

RiskIntelligence

INTERIM REPORT 2018-01-01 - 2018-06-30

Risk Intelligence A/S | 27475671 | www.riskintelligence.eu



Interim report first half year 2018

For the period 1 January - 30 June

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In this document, the following definitions shall apply unless otherwise specified: "The Company" or "Risk Intelligence" refers to Risk Intelligence A/S, CVR number 274 756 71.

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, 29 August 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

	2018-04-01	2017-04-01	2018-01-01	2017-01-01	2017-01-01
DKK	2018-06-30	2017-06-30	2018-06-30	2017-06-30	2017-12-31
Net sales	1.884.233	1.948.661	3.685.833	3.936.294	10 980 421
Operating profit (EBITDA)	-2.282.547	-756.927	-3.304.118	-1.023.953	655 749
Profit a. financial items	-2.524.624	-1.087.498	-3.820.386	-1.597.854	-1 133 734
Profit/loss for the year	-1.966.339	-848.249	-2.979.901	-1.246.326	-939 419
Total assets	7,467,203	5.834.274	7,467,203	5.834.274	8 986 054
Operating margin	-121,14%	-38,84%	-89,64%	-28,35%	5,97%
Equity ratio	39,06%	-24,17%	39,06%	-24,17%	46,69%
Number of registered shares	5,749,140	179.632	5,749,140	179.632	179 632
Earnings per share	-0.34	-4.72	-0.52	-6.94	-5,22

Definitions

Operating margin: Operating profit divided by net sales.

Adjusted equity: Equity added 78 percent of untaxed reserves.

Equity ratio: Adjusted equity divided by total assets.

Highlights during H1 2018

- In March we formally initiated the development of LandRisk with our clients
- On 6 April, we transformed the corporate structure towards being a listed limited company
- On 6 April, we launched our experienced Board of Directors
- In April, we secured the first client for the LandRisk pilot projects to provide valuable input and insights
- In April, we signed the lease for our new office in Hellerup, which will be our headquarter over the next years
- On 1 May, we hired Niels Worsøe as dedicated LandRisk Project Manager
- On 1 May, we hired Jan Kragh Michelsen as Sales Director
- We signed up five new clients

Highlights after the period

- 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.

CEO Hans Tino Hansen



Welcome: Risk Intelligence had its first day of trading less than 2 weeks ago, on 17 August 2018. Therefore, I would like to start off with a warm welcome to our new shareholders and a big thank you to our Board, staff and advisors.

According to plan: This first report as a public company gives me an opportunity to look back at a first half year with several important milestones reached. The result for the first six months of 2018 is in accordance with our plans and Memorandum. The growth-plan initiated by end 2017 will produce negative bottom line results in both 2018 and 2019 due to the planned investments. In addition, revenue in the first half of the year normally on average accounts for 33% of the total annual revenue and therefore, normally, the first half of the year structurally has a negative result. During the first six months Risk Intelligence has acquired five new clients and sales revenues are expected to increase in the second half of 2018.

Our Memorandum which was dated just two months ago remains current, including company description, plan and expectations and can be found here: www.riskintelligence.eu/reports-and-presentations.

Spotlight: The listing has certainly put Risk Intelligence in the spotlight and we already experience increased recognition and interest from existing and potential clients, media and partners.

The road ahead: Our entire team is energized by the achievements, our new office, and the new chapter as a public company. Our Sales Director, Jan Kragh Michelsen is building and leading the new commercial organisation, which will be in place by Q4 2018, and is tasked to double the sales revenues from our existing maritime-focused markets by end 2020. Headed by our new Project Manager and funded by the IPO, we expect to launch the LandRisk module in Q3-2019. With that, we will cover the entire logistics chain with the Risk Intelligence System (MaRisk+PortRisk+LandRisk) with a unique end-to-end service and we will gain access to a market that is 20 times greater than our existing markets combined.

*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 faces:

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

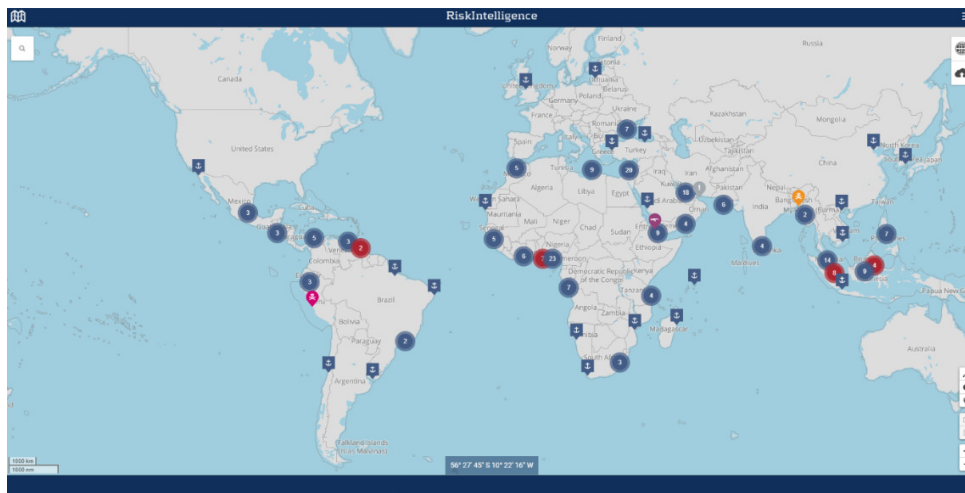
2008 - 2013: Operations were scaled up in 2008 upon launch of the digital platform with the MaRisk product, which was customised to maritime operations.

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.

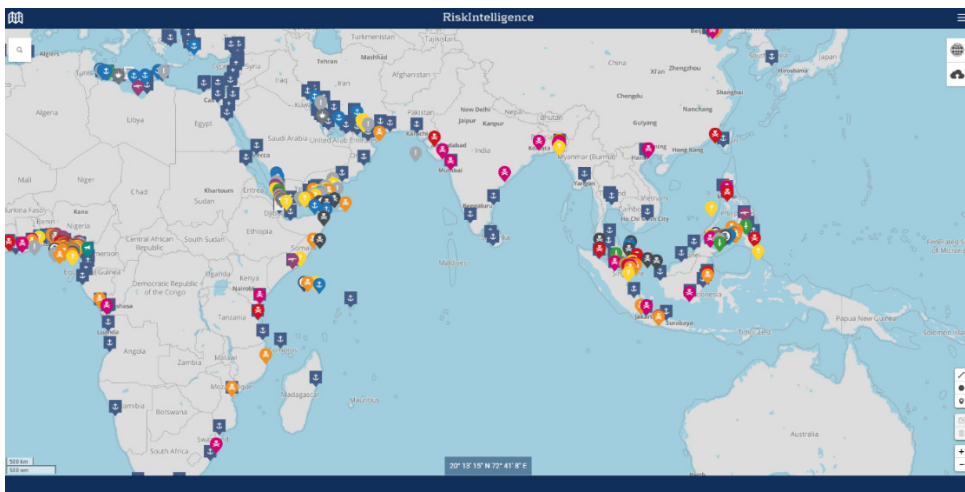
2017-: Initial internal development of the Company's third module LandRisk has begun, which has been requested by the existing customer base. With LandRisk, the Risk Intelligence System will link a whole industry chain of identification and selection of risks and threats, both on land and at sea. With 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, gas, oil and the offshore segment. The digital platform of the Company has been designed based on customer needs and wants, along with the experienced risk analysts at Risk Intelligence. The Risk Intelligence System offers customers a complete picture of immediate and long-term risks for coastal, ocean and port areas. Risk analyses 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 each area. This makes it possible for companies to easily evaluate both current and future security risks with the purpose of minimising risks that affect their transport and deliveries. 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 shipping companies established in shipping, offshore, oil and gas. The module has been part of the Risk Intelligence System since 2008 and provides security information for companies to plan and execute marine missions.

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 Risk Intelligence System since 2015. The module presents updated safety 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 and more than 20 percent of the ports and terminals have been analysed by a Risk Intelligence team in place. The subscription of the PortRisk module includes:

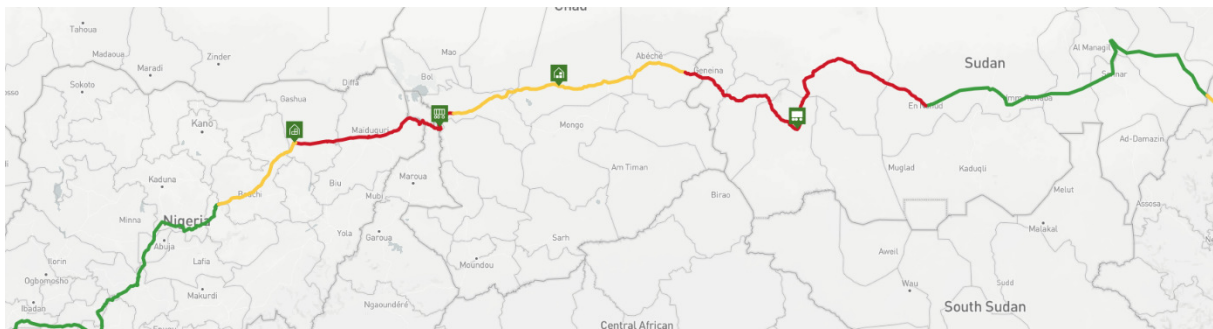
- Global maps (including digital charts).
- Port data with IMO code and ISPS level.
- Port and terminal risk, vulnerability and threat assessment.
- Assessing city threats and guidance for crew changes.
- Anti-fraud.
- Facility Security Information.





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 complete system for all relevant transport-related safety information. Based on existing modules, MaRisk and PortRisk, the development of LandRisk is based on knowledge and experience from previous modules. LandRisk will combine the entire logistics chain to simplify operations on all 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 on June 30, 2018.

Name	Number of shares	Percentage of voting right and capital (%)
Sandbjerg Holding ApS	2 951 530	51,34
Polaris Maritime Solutions Ltd	456 030	7,93
Stefan Nonboe	339 750	5,91
Other	2 001 830	34,82
Total	5 749 140	100,00

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. Per June 30, 2018, the number of shares was 5 749 140. Under the expiration of the period, a new issue has been completed which increased the number of shares in Risk Intelligence to 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 summary 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's website (www.riskintelligence.com).

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 H1 2018

The negative result of the first six months of 2018 is in line with our expectations and plans as presented in the Memorandum for the IPO. As described in the Memorandum the investments in the current growth plan will result in negative results in 2018 as well as in 2019. Revenues in the first half of the year normally on average accounts for 33% of the total annual revenue and therefore, normally, the first half of the year structurally has a negative result. The revenues are slightly lower (250K DKK) than compared to the same period in 2017, which is due to movements between periods rather than loss of revenue. Furthermore, the new commercial organization has only been under development since 1 May, where the new Sales Director started, and will be fully operational from Q4 after new staff has been recruited during end Q2 and Q3.

Balance Sheet

The main changes during the first six months have been the private placement of 2m DKK in February and the change of equity structure 6 April 2018, which is described in the Memorandum.

Cash Flows

Given the number of investments made as part of the implementation of the growth plan the cash flow has been satisfactory and according to the plan.

Financial Calendar

29 June 2018	The Memorandum including Q1 2018
29 August 2018	Q2 and 1H 2018 (this report)
21 November 2018	Q3 2018
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

	2018-04-01 2018-06-30	2017-04- 01 2017-06- 30	2018-01-01 2018-06-30	2017-01- 01 2017-06- 30	2017-01- 01 2017-12- 31
DKK					
Net sales	1,884,233	1,948,661	3,685,833	3,936,294	10,980,421
Cost of goods sold	-1,740,463	-704,718	-2,498,845	-1,159,534	-3,797,943
Gross profit	143,770	1,243,944	1,186,988	2,776,760	7,182,478
Staff costs	-2,426,317	-2,000,871	-4,491,105	-3,800,713	-6,526,729
<i>Earnings before depreciation and amortization (EBITDA)</i>	-2,282,547	-756,927	-3,304,118	-1,023,953	655,749
Depreciation / amortization of tangible and intangible fixed assets	-175,295	-227,528	-360,039	-383,420	-764,430
Other operating expenses	-	-	-	-92,060	-428,769
Profit/loss before financial items	-2,457,842	-984,455	-3,664,157	-1,499,433	-537,450
Other interest income and similar items	-	-	-	-	-62,247
Financial costs	-66,782	-103,043	-156,230	-98,420	-534,037
Profit/loss before taxes	-2,524,624	-1,087,498	-3,820,387	-1,597,854	-1,133,734
Tax on profit for the year	558,285	239,250	840,485	351,528	194,315
Net profit	-1,966,339	-848,249	-2,979,902	-1,246,326	-939,419
Proposed distribution of profit					
Transfer of profits for development projects	188,650	-	525,986	-	606,252
<i>Retained earnings</i>	-2,154,989	-848,249	-3,505,888	-1,246,326	-1,545,671

Balance sheet in comparison

	2018-01-01	2017-01-01	2017-01-01
DKK	2018-06-30	2017-06-30	2017-12-31
Assets			
Intangible assets			
Completed development projects	3,667,726	3,556,851	3,384,749
Ongoing development projects	188,650	-	101,760
Total intangible fixed assets	3,856,376	3,556,851	3,486,509
Tangible fixed assets			
Other facilities, fixtures and accessories	827,180	811,695	787,264
Total tangible assets	827,180	811,695	787,264
Financial assets			
Investments in subsidiaries	211,753	274,000	211,753
Other long-term feeds	-	-	55,407
Financial assets	211,753	274,000	267,160
Total fixed assets	4,895,309	4,642,546	4,540,933
Receivables			
Accounts Receivables	402,773	845,509	2,331,126
Feeds from affiliated companies	196,240	-	81,250
Other feedings	887,857	144,832	55,804
Tax	214,397	155,250	214,397
Deferred tax	456,576	0	-
Accruals	57,865	37,500	449,961
Total Receivables	2,215,708	1,183,091	3,132,538
Assets			
Cash at bank and in hand	356.186	8,637	1,312,583
Current assets total	2,571,894	8,637	4,445,121
Assets total	7,467,203	5,834,274	8,986,054

Balance sheet in comparison

	2018-01-01	2017-01-01	2017-01-01
DKK	2018-06-30	2017-06-30	2017-12-31
Liabilities and equity			
Equity			
Share capital	191,838	146,580	179,632
Reserve for development costs	1,675,190	731,602	1,337,854
Retained earnings	1,049,959	-2,288,529	2,379,001
Total equity	2,916,787	-1,410,347	3,896,487
Untaxed reserves			
Provision for deferred tax	-	12,299	383,909
Total provisions	-	12,299	383,909
Long-term liabilities			
Subordinate loan capital	-	-	-
Other credit institutions	2,427,928	3,500,000	2,419,928
Long-term liabilities	2,427,928	3,500,000	2,419,928
Current liabilities			
Short-term part of long-term debt	740,839	744,286	750,724
Trade payables	810,809	163,375	745,747
Payables to subsidiaries	221,893	301,930	221,893
Other payables	348,947	2,522,731	364,663
Deferred income	-	-	202,703
Short-term liabilities	2,122,488	3,732,322	2,285,730
Debt total	4,550,416	7,232,332	4,705,658
Liabilities and equity total	7,467,203	5,834,274	8,986,054

Equity

2017	Share capital	Share premium account	Reserve for development costs	Total profit	Total
<i>DKK</i>					
Equity at (2017-01-01)	146,580	-	731,602	-338,578	539,604
Net effect from adjustment of error	-	-	-	-703,625	-703,625
Adjusted equity at (2017-01-01)	146,580	-	731,602	-1,042,203	-164,021
Capital increase	7,329	992,671	-	-	1,000,000
Cash capital increase	25,723	3,974,204	-	-	3,999,927
Profit for the year	-	-	606,252	-1,545,671	-939,419
Transferred from share premium	-	-4,966,875	-	4,966,875	-
Equity at (2017-12-31)	179,632	-	1,337,854	2,379,001	3,896,487
2018-01-01 - 2018-06-30	Share capital	Share premium account	Reserve for development costs	Total profit	Total
<i>DKK</i>					
Equity at (2018-01-01)	179,632	-	1,337,854	2,379,001	3,896,487
Transferred results	-	-	-	-	-
Cash capital increase	12,006	1,988,196	-	-	2,000,202
Transferred from retained earnings	383,276	-	-	-383,276	-
Transferred from share premium	-	-1,988,196	-	1,988,196	-
The result of the period	-	-	525,986	-3,505,888	-2,979,902
Equity at (2018-06-30)	574,914	-	1,863,840	478,033	2,916,787

Cash flow statement

DKK	2018-01-01 2018-06-30	2017-01-01 2017-06-30	2017-01-01 2017-12-31
Profit/loss for the year	-2,979,902	-1,246,326	-939,419
Adjustments	-785,078	-399,346	632,363
Change in working capital	1,335,041	-704,837	-3,886,881
Cash flow from operations before financial items	-2,429,939	-2,350,509	-4,193,937
Cash flow from current operations	-2,429,939	-2,350,509	-4,193,937
Paid company tax	-	-	107,432
Cash flow from current operations	-2,429,939	-2,350,509	-4,086,506
Purchases of intangible assets	-369,867	-362,399	-974,531
Purchases of property, plant and equipment	-39,917	-744,346	-856,093
Purchases of financial fixed assets	-	-	-1,185
Cash flow from investing activities	-409,784	-1,106,745	-1,831,809
Repayment of debt to associated companies	-	-	-33,469
Borrowings	-	-1,000,000	2,419,928
Completion of lease obligations	-116,876	744,286	750,724
Repayment of loans to owners	-	-	-
Cash capital increase	2,000,202	3,627,817	3,999,927
Cash flow from financing activities	1,883,326	3,372,103	7,137,110
The year's cash flow	-956,397	-85,151	1,218,795
Cash at the beginning of the period	1,312,583	93,788	93,788
Cash at the end of the period	356,186	8,637	1,312,583

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