
5. ESG: Preparing for a sustainable future
6. People and culture: Continuing a strong people focus



How to subscribe

ONLY FOR EXISTING SHAREHOLDERS AND OWNERS/BUYERS OF UNIT RIGHTS:

Subscribe for the number of New Units (consisting of shares) that is guaranteed with the unit rights. You should use your banks system under "Corporate Actions" (which is a bank-term for ongoing issues of shares/units, etc.) or instruct your bank manager. If you want to subscribe for more New Units than those covered by your unit rights (you need 13 rights to buy one Unit at 15.60 DKK, consisting of 12 shares at 1.30 dkk), then you can either buy additional rights in the market or subscribe for additional units without rights as described in step 2 or 3 below.

FOR EVERYBODY THAT WANT TO SUBSCRIBE FOR NEW UNITS IN THE GENERAL SUBSCRIPTION (OVERSUBSCRIPTION/EXTRA SHARES):

This is available for existing shareholders as well as new investors with preference for existing shareholders. Your bank should have information in their Corporate Actions online menu about the RISK INTELLIGENCE share issue, that enables you to subscribe for as many New Units as you would like. You should follow their instruction. There is no minimum or maximum limit you can subscribe for. In some banks it is difficult/impossible to use their system for General Subscription, i.e. subscription without rights/oversubscription. In that case, or you should follow step 3.

GENERAL FALL-BACK FOR EVERYBODY THAT WANT TO SUBSCRIBE FOR NEW UNITS:

You can use the general subscription form for oversubscription available on the RISK INTELLIGENCE investor page. You should complete the form and send it to your bank before October 24. It's very important once sending the subscription form to your bank, that they make sure to submit it to their backoffice and doesn't send it to the settlement agent (Nordic Issuing) themselves. All subscriptions needs to go through your banks backoffice.

[Get the subscription form here](#)

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