

## Cognosec AB Q1 2018

### **Listing in New York coupled with strong revenue growth in Europe and two exclusive strategic acquisition agreements**

#### Q1 2018 Performance Overview

This set of Q1 2018 results highlights the continual need for cyber resilience, amidst evolving advances in online vulnerabilities. Cognosec AB has begun 2018 with a clear statement of development and growth, both organically and through mergers and acquisitions.

Cognosec AB's mission statement, is to deliver continual cyber resilience for critical business infrastructures. Our strategy for building advance services in the advisory sector is coming to fruition. Cognosec Europe has invested significantly in technologies surrounding our managed services offering and the result this quarter has developed revenue in this area. Within Cognosec South Africa, core growth has been made and despite a cyclical renewal deal being delayed to the following quarter, the region continues to harness its deep relationships with customers and years of established presence in the region.

Our two clear lines of product distribution and professional services, ensures we are able to meet the ever increasing demand against cyber threats. In Credence Security, we continue to build on our 47 key vendor relationships, to provide full coverage of cyber security tools, to create complex, multi-layered and overall resilient solutions. In Cognosec, we have extensive accreditations and decades of industry experience, to highlight and immediately rectify vulnerabilities, in conjunction with our compliance offering within GDPR, PCI DSS, SWIFT and many more.

At the beginning of 2018 Cognosec AB implemented its first step in expanding its shareholder base into the United States. Working closely with Bank of New York Mellon (our Depositary Receipt sponsor) we have provided access to a level 1 ADR for investors, a significant milestone for the Group. In addition we received formal acceptance to become a member of Nasdaq's International Designation program. This offers a unique partnership with Nasdaq, that provides member companies with Nasdaq's visibility offering, allowing for greater access to US investors and potentially increased liquidity.

Through extensive strategic discussions at the end of 2017 there is clarity and direction in what is to be achieved in 2018, aligned with key personnel coming on board and executing the operational and strategic delivery of our objectives. Secondly, the signing of two exclusive agreements, outlines a meticulous approach for our medium and long term growth. Our modus operandi in this context is that we carefully select not for sale, financially sound companies that fit with the right ethos and values of Cognosec AB. The companies identified have made significant strides in the cyber security arena and their key personnel are those we strongly identify with in terms of ethics, success and willingness to improve the cyber security landscape for the better. Importantly, they fit seamlessly into our product distribution and professional services spaces and these types of companies continue to be an area of extensive analysis for potential M&A in the future.

The combined revenues of both companies identified in 2017 was 28m EUR, with 2017 EBITDA of 2.4m EUR, this will also add further financial strength and expansion for the company moving forward. On a 2017 Pro-forma basis the Group, including successful closure of these two acquisitions, totals 47m EUR revenue (57m USD) and a marginal EBITDA loss.

Finally, our track record in creating 'start up' subsidiaries in new geographies will continue, with areas such as the Netherlands, Hong Kong and Croatia being identified as key strategic targets. The Asian market is part of Cognosec's aim for a truly global coverage, whilst Croatia offers an ability to provide remote penetration testing, to increase the spread of our professional services.

Cognosec's expertise twinned with its multi-jurisdictional, product-neutral approach means that while our competitors focus on selling products, we are uniquely placed to solve problems for customers and ensure their reputation remains intact.

## RESULTS IN DETAIL

Total year revenues across the group have decreased by 10.7% (405k EUR) to 3.35m EUR, due to a key cyclical renewal not being completed by the end of Q1. Significant year on year revenue growth has been realised in Europe, due to the formal inclusion of Cognosec GmbH Austria, as mentioned in the 2016 Annual Report.

Operating expenditure within the Group has increased 12.89% to 2.77m EUR, this is due to a number of acquisitions beginning the process of integration within the group, it is our intention that further streamlining of operations and systems will reduce the operating expenditure of the new subsidiaries.

The Company has met additional financial standards, best practice corporate governance and compliance with U.S. securities laws, to ascend to the OTCQX Market and achieved Nasdaq International designation (one of only 23 companies). This move will provide investors with Real-Time Level 2 quotes for the Company, which can be found [here](#). Trading on the OTCQX Market will increase the opportunity for liquidity and market visibility for Cognosec AB shares in the United States. The shares are traded at a ratio (DR:ORD) of 1:10.

A planned shortfall in margins stretched the Group's cash position, pending debtor collections and unwinding of deposits. The total results for Q1 2018 was a Group loss of -1.16m EUR (Q1 2017: -846k EUR).

## HIGHLIGHTS

- Two Exclusive agreements to acquire companies that specialise in professional services and value added distribution. Companies identified recorded a combined 2017 revenues of 28m EUR and 2.4m EUR EBITDA.
- Three new offices identified for opening in the Netherlands, Croatia and Hong Kong.
- The Group employed 173 staff at the end of Q1 2018, up 27% compared to Q1 2017 (136).
- Cognosec Europe closed revenues of 480k EUR for Q1, 1500% up on the previous year (30k EUR).
- Group Revenue of 3.35m EUR for Q1 2018 (Q1 2017: 3.79m EUR), a decrease of 10.7% year on year.
- Q1 2018 Gross Margin decreased -3.9% to 1.53m EUR (Q1 2017 1.59m EUR).
- Group Gross Margin for Q1 2018 was 46% (Q1 2017 Gross Margin: 43%).
- Cognosec AB accepted to Trade on OTCQX market as a Level 1 A.D.R (OTCQX: CYBNEY).

| COGNOSEC GROUP: Financial key-ratios | Jan-Mar | Jan-Mar | Jan-Dec | Jan-Dec |
|--------------------------------------|---------|---------|---------|---------|
|                                      | Q1 2018 | Q1 2017 | FY 2017 | FY 2016 |
| Total Group Income €('000s)          | 3,355   | 3,760   | 17,193  | 14,636  |
| Total Group Gross Margin €('000)     | 1,537   | 1,599   | 6,626   | 5,785   |
| Total Group Gross Margin (percent)   | 46%     | 43%     | 39%     | 40%     |
| Cash Flow in the Period €('000s)     | -0      | 1,449   | -1,687  | -1,869  |
| Operating Margin €('000s)            | -1,239  | -861    | -3,184  | -3,022  |
| Operating Margin (percent)           | -37%    | -23%    | -22%    | -21%    |
| Result after Taxes €('000s)          | -1,163  | -846    | -3,068  | -3,668  |
| Earnings per share €*                | -0.0041 | -0.0034 | -0.0120 | -0.0148 |

\*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 31 March 2018 (Q1 2018) were 262,817,743 (Q1 2017 number of shares outstanding 257,179,500).

## Contacts

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E-mail: [cognosec@investor-focus.co.uk](mailto:cognosec@investor-focus.co.uk)

## **About Cognosec AB (Nasdaq First North: COGS.ST) (ADR program OTCQX: CYBNY)**

Cognosec AB (Publ) is engaged in providing 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) and as an American Depositary Receipt (OTCQX: CYBNY), 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 AB had revenues of 17.2m EUR in 2017 and employed 173 personnel at the end of Q1 2018. For further information, please visit [www.cognosec.se](http://www.cognosec.se)

### **Comments by Robert Brown, CEO of Cognosec AB**

Dear Shareholders,

I am pleased to present the first quarter report for 2018.

The financial results demonstrate that our strategic directions have begun to take effect for the year. Overall Q1 results were inhibited by a cyclical key licence renewal being delayed to later in the year. Personnel have continued to implement strategic and operational efficiencies into the subsidiaries and this is bearing rewards with increased pipelines and introductions to new and exciting customers across the group.

I am pleased to report that during the quarter, we were accepted to trade on the OTCQX Market, having met additional financial standards, best practice corporate governance and compliance with U.S. securities laws, we are now placed on the highest category for a Level 1 ADR. This move will provide investors with greater insight and hopefully bring liquidity and market visibility for Cognosec AB shares in the United States.

Externally, cyber security continues to dominate many facets of the global agenda. With GDPR being implemented on the 25<sup>th</sup> of May, our focus in the governance, risk and compliance space, in conjunction with our forensics and managed services, means we are able to meet the demands of our consumers quickly and thoroughly.

Shortly after the close of Q1, we announced two exclusive agreements to acquire companies in Europe, subject to legal, financial and technical due diligence. These companies will add tremendous value to our two strands of business in distribution and professional services and system integration. For our value added distribution, this will complement a number of our existing vendors within Europe. Secondly, they will develop our managed solutions and PCI compliance solutions, with delivery by portal along with multilingual support covering eighteen languages being a key driver for growth. These companies fit our mergers and acquisitions approach, being that all companies are debt free and EBITDA positive. Most importantly, the key stakeholders within the companies fit with our ethos and passion for cyber security and we look forward to expanding our respective offerings as a single, more influential actor within the market.

Our relationships with our vendors continues to highlight our ability to reach new markets and customers for our vendors. In tandem with our growing professional services offering, this enables us to cater for a broad range of new customers we are continually identifying. Partnering with Checkpoint, McAfee (formerly Intel Security), RSAM and many others, means we are able to offer the right solutions, independently and with the client at the very centre of our approach.

I would like to thank the staff for their work during the first quarter and their commitment to ensuring we are able to build a financially strong 2018. To the Board, a sincere thank you for your guidance and strategic delivery of our group plans for greater growth. As we have seen with recent events, cyber security continues to rise in dominating the global political and economic agenda. Cognosec's commitment to meet and deliver cyber resilience for that demand is unwavering.

**Robert Brown, CEO Cognosec AB**

## BUSINESS OVERVIEW

### MARKETS

The first part of 2018 indicated that cyber security threats are still as prominent as ever.

In the world of cryptocurrency, the industry continues to battle with the increased susceptibility to breaches. Coincheck, one of the largest cryptocurrency exchanges in Japan, experienced an attack that stole 400m USD worth of various cryptocurrencies on the platform. Despite the unregulated nature of cryptocurrency the Japanese Financial Services Agency confirmed on [Bloomberg](#) that they are 'looking into the facts surrounding Coincheck.' Cognosec announced at the end of last year (article [here](#)) that we provide services for projects based on distributed ledger technology, including assurance services, auditing of smart contracts as well as security around cryptocurrency exchanges.

The Cambridge Analytica scandal has highlighted the importance of data and the consequences of misusing for political and economic gain. Facebook has been implicated in having known that its data had been breached and failed to significantly deal with companies that are harvesting its data. Cambridge Analytica have claimed to have been able to gather information without their knowledge, identify voter groups and design messaging to influence voters during the US election of 2016.

According to a recent joint study by McAfee and the Center for Strategic International Studies (CSIS), the cost of cybercrime to the global economy in 2017 was 0.8% of global GDP, or around 600 billion USD. This is an increase of 35% compared to 2014 (445 billion USD), highlighting that whilst advances in technology have benefited the world, they have also caused disruption and an increase in frequency of security breaches.

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.

### REVENUE PERFORMANCE BY SUBSIDIARY

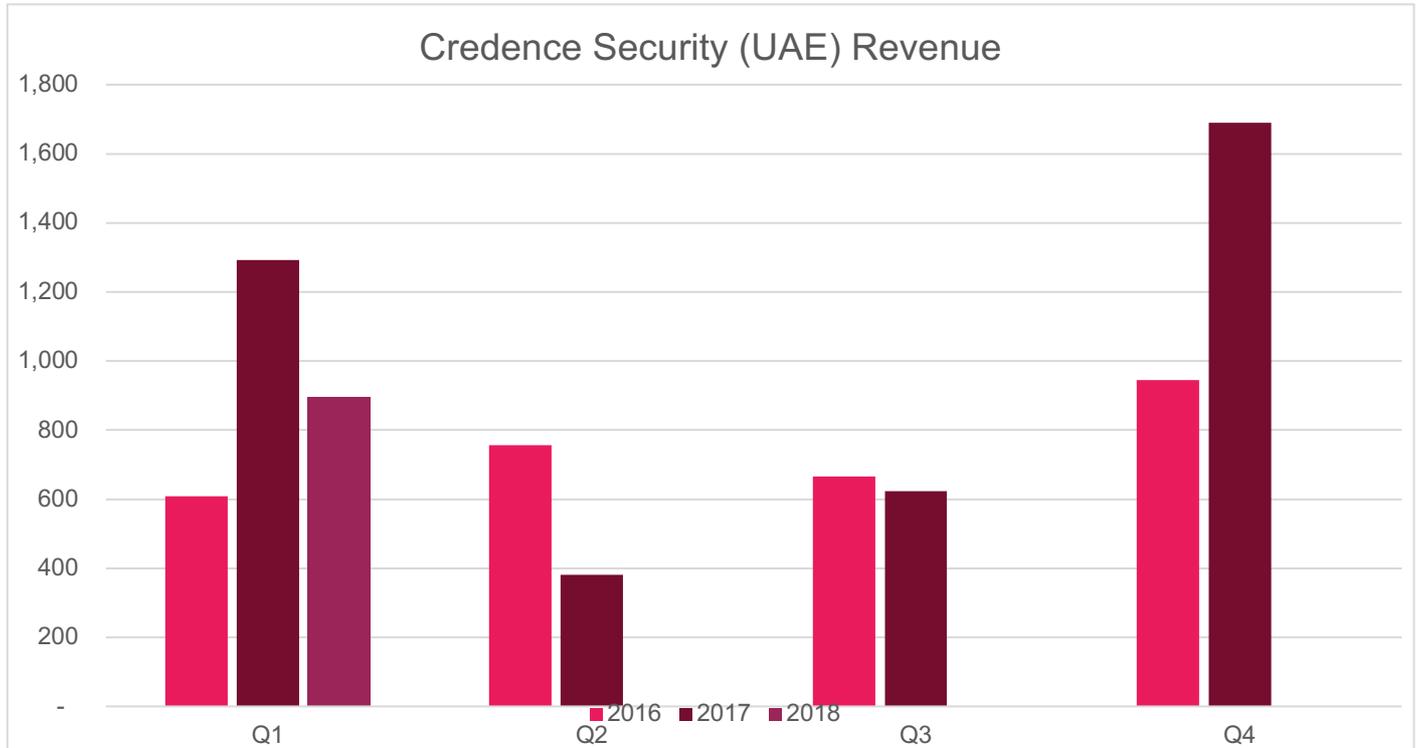
| € '000s                             | Jan-Mar      | Share       | Jan-Mar      | Share       | Jan-Dec       | Share       |
|-------------------------------------|--------------|-------------|--------------|-------------|---------------|-------------|
| Overview Sales                      | Q1 2017      | %           | Q1 2018      | %           | FY 2017       | %           |
| Credence (UAE)*                     | 1,292        | 34%         | 896          | 27%         | 3,986         | 23%         |
| Credence Security (South Africa) ** | 527          | 14%         | 520          | 15%         | 1,056         | 6%          |
| Cognosec (South Africa)             | 1,730        | 46%         | 1,290        | 38%         | 10,490        | 61%         |
| Cognosec (Kenya)                    | 180          | 5%          | 170          | 5%          | 923           | 5%          |
| Cognosec (Europe)**                 | 30           | 1%          | 480          | 14%         | 738           | 4%          |
| <b>Total</b>                        | <b>3,760</b> | <b>100%</b> | <b>3,355</b> | <b>100%</b> | <b>17,193</b> | <b>100%</b> |

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

\*\*Credence Security (South Africa) consists of Credence SA and Intact

\*\*\*Cognosec Europe consists of Cognosec Ltd (UK) Cognosec GmbH (Germany) Cognosec GmbH (Austria) and Credence Ltd (UK)

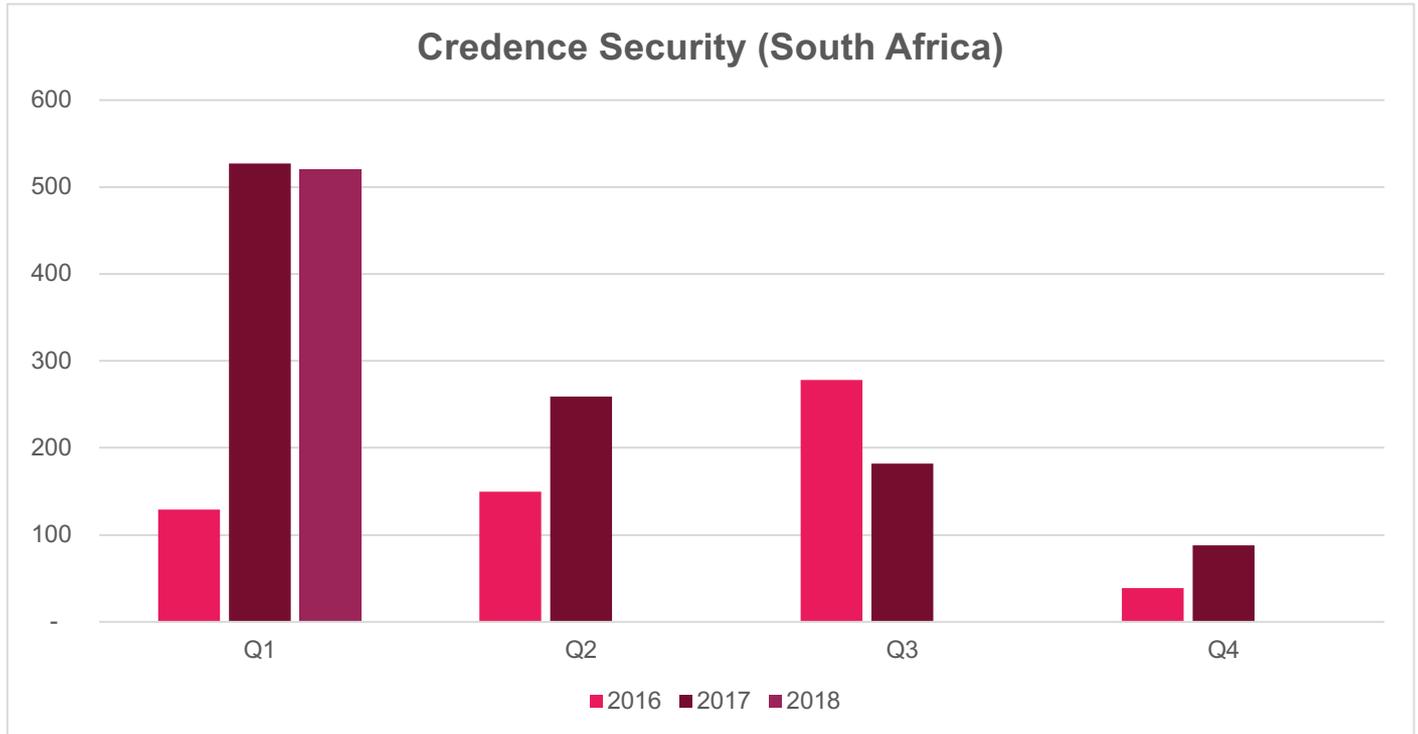
## Credence Security (UAE)



Credence Security UAE continued its strong revenue at the back end of 2017, posting 896k EUR for Q1. A number of new business deals were realised within the quarter, including solutions to a central Government in South Asia, top tier technology universities and a national air force. The broad range of customers for Credence Security UAE not only highlights our breadth and depth of vendor relationships but also the range of customers we are able to provide for in this region.

### Credence Security (South Africa)

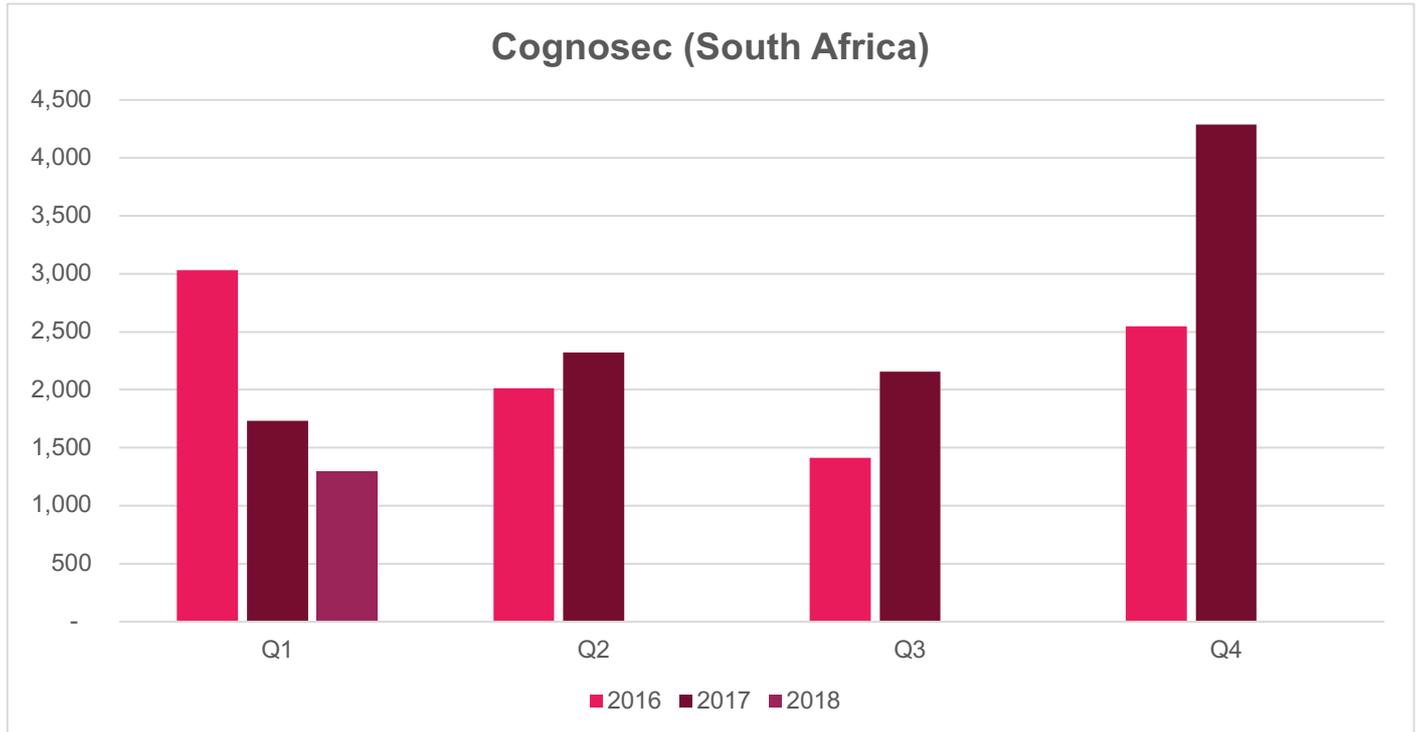
Credence Security Africa produced a strong start to 2018 in Q1, closing 520k EUR, a marginal decrease of 7k EUR.



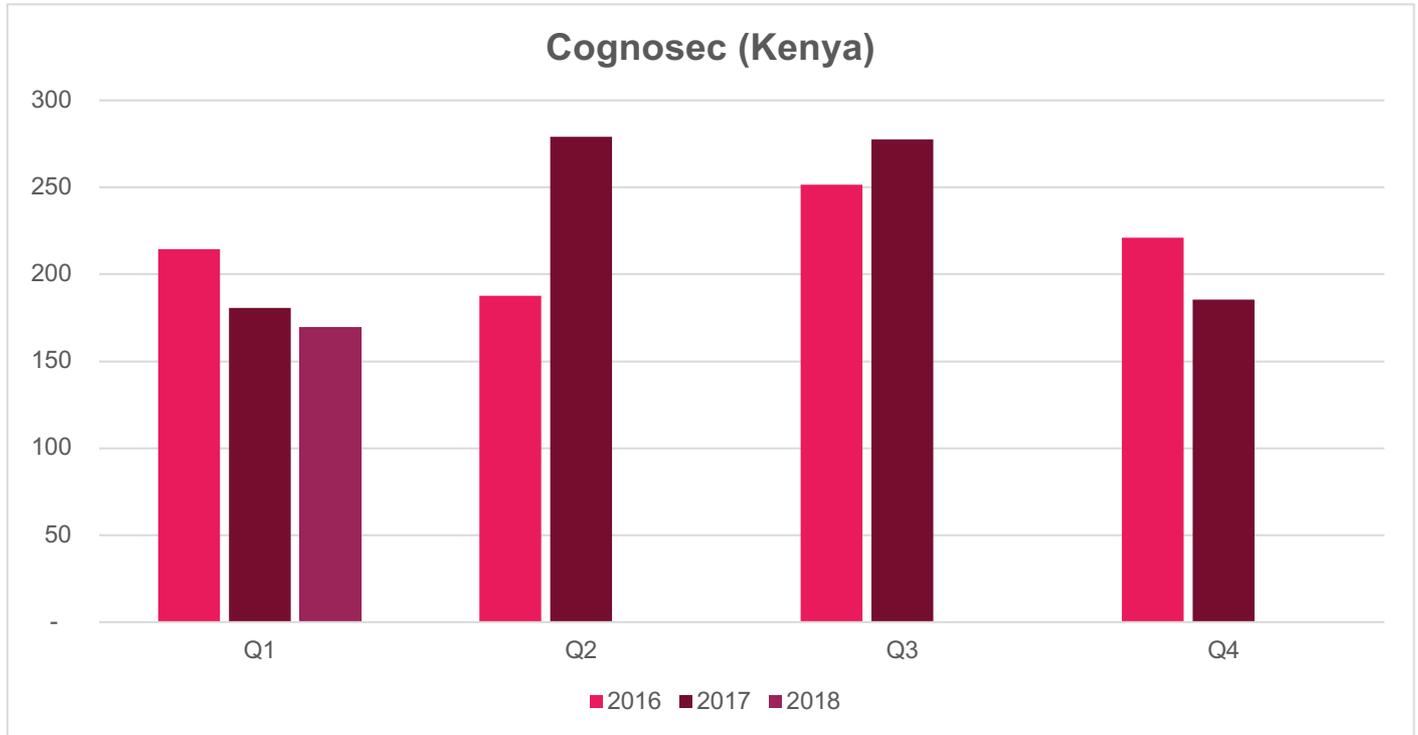
Credence Security have been harnessing the added skills and expertise of Intact Security and A-Tek distribution to great effect in Q1. The relationships with key vendors have equated to two large deals being closed within the financial services industry. The inclusion of myCyberCare has also benefitted Credence SA, in tandem with a successful Roadshow in South Africa and the Middle East that will drive significant lead generation moving forward. Credence SA have also identified a number of key vendors to add to their portfolio, which will facilitate further variety and opportunity to extend the market share for the region. There are numerous opportunities in terms of Credence SA's revised outbound sales approach to the market. Targeting specific sectors, with lead generation activity is driving fantastic engagement for the subsidiary.

## Cognosec (South Africa)

Cognosec South Africa started Q1 positively, with revenues of 1.29m EUR. Rivalling the first quarter year on year revenue would be challenging from the start of 2018, due to a historically large 3 year deal being signed with a large financial large institution in Q1 2017. All departments have experience significant progress, with new personnel becoming embedded within the organisation, to increase overall productivity. The 2018 pipeline has been added to significantly, with the strategic focus and optimised staff in place, the region is optimistic on its performance outlook.



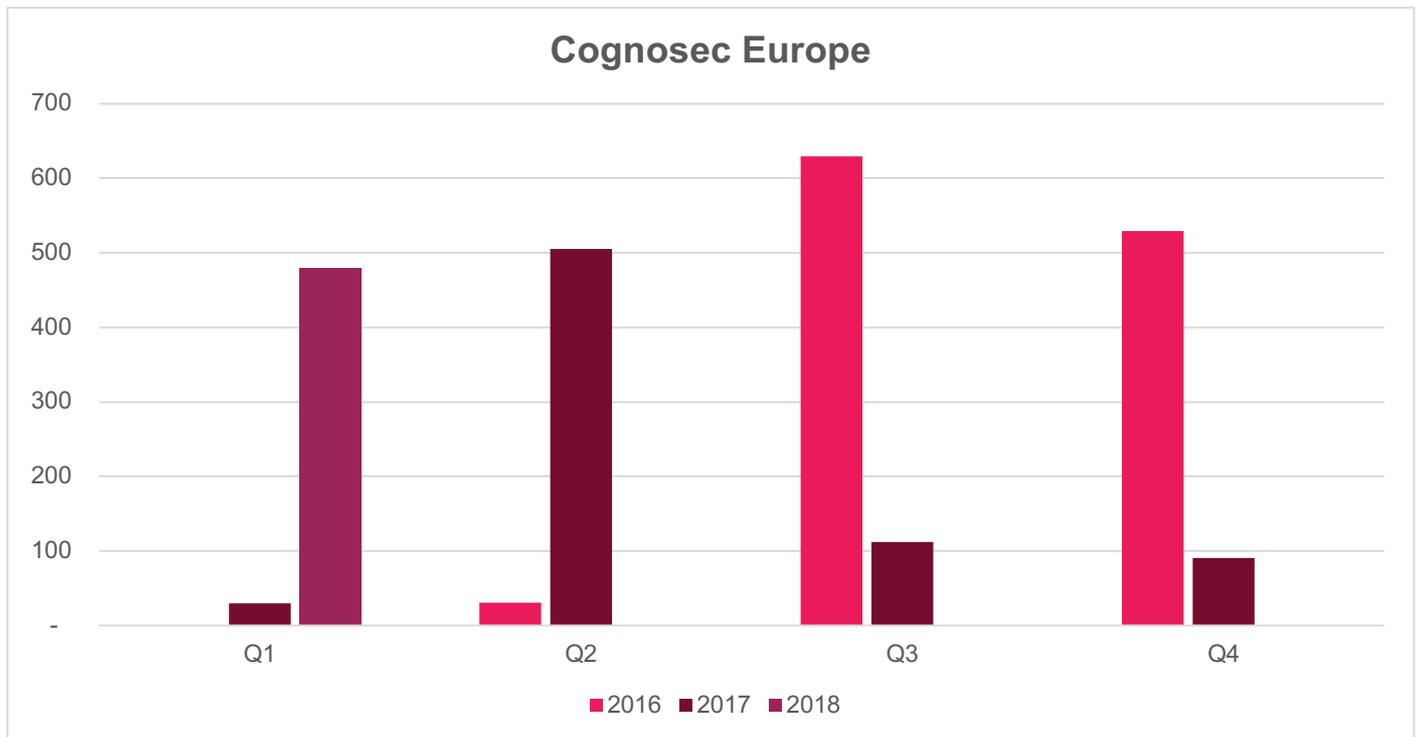
## Cognosec (Kenya)



Cognosec Kenya finished the first quarter for 2018, closing 170k EUR of revenue. Whilst this is behind Q1 revenue for 2017 a number of key pipelined deals have been generated for the rest of the financial year. Key deals for the quarter included providing cyber solutions to a multinational hotel chain, a large Kenyan financial services company, in conjunction with a large asset management firm in Africa. Cognosec Kenya are working closely with Credence Security and Cognosec South Africa subsidiaries, on leveraging their new Forensics lab that is currently being implemented. Cognosec Kenya are also utilising an internship programme that commenced in January, in conjunction with further group collaboration.

## Cognosec (Europe)

Cognosec Europe started 2018 positively, with revenues of 480K EUR, this is a considerable improvement compared to Q1 2017. The new commercial staff have further embedded the vision of Cognosec Europe, reflecting in the strong start to the quarter. An increase of resources within the sphere professional services has been underpinned by the opening of a Croatian office, which will be able to utilise the increasing demand of our certifications and overall offering.



Working with a number of key partner vendors in the region, combined with the development of technical and sales staff will add further alignment of the region to the rest of the group. Cognosec Europe's strategic vision is to focus on utilising further its managed services offering to its clients. The development of this particular offering will provide scalability and cater for all areas of a customer's cyber security needs. Building on its established reputation in the financial services, government and telecommunications to name a few, Cognosec Europe is engaging with the industrial sector as a new target for strategic growth.

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## CUSTOMERS

Cognosec AB's customers range from government departments, large-scale industrial organisations, financial institutions, companies operating across the TMT sectors, including national 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 the Group have achieved and continue to implement. A number of partnerships are being established with Government entities, globally.

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## GEOGRAPHICAL EXPANSION

As mentioned earlier in the report, Cognosec AB has identified the Netherlands, Hong Kong and Croatia as areas of target expansion. Through Credence UAE we have already demonstrated areas of South Asia that have already provided revenue and lead generation for the rest of the year. With our experience working with a number of government entities, expanding our professional services offering into this region will further solidify our presence. In Croatia the opportunity for remote penetration testing will provide highly skilled personnel, which over time will streamline costs whilst improving our overall coverage.

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## TECHNOLOGY PARTNERS

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

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

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## CASH FLOW

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Continued expansion of Cognosec South Africa and the European region affected the Q1 Operational Cash Flow negatively. Whilst working capital remains tight, the directors are confident that the business forecast will support continued liquidity.

The Board is working on improving the Group's cash position through operational cash flow and capital injections from outside sources and has so far been successful in this. The mandate given by the AGM last year will be utilised for some of these injections and the Board is confident that this will provide sufficient funds.

## FINANCIAL INFORMATION

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### INTERIM REPORT: COMPARATIVE FIGURES

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The Q1 2018 report has not been reviewed by the Group's auditor.

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### PROFIT FOR THE PERIOD

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#### Group

First Quarter revenues amounted to 3.35m EUR (Q1 2017 Revenues: 3.76m EUR) an decrease of 10.7%.  
Loss after tax for Q1 2018 amounted to -1.16m EUR (Q1 2017 loss: -1.16m EUR)

Depreciation and amortisation for Q1 2018 amounted to 18k EUR, Q1 2017 Depreciation and Amortisation: 39k EUR.

There was a Net Cash Outflow for Q1 2018, which amounted to -128 EUR (Net Cash Outflow Q1 2017 -1m EUR).

At the end of Q1 2018, the Group's cash balance amounted to 247k EUR (Q1 2014 less than 1k EUR).

#### Parent

The Parent Company's loss for Q1 2018 amounted to - 145k EUR (Q1 2017: -199k EUR).

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### FINANCIAL POSITION

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#### Group

The Group's equity for end of Q1 2018 amounted to -61k EUR (End of Q1 2017: 1.09m EUR).

Cognosec AB did not pay any dividends to shareholders during Q1 2018, 2017, 2016 or 2015.

#### Parent

The equity for the parent company amounted to 5.05m EUR at the end of Q1 2018 (End of Q1 2017, 3.77m EUR) and 3k EUR cash or cash equivalent (End of Q1 2017, less than 1k EUR).

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## **INVESTMENTS**

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The Group seeks to expand by way of profitable M&A activity. Beyond the quarter, Cognosec AB signed two exclusive agreements.

Cognosec AB entered into an exclusive agreement to acquire Itway Hellas SL SA & Itway Turkyie LTD. Both of the companies are a part of the public company Itway S.p.A, listed on the stock exchange managed by Borsa Italiana S.p.A, to acquire its Turkish and Greek cyber security product Value Added Distributors.

On 9 April Cognosec AB announced an exclusive agreement with Advantio, a specialist Cyber Resilience advisory company providing professional services, managed solutions and PCI compliance solutions by portal along with multilingual support covering eighteen languages.

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## **COGNOSEC GMBH (AUSTRIA) ACQUISITION**

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As mentioned in the 2016 Annual Report a partnership agreement was entered with Cognosec GmbH Austria. The Consideration for 100% of the shares in Cognosec GmbH Austria was 39k EUR and has been paid in full. Both parties have agreed to the formal integration into Cognosec AB and reporting shall be effective from the 1<sup>st</sup> January 2018.

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## **TAXATION**

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### **Group**

No provisional corporation tax was paid in Q1 2018.

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.

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## **TRANSACTIONS WITH RELATED PARTIES**

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Cognosec GmbH (Austria) provides professional services to Cognosec AB under a licensing arrangement. Both companies have a common shareholder in JA Paulsen. The acquisition of this company has been noted in previous filings.

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## **SHARE INFORMATION**

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Cognosec AB (Publ) is a public company whose shares are traded on Nasdaq First North (COGS.ST) and as an American Depositary Receipt on the OTC market (OTCQX:CYBNY).

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

Total number of registered shares at 31 March 2018 are: 262,817,743.

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## FINANCIAL CALENDAR

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|                                   |                  |
|-----------------------------------|------------------|
| Annual General Meeting 2018       | June 28, 2018    |
| Half Year Report                  | August 31, 2018  |
| Nine Month Report                 | October 31, 2018 |
| Publication of 2017 Annual Report | June 8, 2018     |

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## ACCOUNTING PRINCIPLES

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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.

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## RISKS AND UNCERTAINTIES

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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.

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## INVESTOR EVENTS

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As part of the Nasdaq International designation service, Cognosec AB participated in an online Virtual Investor Conference. You can watch the video link by clicking [here](#).

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## CERTIFIED ADVISORS

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

Address:  
Box 55691  
102 15 Stockholm  
[info@mangold.se](mailto:info@mangold.se)  
+46 8-503 015 50

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## INVESTOR RELATIONS ADVISORS

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The Group appointed IFC as Cognosec AB's investor relations advisor.

For additional information, please contact: Tim Metcalfe or Miles Nolan, Investor Relations, IFC Advisory, Cognosec AB. Telephone: +44 203 934 6630.

E-mail: [cognosec@investor-focus.co.uk](mailto:cognosec@investor-focus.co.uk)

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## AUDITORS

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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.

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## ANNUAL REPORT

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As indicated on the Financial Calendar, the 2017 Annual Report will be available on June 8 2018. The document will be available at [www.cognosec.se/financial-reports](http://www.cognosec.se/financial-reports), under the Annual report section.

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## ELECTION COMMITTEE AND ANNUAL GENERAL MEETING

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The Annual General Meeting took place on the June 28 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.

The next AGM will take place on June 28, 2018.

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## CERTIFICATION AND SIGNATURES

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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**

Jacobus Paulsen, Chairman  
Patrick Boylan, Deputy Chairman & Ordinary Board member  
Daniel Holden, Ordinary Board member & CFO  
Lord David Blunkett, Ordinary Board member  
Neira Jones, Ordinary Board member  
Lord Anthony Tudor St John of Bletso, Ordinary Board member

## DETAILED FINANCIAL INFORMATION

### GROUP PROFIT AND LOSS

(Thousand Euros )

|  | Jan-Mar<br>2018 | Jan-Mar<br>2017 | Jan-Dec<br>2017 | Jan-Dec<br>2016 |
|--|-----------------|-----------------|-----------------|-----------------|
| Net Revenue  | 3,355           | 3,760           | 17,193          | 14,636          |
| Cost of Sold Goods   | -1,818          | -2,162          | -10,567         | -8,851          |
| <b>Gross Profit</b>  | <b>1,537</b>    | <b>1,599</b>    | <b>6,626</b>    | <b>5,785</b>    |
| Sales Costs  | -1,897          | -1,573          | -6,409          | -4,810          |
| Administration Costs   | -861            | -847            | -3,135          | -3,764          |
| Depreciation   | -18             | -39             | -266            | -234            |
| <b>Total Operating Cost</b>  | <b>-2,776</b>   | <b>-2,459</b>   | <b>-9,810</b>   | <b>-8,808</b>   |
| <b>Operating Result</b>  | <b>-1,239</b>   | <b>-861</b>     | <b>-3,184</b>   | <b>-3,022</b>   |
| <b>EBITDA</b>  | <b>-1,221</b>   | <b>-821</b>     | <b>-2,918</b>   | <b>-2,788</b>   |
| <b>Financial income and costs</b>  | -               | -               | -               | -               |
| Finance income   | -               | -               | 16              | -               |
| Finance costs  | 81              | -7              | -37             | -634            |
| <b>Total Finance income and costs - net</b>                              | <b>81</b>       | <b>-7</b>       | <b>-21</b>      | <b>-634</b>     |
| <b>Result before tax</b>   | <b>-1,158</b>   | <b>-868</b>     | <b>-3,205</b>   | <b>-3,656</b>   |
| Tax (Period)   | -6              | 22              | 137             | -12             |
| <b>Total result for period</b>   | <b>-1,164</b>   | <b>-846</b>     | <b>-3,068</b>   | <b>-3,668</b>   |
| <i>Attributable to Parent</i>  | -1,038          | -864            | -3,071          | -3,737          |
| <i>Minority interest</i>   | -126            | 18              | 2               | 69              |
| <i>Earnings per share (€/share) attributable to owners of the parent</i> | <i>-0.0041</i>  | <i>-0.0034</i>  | <i>-0.0119</i>  | <i>-0.0145</i>  |

**PARENT COMPANY  
PROFIT AND LOSS**

**(Thousand Euros)**

|                              | <b>Jan-Mar<br/>2018</b> | <b>Jan-Mar<br/>2017</b> | <b>Jan-Dec<br/>2017</b> | <b>Jan-Dec<br/>2016</b> |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Net Revenue                  | -                       | -                       | -                       | -                       |
| Cost of Sales                | -                       | -                       | -                       | -                       |
| <b>Gross profit</b>          | -                       | -                       | -                       | -                       |
| Depreciation                 | -                       | -                       | -183                    | -72                     |
| Administration costs         | -117                    | -199                    | -663                    | -1,021                  |
| <b>Total Costs</b>           | <b>-117</b>             | <b>-199</b>             | <b>-846</b>             | <b>-1,093</b>           |
| <b>Operating result</b>      | <b>-117</b>             | <b>-199</b>             | <b>-846</b>             | <b>-1,093</b>           |
| Finance costs                | -28                     | -                       | -10                     | -624                    |
| <b>Result before tax</b>     | <b>-145</b>             | <b>-199</b>             | <b>-856</b>             | <b>-1,717</b>           |
| Tax                          | -                       | -                       | -                       | -                       |
| <b>Result for the period</b> | <b>-145</b>             | <b>-199</b>             | <b>-856</b>             | <b>-1,717</b>           |

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

|  | <b>Jan-Mar<br/>2018</b> | <b>Jan-Mar<br/>2017</b> | <b>Jan-Dec<br/>2017</b> |
|--|-------------------------|-------------------------|-------------------------|
| Operating Profit                               | -145                    | -199                    | -856                    |
| Adjustments non C/F items                      | -1                      |                         | 183                     |
| <b>Operating Cash Flow</b>                     | <b>-145</b>             | <b>-199</b>             | <b>-673</b>             |
| Paid Taxes                                     | -                       |                         | -274                    |
| Changes in Working Capital                     | 271                     | 187                     | -411                    |
| <b>Cash Flow from Operating Activities</b>     | <b>126</b>              | <b>-12</b>              | <b>-1,358</b>           |
| Acquisition of Fixed Assets                    | -                       |                         | -52                     |
| Payments related to aquisition of subsidiaries | -92                     |                         | -459                    |
| Transfers to subsidiaries                      |                         |                         |                         |
| Sale of Fixed Assets                           |                         |                         |                         |
| <b>Cash Flow from Investment Activities</b>    | <b>-92</b>              | <b>-</b>                | <b>-511</b>             |
| New share issues                               |                         |                         |                         |
| Directly related costs to the listing          |                         |                         |                         |
| Proceeds from ongoing share issue              |                         |                         |                         |
| Dividend payment to minority                   |                         |                         |                         |
| Short Term Financing                           | 0                       |                         | 1,559                   |
| <b>Cash Flow from Financing Activities</b>     | <b>0</b>                | <b>-</b>                | <b>1,559</b>            |
|  |                         |                         |                         |
| <b>Cash Flow from the Period</b>               | <b>34</b>               | <b>-12</b>              | <b>-310</b>             |
| <b>Opening Cash</b>                            | <b>3</b>                | <b>12</b>               | <b>12</b>               |
| FX-diff Period                                 | -34                     |                         | 302                     |
| <b>Closing Cash Position</b>                   | <b>3</b>                | <b>0</b>                | <b>3</b>                |

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

|   | <b>Jan-Mar<br/>2018</b> | <b>Jan-Mar<br/>2017</b> | <b>Jan-Dec<br/>2017</b> |
|---|-------------------------|-------------------------|-------------------------|
| Operating Profit                                | -1,163                  | -861                    | -3,068                  |
| Adjustments non C/F items                       | -116                    | 39                      | 371                     |
| <b>Operating Cash Flow</b>                      | <b>-1,280</b>           | <b>-821</b>             | <b>-2,697</b>           |
| Paid Taxes                                      | -                       | -70                     | -274                    |
| Received finance payments - net                 |                         |                         |                         |
| Changes in Working Capital                      | 2,027                   | -643                    | -755                    |
| <b>Cash Flow from Operating Activities</b>      | <b>748</b>              | <b>-1,534</b>           | <b>-3,727</b>           |
| Acquisition of subsidiaries                     | -91                     |                         | -                       |
| Acquisition of Fixed Assets                     | -664                    | -                       | -202                    |
| Payments related to acquisition of subsidiaries |                         |                         |                         |
| <b>Cash Flow from Investment Activities</b>     | <b>-755</b>             | <b>-</b>                | <b>-202</b>             |
| New share issues                                |                         |                         |                         |
| Directly related costs to the listing           |                         |                         |                         |
| Proceeds from ongoing share issue               |                         |                         |                         |
| Dividend payment to minority                    |                         |                         |                         |
| Short Term Financing                            | 7                       | 86                      | 2,243                   |
| <b>Cash Flow from Financing Activities</b>      | <b>7</b>                | <b>86</b>               | <b>2,243</b>            |
| <b>Cash Flow from the Period</b>                | <b>-0</b>               | <b>-1,448</b>           | <b>-1,687</b>           |
| <b>Opening Cash</b>                             | <b>265</b>              | <b>1,363</b>            | <b>1,363</b>            |
| Acquired cash                                   |                         |                         |                         |
| FX-diff Period                                  | -18                     |                         | 589                     |
| <b>Closing Cash Position</b>                    | <b>247</b>              | <b>-86</b>              | <b>265</b>              |

**BALANCE SHEET**

| (Thousand Euros)                                   | Group         |              |               | Parent       |              |              |
|--|---------------|--------------|---------------|--------------|--------------|--------------|
|  | 31 Mar 2018   | 31 Mar 2017  | 31 Dec 2017   | 31 Mar 2018  | 31 Mar 2017  | 31 Dec 2017  |
| <b><u>ASSETS</u></b>                               |               |              |               |              |              |              |
| <b><u>Non-current assets</u></b>                   |               |              |               |              |              |              |
| Property, plant and equipment                      | 212           | 171          | 133           | -            | -            | -            |
| Intangible Assets                                  | 120           | -            | 52            | 52           | -            | 52           |
| Investments in subsidiaries                        | -             | -            | -             | 4,585        | 4,143        | 4,075        |
| Goodwill   | 6,651         | 1,244        | 6,152         | -            | -            | -            |
| Other Long Term Claims                             |               | -            | -             |              | -            | -            |
| <b>Total Non-current assets</b>                    | <b>6,983</b>  | <b>1,415</b> | <b>6,337</b>  | <b>4,637</b> | <b>4,143</b> | <b>4,127</b> |
| <b><u>Current Assets</u></b>                       |               |              |               |              |              |              |
| Inventory (PIP)                                    | 458           | 264          | 240           | -            | -            | -            |
| Deferred tax asset                                 | 4             | 147          | 152           | -            | -            | -            |
| Share issue receivable                             | -             | -            | -             | -            | -            | -            |
| Short term receivable                              | -             | -            | -             | -            | 218          | -            |
| Trade receivable                                   | 6,110         | 4,158        | 7,102         | 1,604        | -            | 82           |
| Other Claims                                       | 506           | 280          | 84            | -            | -            | 1,556        |
| Cash & Bank  | 247           | -            | 265           | 3            | 0            | 3            |
| <b>Total Current Assets</b>                        | <b>7,325</b>  | <b>4,849</b> | <b>7,843</b>  | <b>1,607</b> | <b>218</b>   | <b>1,642</b> |
| <b>TOTAL ASSETS</b>                                | <b>14,308</b> | <b>6,265</b> | <b>14,180</b> | <b>6,244</b> | <b>4,361</b> | <b>5,769</b> |
| <b><u>DEBT AND EQUITY CAPITAL</u></b>              |               |              |               |              |              |              |
| <b><u>Equity Capital</u></b>                       |               |              |               |              |              |              |
| Share Capital                                      | 71            | 70           | 70            | 71           | 70           | 70           |
| Share premium                                      | 7,869         | 5,703        | 5,852         | 7,780        | 5,703        | 5,763        |
| Ongoing share issue                                |               | -            | -             |              | -            | -            |
| Period result                                      | -1,175        | -846         | -763          | -145         | -199         | -838         |
| Other reserves                                     | -6,825        | -3,829       | -510          | -2,655       | -1,801       | -1,874       |
| <b>Total Equity</b>                                | <b>-61</b>    | <b>1,097</b> | <b>4,649</b>  | <b>5,051</b> | <b>3,773</b> | <b>3,121</b> |
| <i>Capital and reserves attributable to owners</i> | -84           | 854          | 4,500         | 5,051        | 3,773        | 3,121        |
| <i>Non-controlling interests</i>                   | 23            | 243          | 149           | -            | -            | -            |
| <b><u>Long-term Debt</u></b>                       |               |              |               |              |              |              |
| <b><u>Short term debt</u></b>                      |               |              |               |              |              |              |
| Interim Debt                                       |               | -            | 2,252         |              | -            | 1,569        |
| Short term credit facility                         | -             | 86           | -             | -            | -            | -            |
| Intragroup Debt                                    | 691           | -            | -0            | 544          | -            | 460          |
| Suppliers  | 12,478        | 4,624        | 6,777         | 581          | 588          | 572          |
| Tax Debt   | 501           | 251          | 207           | 24           | -            | 47           |
| Provisions   | 700           | 206          | 294           | 44           | -            | -            |
| <b>Total Short Term Debt</b>                       | <b>14,369</b> | <b>5,167</b> | <b>9,531</b>  | <b>1,193</b> | <b>588</b>   | <b>2,648</b> |
| <b>TOTAL DEBT AND EQUITY</b>                       | <b>14,308</b> | <b>6,265</b> | <b>14,180</b> | <b>6,244</b> | <b>4,361</b> | <b>5,769</b> |

## CHANGES IN EQUITY CAPITAL

(Thousand Euros)

|  | <b>Jan-Mar<br/>2018</b> | <b>Jan-Mar<br/>2017</b> | <b>Jan-Dec<br/>2017</b> |
|--|-------------------------|-------------------------|-------------------------|
| <b>Equity - Opening Balance</b>            | <b>3,121</b>            | <b>3,959</b>            | <b>3,959</b>            |
| Adjustment from acquisition analysis       | 57                      | -                       | -                       |
| Share Issue                                | 2,018                   | -                       | -                       |
| Profit from the Period                     | -145                    | -199                    | -838                    |
| Foreign Exchange-Differential              |                         | 12                      | -                       |
| <b>Changes in equity during the period</b> | <b>1,930</b>            | <b>-187</b>             | <b>-838</b>             |
| <b>Equity - Closing Balance</b>            | <b>5,051</b>            | <b>3,773</b>            | <b>3,121</b>            |