

The background of the entire page is a dark, monochromatic photograph of a port. In the foreground, the dark, choppy surface of the water is visible. In the middle ground, the silhouettes of several large gantry cranes are prominent against a cloudy sky. In the background, a large ship is docked at a pier, with its complex superstructure and masts visible. The overall atmosphere is industrial and somewhat somber due to the low light and dark tones.

# RiskIntelligence

Q3 2018 INTERIM REPORT  
1 January 2018 – 30 September 2018

Risk Intelligence A/S | 27475671 | [www.riskintelligence.eu](http://www.riskintelligence.eu)

# Q3 2018 Interim Report

## January 2018 – 30 September 2018

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*In this document, the following definitions apply unless otherwise specified: “The Company” or “Risk Intelligence” refers to Risk Intelligence A/S, CVR number 27475671.*

## Statement by the Board of Directors

The Board of Directors provide their assurance that the interim report provides a fair and true overview of The Company's operations, financial position and results.

Hellerup, 21 November 2018

*Jan Holm - Chairman of the Board*

*Hans Tino Hansen - Board member and CEO*

*Stig Streit Jensen - Board member*

*Jens Munch Holst - Board member*

*Jens Lorens Poulsen - Board member*

## Key figures and selected financial posts

DKK '000	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Year 2017
Net sales	2,901	2,661	6,586	6,599	10,981
Operating profit (EBITDA)	-1,430	622	-4,734	-494	656
Profit after financial items	-1,684	332	-5,504	-1,265	-1,134
Profit/loss for the year	-1,313	259	-4,293	-987	-939
Total assets	16,805	5,799	16,805	5,799	8,986
Operating margin (EBITDA ratio)	-49.33%	23.37%	-71.88%	-7.49%	5.97%
Cash flow from operating activities	N/A	N/A	-6,229	-2,291	4,194
Cash flow from investing activities	N/A	N/A	-1,355	-1,149	-1,832
Cash flow from financing activities	N/A	N/A	11,849	3,353	7,137
Equity ratio	N/A	N/A	64.55%	-19.85%	46.69%
Number of registered shares	7,669,140	179,632	7,669,140	179,632	179,632
Earnings per share	-0.17	1.44	-0.56	-5.49	-5.22
Number of employees	16	11	14	10	10

## Definitions

Operating margin: Operating profit (EBITDA) divided by net sales.

Equity ratio: Adjusted equity divided by total assets.

Cash Flow not calculated for the quarter

### Highlights during Q3 2018

- On 12 July, Risk Intelligence announced that The Company has been approved for listing at Spotlight Stock Market.
- On 2 August, Risk Intelligence announced that The Company's new issue of DKK 12 million was oversubscribed. Risk Intelligence received subscription for a total of approximately DKK 45.6 million including subscription commitments, corresponding to a total subscription ratio of approximately 379.6 percent and a public subscription ratio of approximately 771.2 percent. The subscription was made by a total of 1,772 individual subscribers.
- On 17 August, Risk Intelligence's shares started trading at Spotlight Stock Market.
- On 10 September, Risk Intelligence announced that the Company has signed an agreement with GC Rieber Shipping ASA.
- On 12 September, Risk Intelligence announced that the Company has hired Jens Krøis as CFO. Jens Krøis will be responsible for finance and investor relations at Risk Intelligence
- On 18 September, Risk Intelligence announced that the Company has completed the formation of the new commercial organisation and by that reached an important milestone in the Company's growth plan.
- On 27 September, Risk Intelligence announced that the company has signed an API license agreement for the Risk Intelligence System (MaRisk+PortRisk) with the U.S. Navy's Space and Naval Warfare Systems Center Pacific ("SSC Pacific") with a value of 219,500 USD.

### Highlights after the period

- On 11 October, Risk Intelligence announced that the first test version of the LandRisk module is launched together with the first pilot project clients.
- On 16 October, Risk Intelligence announced the launch to the maritime markets of the Risk Intelligence System (MaRisk+PortRisk) through GNS's Voyager HUB platform.
- On 31 October, Risk Intelligence announced the launch of its on-line Client Portal which enables a large group of new smaller clients to access Risk intelligence services, buying individual threat and risk assessments.
- On 12 November, Risk Intelligence announced that the Company had signed a significant maritime security intelligence contract with Norient Product Pool.
- On 15 November, Risk Intelligence announced that the Company had signed a significant maritime security intelligence contract with DFDS A/S.

## CEO Hans Tino Hansen

Risk Intelligence is on a growth track and our plan consists of two parts. We are developing our organisation and how we address the market to double our existing business by 2020 (compared to 2017), and, at the same time we are developing the LandRisk module to also include security threats to landside transportation, so we can deliver a true end-to-end security intelligence solution for supply chain security logistics. By doing so we are going to address a market, which is 10x bigger than the current maritime market and will create the foundation for substantial growth in revenues.

To be able to reach the first target we have built a new commercial organisation and this was finalised in mid-September and the new team will start to have an effect on sales during Q4. In the meantime, we have managed to increase revenues with almost 10% compared to Q3 2017, and more importantly, recurring revenues has increased by 147% compared to Q3 2017 and the ratio of recurring revenue compared to total revenue has increased to 80% from 35% in Q3 2017. For Q1-Q3 the ratio has increased from 51% to 67%.

The most significant contract during the period was a license agreement for the Risk Intelligence System with the U.S. Navy. The contract again proves that Risk Intelligence provides high quality maritime security intelligence analysis to both government and private clients. Also, importantly, the renewal rate for the Risk Intelligence System licenses during the quarter has been 100%

Implementing our growth plan includes increased operating cost base from the new initiatives before they are generating revenues e.g. the development of the commercial organisation. Subsequently, as planned and as communicated during the IPO process, Risk Intelligence will generate negative results for 2018 and 2019, and this is also the case for Q3 with a EBITDA of DKK -1,430 thousand .

The development of LandRisk is going forward as planned and we have launched the first test version of LandRisk together with two pilot project clients from global logistics. Next step will be to add pilot projects from the manufacturing side and to combine all feedback into the Beta version of LandRisk by end Q4. Q1 and Q2 2019 will see further development and testing of the Beta version together with additional clients and partners, and the final product is planned for launch end Q3 2019.

During the third quarter, we have continued to implement our growth plan and we have delivered on all communicated milestones for Q3 in order to double our revenues by 2020 and develop LandRisk. I am pleased with our achievements and look forward to the exciting journey that we have initiated.

*Hans Tino Hansen*  
*CEO*  
*Risk Intelligence A/S*

## About Risk Intelligence

Risk Intelligence was founded in 2001 by Hans Tino Hansen. The company has evolved into becoming a prominent company in security risk management by delivering threat and risk assessments globally. Risk Intelligence assists its customers and partners through offices north of Copenhagen as well as representatives in Europe, Asia and North America. The business has been designed with international scalability in mind and the Company is globally regarded as experts in its field of business. Risk Intelligence provides a digital platform (Risk Intelligence System MaRisk + PortRisk) that allows clients to monitor global security risks to enable businesses to plan and implement missions in risk areas. Intelligence data is collected from direct local sources, on-site-analysts and from a major international intelligence network.

Risk Intelligence has undergone the following phases:

2001 - 2007: Market establishment and signing of the first maritime clients.

2008 - 2013: Operations were scaled up in 2008 upon launch of the digital platform with the MaRisk product, which was customised for maritime operations.

2014 - 2016: Launch of the new platform and the second digital product - PortRisk (2015) and a new version of MaRisk (2016). PortRisk monitors port and terminal security risks on more than two hundred specifically selected ports around the world.

2017: Initial internal development of the Company's third module LandRisk has begun, which has been requested by existing customers. With LandRisk, the Risk Intelligence System will link a whole industry chain, identifying and aiding the selection of risks and threats, both on land and at sea. With LandRisk, Risk Intelligence's addressable market will increase more than tenfold.

## Risk Intelligence System

The Risk Intelligence System is a digital solution that was developed in close collaboration with global businesses established in the fields of shipping, oil & gas and the wider offshore industries. The digital platform of the Company has been designed based on customer requirements, assisted and advised by the experienced risk analysts at Risk Intelligence. The Risk Intelligence System offers customers a complete picture of immediate threats and long-term risk trends for coastal, ocean and port areas. Risk analysis are focused on insurgency, piracy, organised crime, terrorism, military conflicts and the interplay between these. Risk Intelligence identifies where serious events arise and presents an assessment of how great the risk is in a specified area at a given time. This makes it possible for companies to easily evaluate both current and future security risks with the purpose of minimising risks that affect their operations. There are currently two modules in the Risk Intelligence System - MaRisk and PortRisk. The Company is developing a third module, LandRisk for risk intelligence on land.



The above image illustrates Risk Intelligence System's risk notifications.



The above image illustrates a clipboard of Risk Intelligence System's global map of risk notifications.





MaRisk has been developed in close cooperation with companies established in shipping, offshore, oil and gas. The module has been part of the Risk Intelligence System since 2008, it provides security information for companies to plan and execute maritime operations.

MaRisk offers a global overview of security incidents and threats at sea. The subscription of the MaRisk module includes:

- Global maps including digital charts.
- Event updates 24 hours a day.
- Access to the Risk Intelligence Duty OPS watch team for questions.
- Risk assessment of the sea areas.
- Statistics, recommendations and guidance.
- Integration of satellite fleet tracking.





PortRisk has been included in the Risk Intelligence System since 2015. The module presents updated safety and security information on ports and sea-level terminals in medium to high risk areas around the world.

PortRisk monitors more than 200 specifically selected ports and terminals globally. All ports and terminals have undergone extensive analysis, more than 20 percent of the facilities have been assessed by a Risk Intelligence team on the ground in person. The subscription of the PortRisk module includes:

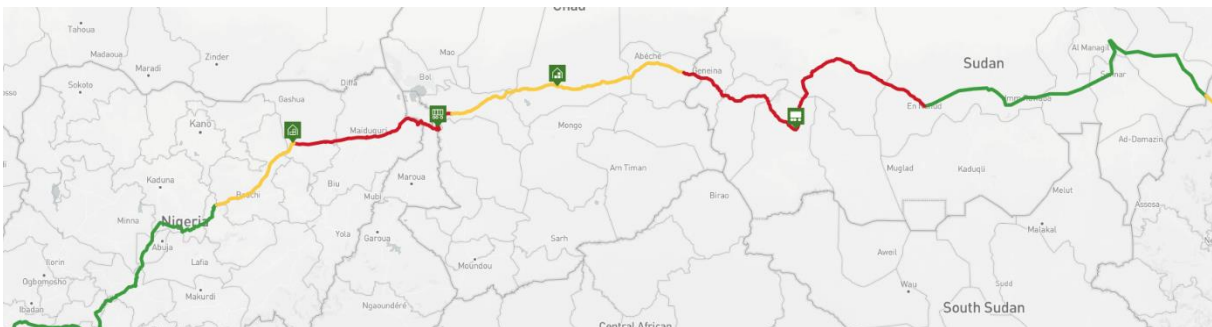
- Global maps (including digital charts).
- Port data with IMO code and ISPS level.
- Port and terminal risk, vulnerability and threat assessment.
- Assessing city threats and guidance for crew changes.
- Anti-fraud.
- Facility Security Information.





The LandRisk module is under development and Risk Intelligence aims to launch the module during the third quarter of 2019. LandRisk will complement Risk Intelligence's existing products and services, as well as complete the Risk Intelligence System as a comprehensive system for all relevant transport/logistic-related safety information. Based on the existing modules, MaRisk and PortRisk, the development of LandRisk is being driven by the knowledge and experience gleaned from their development and implementation. LandRisk will combine the entire logistics chain to simplify operations on relevant transport related security intelligence. LandRisk will include the same functions as MaRisk and PortRisk regarding real-time incident reporting, security information for terminals, land and road traffic assessments and satellite tracking integration. The Company's goal is to enter pilot projects with three major customers during Q2 / Q3 2018. One pilot project is already agreed and includes a large global shipping company.

- The launch of LandRisk is expected to take place in Q3 2019.



## Shareholders

The table below presents shareholders with over 5 % of the votes and capital in Risk Intelligence as per 30 September 2018.

Name	Number of shares	Percentage of voting right and capital (%)
Sandbjerg Holding ApS	2,991,530	39.01
Polaris Maritime Solutions Ltd	565,905	7.40
Stefan Nonboe	795,780	10.38
Other	3,315,925	43.21
<b>Total</b>	<b>7,669,140</b>	<b>100.00</b>

## The share

The shares of Risk Intelligence A/S were listed on Spotlight Stock Market August 17, 2018. The short name/ticker is RISK and the ISIN code is DK0061031978. As per 30 September 2018, the number of shares was 7,669,140. Every stock share equals the same rights to The Company's assets and results.

## Warrants

Until 1 July 2020, the Board has the right to issue a total of 595,080 warrants. The allocation of the warrant program is approximately 40 per cent of warrants for employees and approximately 60 per cent for Company management. Each warrant will provide the holder with the right to subscribe for one new share in the Company at a subscription rate of DKK 6.25. The warrants program is dedicated for allocation to Company management and employees.

Risk Intelligence has issued warrants to Gemstone Capital ApS ("Gemstone"). The warrants give Gemstone the right to 76,691 shares (equivalent to 1 per cent of the total number of shares in the Company after listing). Each warrant will provide the holder with the right to subscribe for one new share in the Company at a subscription rate of DKK 6.25.

## Operational risks and uncertainties

The risks and uncertainties that Risk Intelligence operations are exposed to are directly related to factors such as development, competition, technology development, capital requirements, currencies and interest rates. During the current period, no significant changes in risk factors or uncertainties have occurred. For more detailed description of risks and uncertainties, refer to the memorandum published in June 2018. The documents are available on the Risk Intelligence website (<https://riskintelligence.eu/reports-and-presentations>).

## Auditor's review

The interim report has not been reviewed by The Company's auditor.

### For further information, please contact

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## Financial Review

### Income Statement

Revenue increased 9% to DKK 2,901 thousand in Q3 2018 (Q3 2017: DKK 2,661 thousand).

Recurring revenue increased with 147% to DKK 2,320 thousand compared to Q3 2017 (Q3 2017: DKK 938 thousand) and reached a recurring revenue ratio of 80% compared to 35% in Q3 2017.

The gross profit in Q3 decreased 60% to DKK 914 thousand (Q3 2017: DKK 2,257 thousand), corresponding to a gross margin of 31.5% (Q3 2017: 84.8%). Other operating expenses were impacted by developing the company, moving to new location and the costs of becoming a listed company. All according to the plan.

Staff costs amounted to DKK 2,344 thousand in Q3 2018 (Q3 2017: DKK 1,635 thousand). An increase of DKK 709 thousand which represents the investment in, and development of the organisation to achieve the future goals.

EBITDA in Q3 decreased 330% to DKK -1,430 thousand (Q3 2017: DKK 622 thousand), which corresponds to a higher cost base in general being a listed company and being 16 people end Q3 2018 compared to 10 people end Q3 2017. The EBITDA ratio decreased to -49.3% (Q3 2017: 23.4%)

### Balance Sheet

The balance sheet total was DKK 16,805 thousand at the end of Q3 2018 (end 2017: DKK 8,986 thousand). An increase mainly due to the capital increase.

Equity at the end of Q3 2018 increased to DKK 10,848 thousand (end of 2017: DKK 3,896 thousand) again due to the capital increase. The equity ratio amounted to 64,6% (end of 2017: 43,4%).

### FINANCIAL DEVELOPMENTS IN Q1-Q3 2018

Revenue ended unchained at DKK 6,586 thousand (Q1-Q3 2017: DKK 6,597 thousand).

The recurring revenue ratio increased from 51% to 67%.

The gross profit Q1-Q3 decreased 58% to DKK 2,101 thousand (Q1-Q3 2017: DKK 5,034 thousand), corresponding to a gross margin of 31.9% (Q1-Q3 2017: 76,3%).

Staff costs amounted to DKK 6,835 thousand (Q1-Q3 2017: DKK 5,528 thousand). An increase of DKK 1,307 thousand which represents the investment and development of the organisation to achieve the future goals.

EBITDA decreased 858% to DKK -4,734 thousand (Q1-Q3 2017: DKK-494 thousand), which corresponds to a higher cost base whilst preparing for and being a listed company and increasing the number of employees in 2018. The EBITDA ratio decreased to -71.9% (Q1-Q3 2017: -7.5%)

## Cash Flows

Cash flow from operating activities decreased to DKK -5,686 thousand in Q1-Q3 (Q1-Q3 2017: DKK -1,710 thousand). The decrease due to the larger organisation and preparing for the future growth. Because of the capital increase, the cash position end of Q3 2018 was DKK 5,578 thousand (end Q3 2017: DKK 6 thousand).

Cash flow from investing activities amounted to DKK -1,898 thousand (Q1-Q3 2017: DKK -1,731 thousand).

Cash flow from financing activities amounted to DKK 11,849 thousand (Q1-Q3 2017: DKK 3,353 thousand)

## Financial Calendar

20 February 2019	Q4 2018 and Year-end report
27 March 2019	Annual Report 2018
22 May 2019	Q1 2019
21 August 2019	Q2 and 1H 2019

## Income Statement

DKK '000	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Year 2017
<b>Net sales</b>	2,901	2,661	6,586	6,597	10,980
Other operating expenses	-1,987	-404	-4,485	-1,563	-3,798
Gross profit	914	2,257	2,101	5,034	7,182
Staff costs	-2,344	-1,635	-6,835	-5,528	-6,526
<b>Earnings before depreciation and amortization (EBITDA)</b>	<b>-1,430</b>	<b>622</b>	<b>-4,734</b>	<b>-494</b>	<b>656</b>
Depreciation / amortization of tangible and intangible fixed assets	-183	-198	-543	-582	-764
Other expenses	-	-	-	-	-429
<b>Profit/loss before financial items</b>	<b>-1,613</b>	<b>424</b>	<b>-5,277</b>	<b>-1,076</b>	<b>-537</b>
Other interest income and similar items	-	-	-	-	-62
Financial costs	-71	-92	-227	-189	-535
<b>Profit/loss before taxes</b>	<b>-1,684</b>	<b>332</b>	<b>-5,504</b>	<b>-1,265</b>	<b>-1,134</b>
Tax on profit for the year	371	-73	1,211	278	194
<b>Net profit</b>	<b>-1,313</b>	<b>259</b>	<b>-4,293</b>	<b>-987</b>	<b>-939</b>
Proposed distribution of profit					
Transfer of profits for development projects	494	-	1,020	-	607
<i>Retained earnings</i>	-1,807	259	-5,313	-987	-1,546

## Balance sheet in comparison

DKK '000	30-09-2018	30-09-2017	31-12-2017
<b>Assets</b>			
Intangible assets			
Completed development projects	3,801	3,596	3,385
Ongoing development projects	902	-	102
<b>Total intangible fixed assets</b>	<b>4,703</b>	<b>3,596</b>	<b>3,487</b>
Tangible fixed assets			
Other facilities, fixtures and accessories	1,193	815	787
<b>Total tangible assets</b>	<b>1,193</b>	<b>815</b>	<b>787</b>
Financial assets			
Investments in subsidiaries	0	274	212
Other long-term feeds	-	-	55
<b>Financial assets</b>	<b>0</b>	<b>274</b>	<b>267</b>
<b>Total fixed assets</b>	<b>5,896</b>	<b>4,685</b>	<b>4,541</b>
Receivables			
Accounts Receivables	2,551	762	2,331
Receivables from affiliated companies	0	-	81
Other receivables	1,439	133	56
Tax	214	155	214
Deferred tax	827	0	-
Accruals	300	57	450
<b>Total Receivables</b>	<b>5,332</b>	<b>1,107</b>	<b>3,133</b>
Assets			
Cash at bank and in hand	5,578	6	1,313
<b>Current assets total</b>	<b>10,910</b>	<b>1,113</b>	<b>4,445</b>
<b>Assets total</b>	<b>16,805</b>	<b>5,798</b>	<b>8,986</b>



## Balance sheet in comparison

DKK '000	30-09-2018	30-09-2017	31-12-2017
<b>Liabilities and equity</b>			
Equity			
Share capital	767	147	180
Reserve for development costs	2,358	1,328	1,338
Share premium account	0	0	0
Retained earnings	7,723	-2,626	2,378
<b>Total equity</b>	<b>10,848</b>	<b>-1,151</b>	<b>3,896</b>
Untaxed reserves			
Provision for deferred tax	0	85	384
<b>Total provisions</b>	<b>0</b>	<b>85</b>	<b>384</b>
Long-term liabilities			
Subordinate loan capital	-	-	-
Other credit institutions	3,166	4,238	2,420
<b>Long-term liabilities</b>	<b>3,166</b>	<b>4,238</b>	<b>2,420</b>
Current liabilities			
Short-term part of long-term debt	-	-	751
Trade payables	2,519	114	746
Payables to subsidiaries	0	289	222
Other payables	272	2,223	364
Deferred income	-	-	203
<b>Short-term liabilities</b>	<b>2,791</b>	<b>2,626</b>	<b>2,286</b>
<b>Debt total</b>	<b>5,957</b>	<b>6,864</b>	<b>4,706</b>
<b>Liabilities and equity total</b>	<b>16,805</b>	<b>5,798</b>	<b>8,986</b>

## Equity

01-01-2017 – 31-12-2017	Share capital	Share premium account	Reserve for development costs	Total profit	Total
<i>DKK '000</i>					
Equity at (01-01-2017)	147	-	732	-339	540
Net effect from adjustment of error	-	-	-	-704	-704
Adjusted equity at (01-01-2017)	147	-	732	-1,042	-164
Capital increase	7	993	-	-	1,000
Cash capital increase	26	3,974	-	-	4,000
Profit for the year	-	-	606	-1,546	-939
Transferred from share premium	-	-4,967	-	4,967	-
Equity at (31-12-2017)	180	0	1,338	2,379	3,896
01-01-2018 – 30-09-2018	Share capital	Share premium account	Reserve for development costs	Total profit	Total
<i>DKK '000</i>					
Equity at (01-01-2018)	180	-	1,338	2,379	3,896
Transferred results	-	-	-	-	-
Cash capital increase	204	13,796	-	-	14,000
Cost for capital increases	-	-2,756	-	-	-2,756
Transferred from retained earnings	383	-	-	-383	-
Transferred from share premium	-	-11,040	-	11,040	-
The result of the period	-	-	1,020	-5,313	-4,293
Equity at (30-09-2018)	767	0	2,358	7,723	10,848

## Cash flow statement

DKK '000	Q1-Q3 2018	Q1-Q3 2017	Year 2017
<b>Profit/loss for the year</b>	<b>-4,292</b>	<b>-987</b>	<b>-939</b>
Adjustments	-668	255	632
Change in working capital	-726	-978	-3,887
<b>Cash flow from operations before financial items</b>	<b>-5,686</b>	<b>-1,710</b>	<b>-4,194</b>
<b>Cash flow from current operations</b>	<b>-5,686</b>	<b>-1,710</b>	<b>-4,194</b>
Paid company tax	-	-	108
<b>Cash flow from current operations</b>	<b>-5,686</b>	<b>-1,710</b>	<b>-4,086</b>
Purchases of intangible assets	-1,774	-983	-975
Purchases of property, plant and equipment	-391	-748	-856
Purchases of financial fixed assets	267	-	-1
<b>Cash flow from investing activities</b>	<b>-1,898</b>	<b>-1,731</b>	<b>-1,832</b>
<b>Repayment of debt to associated companies</b>	<b>-</b>	<b>-</b>	<b>-33</b>
Borrowings	-	-1,000	2,420
Completion of lease obligations	605	738	750
Repayment of loans to owners	-	-	-
Cash capital increase (net)	11,244	3,615	4,000
<b>Cash flow from financing activities</b>	<b>11,849</b>	<b>3,353</b>	<b>7,137</b>
<b>The year's cash flow</b>	<b>4,265</b>	<b>-88</b>	<b>1,219</b>
Cash at the beginning of the period	1,313	94	94
Cash at the end of the period	5,578	6	1,313

# RiskIntelligence

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