

Quarterly Report Ending 30 September 2017

October 31 2017

Year on Year Revenue Growth and Second Acquisition Completed

Cognosec AB (Publ) ("Cognosec" or the "Group") is pleased to announce its results for Q3, 30th September 2017.

Total year to date revenues grew 4.8% to 10.9m EUR (Q3 YTD 2016: 10.3m EUR). This, combined with a lower cost of sales, demonstrated improved margins compared to the third quarter of 2016. Total Gross Profit for Q3 2017 increased 5.6% from 1.2m EUR (Q3 2016) to 1.3m EUR (Q3 2017). There were a number of key contracts that did not close in time for Q3 in Africa and the Middle East and it is our and our clients' intent to have these completed by the end of the financial year.

Streamlining operations, to increase efficiencies have reduced costs across the Group by 633k EUR (23.11%) compared to the previous quarter. Efforts to ensure that investment and expenditure are harnessed to their greatest effects across the Group are underway. Planned shortfall in margins stretched the Group's cash position, pending debtor collections and unwinding of deposits. The overall Group loss for YTD Q3 2017 -2.7m EUR (YTD Q3 2016: -1.23m EUR). In addition to the above, Cognosec AB formally announced the completed acquisition of Intact Software on the 22nd of September.

HIGHLIGHTS

- Group Revenue of 3.34m EUR for Q3 (Q3 2016: 3.23m EUR), an increase of 3.39%
- YTD Group Loss of -2.7m EUR (YTD 2016: loss -1.8m EUR)
- Group Gross Margin for Q3 2017 was 39.1% (Q3 2016 Gross Margin: 38%)
- The Group employed 140 staff at the end of Q3 2017, up 31% compared to Q3 2016 (107)
- Beyond the quarter period, Cognosec AB announced a private placement of shares for 800k EUR, to strengthen the Group's working capital position.

COGNOSEC GROUP: Financial key-ratios	Jul-Sep Q3 2017	Jul-Sep Q3 2016	Jan-Sep 2017 to Q3	Jan-Sep 2016 to Q3	Jan-Dec FY 2016
Total Group Income €('000s)	3,348	3,238	10,854	10,356	14,636
Total Group Gross Margin €('000)	1,309	1,240	4,457	3,975	5,785
Total Group Gross Margin (percent)	39%	38%	41%	38%	40%
Cash Flow in the Period €('000s)	992	-2,098	-514	-868	-1,869
Operating Margin €('000s)	-757	-1,371	-2,923	-1,776	-3,022
Operating Margin (percent)	-23%	-42%	-27%	-17%	-21%
Result after Taxes €('000s)	-495	-1,228	-2,712	-1,810	-3,668
Earnings per share €*	-0.0017	-0.0048	-0.0100	-0.0075	-0.0145

*Result per share refers to result per share attributable to equity owners of the parent company. There is no dilution of earnings per share. This report is published in English. Average number of shares outstanding for the period 30 September 2017 (Q3 and YTD 2017) were 257,179,500 (Q3 and YTD 2016 number of shares outstanding 257,179,500).

Contacts

For additional information, please contact: Tim Metcalfe or Miles Nolan, Investor Relations, IFC Advisory, Cognosec AB. Telephone: +44 203 053 8671. E-mail: cognosec@investor-focus.co.uk

About Cognosec AB (Nasdaq: COGS.ST)

Cognosec AB (Publ) is engaged in providing global cyber resilience solutions and conducts its operations through physical presences in Sweden, South Africa, UK, Kenya, Germany, Austria and the United Arab Emirates. Listed on Nasdaq First North (Nasdaq: COGS.ST), the Group delivers services and technology licences to enhance clients' protections, against unwanted intrusions, to provide and enhance cyber resilience and, to prevent various forms of information theft. Cognosec had revenues of 14.64m EUR in 2016. For further information, please visit www.cognosec.se

Comments by Robert Brown, CEO of Cognosec AB Group

Dear Shareholders,

I am pleased to present the third quarter report for 2017. I am delighted to report that as announced, Intact Software Distribution ("Intact"), our second acquisition for the year, has been completed. Revenues increased compared to 2016. Last year's Q3 report was the first as a listed company on Nasdaq First North and I am pleased with the progress of growth and expansion in our product and professional service offering across the globe today. A number of pipeline deals for Q3 have been deferred into the final quarter for the year and we are optimistic that we will close in a strong position for 2017, leading to a promising 2018.

Our strategies in Europe are continuing to make positive progress in the Advisory, Assurance and Managed Service spaces. Our approach caters for the upcoming demand of a number of key changes within the regions, including General Data Protection Regulation and the second Payment Services Directive. Planning for the 2018 Operational Strategy has begun for the Group, where we are identifying additional areas of opportunity for Cognosec AB and our subsidiaries in the EMEA space.

On the first year anniversary of our listing on the 22nd of September, we announced the completion of the Intact acquisition, which will further strengthen our presence within South Africa and across the continent. Intact is a South African registered company with offices in Cape Town and Johannesburg. The Company provides a focused approach to support and technical knowledge transfer in association with the distribution channel. In addition, the influx of operational staff has benefitted several companies across the Group. These acquisitions highlight the strong investment that is taking place within Cognosec and will provide a tangible point of difference when offering our services and products to partners and customers.

Our relationships with our global vendors continue to underpin our efforts in providing the best solutions for our customers. Working with Checkpoint, McAfee (formerly Intel Security), RSAM and many others, means we are able to be software agnostic and collaborate with products at the cutting edge of the industry. Our intention to move from Nasdaq First North to the Premier market is still a paramount focus for the Group and we achieved qualification for this ascension within nine months of listing. Discussions with Securities firms in the US to create a dual listing on Nasdaq New York are also making strong and steady progress.

I would like to thank our staff for their unwavering efforts and commitments demonstrating the strong values that we uphold within our Group. Recent cyber-attacks continue to exhibit the saliency of our solutions. Our staff are competent and ready to help protect and deter against cyber-attacks. I would like to also thank the Board, who continue to provide strong guidance and strategic direction for the Group.

As always, I am thankful to the shareholders, for the support they have shown to our Group and their commitment to our personnel. We are confident that our aim to evolve with developments around the world and in the industry, will mean that we are at the forefront of cyber security, now and long into the future.

Robert Brown, CEO Cognosec AB Group, London, 2017

BUSINESS OVERVIEW

MARKETS

The risk of cyber security vulnerabilities and the resultant financial and reputational costs continues to increase. In the private and public sectors, examples from across the globe continue to infer that cyber solutions and services are needed more than ever, to combat increasing threats and to maintain regulatory compliance.

There have been a number of large data and cyber breaches that continue to bring the industry to the top of the international agenda. Equifax, the global consumer credit reporting agency, confirmed a data breach of financially sensitive information of more than 143 million consumers. This news wiped off 2.5 billion USD from their market capitalisation in the opening five minutes of trading, following the news. In addition, it has been recently revealed that the 2013 Yahoo attack breached all 3 billion accounts, highlighting that often the extent and magnitude of cyber-attacks can be difficult to quantify, causing even greater risks to companies in the future. In addition, six of Deloitte's blue-chip clients experienced breaches in confidential emails and plans. The extent of data that was vulnerable to the breach has not been confirmed at the time of writing.

Cognosec offers an array of assurance and advisory services to potential clients. Our ability to provide a detailed and well performing managed service whilst being able to distribute vendor products, sets us apart from our competitors by offering global cyber technology architectures.

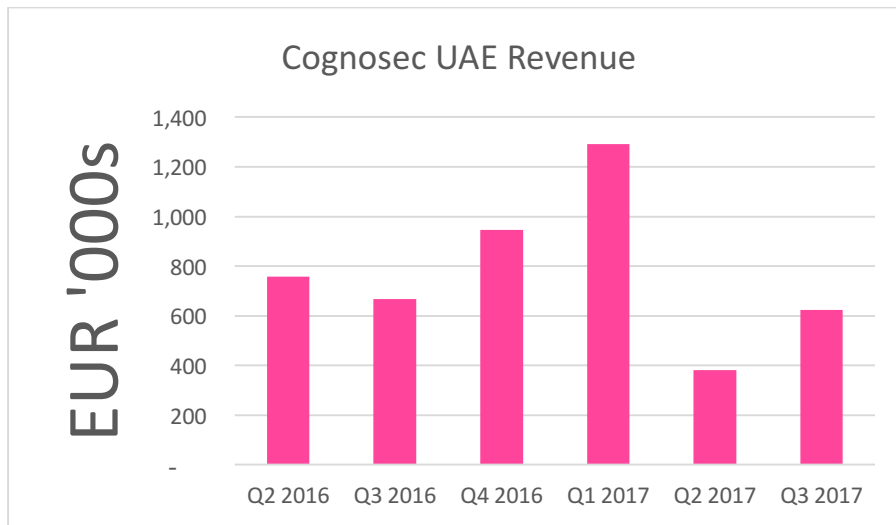
SUBSIDIARY SALES PERFORMANCE

€ '000s	<i>Jul-Sep</i>	<i>Share</i>	<i>Jul-Sep</i>	<i>Share</i>	<i>Jan-Sep</i>	<i>Share</i>	<i>Jan-Sep</i>	<i>Share</i>	<i>Jan-Dec</i>	<i>Share</i>
Overview Sales	Q3 2017	%	Q3 2016	%	2017 to Q3	%	2016 to Q3	%	FY 2016	%
Cognosec UAE*	623	19%	667	21%	2,296	21%	2,032	20%	2,977	20%
Credence Security (South Africa)	182	5%	278	9%	968	9%	557	5%	595	4%
Dynamic Recovery services (South Africa)	2,154	64%	1,412	44%	6,205	57%	6,454	62%	9,000	61%
Cognosec (Kenya)	278	8%	252	8%	738	7%	654	6%	875	6%
Cognosec Europe**	112	3%	630	19%	647	6%	660	6%	1,190	8%
Total	3,348	100%	3,238	100%	10,854	100%	10,356	100%	14,636	100%

*Cognosec UAE consists of Credence Security DMCC (Dubai) and Cognosec DMCC (Dubai).

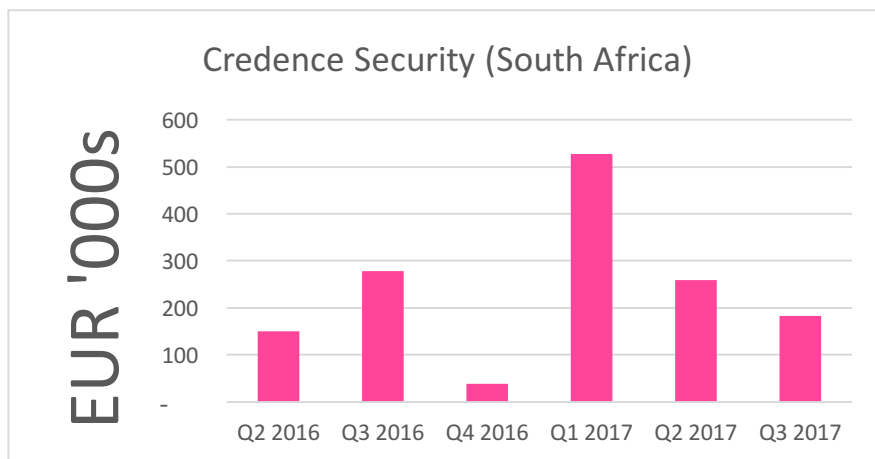
**Cognosec Europe consists of Cognosec Ltd (UK) and Cognosec GmbH (Germany).

Cognosec (UAE)



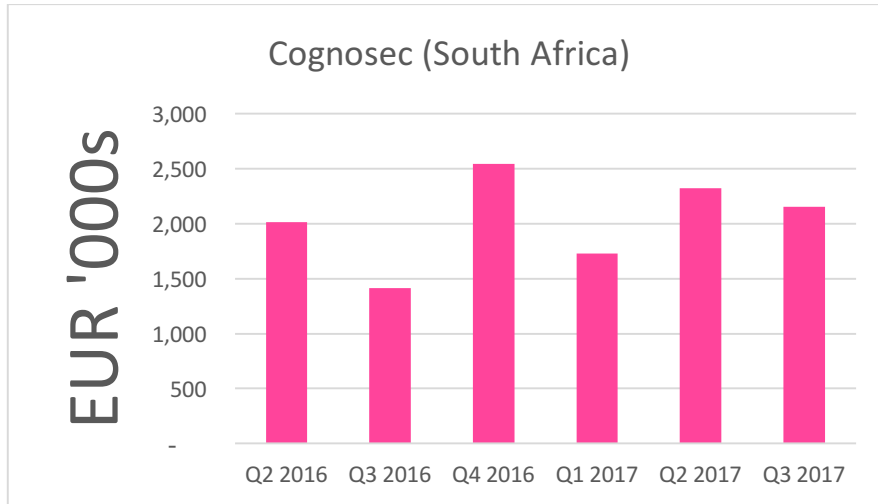
Cognosec UAE experienced a normal return to revenue after a number of pipeline deals had previously been delayed, with revenue in Q3 up comparatively, equating to 623k EUR. YTD revenue compared to the same period is ahead 13% from 2.03m to 2.29m EUR (2016).

Credence Security (SA)



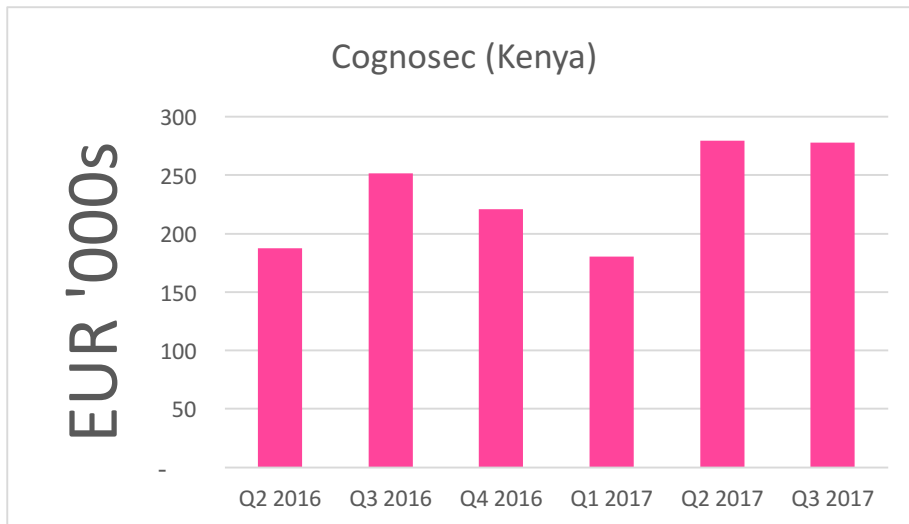
Credence Security produced revenues of 182k EUR. The Q3 results were inhibited by a number of pipeline deals that have been scheduled for Q4. YTD revenue is up 73.8% (411k EUR) compared to the same period in 2016.

Cognosec (SA)



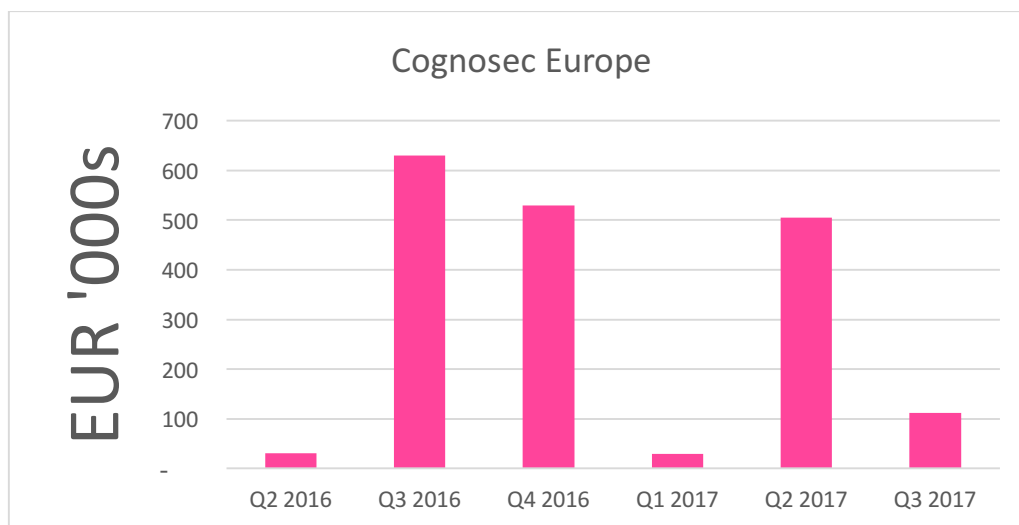
Cognosec South Africa maintained its trajectory for the year, posting solid Q3 revenues of 2.15m EUR. A strong pipeline has emerged through significant lead generation and utilising key vendor relationships, with a number of deals moving into the later stages of their respective sales timeline and, as the acquisition of Intact makes its mark.

Cognosec (Kenya)



Cognosec Kenya has shown another strong performance, placing the second highest quarter in the last seven (2782k EUR). The Kenyan entity is up 12.8% compared to YTD 2016, due to a number of high profile deals within public and private sectors closing during the period.

Cognosec (Europe)



Cognosec Europe continues to be revenue generating, with 112k EUR received for the quarter. Heading into the final quarter, Cognosec Europe are the down to the final rounds in several deals. There are also additional strategic changes underway in the European region to expand our professional and managed services divisions for 2018.

CUSTOMERS

Our customers range from government departments, large-scale industrial organisations, financial institutions, companies operating across the TMT sectors, including nation's global communications carriers as well as smaller SME sector businesses. Long-term exclusive relationships are the norm, especially when it comes to the technology that they are using. Potential new clients are eager to learn about the services and successes that we have achieved and continue to implement. A number of partnerships are being established with Government entities, globally.

TECHNOLOGY PARTNERS

The Group continues to expand its partner network and now includes the following technologies; RSAM, Infocyte, Demisto, Access Data, Checkpoint, Digital Guardian, Everbridge, Fidelis, Redseal, Solus, Trustwave and SensorNet amongst others.

We continue to work closely with McAfee (formerly Intel Security) on an EMEA Strategy around offering services and have recently been appointed as a McAfee Support Partner.

CASH FLOW

Continued expansion within Cognosec South Africa and the European region affected the Q2 Operational Cash Flow negatively.

Beyond the quarter period, Cognosec AB has secured a private placement of 800k EUR. Cognosec AB is currently in the process of raising additional equity finance. The timing of this payment is being negotiated and is only subject to terms.

FINANCIAL INFORMATION

INTERIM REPORT: COMPARATIVE FIGURES

The Q3 2017 report that Cognosec issued, was reviewed by the Group's auditor.

PROFIT FOR THE PERIOD

Group

Third quarter revenues amounted to 3.35m EUR (Q3 2016 Revenues :3.24m EUR) an increase of 3.4%. Loss after tax for the YTD Q3 2017 amounted to -2.7m EUR (YTD Q3 2016 loss: -1.8m EUR). Loss attributable to the minority interest amounts to -104k EUR (Q3 2016 Profit attributable to minority: 127k EUR).

Depreciation and amortisation for Q3 2017 amounted to 58k EUR (Q3 2016 Depreciation and Amortisation: 164k EUR).

Cash flow for Q3 2017 amounted to -514k EUR (Q3 2016 -868k EUR).

Parent

The Parent Company's loss for Q3 amounted to -415k EUR (Q3 2016: loss 247k EUR).

FINANCIAL POSITION

Group

The Group's cash and cash equivalents as of 30 September 2017 amounted to a net overdraft of 848k EUR (Q3 2016: Cash was 1.98m EUR). The equity ratio was 70% for Q3 2017 (Q3 2016 44).

The Group's equity for end of Q3 2017 amounted to 2.7m EUR (End of Q3 2016: 3.7m EUR).

Cognosec AB did not pay any dividends to shareholders during Q1, Q2, Q3 of 2017, 2016 or 2015.

Parent

The equity for the parent company amounted to 3.05m EUR at the end of Q3 2017 (End of Q3 2016, 4.8m EUR) and 1k EUR cash or cash equivalent (End of Q3 2016, 687k EUR).

INVESTMENTS

The Group seeks to expand by way of profitable M&A activity.

Cognosec AB completed the Intact Software Distribution acquisition. Intact Software Distribution is a specialist Digital Software Distribution business, distributing cyber security solutions by portal and established by pioneers of digital software distribution.

Beyond the quarter period, Cognosec AB announced a private placement of new shares through a directed new share issue to a qualified investor. The issue of the 1,860,465 New Shares at a share price of 0.43 EUR results in the Company having 260,513,965 issued shares from 258,653,500 previously, a dilution of 0.71% and an increase in Share Capital of 4,651 SEK to a Share Capital at today's date of 651,284.33 SEK.

TAXATION

Group

No provisional corporation tax was paid in Q3 2017.

Deferred Tax Credit has been recognised in the Group during 2017.

Parent

No current or deferred tax has been recognised in the Profit and Loss for the parent during 2017.

TRANSACTIONS WITH RELATED PARTIES

UC Group Ltd which is controlled by Cognosec's principal owner, JA Paulsen, currently provides services to Cognosec. This includes from time to time, consultancy services relating to PCI certification. None of these services have been provided for this period.

SHARE INFORMATION

Cognosec AB (Publ) is a public company whose shares are traded on Nasdaq First North (COGS.ST).

The Company's share register is maintained by Euroclear Sweden AB.

Total number of registered shares at 30 September 2017 are: 257,179,500.

FINANCIAL CALENDAR

Fourth Quarter 2017	February 28, 2018
First Quarter 2018	April 27, 2018
Annual General Meeting 2018	June 28, 2018
Half Year Report	August 31, 2018
Nine Month Report	October 31, 2018
Expected publication of 2017 Annual Report	w/b 4 th June, 2018.

ACCOUNTING PRINCIPLES

The interim report has been issued in accordance with International Financial Reporting Standards requirements ("IFRS"). For further information please see the Cognosec 2016 Annual Report.

RISKS AND UNCERTAINTIES

Inherent risks and uncertainties for Cognosec consist primarily of:

Business risks concerning the delivery of contracted projects and payment of these.

Financial risks (such as risks related to currency, interest rates, counter-parties, future capital), market risks (e.g. competition, changes in demand) and risks related to the local conditions in the countries in which the Group conducts its business infrastructure. There are also risks of delays due to various disturbances in the delivery of contracted projects.

Liquidity risk is managed through liquidity forecasting, which ensures sufficient funds are in place to meet the Group's obligations and the overall strategy for the Group.

INVESTOR EVENTS

Cognosec AB presented to a number of private investors during the Q3 period.

CERTIFIED ADVISORS

Mangold Fondkommission AB is appointed as the Certified Advisor for Cognosec AB.

Address:

Box 55691

102 15 Stockholm

info@mangold.se

+46 8-503 015 50

AUDITORS

PwC (Sweden) represented by Martin Johansson act as auditor for Cognosec AB (Publ) and the Group. This report has not been reviewed by the Company's Auditor.

ELECTION COMMITTEE AND ANNUAL GENERAL MEETING

The Annual General Meeting took place on the 31st May 2017.

Re-elected to the Board of Cognosec AB were Jacobus Paulsen, Lord David Blunkett, Daniel Holden, Patrick Boylan and Neira Jones.

We announced that Lord Anthony St John of Bletso has also joined the Board as a Director.

The AGM decided in accordance with the proposal, to authorize the Directors of the Board to issue, at one or more occasions, with or without deviation from shareholders preferential rights, up to 50,000,000 new shares, convertible bonds and / or warrants.

CERTIFICATION AND SIGNATURES

The Board of Directors and the CEO certifies that the summarised interim report gives a true and fair view of the financial information in this report.

The Board of Cognosec AB (Publ), corporate identity number 556135-4811

London, September 30th, 2017

Jacobus Paulsen
Chairman

Robert Brown
CEO

Lord David Blunkett
Ordinary board member

Patrick Boylan
Ordinary board member

Daniel Holden
Ordinary board member & CFO

Neira Jones
Ordinary board member

Lord Anthony Tudor St John Bletso
Ordinary board member

DETAILED FINANCIAL INFORMATION

GROUP PROFIT AND LOSS

(Thousand Euros)	Group				
	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Net Revenue	3,348	3,238	10,854	10,356	14,636
Cost of Sold Goods	-2,039	-1,998	-6,397	-6,381	-8,851
Gross Profit	1,309	1,240	4,457	3,975	5,785
Sales Costs	-1,646	-1,532	-4,779	-3,352	-4,810
Administration Costs	-397	-1,016	-2,503	-2,235	-3,764
Depreciation	-24	-64	-58	-164	-234
Total Operating Cost	-2,066	-2,611	-7,340	-5,751	-8,808
Operating Result	-757	-1,371	-2,882	-1,776	-3,022
EBITDA	-733	-1,308	-2,824	-1,612	-2,788
Financial income and costs					
Finance income	-	40	-	-	-
Finance costs	3	-	-48	-37	-634
Total Finance income and costs - net	3	40	-48	-37	-634
Result before tax	-754	-1,332	-2,930	-1,813	-3,656
Tax (Period)	259	104	259	3	-12
Total result for period	-495	-1,228	-2,671	-1,810	-3,668
<i>Attributable to Parent</i>	-450	-1,230	-2,567	-1,937	-3,737
<i>Minority interest</i>	-45	2	-104	127	69
<i>Earnings per share (€/share) attributable to owners of the parent</i>	-0.0017	-0.0048	-0.0100	-0.0075	-0.0145

**PARENT COMPANY
PROFIT AND LOSS**

(Thousand Euros)

	Jul-Sep 2017	Jul-Sep 2016	2017 to Q3	2016 to Q3	Jan-Dec 2016
Net Revenue	-	-	-	-	-
Cost of Sales	-	-	-	-8	-
Gross profit	-	-	-	-8	-
Depreciation	-	-18	-	-54	-72
Administration costs	43	24	-415	-185	-1,021
Total Costs	43	6	-415	-239	-1,093
Operating result	43	6	-415	-247	-1,093
Finance costs	-	-	-	-	-
Result before tax	43	6	-415	-247	-1,717
Tax	-	-	-	-	-
Result for the period	43	6	-415	-247	-1,717

CASH FLOW ANALYSIS**(Thousand Euro)****Group**

	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Operating Profit	-757	-1,372	-2,882	-1,776	-3,334
Adjustments non C/F items	24	-	58	-	234
Operating Cash Flow	-733	-1,372	-2,824	-1,776	-3,100
Paid Taxes	24	-34	264	-92	-123
Recieved finance payments - net	-	-	-	-	-
Changes in Working Capital	795	-86	2,522	-1,156	-802
Cash Flow from Operating Activities	85	-1,492	-38	-3,024	-4,025
Acquisition of subsidiaries	-	-	-	-	-
Acquisition of Fixed Assets	-85	-	39	-	-
Payments related to aquisition of subsidiaries	-	-386	-	-860	-860
Cash Flow from Investment Activities	-85	-386	39	-860	-860
New share issues	-	-	-	3,284	3,284
Directly related costs to the listing	-	-220	-	-220	-220
Proceeds from ongoing share issue	-	-	-	-	-
Dividend payment to minority	-	-	-	-48	-48
Short Term Financing	992	-	-514	-	-
Cash Flow from Financing Activities	992	-220	-514	3,016	3,016
Cash Flow from the Period	992	-2,098	-514	-868	-1,869
Opening Cash	-144	4,192	1,362	2,946	2,946
Aquired cash	-	-	-	-	-
FX-diff Period	-	-116	-	-100	285
Closing Cash Position	848	1,978	848	1,978	1,362

BALANCE SHEET

(Thousand Euros)	Group			Parent		
	30 Sep 2017	30 Sep 2016	31 Dec 2016	30 Sep 2017	30 Sep 2016	31 Dec 2016
ASSETS						
<u>Non-current assets</u>						
Property, plant and equipment	95	125	57	-	-	-
Intangible Assets	-	20	-	-	1	-
Investments in subsidiaries	-	-	-	3,799	3781	3,799
Goodwill	6,152	1,715	6,152	-	-	-
Other Long Term Claims	-	1	-	-	-	-
Total Non-current assets	6,247	1,861	6,209	3,799	3,782	3,799
<u>Current Assets</u>						
Inventory (PIP)	264	187	345	-	-	-
Deferred tax asset	369	-	238	-	-	-
Share issue receivable	-	-	-	-	-	-
Short term receivable	-	-	-	46	543	526
Trade receivable	3,071	2,147	1,339	-	-	-
Other Claims	131	460	-	37	142	56
Cash & Bank	848	1,978	1,362	1	687	12
Total Current Assets	4,684	4,772	3,284	84	1,372	594
TOTAL ASSETS	10,931	6,633	9,493	3,883	5,154	4,393
<u>DEBT AND EQUITY CAPITAL</u>						
<u>Equity Capital</u>						
Share Capital	70	70	70	70	70	70
Share premium	5,852	3,632	5,852	2,978	4,778	5,703
Ongoing share issue	-	-	-	-	-	-
Period result	-2,671	-	-3,668	-	-	-1,717
Other reserves	695	-	3,159	-	-70	-96
Total Equity	3,946	3,702	5,413	3,047	4,778	3,959
<i>Capital and reserves attributable to owners</i>	3,903	3,399	5,266	-	-	-
<i>Non-controlling interests</i>	43	303	147	-	-	-
<u>Long-term Debt</u>						
<u>Short term debt</u>						
Interim Debt	-	-	76	-	376	-
Short term credit facility	-	-	-	-	-	-
Intragroup Debt	-	-	-	66	-	-
Suppliers	6,095	2,447	3,739	770	-	433
Tax Debt	395	250	-	-	-	-
Provisions	495	234	266	-	-	-
Total Short Term Debt	6,985	2,931	4,080	836	376	433
TOTAL DEBT AND EQUITY	10,931	6,633	9,493	3,883	5,154	4,393

CHANGES IN EQUITY CAPITAL
(Thousand Euros)

	Group				
	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Equity - Opening Balance	3,311	5,925	5,413	7,526	10,994
Costs directly related to IPO share issue		-		-220	-220
Share Issues		-		-	
Profit from the Period	-495	-1,228	-2,671	-1,810	-5,362
Tax impact from deductible costs for ongoing share issue		-		-	
Adjustment related to final aquisition analysis		-		-	
Removal of receivable from dividend paid 2014 but approved 2016		-		-1,400	
Foreign Exchange-Differential	1,129	-996	1,204	-395	
Changes in equity during the period	635	-2,224	-1,467	-3,825	-5,582
Equity - Closing Balance	3,945	3,701	3,946	3,701	5,413