ANNUAL REPORT
2021

TABLE OF CONTENTS

CYBER1 IN SHORT

Strong foothold in Africa and the Middle East

CYBER1 is a cyber security company that offers services and software solutions globally but primarily across the Middle East and Africa. Cyber security is a fast-growing industry that has received a lot of attention with the digitalisation of society. It is becoming increasingly important to be able to respond to threats of data intrusion and various other cyber- and software-related risks.

CYBER1 offers products and solutions in cyber security through partnerships with established developers of cyber security programs. The Group also offers consulting services linked to software implementation and management.

CYBER1 operates across multiple public and private sector organisations including financial, government, healthcare, retail, insurance, manufacturing, and hospitality and specialises in security, risk and compliance services that allows it to offer the best in payments, communications, network, and e-commerce security.

CYBER1 consists of six subsidiaries which focuses on three different business areas:

Distribution is a business area where software products are resold. CYBER1 has selling capabilities of vendor products into client's security infrastructures. Many of the vendors are at the technological forefront of innovative security solutions and have been selected via CYBER1.

Advisor*y*, involves implementation services linked to the clients' purchased solutions such as software programs. CYBER1 performs penetration testing to identify vulnerabilities in the system and information management to ensure that the right processes are in place

Managed Services where take care of the customers maintenance of their cyber security. CYBER1 monitors security in real time, 24 hours a day and offers customers a security operations center, which is managed from South Africa. The SOC model is based on safety products and associated personnel being gathered under one roof.

CYBER1 has been listed on First North Growth Market since 2016. It's headquartered in Stockholm Sweden, with multiple offices across EMEA which creates good opportunities for adapting services to local conditions and security threats, where each company's needs are unique.

CYBER1

drs
A CYBER 1 Company

CREDENCE
SECURITY

cognosec

protec
A CYBER 1 Company

HIGHLIGHTS 2021

Acquisitions to strengthen the position in Africa

During March 2021 CYBER1 signed Sale and Purchase Agreements for acquisitions of 50 % of Cyber Security South Africa and Cyber Security Africa Distribution. Both entities are expected to further strengthen CYBER1's position in African markets. With a surge in digitisation and cloud adoption across the continent, Africa presents significant opportunities for cyber security sector growth.

Strengthened management structure

In May 2021, Robert Brown takes a newly created role as President of CYBER1, expanding his remit by working closely with the executive on longer term strategic initiatives, as well as continuing to be responsible for all commercial activities of CYBER1. In addition, Peter Sedin was appointed as CEO, who will be responsible for ensuring CYBER1 continues its recent progress around corporate governance, with a longer-term approach in collaborating with the President and the Board in identifying market entry opportunities within the wider Nordic region.

End to reconstruction

On the 7th June 2021, the Stockholm District Court decided to adopt a compulsory composition agreement with a 75 percent debt write-down and to end the company reconstruction in CYBER1.

Rights Issue heavily oversubscribed

During July, CYBER1's rights issue of units of approximately EUR 1.774 million was heavily oversubscribed. The Rights Issue was subscribed with 259 percent.

Launch of security operations center "SOC"

On the 25th August 2021, CYBER1 launched its managed security service. The biggest challenge for customers is to handle both increased complexity as well as increased volume of attacks and malware. Therefore, CYBER1 is taking the next step with the launch of a security operations center, SOC, as a cloud service.

Geographical expansion

CYBER1 is working with a new client in Peru, expanding into the South American market with their managed service now fully operational. Internal security departments recognise that with increasing cloud and digital capabilities, constant attention is required to spot and remediate threats.

Developing in the right direction

The year 2021 can be summarised as CYBER1's operations developing in the right direction. CYBER1 records four profitable quarter during the year.

PRESIDENT'S MESSAGE

Successful reconstruction and a strong momentum

Dear shareholders

Following the close of 2021, it gives me great pleasure to announce the results of 2021, where several important milestones have been achieved. Following the business transformation of CYBER1 over the back end of 2020 and start of 2021, the company has continued its strong momentum by recording four profitable quarter.

Selective and strategic investments in our operations moving forward will continue to be built behind a sound and reasoned approach. We strongly believe we have the infrastructure now in place, to look at how we can expand our scope and expertise for the benefit of our clients

There is also a great need for cyber security solutions in our primary markets. Major technological changes have taken place in countries in Africa and the Middle East through the digitisation of infrastructure and business systems. This is accompanied by a large increase in digital threats to companies and organisations in the regions. We benefit from the market trend and can increase our sales based on the underlying demand in each local market.

The biggest challenge for many companies is to handle both increased complexity as well as increased volume of attacks and malware. For many companies, cyber security is also outside the core business. There is a great risk that these security issues will not receive the required attention.

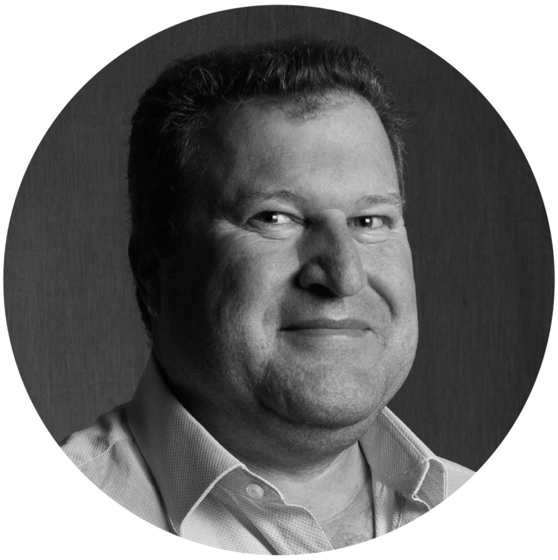
To mitigate this security gap for companies, we took the next step in cyber security, with the launch of managed security service in 2021. Our security operations center "SOC", which is based in South Africa, is cloud based. Widely differing security solutions, and the personnel, required are gathered under one roof.

Later during the autumn, we were also able to complement our managed services offering, to also include further capabilities around security awareness and educational training. The combination of these resources will provide a strong blend of technical solutions, twinned with guidance that will enhance employees in their ability to operate in a safe and security focused environment.

This global solution opens our company up to developing into new markets, as well as strengthening our market share in existing jurisdictions. We are hugely excited at the breadth in which these services can expand in 2022 and beyond. The underlying business units have started with the same vigour that has been shown throughout 2021. I have been hugely impressed with the efforts that all staff members have shown throughout 2021.

Now with plans for 2022 being already implemented, we will continue to harness the strong work that has been achieved and with our Executive and Board and Directors pulling together, I am hugely excited to what can be achieved during 2022. The cyber security industry constantly faces exciting challenges in providing resilient solutions against the latest threats. CYBER1 has the capability to be an influential player in several growing markets, where we can work with our leading partners to provide the most robust solutions available.

My thanks to all our stakeholders, especially our shareholder base for your continued support. We have achieved a considerable turnaround to the business, and we aim to use the strong foundations to maximise as much value from our organisation for the benefit of our stakeholders across 2022 and beyond.



STOCKHOLM 4 MAY 2022.

ROBERT BROWN

GROUP PRESIDENT & EXECUTIVE DIRECTOR

CYBER1 AS AN INVESTMENT

Four key areas are driving growth

CYBER1 has good opportunities to continue to grow at a high rate currently in mainly Africa and Middle East, based on their wide range of products and services, history of growth, and the strongly underlying market demand in cyber security.

Underlying Market Conditions

The global cyber security market is expected to grow from USD 177 billion to USD 403 billion between 2020 and 2027, corresponding to a growth of 12.5 percent annually (CAGR), according to market research company Brand Essence Research. Digitisation is taking place on a global scale, and costs related to cybercrime are costs are steadily increasing.

Major technological changes have taken place in countries in Africa and the Middle East through the digitisation of infrastructure and business systems. This is accompanied by a large increase in digital threats to companies and organisations in the regions. CYBER1 benefits from the market trend and can increase its sales based on the underlying demand in each local market.

Local presence within cyber security

CYBER1's has six entities which focus mainly on Middle East and selected African countries:
Credence Security, software distribution in Africa, Middle East, and Europe; *Cognosec* software distribution, advisory and managed service in Middle East; *ProTec*, software distribution, advisory and managed services in African countries; *DRS* software distribution, advisory and managed services in African countries; *Cyber Security South Africa*, software distribution in South Africa; *Cyber Security Africa Distribution*, software distribution in different African countries.

The companies have technical specialists, enabling them together with sales and development to assess security environments and advocate solutions for each unique environment. The different markets depend on the deeply entrenched relationships CYBER1's key people hold with niche vendors in cyber security. These relationships ensures that the CYBER1 group are the gateway to some of the fastest growing regions.

Wide range of services

CYBER1 offers a wide range of software solutions and services related to cyber security. The company has licence rights to sell software programs from many suppliers in cyber security, which gives them the opportunity to offer strong protection. The company also uses professional services to identify deficiencies, acts as an advisor regarding solutions, and ensures that the right processes are in place in the event of a data intrusion. The new Managed Services business area gives customers a chance to defend themselves against cyber-attacks by CYBER1 monitoring security in real time, remotely. The wide range of different products and services gives CYBER1 the opportunity to increase its sales and maintain good margins going forward.

Four profitable quarters

CYBER1 Group has generated an EBITDA profit of €775k during 2021, whilst undergoing a company reconstruction during the year and with a debt write-off. The Group has also managed to attain a growth of 36 percent, at the same time as costs have been significantly reduced in relation to sales.

In addition, the Group has also acquired a share in the company's CSSA and CSAD, which further strengthen their position in Africa. These acquisitions are currently recorded as 50 percent of profits from associate, and once fully completed, 100 percent of their financials will be included.

LOCAL PRESENCE
WITHIN CYBERSECURITY

MARKETS AND TRENDS

Increased demand for new security solutions

The digitisation of societies around the world has brought with it endless possibilities, but also new threats. The global cyber security market is expected to grow from USD 177 billion to USD 403 billion between 2020 and 2027, according to Brand Essence Research. This corresponds to an average annual growth of 12.5 percent. As companies' files, systems and various other parts of the business are moved to the cloud, there is a clearly growing demand for improved defence against IT intrusion.

Escalating digitization

Covid-19 has generally escalated digitalisation in society, and thereby the need for well-functioning cyber security. Early in the pandemic, companies have had to adapt to prevailing circumstances through a rapid change from office work to digital remote working. The drastic change has entailed an abruptly increased risks for companies' cyber security and driven the need for new security solutions.

The global market for managed security services is expected to grow from USD 27.7 billion to USD 64.7 billion between 2020 and 2026, according to market research firm Mordor Intelligence, corresponding to an annual average growth rate (CAGR) of 15.2 percent.

Middle East and Africa

The market for cyber security in Africa and the Middle East is expected to grow from USD 5.9 billion in 2018 to USD 17.3 billion in 2026, according to the market research company Verified market research. This corresponds to an annual average growth rate of approximately 14.4 percent. Historically, North America and Europe have been most affected by cyber-attacks and digital threats. However, major technological changes have taken place in countries in the Middle East and Africa through the digitisation of infrastructure and business systems. This is accompanied by a large increase in digital threats to companies and organisations in the regions. By the end of 2022, there are expected to be one billion Internet users in Africa, and more than 90 percent of African businesses have substandard cyber security, according to the CGTN news service. It is estimated that South Africa has the third largest number of victims of cybercrime of all countries in the world, which entails annual costs of approximately SEK 1.27 billion.

There are a variety of reasons for the strong growth of cyber security in the Middle East and Africa, such as increased vulnerability in digital communications networks, growth in the e-commerce sector and, above all, a deficient cyber security infrastructure. The main cyber threats in Africa in 2021 included online fraud, digital extortion, hijacked email addresses, and ransomware. Ransomware means that a cybercriminal locks an organisation's system and demands money to unlock it for use again. Therefore, there are great opportunities for expansion and growth across EMEA, where CYBER1 primarily operates.

Swedish market

A potential market for CYBER1 Group is Sweden. In the wake of high-profile IT attacks, the government has launched strategies and allocated resources to improve emergency preparedness against similar threats. The Swedish government has accordingly established a national cyber security centre (NCSC). The centre will be a central aspect in Sweden's strategy in preparing for cyber threats. Information security is, increasingly prioritized by politicians and the government at a national level.

The trend in increased awareness of cyber-attacks is also seen in Swedish companies, as a growing share of companies' IT expenditure goes to cyber security. In 2021, approximately 5 percent of total IT costs will have been spent on cyber security, according to an analysis by the IT company Radar Ecosystem Specialists. This corresponds to a growth of 8.5 percent compared to 2020. The cyber security market in Sweden has a turnover of just over SEK 10 billion, which is expected to grow to SEK 11 billion in 2022. Despite this increase, 44 percent of IT Managers believe that their organisations are under-invested in cyber security.

FINANCIAL HIGHLIGHTS

Strong performance and well positioned

CYBER1 Group was able to demonstrate a strong commercial performance within 2021, whilst finalising the reconstruction process. The revenue increased 36%, from €27.4m in 2020 to €37.2m in 2021. At the same time as costs have been significantly reduced in relation to sales.

The Group's EBITDA profit in 2021 amounted to €775k, compared to a loss of €-13.22m in 2020. These results have derived from a culmination of increased sales pipeline and conversion, as well as the residual benefits of analysis and strategic investment within the company's operations.

The company is well positioned in 2022, to extend its performance both organically and through the new acquisitions.

Revenue
€ 37.2m (2020 : €27.3m)

Gross Margin
27 % (2020 : 27%)

EBITDA
€ 775k (2020 : € -13,575k)

Equity
€ 3.5m (2020 : €-514k)

37.2M
IN REVENUE

ADMINISTRATOR'S REPORT

Cyber Security 1 AB (Publ) ("CYBER1") is the Parent company in the Cyber Security 1 AB Group. The company, named Cognosec AB (Publ) at the time, was listed on the Nasdaq First North Stock exchange in September 2016. It is a holding company that directly or indirectly owns the operating subsidiaries of the Cyber Security 1 AB Group.

CYBER1 is a NASDAQ-listed, agile global company with offices in Sweden, UK, UAE, and Africa. It operates across the public and private sectors in the Cybersecurity space and assists organisations to reduce cyber risks, become resilient to attacks, assess organisations' processes, procedures and systems for non-compliance and vulnerabilities.

CYBER1 operates across multiple public and private sector organisations including government, healthcare, retail, insurance, manufacturing, and hospitality and specialises in security, risk and compliance services that allows it to offer the best in payments, communications, network, and e-commerce security. CYBER1 designs, implements, and manages solutions that protect critical IT infrastructure, data assets, independent product advice and professional services across all cybersecurity application areas.

The CYBER1 share register is managed by Euroclear.

Mangold Fondkommission AB was the Nasdaq First North certified advisor to CYBER1 during the year.

Consolidated earnings for the twelve months through to 31 December 2021 amounted to a profit of €4.3m (2020: loss €13.8m). Consolidated shareholders' equity at 31 December 2021 amounted €7.8m (2020: €203k) of which €189k (2020: €156k) relates to equity attributable minority shareholders.

CYBER1 AB's profit for the 12 months up to and including 31 December 2021 amounted to €3.2m (2020: loss €15.6m). Equity in the Parent Company at 31 December 2021 amounted to €4.4m (2020: negative €-2.4m).

CYBER1 has prepared and issued a governance report which can be found published on our website www.cyber1.com

Key Financial Ratios

Key Financial Ratios	**2021**	**2020**
Revenue (€'000)	37,218	27,356
Profit / (Loss) before tax (€'000)	4,378	(13,875)
Operating Margin (€'000)	10,087	7,524
Cash flow from Operations (€'000)	1,605	(3,171)
Basic Earnings per Share	0.0082	(0,0398)
Number of shares at the end of the period	710,802,055	348,890,226
Employees at the end of the period	169	146

Related party transactions

Transactions with related parties have all been executed on market terms and are further described in Note 21.

Share data

As of 31 December 2021, the Company had a total of 710,802,055 issued shares (2020: 348,890,226). The quota value amounted to 0,0000262 EUR (2020: 0,000261 EUR) per share. For more information about the Company's shares, see Note 18, 19 and 20.

Business review and going concern

The company was able to demonstrate a strong commercial performance within 2021, whilst finalising the end of the reconstruction process. The company is well positioned in 2022, to extend its performance both organically and through the new acquisitions. As the company looks to expedite future growth into the business, support from existing and future shareholders is still an approach that the company will assess in 2022. Through the operational expenditure assessment, the company is in a strong financial footing to ensure central costs are essential, facilitating growth and improved cash flow in the underlying subsidiaries.

Through the rights issue implemented in 2021, the company has harnessed essential operating capital back into the business, to consolidate market share whilst increasing expansion through selective and strategic initiatives. The exercise of Warrants in 2022, will also contribute additional cashflow into the business. Management continuously assesses the cash flow position of the company and its underlying subsidiaries and where necessary will allocate resources appropriately to ensure the company is able to meet its obligations to clients and third-party suppliers

Strategy

In the distribution segment, CYBER1 works to maximize long term profitability, leveraging its strong market presence and trusted brand. In addition, capitalizing on its leading market position in several its core jurisdictions in this category, CYBER1 will maintain a continued focus to drive benefits from synergies existing and new from across the group.

In the advisory and managed services segment, CYBER1 will drive profitable growth through strong sales and marketing execution, while maintaining strict cost discipline. CYBER1 continues to adapt its assortment to maintain its leadership in offering high quality services with outstanding value with a focus on services in growing higher margin segments. The development of the new managed services capabilities announced in 2021, will provide sustainable reoccurring revenue into the business, improving cash flow and overall margin for the company.

CYBER1 will continue to grow and establish new international markets based on CYBER1's strong and expanding service capabilities and high-quality brands it is vendor portfolio.

Financial development

The reseller business segment grew its position across the African market. In 2021, CYBER1's advisory business recorded an increase in revenue of 15% to €23m (2020: €20m).

The groups distribution revenue totalled €13m (2020: €7m), the growth is attributable to new customer logos and enhanced technology.

Significant events during the year

Company reorganisation (2021)

On the 11th May 2021, the Company has lodged an application for composition hearings (Sw; ackordsförhandling), including a composition proposal (Sw; ackordsförslag), with the Stockholm District Court. The composition proposal entailed a twenty-five (25) per cent pay-out of the Company's subordinated debt accrued before the commencement of the reconstruction, equating to a write-down of seventy-five (75) per cent of the relevant debt. The proposed composition payments to subordinated creditors shall be made in cash within twelve months from the Stockholm District Court's decision on a compulsory composition agreement (Sw; offentligt ackord) has gained legal force.

On the 12th May 2021, the company received confirmation from the Stockholm District Court on the date of the composition hearing, set for the 7th June 2021.

On the 17th May 2021, CYBER1 confirmed it had secured operating capital towards the ongoing restructuring process. The loan, of in total €500,000k, to the Company is undertaken by existing shareholders, Marlo Finance B.V., KAV Invest Holding AG, JFG Capital B.V. and Ramphastos Participaties Coöperatief U.A. at a fixed interest rate of 10%.

On the 27th May 2021, the company announced subject to approval by the Annual General Meeting ("AGM"), resolved to carry out an issue of shares and warrants ("Units") with preferential rights for existing shareholders of approximately €1,774m before issue costs (the "Rights Issue"). Upon full exercise of all warrants, CYBER1 may receive additional issue proceeds of approximately €1,774m before issue costs. The Rights Issue is to 100 percent covered by external guaranteed commitments from an external qualified investor. The Rights Issue requires approval at the AGM on 29th June 2021.

On the 31st May 2021 CYBER1 signed a Sale and Purchase Agreements for acquisitions of 50 percent of Cyber Security South Africa (CSSA) and Cyber Security Africa Distribution (CSAD). Total consideration for 50 percent of CSSA and CSAD are €635k, comprising of 63,500,000 units being issued, subject to shareholders' approval, on terms equal to the units' issue presented by the Company in a press release on 27th May 2021 (the "Units Issue") where each unit shall comprise of one (1) ordinary share at EUR 0.01 and one (1) gratuitous warrant. Acquisition terms include exclusivity rights for CYBER1 to purchase remaining 50 percent of CSSA and CSAD before 30th September 2022.

The rights issue of units amounting to €1,774m which was made public on 27th June 2021 (the "Rights Issue") in Cyber Security 1 AB (publ) ("CYBER1" or the "Company") has been heavily oversubscribed. The subscription period ended on 19th July 2021. The Rights Issue was subscribed with 259 percent, of which approximately 94 percent was subscribed with unit rights and approximately 165 percent was subscribed without unit rights. Through the Rights Issue, the Company obtains approximately €1,774 m before issue costs.

Events after the reporting period

There are no significant events to report.

Board of Directors

Board, Chief Executive Officer, and Group President

The Board of Directors of the Company during the year, were the following members: Johan Bolsenbroek (Chairman), Robert Brown, Alan Goslar, Pekka Honkanen and Zeth Nyström.

On the 1st June 2021, Peter Sedin was appointed CYBER1 Chief Executive Officer.

Employees

At the end of the financial year, the number of employees in the Group amounted to 169, compared with 146 at the beginning of the year.

Research and Development

With the aim of strengthening and developing CYBER1's position as one of the leading global cybersecurity providers of strong brands to the public and private sectors in Africa, Europe and the Middle East regions, the Group primarily invests its resources in the continued development of proprietary product brands and various concepts and service solutions for its customers and partners. Activities implemented during 2020 included continued product development within the framework of the Company's proprietary brands, digitisation, the development of various service concepts and customer solutions, the development of logistics and e-commerce solutions for resellers and end customers, and training for end users.

Financial and business risks

Efficient and systematic risk assessment of financial and business risks is important for the CYBER1 Group. The Group's Financial Policy establishes guidelines and goals for managing financial risks in the Group and regulates the distribution of responsibility between the Board of Directors of CYBER1, the CEO and the CFO and Managing Directors of the subsidiaries. All foreign-currency management and granting of credit to customers are handled within the framework of the established policy. For a detailed account of financial and business risks and the Group's management thereof, refer to Note 1 on financial instruments and risk management.

Future Development

Market trends in 2022 will be carefully monitored by the Group's businesses. CYBER1 Group has good potential to continue improving its profitability in many areas. During the year, the focus will be on volume growth, increased profitability and a reduction in funds tied up in working capital in the Group. The Group companies will continue developing services and proprietary product brands, which have accounted for an increased portion of the Group's total sales in recent years.

The Group's goal is for its earnings growth over the next business cycle to amount to at least 20% and a minimum of 5% annually thereafter.

Annual general meeting

The annual general meeting (AGM) is scheduled for 25th May 2022.

Appropriation of profit/loss

Appropriation profit/loss	**2021**
Free equity	(2,448,618)
Current year profit/loss	3,132,759
Share issue	3,532,408
	4,216,549

ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED AND PARENT STATEMENT OF FINANCIAL POSITION

		Group		Company	
	Note(s)	2021	2020	2021	2020
Non-current assets					
Right of use asset		150	273	0	0
Property, plant, and equipment	10	366	177	0	0
Intangible assets		22	22	22	22
Goodwill	8,9	6,630	6,630	0	0
Investments in associates		1,229	0	1,229	0
Investments in subsidiaries	12	0	0	2,321	2,301
	2	**8,397**	**7,102**	**3,572**	**2,323**
Current assets					
Intercompany loans receivable		0	0	5,300	0
Deferred tax asset	1	75	18	0	0
Inventories	1,14	6	452	0	0
Trade and other receivables	1,15	18,713	15,257	323	6,403
Cash and bank	1	872	(733)	210	2
		19,666	**14,994**	**5,833**	**6,405**
Total assets		**28,063**	**22,096**	**9,405**	**8,728**
Equity					
Share capital		186	91	186	91
Share premium		24,390	20,858	24,293	20,761
Retained earnings		(16,883)	(21,213)	(20,076)	(23,210)
Other reserves		(79)	311	0	0
Non-controlling interest		189	156	0	0
		7,803	**203**	**4,403**	**(2,358)**
Current liabilities					
Intercompany loans payable	1	0	0	445	2,282
Interim debt	1	3,951	4,181	0	32
Provisions	1	588	0	0	0
Trade and other payables	1	13,172	16,576	3,816	8,772
Tax payable	1	239	854	0	0
Other current liabilities	1	603	0	741	0
Lease liabilities	1,11	303	281	0	0
Bank overdraft	1	1,404	0	0	0
	16	**20,260**	**21,892**	**5,002**	**11,086**
Total liabilities		**20,260**	**21,892**	**5,002**	**11,086**
Total equity and liabilities		**28,063**	**22,096**	**9,405**	**8,728**

CONSOLIDATED AND PARENT STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income for the year ended 31 December 2021

		Group		Company	
	Note(s)	2021	2020	2021	2020
Gross Profit					
Revenue	2	37,218	27,356	599	894
Cost of Sales		(27,131)	(19,832)	0	0
Gross Profit		**10,087**	**7,524**	**599**	**894**
Operating Expenses					
Admin		(2,964)	(5,776)	(556)	(4,252)
Depreciation	5	(326)	(352)	0	(10)
Salaries	3	(6,348)	(6,168)	(104)	(108)
Other operating expenses		0	(8,804)	0	(12,306)
Operating Expenses		**(9,638)**	**(21,100)**	**(660)**	**(16,676)**
Operating Profit		**449**	**(13,576)**	**(61)**	**(15,782)**
Other income					
Income from associate		129	0	0	0
Other income		**129**	**0**	**0**	**0**
Other expenses					
Finance Costs		(122)	(306)	(2)	0
Interest Received		53	6	0	141
Other financial items		4,002	0	3,305	0
FX Gain / (Loss)		(133)	0	(109)	0
Other expenses		**3,800**	**(300)**	**3,194**	**141**
Profit before tax		**4,378**	**(13,876)**	**3,133**	**(15,641)**
Tax					
Profit for the year		**4,378**	**(13,876)**	**3,133**	**(15,641)**
Other comprehensive income					
Other comprehensive income and expenses		0	140	0	0
Total Comprehensive (loss)/income for year		**4,378**	**(13,736)**	**3,133**	**(15,641)**
Attributable to					
Equity holders of parent		4,345	(13,651)		
Non-controlling interest		33	(84)		
		4,378	**(13,736)**		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity for the year ended 31 December 2021

Group	Share capital	Share premium	Retained income	Non-controlling interest	Foreign currency translation reserve	Total equity
Opening balance	77	19,678	(6,828)	240	416	13,584
Opening balance adjustment	0	0	(243)	0	0	(243)
Total comprehensive income	0	0	(13,791)	(84)	(105)	(13,980)
Foreign exchange translation	0	0	(366)	0	0	(366)
Offset issue, net of transaction cost	14	1,180	0	0	0	1,194
Share issue	0	0	0	0	0	0
Balance at 31 December 2020	**91**	**20,858**	**(21,228)**	**156**	**311**	**189**
Total comprehensive income	0	0	4,345	33	0	4,378
Foreign exchange translation	0	0	0	0	(390)	(390)
Offset issue, net of transaction cost	46	1,834	0	0	0	1,880
Share issue	49	1,699	0	0	0	1,748
Balance at 31 December 2021	**186**	**24,390**	**(16,883)**	**189**	**(79)**	**7,803**

CONSOLIDATED AND PARENT COMPANY STATEMENT IN CASH FLOWS

Statement of cash flow for the year ended 31 December 2021

		Group		Company	
	Note(s)	**2021**	**2020**	**2021**	**2020**
Profit before tax		4,378	(13,876)	3,133	(15,641)
Non-cash items					
Depreciation of tangible items		326	352	0	0
Interest paid		(255)	0	0	0
Interest received		750	0	0	0
Decrease (+)/increase (-) in inventories		446	(228)	0	0
Increase (–)/decrease (+) in operating receivables		(3,421)	(10,588)	780	(2,180)
Increase (+)/decrease (–) in operating liabilities		771	(5,320)	(2,908)	3,137
Total change in working capital		(2,204)	(5,041)	(2,128)	957
Cash flow from operating activities		(950)	21	(2,300)	(2,617
Paid taxes		(615)	(1,635)	0	0
Cash flow from operating activities		**(1,565**	**(1,614)**	**(2,300)**	**(2,617)**
Cash flow from investing activities					
Acquisition of subsidiaries		1	0	(20)	0
Investments in associates		(1,100)	0	(1,100)	0
Acquisition of fixed assets		(189)	(356)	0	0
Cash flow from investing activities		**(1,295)**	**(356)**	**(1,120)**	**0**
Cash flow from financing activities					
New share issues		1,744	0	2,388	1,185
Borrowings		2,896	0	(1,884)	2,757
Amortisation of liabilities		0	(664)	0	0
Dividends Paid		0	(227)	0	0
Instalment on lease liabilities		0	(254)	0	0
Cash flow from financing activities		**4,640**	**(1,144)**	**3,628**	**2,757**
Net change in cash, continuing operations		1,605	(2,039)	208	(1)
Net change in cash, discontinued operations		0	(1,131)	0	0
Foreign currency translation reserve		175	(57)	0	0
Opening cash position		**(733)**	**2,438**	**2**	**3**
Closing cash position		**872**	**(733)**	**210**	**2**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity for the year ended 31 December 2021

Company	Share capital	Share premium	Retained income	Foreign currency translation	Other reserves	Total equity
Opening balance	77	19,598	(7,569)	0	0	12,106
Profit/(Loss) for the year	0		(15,650)	0	0	(15,650)
Offset issue, net of transaction cost	14	1,171	0	0	0	1,185
Balances at 31 December 2020	**91**	**20,769**	**(23,209)**	**0**	**0**	**(2,358)**
Profit/(Loss) for the year	0	0	3,133	0	0	3,133
Foreign exchange translation	0	0	0	0	0	0
Offset issue, net of transaction	46	1,834	0	0	0	1,880
Share Issue	49	1,699	0	0	0	1,748
Balance at 31 December 2021	**186**	**24,293**	**(20,076)**	**0**	**0**	**4,403**

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

These consolidated financial statements include the Parent Company, Cyber Security 1 AB ("CYBER1" or the "Parent Company") corporate identity number 556135-4811, and its subsidiaries ("the Group"). CYBER1 is a Swedish public company with its registered office in Stockholm. The registered address for the head office is Cyber Security 1 AB (Publ), Box 70396, 107 24 Stockholm.

This annual report, including the consolidated financial statements, was signed, and approved for publication by the board of directors of CYBER1 on 4th May 2022. The statements of income and the balance sheets, for the Parent Company and the Group, included in the annual report and the consolidated financial statements, are subject to adoption by the annual general meeting on 25th May 2022.

The most important accounting principles applied in the preparation of the financial reports are set out below and, where applicable, in the following notes. Mainly, the same principles are applied for the Parent Company and the Group. The Parent Company's accounting principles deviating from those applied by the Group, or considered important to describe, are stated under a separate heading below this note.

SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

Basis of preparation and compliance with accounting standards

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU for financial years beginning on or after 1st January 2018. In addition, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The Parent Company applies the same accounting policies as the Group, except for those cases specified in Note 1 to the Parent Company financial statements.

Use of assessments in the financial reports

Preparing financial reports in accordance with IFRS requires that management make assessments and assumptions that affect the accounting principles and reported amounts for assets, liabilities, revenues, and costs. The assessments and assumptions are based on historical experience and several other factors that may be considered relevant under the prevailing conditions. The actual outcome may deviate from these assessments and assumptions. Assessments and assumptions are reviewed on a regular basis with changes in assessments recognized in the applicable period.

Assessments made by management on the application of IFRS that have a significant impact on financial reports, and estimations made that could entail material adjustments in subsequent years' financial reports, are described in greater detail in Note 2 Critical estimates and judgements.

Basis of consolidation

The consolidated financial statements include the Parent Company and its subsidiaries. The financial statements of the Parent Company and the subsidiaries that are a part of the consolidated financial statements refer to the same period and are prepared in accordance with the same accounting policies.

The consolidated financial statements include the financial statements of the Parent and its subsidiary undertakings made up to 31st December 2021. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Acquisition method of accounting

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred

- liabilities incurred to the former owners of the acquired business

- equity interests issued by the group

- fair value of any asset or liability resulting from a contingent consideration arrangement, and

- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

- The excess of the consideration transferred,

- amount of any non-controlling interest in the acquired entity, and

- acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Non-controlling interests

In connection with acquisitions of less than 100 percent, when a controlling influence is achieved, non-controlling interests are determined either as a proportional share of the fair value of identifiable net assets excluding goodwill or at fair value. Non-controlling interests are recognized as a separate item in the Group's equity. The Group's profit or loss and every component of other comprehensive income are attributable to the shareholders of the Parent and to non-controlling interests. Losses attributable to noncontrolling interests are recognized even if this results in a negative balance. Subsequent acquisitions up to 100 percent and divestments of participations in a subsidiary that do not lead to a loss of controlling influence are recognized as equity transactions.

Discontinued operations

Divested operations are reported as discontinued operations if they represent a separate major line of business or geographical area of operations that comprises operations and cash flow that can be clearly distinguished, operationally and for reporting purposes from the rest of the Group. The post-tax profit or loss from discontinued operations and the gain or loss from the sale is presented in a single amount in the income statement as of the transaction date or as of the date when management is committed to a plan to sell and hence operations to be discontinued are reclassified as held for sale. When a business operation is discontinued or classified as held for sale and reported as such prior period income statements are restated. Prior period balance sheets are not restated.

Classification

Non-current assets and non-current liabilities in the Parent Company and the Group essentially consist of amounts that are expected to be recovered or paid after more than 12 months, from the reporting date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within 12 months, from the reporting date.

Translation of foreign subsidiaries

The Group companies prepare their financial statements in their functional currency, i.e., the currency used in the primary economic environment in which they mainly operate. These reports provide the basis for the consolidated accounts which are prepared in Euro, which is the functional currency of the Parent Company and the presentation currency. The income statements and balance sheets of foreign subsidiaries have been translated, from their respective functional currency to the presentation currency of the Group. All items in the income statements have been translated at the average rate for the reporting period, while assets and liabilities in the balance sheets have been translated at the closing rate. Translation differences are reported in other comprehensive income.

Certain long-term financing related to subsidiaries, where a settlement is not considered to take place in the foreseeable future, is considered as an increase in the Parent Company's net investment in the subsidiaries. Taking the tax effect into consideration, exchange gains and losses are reported in other comprehensive income.

Intangible assets

An intangible asset is an identifiable non-monetary asset that lacks physical substance. Intangible assets that are identified and measured separately from goodwill from business combinations may include trademark-related, customer-related, contract-related and/or technology-related assets. Typical marketing and customer-related assets are trademarks and customer relationships. Customer contracts and customer relationships are attributable to expected customer loyalty and the cash flow that is expected to arise over the remaining useful lives of these assets. The cost for this type of intangible asset consists of the fair value on the acquisition date, calculated according to established valuation methods.

Development costs are recognised as an intangible asset only if it is sufficiently probable that the development project will generate economic benefits in the future and the cost of the asset can be measured reliably. The cost of capitalised development costs includes only expenses directly attributable to the development project. Other internally generated intangible assets are not recognised as assets. Instead, the costs are recognised as an expense in the period in which they arise.

All intangible assets are amortised on a straight-line basis over their estimated useful lives and are reviewed on every balance sheet date. Amortisation begins when the asset is available for use. Certain trademarks have an unlimited lifetime and are not amortised at all. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date.

Business combinations and Goodwill

Business combinations are recognised according to the acquisition method. When a business combination occurs, the company's assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring costs) are identified and measured at fair value.

If the consideration paid by the Group is greater than the fair value of the identified net assets, the difference is recognised as consolidated goodwill. Goodwill is continuously measured at cost less accumulated impairment. Since it is not possible to individually test goodwill for impairment, goodwill is allocated to one or more cash-generating units, depending on how the goodwill is monitored for internal control purposes. CYBER1 has allocated goodwill to three cash-generating units: Africa, Middle East, and Europe.

Goodwill is not amortised but is instead tested for impairment annually.

Tangible fixed assets and depreciation

Property, plant, and equipment are physical assets that are used in the Group's operations and have an expected useful life exceeding one year. Property, plant, and equipment are initially measured at cost and are depreciated on a straight-line basis over their estimated useful lives. When property, plant and equipment are recognised, any residual value is taken into account when the depreciable amount of the asset is determined. Depreciation begins when the asset is ready to be taken into use. Land is not depreciated. Property, plant, and equipment are derecognised from the balance sheet on divestment or when no future economic benefits are expected from either their use or their sale. Any gains or losses are calculated as the difference between the sale proceeds and the asset's carrying amount. The gain or loss is recognised in profit or loss as other expenses or other income in the accounting period when the asset was divested.

The residual value, useful life and depreciation rate of an asset are reviewed at the end of each financial year and adjusted, if necessary, for subsequent periods.

Customary costs for maintenance and repairs are expensed as incurred. However, costs related to significant renewals and improvements are recognised in the balance sheet and depreciated over the remaining useful life of the underlying asset.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment.

The estimated useful lives are as follows:

- Improvement leasehold property over 6 years

- Equipment and other similar equipment over 3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Impairment of Intangible and Tangible fixed assets

If the CYBER1 Group sees internal or external indications that the value of an asset has declined, the asset is to be tested for impairment. For goodwill and assets with indefinite useful lives, such impairment testing is to be carried out at least annually, regardless of whether there is evidence of impairment or not. If an asset cannot be tested separately, it is assigned to a cash-generating unit to which identifiable cash flows can be allocated.

An impairment loss is to be recognised for an asset or a group of assets (cash-generating units) if the carrying amount is higher than the recoverable amount. The recoverable amount is the higher of value in use and net realisable value. Impairment losses are recognised in profit or loss.

For all assets except goodwill and intangible assets with indefinite useful lives, an assessment is made on each balance sheet date as to whether there is an indication that an earlier impairment loss, in whole or in part, is no longer justified. If the assumptions underlying the calculation of an asset's recoverable amount have changed, the carrying amount of the asset or assets is increased to its recoverable amount. Such a reversal is to not to exceed the amount the company would have recognised after depreciation and amortisation if the impairment had not been recognised. The reversal is recognised in profit or loss unless the asset is recognised in a restated amount in accordance with another standard.

The carrying amounts for the Group's assets, except for financial assets, assets held for sale and disposal groups reported in accordance with IFRS 5, inventories, plan assets used for the financing of employee benefits and deferred tax assets, are tested in accordance with IAS 36 on each reporting date to evaluate whether there is an indication of an impairment. Should such an indication exist, the asset's recoverable amount is assessed. An impairment charge is recognized in the income statement when the carrying amount exceeds the calculated recoverable amount.

Goodwill is allocated to different cash-generating units. If the allocation of goodwill cannot be completed before the end of the year during which the acquisition was carried out, the initial allocation should then be carried out before the end of the financial year following the year when the acquisition was carried out. In such cases, amounts relating to non-allocated goodwill and the reason why they have not been allocated should be stated. Impairment of goodwill and intangible assets with indefinite useful lives is not reversed.

For goodwill and other intangible assets with an indefinite useful life and intangible assets that are not yet ready for use, their recoverable amount is calculated annually, or when an impairment is indicated. The recoverable amounts, defined as the higher of value in use and fair value less cost of disposal, are normally determined based on value in use, applying discounted cash flow calculations. An impairment charge against the income statement is made when the carrying amount exceeds the recoverable amount. For impairment testing, goodwill and trademarks with indefinite life is allocated to the lowest level of groups of cash generating units based on product groups and geographical markets, at which it is monitored by management.

Reversal of an impairment loss recognised in prior periods for assets other than goodwill are recognised when there is an indication that an impairment loss recognised in prior periods no longer exist or may have decreased. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Intangible assets within CYBER1 essentially pertain to goodwill, customer relationship and trademarks. Assessments are made on an ongoing basis to ensure that the book value of goodwill, customer relationship and trademarks does not exceed their recoverable amount. Intangible assets with indefinite useful lives are not amortized, but instead tested for impairment at least annually or when circumstances indicate that the value of the intangible assets is impaired. Impairment tests include significant judgements made by management, such as assumption of projected future cash flows used in the valuation of the assets. Future events could cause management to conclude that impairment indicators exist and that an intangible asset should be impaired. An impairment loss could have a material impact on the financial condition and result of operations. The Group's intangible assets as of 31st December 2021 amounted to €22k, and amortizations and impairment charge amounted to €110k. The amount for goodwill, which has been included in intangible assets, amounted to €6,630k.

Parent Company Investments

Fixed assets investments in the parent consist of investments in subsidiaries and are stated at cost less provision for diminution in value.

Pensions

The group operates only defined contribution pension plans. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The pension costs charged in the financial statements represent the contributions payable by the group during the year.

Recognition of foreign currency exchange effects

Transactions denominated in a currency other than the Group's functional currency are restated at the rate prevailing on the transaction date. Assets and liabilities denominated in a currency other than the Group's functional currency are restated at the closing day rate. Exchange differences are recognised in profit or loss as they arise.

Receivables and liabilities in foreign currency

Receivables and liabilities denominated in foreign currency have been restated at the closing day rate. Exchange gains and losses pertaining to operating receivables and liabilities are recognised in operating profit. Exchange differences related to financial assets and liabilities are recognised in financial expenses in net financial items. As of 1st January 2021, exchange differences related to inter-company financial assets and liabilities are recognised in other comprehensive income.

EXCHANGE RATES USED:

		Average rate		Closing rate	
Country	**Currency**	**2021**	**2020**	**31 December 2021**	**31 December 2020**
Dubai	AED	4.3636	4.467	4.1766	4.489
UK	GBP	0.8639	0.906	0.8403	0.903
Kenya	KES	129.6864	126.086	128.66	120.695
South Africa	ZAR	17.447	18.119	18.138	17.908
USA	USD	1.188	1.2163	1.1371	1.2224
Sweden	SEK	10.1349	9.388	10.2910	10.044

Lease contracts

From 1st January 2018 lease contracts are recognized as right-of-use assets and lease liabilities on the Group's balance sheet and are affected by management's judgement and estimates of certain variables that have a direct impact on the reported balances. The most significant is the assumption on the discount rates applied in the measurement of the right-of-use assets and the corresponding lease liabilities. Other judgements that may have a significant impact on the reported balances are assessments of the likelihood of using or not using extension and termination options in lease contracts. The assessment of utilizing or not utilizing extension and termination options impact the lease period of future lease payments included in the measurement of the lease liabilities and the related right-of-use assets. As per 31st December 2021, the Group's lease liabilities amounted to €303k and corresponding balance for the right-of-use assets amounted to €150k.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is the chief executive officer. The operating segments are Africa, Middle East, and Europe.

Leases are classified in the consolidated financial statements as either finance or operating leases. A finance lease exists when the financial risks and rewards of ownership are essentially transferred to the lessee.

Assets that are leased under finance leases are recognised as noncurrent assets in the balance sheet and are initially measured at the lower of the fair value of the lease object and the present value of the minimum lease payments when the lease is entered into. The obligation to pay future lease payments is recognised as non-current and current liabilities. The leased assets are depreciated over the useful life of the asset in question, while the lease payments are recognised as interest and repayment of the liability.

Leases where the lessor retains essentially all the risks and rewards of ownership are classified as operating leases. Operating lease payments.

Classification and Measurement

Financial assets

Debt instruments: The classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the nature of the contractual cash flows.

Instruments are classified as follows:

- amortised cost

- fair value through other comprehensive income, or

- fair value through profit or loss.

The Group's debt instruments are classified at amortised cost

Financial assets classified at amortised cost are initially measured at fair value plus transaction costs. Accounts receivable and lease receivables are initially recognised at their invoiced amount. After initial recognition, the assets are measured according to the effective interest method. In accordance with the business model, assets classified at amortised cost are held for the purpose of collecting the contractual cash flows, which exclusively comprise payments of the principal and interest on the outstanding principal. The assets are covered by a loss allowance for expected credit losses.

Derivatives: Classified at fair value through profit or loss. The Group does not apply hedge accounting.

Fair value is determined according to the description in Note 20 Financial instruments and financial risk management.

Financial liabilities

Financial liabilities are classified at amortised cost except for derivatives. Financial liabilities recognised at amortised cost are initially measured at fair value including transaction costs. After initial recognition, they are measured at amortised cost according to the effective interest method.

Implementation of IFRS 9

On 1st January 2018, the group implemented IFRS 9 which allows for an assessment of impairment needs regarding impairment of financial assets measured at amortized cost, including trade receivables and contract work, according to the simplified expected credit loss model. The model entails that the expected loss over the asset's useful life is recognized immediately in the income statement and monitored on an ongoing basis according to the group's risk management until realization. Impairment is computed based on expected loss rates which are stated individually, distributed by geographical location. Loss rates are computed based on historical data. This data is based on expected loss over the total maturity of the amount receivable, corrected for estimates of the effect of expected changes in relevant parameters, for instance financial development, political risks etc. on the market in question.

Cash and Bank Balances

Cash and current bank balances in the balance sheet consist of bank deposits, available cash, and demand deposits with a maturity of three months or less from the date of acquisition. Cash and bank balances are subject to the requirements for a loss allowance for expected credit losses.

Financial liabilities

The Group's financial liabilities are divided into two categories:

- Financial liabilities measured at fair value through profit or loss
    - Held-for-trading financial liabilities
    - Financial liabilities initially measured at fair value ("fair value option")
- Financial liabilities measured at amortised cost

Financial liabilities measured at fair value through profit or loss

Some of the Group's acquisitions include additional purchase prices. These are recognised as a financial liability measured at fair value through profit or loss. Additional purchase prices have been classified at level 3 since there is no observable market data to apply. Changes in the value of financial liabilities that are measured at fair value ("fair value option") and are attributable to changes in the credit risk associated with the liability are to be recognised in other comprehensive income.

Financial liabilities measured at amortised cost

Liabilities are initially recognised at fair value less transaction costs. In subsequent periods, these liabilities are recognised at amortised cost in accordance with the effective interest method.

Fees paid for loan commitments and borrowings (commitment fees) are recognised as transaction costs and are allocated over the term of the loan commitments/loans in profit or loss. In cases where quoted information/inputs are not available to measure financial instruments at fair value, established valuation methods that can be dependent on quoted information/inputs are used.

In some cases, valuation methods based on the company's own assumptions and estimates are applied. The fair values of financial assets and liabilities are assumed to be their nominal values for those assets and liabilities with a term of less than one year. The fair values of financial liabilities are their discounted cash flows. Discounting is carried out at the interest rate that is available to the Group for similar financial instruments.

Purchases and sales of financial instruments are recognised on the trade date, which is the date on which the Group commits to purchase or sell the financial instrument. Financial instruments are derecognised when the right to receive or pay cash flows attributable to the financial instrument expires or has been transferred, or the Group has explicitly transferred all risks, allocations and obligations entailed by the holding of the financial asset or liability.

Financial Derivatives and Hedge Accounting

Derivative financial instruments are measured initially and subsequently at fair value. Changes in fair value are recognised through profit or loss unless they comprise part of an effective hedging relationship and hedge accounting is applied. Once a derivative contract has been entered into, the Group chooses to classify the derivative as a fair value hedge, a cash flow hedge, or a hedge of a net investment in foreign operations. If a fair value hedge exists and the criteria in IAS 39 have been met, the changes in value are recognised in profit or loss together with changes in the value of the hedged item in the balance sheet. Changes in the value of derivatives that comprise part of an effective hedging relationship are recognised as other comprehensive income. The accumulated change in value for this type of derivative is reversed to profit or loss in the same period in which the hedged item affects profit or loss.

When a hedging instrument is sold, terminated, exercised, revoked, or otherwise ceases to meet the criteria for hedge accounting, any gains or losses that have been recognised in other comprehensive income, and ultimately recognised as an adjustment of either expenses or revenue when the planned transaction or assumed obligation is realised, are recognised in profit or loss. However, if a planned transaction or an assumed obligation is no longer expected to occur, the accumulated gain or loss that has been recognised in other comprehensive income for the period in which the hedge applied is immediately transferred to profit or loss.

CYBER1 does not apply hedge accounting.

Impairment of Financial Assets

Apart from financial assets classified at fair value through profit or loss, the Group's financial assets are subject to impairment for expected credit losses. In addition, impairment also encompasses contract assets not measured at fair value through profit or loss. The simplified impairment method can be applied for all CYBER1's financial assets. In accordance with IFRS 9, impairment losses are recognised prospectively, and a loss allowance is recognised when there is exposure to credit risk, usually on initial recognition. Expected credit losses reflect the present value of all deficits in cash flows attributable to expected losses, either for the next 12 months or for the expected remaining term of the financial instruments, depending on the type of asset and on potential credit deterioration since initial recognition.

Expected credit losses reflect an objective, probability-weighted outcome taking into consideration multiple scenarios based on reasonable and well-founded forecasts. The calculation of the impairment requirement for doubtful receivables, which are the most material financial assets subject to a loss risk, comprises a combination of a collective and an individual assessment. In the collective assessment, a provision is made for the loss risk for all accounts receivable that are more than 180 days past due. For other accounts receivable, an individual assessment of the loss risk is carried out based on the customer's ability to pay and other relevant factors for individual customers or for the specific market in which the customer operates.

On each balance sheet date, the CYBER1 Group assesses whether there are any objective circumstances that indicate that a financial asset may need to be impaired. Financial assets are recognised in the balance sheet at amortised cost, meaning the net of their gross value and the loss allowance. Changes in the loss allowance are recognised in profit or loss.

The financial impact of the Covid-19 Corona virus was apparent within several industries. As regards our business, there has been trivial effect to date and we also have a sound order book, though it is difficult to make an assessment of the long-term effect as we are only in the initial phases of this situation.

Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount that is expected to be recovered from or paid to the respective tax authorities. The Group's current tax is calculated using the tax rates and tax laws enacted or substantively enacted on the balance sheet date.

Current tax attributable to items recognised in equity and in other comprehensive income is recognised in equity and in other comprehensive income and not in profit or loss.

Deferred tax

Deferred tax is recognised on the balance sheet date in accordance with the balance sheet method for temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences:

- except when the deferred tax liability arises because of impairment of goodwill or when an asset or liability is recognised as part of a transaction that is not a business combination and which, at the time of the transaction, affects neither the recognised gain nor the taxable gain or loss, and
- for deductible temporary differences attributable to investments in subsidiaries, apart from cases where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future

A deferred tax asset is recognised for deductible temporary differences, including loss carry forwards to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amounts of deferred tax assets are reviewed on each balance sheet date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow part of or the entire deferred tax asset to be utilised. Deferred tax assets and liabilities are measured at the tax rates that apply for the period when the asset is realised, or the liability is settled, based on the tax rates (and laws) that have been enacted or substantively enacted on the balance sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax amounts are related to the same entity in the Group and the same tax authority.

Recognition of Cash Flow

Cash and cash equivalents consist of available cash, disposable bank deposits and other short-term investments with a remaining maturity of three months or less from the date of acquisition. Cash received and paid is recognised in the statement of cash flows. Cash flow from operating activities is recognised in accordance with the indirect method.

Provision for Expected Credit Losses on Accounts Receivable

Accounts receivable are initially recognised at transaction price in accordance with IFRS 15 and thereafter at amortised cost. A loss allowance for expected credit losses is made on every balance sheet date in an amount that corresponds to the expected credit losses for the remaining term. The assessment is based on criteria that show whether the risk has changed since the initial measurement date. Loss allowances for expected credit losses are recognised in profit or loss under other operating expenses.

Deferred Tax assets

Deferred tax is recognised for temporary differences arising between the tax bases and carrying amounts of assets and liabilities as well as for unutilised loss carry forwards. A deferred tax asset is recognised only to the extent that it is probable it can be utilised against future profit. If the actual outcome differs from the applied assumptions, or management adjusts these assumptions in the future, the value of the deferred tax assets could change.

Revenue recognition based on individual assessment

The Group applies the percentage of completion method on an individual basis for significant customer contracts, meaning contracts with a value of more than EUR 100 thousand and a term of more than three months. The estimate of total contract costs and revenue is critical for revenue recognition and provisions for onerous contracts, and the outcome of additional invoicing may affect profit.

Revenue and cost from the sale of the Company's product and services are recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities. Revenue from services is generally recognised in the period the services are provided, based on the services performed to date as a percentage of the total services to be performed.

Revenue from sale of licences and sale of hardware is recognise when the customer is invoiced. At the same time a corresponding cost of sale is recognised.

Advisory and system integration services at a fixed price are paid in relation to the stage of completion at the balance sheet date (percentage of completion). Completion of an assignment is determined by costs incurred to date with the estimated total expenditure. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent that corresponds to the contract costs incurred that are likely to be recoverable. An anticipated loss on an assignment is reported immediately as a cost.

Other income

- Interest income is recognised as it is earned.
- Dividends are recognised when the right to receive the dividend is assured.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Key accounting assessments estimates and assumptions

In preparing the financial statements in accordance with the applicable accounting policies, the Board, CEO and Group President are required to make certain estimates and assumptions that impact the carrying amounts of assets, liabilities, income, and expenses. The areas where estimates and assumptions are of material importance to the Group, and which may affect the financial statements are described below:

Critical Accounting Judgement: Business combinations

The acquisition of subsidiaries or operations involves that items in the acquired companies' balance sheets as well as items that have not been recognised in the acquired companies' balance sheets, such as customer relations, shall be valued at fair value. Different valuation methods based on number of assumptions are used in fair value determination. Initial accounting is determined provisionally and may be adjusted subsequently. All acquisition calculations are finalised no later than one year after the acquisition is made.

All payments to acquire a subsidiary or operation are recorded at fair value at the acquisition date, including debt related to contingent considerations. The contingent consideration is measured at fair value in subsequent periods with re-measurement through the statement of income.

IFRS Accounting Standard require Directors to form Accounting Policies that gives precedence to the Economic Substance of transactions rather than their legal form.

Critical Accounting Judgement: Taxes

Determination of income taxes and deferred taxes when the ultimate tax determination is uncertain requires management judgement. The Group recognises deferred tax assets resulting from carried forward tax losses when the realisation of related tax benefit, due to taxable profits, is probable. However, deferred tax asset is always recognised if it can be utilised to current taxable temporary differences. The assumptions regarding future taxable profits are based on the current business plan and further estimates added by consideration for the uncertainties in the current business plan and further estimates. The Group uses estimates for recognition of liabilities for anticipated tax audit issues based on all available information at the time of recognition.

Critical Accounting Judgement: Going Concern

The group is building up its capabilities and growing its strategic base, particularly in Europe and the EMEA Region. Whilst core cash flow generation in established geographies is strong, the newly established entities require cash funding. As such the group is reliant on support from its existing and future shareholders and has been in receipt of such cash support in 2021 and thereafter. Previous acquisitions were also funded through this mechanism and that is the expectation for the acquisitions which have already been announced to the market.

Management is fully aware of the cash position, with the expectation of future growth and support from external sources to meet its immediate needs. However, as at reporting date, looking at its current cash position and cashflow projections for the business, the company is dependent on external funding to cover its current cashflow gap. If the company cannot acquire additional external funding or, grow the business sufficiently swiftly, there is a risk that a liquidity deficit will occur. Taken as a whole, this means that there are significant factors of uncertainty that could lead to extensive doubt regarding the ability of the company to continue to be going concern. This may primarily affect the valuation of goodwill at group level and shares in subsidiaries at parent level.

Critical Estimate: Impairment of assets

The Group reviews each cash generating unit annually, to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is the higher of the fair value less costs to sell, and value in use. These assessments require the use of estimates and assumptions such as discount rates, future capital requirements, and projected growth of each operation. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Fair value for each operation is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash generating units as comprising an independent operation, which is the lowest level for which cash inflows are largely independent of those of other assets.

An impairment test was carried out on the Group's intangible assets as on December 31, 2021. The main share of the intangible and tangible fixed assets relates to the operations in Africa, Middle East, and Europe. For this purpose, a discounted cash flow model has been used extending over a 5-year period. A few variables are simulated in the model. Among the more important assumptions are growth in EBITDA and the yield required. The base assumption regarding the growth in EBITDA is 5% and the yield required is 12 % per year. The result of the base assumptions is that no impairment is required at year-end 2021.

The impairment tests indicate that there is headroom between the recoverable amounts and the carrying amounts of the shares in subsidiaries as at 31st December 2021 like 31st December 2020.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Financial instruments and risk management

Financial risk management in the CYBER1 Group

CYBER1 is exposed to a few financial market risks that the Group is responsible for managing under the finance policy approved by the Board of Directors. The overall objective is to have cost-effective funding in the Group. The financial risks in the Group are mainly managed in relation to the Group's functional currency, which is EUR. The impact of the financial risks on the Group's earnings is mainly managed through a weekly exchange of non-EUR cash into EUR and, to only a limited extent, using financial instruments. The main risk exposures for the Group are liquidity risk, interest rate risk, currency risk, credit risk and counterparty risk.

Carrying value and fair value of the Group's significant assets and liabilities:

CYBER1 applies IFRS 9 to classify and measure financial instruments. IFRS 13 is applied for financial instruments measured at fair value on the balance sheet which implies using a fair value hierarchy that reflects the significance of input used according to the following levels:

Level 1 – Quoted prices (unadjusted) in active markets

Level 2 – Inputs other than quoted prices that are observable, either directly or indirectly. The input data consists mainly of the compounded interest rates from interest rate swaps, basis swaps and conversions rates for variable interest rates to create relevant Cross Currency Intertest Rate Swap (CCIRS) rates. The created interest rates are used to calculate the market value by discounting the external outstanding CCIRS flows including the actual market valuation of involved currencies.

Level 3 – Inputs that are not based on observable market data.

The following table shows carrying value (including accrued interest) and fair value for each category of financial instruments, including their levels in the fair value hierarchy, at 31 December 2021. Items measured at fair value through profit and loss (FVTPL) consist of derivatives, for which hedge accounting is not applied. Derivatives attributable to cash flow hedges are measured at fair value via other comprehensive income (FVOCI) in level 2 of the fair value hierarchy. In assessing the fair values of these derivatives, the Group uses a variety of methods and makes assumptions based on market conditions at each reporting date. Quoted market prices or dealer quotes for identical or similar instruments are used. Items not valued at fair value are measured at amortized cost. All items, except loans and borrowings, have a short duration and are considered non- interest bearing, and therefore, the total carrying value of the financial instruments corresponds to the estimated fair value. The carrying amount for loans and borrowings differ from their fair value because of changes in the market interest rates, determined by using current official market quotations for our outstanding bonds or similar instruments and discounting future cash flows. The values presented are indicative and may not necessarily be realised.

The accounting principles related to financial liabilities are essentially unchanged compared with previous years. CYBER1 has updated its accounting principles related to expected credit losses and has, in accordance with the standard, implemented the "expected loss model."

1.1 CARRYING VALUE AND FAIR VALUE FOR FINANCIAL INSTRUMENTS (CURRENT YEAR) - ASSETS

TEUR	Financial instruments measured at FVTPL	Financial assets measured at amortized cost	Other financial assets	Cash flow hedges measured at FVOCI	Other receivables	Estimated fair value
Trade receivables	0	15,752	0	0	2,798	18,550
Other non-current financial receivables	0	0	0	0	0	0
Other current assets and financial receivables	0	0	0	0	75	75
Prepaid expenses and accrued income	0	163	0	0	0	163
Cash and cash equivalents	0	872	0	0	0	872
	0	**16,787**	**0**	**0**	**2,858**	**19,6660**

1.2 CARRYING VALUE AND FAIR VALUE FOR FINANCIAL INSTRUMENTS (CURRENT YEAR) - LIABILITIES

TEUR	Financial instruments measured at FVTPL	Financial liabilities measured at amortized cost	Other financial liabilities	Cash flow hedges measured at FVOCI	Other liabilities	Estimated fair value
Loans and borrowings	0	0	0	0	0	0
Other non-current financial liabilities	0	0	0	0	303	303
Other current liabilities	0	0	1,404	0	842	2,246
Accrued expenses and deferred income	0	0	3,951	0	593	4,544
Trade payables	0	0	13,172	0	0	13,172
	0	**0**	**18,527**	**0**	**1,738**	**20,265**

1.3 CARRYING VALUE AND FAIR VALUE FOR FINANCIAL INSTRUMENTS (PRIOR YEAR) - ASSETS

TEUR	Financial instruments measured at FVTPL	Financial assets measured at amortized cost	Other financial liabilities	Cash flow hedges measured at FVOCI	Other receivables	Total Carrying Value	Estimated fair value
Trade receivables	0	15,141	0	0	2,798	17,939	17,939
Other current assets and financial receivables	0	116	0	0	470	586	586
Cash and cash equivalents	0	(733)	0	0	0	(733)	(733)
Total on financial statement	**0**	**14,524**	**0**	**0**	**3,268**	**17,792**	**17,792**

1.4 CARRYING VALUE AND FAIR VALUE FOR FINANCIAL INSTRUMENTS (PRIOR YEAR) - LIABILITIES

TEUR	Financial instruments measured at FVTPL	Financial liabilities measured at amortized cost	Other financial liabilities	Cash flow hedges measured at FVOCI	Other liabilities	Total Carrying value	Estimated fair value
Loans and borrowings	0	0	0	0	281	281	281
Other non-current financial liabilities	0	0	0	0	854	854	854
Other current liabilities	0	0	4,181	0	0	4,181	4,181
Accrued expenses and deferred income	0	0	3,951	0	0	3,951	3,951
Trade payables	0	0	12,625	0	0	12,625	12,625
Total on financial statement	**0**	**0**	**20,757**	**0**	**1,135**	**21,892**	**21,892**

Financial instruments, level 2

The fair value of financial instruments that are not traded on an active market are determined by means of available valuation techniques. Market information is used when available. The use of corporate-specific information is avoided whenever possible. If all important in-data required for a fair value valuation of an instrument is observable, the instrument is in level 2. Specific valuation techniques used in the valuation of financial instruments include, for example, listed market prices, fair value for interest-rate swaps, calculated as the present value of estimated future cash flows based on observable yield, fair value of currency forward contracts determined using rates for currency foreign exchange contracts on the balance sheet date.

Financial instruments, level 3

The change during the year for instruments at level 3 refers to contingent considerations. Contingent considerations are valued at the fair value based on data available such as conditions set forth in the purchase agreement and current assessments of the estimated fulfilment of the conditions.

1.5 MOVEMENTS IN FINANCIAL INSTRUMENTS AT LEVEL 3

Contingent considerations	2021	2020
Opening balance January 1	0	17
Payments	0	(84)
Reversals	0	0
Revaluations	0	67
Translation differences	0	0
Closing balance	**0**	**0**

No transfer in or out of level 3 or level 2 has been made during 2021. The recognised amounts are regarded as reasonable estimates for all items measured at carrying value in the balance sheet, except for loans and borrowings, as these amounts have a long time to maturity. The fair value of loans and borrowings differ from their carrying value because of changes in the market interest rates. Items not valued at fair value in the balance sheet are measured at amortized cost.

The analysis is based on all undiscounted cash flows, including estimated interest payments, and expected instalments on loans. The estimates on interest are based on current market conditions.

Fair value of the loan from credit institutions (Vækstfonden) and leasing liabilities is determined to be equal to its carrying amount these items are based on market rate (level 2 in the fair value hierarchy). Fair value of short-term liabilities is determined to equal their carrying amount.

The payment obligations are expected to be settled through cash inflows from operating activities and through cash from capital injections in previous years.

No financial instruments are measured to fair value as at 31 December 2021 and 2020.

The different levels of fair value are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly in the form of quoted prices or indirectly, i.e., derived from quoted prices (Level 2)
- Inputs for the asset or liability which are not based on observable market data (non-observable inputs) (Level 3).

The fair values of financial instruments which are not traded in an active market are determined with the help of valuation techniques. Market data is used as far as possible when such data is available. If all significant inputs required for the fair value measurement of an instrument are observable, the instrument belongs to Level 2. In cases where one or several significant inputs are not based on observable market information, the instrument is classified as Level 3.

Customer credit risk

Management's assessment is that there is no significant concentration of credit risk with any individual customer, counterparty, or geographical region for CYBER1.

The Group's exposures to credit risk as at the end of the reporting periods based on carrying amounts as reported in the statement of financial position for on-balance sheet financial assets are analysed as follows:

1.6 CUSTOMER CREDIT RISK

	2021	2020
Trade and other receivables	15,752	15,141
Cash and cash equivalents	872	(733)
Prepayments	163	116
	16,787	**14,524**

Credit concentration risk also exists with respect to the Group's cash equivalents, which are held with a reputable financial institution of high-quality standing or rating.

As at 31st December 2021, the company's trade and other receivables were fully performing. The Company assesses the credit quality of its trade and other receivables considering the financial position, experience and other factors relating to the debtor.

The concentration of credit risk for trade receivables at the balance sheet date by geographic region was:

1.7 CONCENTRATION OF CREDIT RISK BY GEOGRAPHIC REGION

	2021	2020
Africa	5,413	4,450
Middle East and UAE	9,827	7,140
Europe	512	3,551
	15,752	**15,141**

There are no significant concentrations of credit risk within the Group unless otherwise disclosed. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date. The Group has established procedures to minimise the risk of default by trade debtors including credit checks undertaken before a customer is accepted. Historically, these procedures have proved effective in minimising the level of impaired and past due debtors.

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was

1.8 CREDIT RISK - MOVEMENT IN ALLOWANCE GROSS

Gross	**2021**	**2020**
Not past due	5,496	3,946
Past due (0-30 days)	3,297	1,033
Past due (31-120 days)	1,674	1,210
More than 120 days	5,285	8,952
	15,752	**15,141**

An assessment of the recoverability of Trade and other receivables shows an impairment indicator of NIL overdue trade receivables during the year (2020: NIL). Therefore, the carrying value of Trade and other receivables fair value as at 31 December 2021 is €15,752k.

As at 31 December 2021, trade receivables at an amount of €10,256k (2020: €11,195k) were past due but not impaired. As at 31st December 2021, receivables due relate to several independent customers where there is no recent history of non-payment have been received in 2021.

The remaining trade and other receivables do not contain impaired assets as these are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The group does not hold any collateral in relation to these receivables

Transaction exposure

The CYBER1 Group's policy for transaction exposure is to minimise the impact of short-term changes in foreign exchange rates for currencies other than EUR by hedging the transaction exposure on a case-by-case basis. The main transaction exposures arise in EUR against local currencies.

Transaction risk and hedges in the main currencies

Hedge accounting is not applied.

Market risk

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. The Group takes on exposures to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Foreign exchange risk is the risk to earnings and value caused by a change in foreign exchange rates. To reduce its currency exposure, the Group generally matches its asset and liability positions represented by the amounts due by acquirers and other payment service providers and the relative amounts due to the merchants.

The net open currency exposure at the end of the reporting period is detailed below:

1.9 SENSITIVITY TO CHANGE IN EXCHANGE RATE - TRADE RECEIVABLES

Trade receivables 2021	Sterling	EUR	KES	AED	ZAR	Total
Balance sheet exposure	0	323	130	9,773	5,526	15,752
Absolute effect from -10% in exchange rate to Euro	0	32	13	977	536	1,575
Absolute effect from -20% in exchange rate to Euro	0	65	26	1,955	1,105	3,150

1.10 SENSITIVITY TO CHANGE IN EXCHANGE RATE - TRADE PAYABLES

Trade payables 2021	Sterling	EUR	KES	AED	ZAR	Total
Balance sheet exposure	(421)	(3,707)	(118)	(5,349)	(3,577)	(13,172)
Absolute effect from -10% in exchange rate to Euro	(42)	(371)	(12)	(535)	(358)	(1,317)
Absolute effect from -20% in exchange rate to Euro	(84)	(741)	(24)	(1,070)	(715)	(2,635)

1.11 SENSITIVITY TO CHANGE IN EXCHANGE RATE - CASH AND CASH EQUIVALENTS

Cash and cash equivalents 2021	Sterling	EUR	KES	AED	ZAR	Total
Balance sheet exposure	183	210	168	138	173	872
Absolute effect from -10% in exchange rate to Euro	18	21	17	14	14	87
Absolute effect from -20% in exchange rate to Euro	37	42	34	28	28	174

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments

1.12 GROUP EXPOSURE TO FOREIGN CURRENCY RISK - CURRENT YEAR

2021	Sterling	Euro	KES	AED	ZAR	Total
Cash and cash equivalents	183	210	168	138	173	872
Trade receivables	0	323	130	9,773	5,526	15,752
Secured bank loans	0	0	0	0	(1,404)	(1,404)
Other loans	0	(1,933)	0	0	0	(1,933)
Trade payables	(421)	(3,707)	(118)	(5,349)	(3,577)	(13,172)
Balance sheet exposure	**(238)**	**(5,107)**	**180**	**4,562**	**718**	**115**

1.13 GROUP EXPOSURE TO FOREIGN CURRENCY RISK - PRIOR YEAR

2020	Sterling	Euro	KES	AED	ZAR	Total
Cash and cash equivalents	54	2	36	288	(1,113)	(733)
Trade receivables	51	3,501	262	7,139	4,188	15,141
Secured bank loans	0	0	0	0	0	0
Other loans	0	(1,703)	0	(254)	0	(1,957)
Trade payables	(575)	(6,720)	(141)	(5,604)	(3,536)	(16,576)
Balance sheet exposure	**(470)**	**(4,920)**	**157**	**1,569**	**(461)**	**(4,125)**

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets that mature in the long-term, its income and operating cash flows are substantially independent of changes in market interest rates. The Company's cash flow interest rate risk arises from cash and cash equivalents. Up to the reporting date, the Company did not have any hedging policy with respect to interest rate risk as exposure to such risk was not deemed to be significant by the directors since these assets are of a short-term nature.

Management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the reporting date to be immaterial. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to fair value interest rate risk.

Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally settlement processing obligations and other liabilities. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligations.

The Company manages this risk, by monitoring future cash flows together with changes in available liquidity on a regular basis. Senior management is updated on a regular basis on the cash flow position of the Company.

The Company's financial projections reveal that the financial performance of the Company is expected to improve in the foreseeable future thereby generating net cash inflows after the end of the reporting period.

Capital risk management

The Group's capital structure should be maintained at a level that ensures the ability to advance the business to generate returns for the shareholders and benefits for other stakeholders, while at the same time maintaining an optimal capital structure to reduce capital costs.

To maintain or adjust the capital structure, the Group may, upon approval by the shareholders and external lenders when appropriate, vary the dividend that is paid to the shareholders, reduce the share capital to enable payments to the shareholders, issue new shares or sell assets to reduce its debt. The Group continuously analyses the relationship between debt and equity as well as the relationship between debt and equity including loans from shareholders.

NET DEBT/EQUITY RATIO

Euro 000	**2021**	**2020**
Interest bearing liabilities	1,404	1,956
Cash and cash equivalents and short-term investments	872	(733)
Net debt	532	2,689
Total Equity	(7,824)	(203)
Total Capital	10,244	2,892
Net debt/equity ratio	9%	131%

The net debt/equity ratio was 9% compared to 131% to prior fiscal year. See Note 1.20 for more information on interest-bearing liabilities.

Interest bearing liabilities

All amounts in currencies other than EUR are translated at the closing day rate and interest payments on loans with variable interest have been calculated at the closing day rate. The weighted average interest rate on external loans and borrowings, including margins and the effects of interest rate hedges, was 3.00% (2020: 3.00%).

1.14 INTEREST BEARING LIABILITIES

	2021		2020	
TEUR	**< 1 yr**	**>1 yrs < 5 yrs**	**< 1 yr**	**>1 yrs < 5 yrs**
Loans	0	0	1,957	0
Finance leases	303	0	0	0
Account payable	13,172	0	16,576	0
Derivative financial instruments – outflow, gross	0	0	0	0
Derivative financial instruments – outflow, inflow	0	0	0	0
Other liabilities	2,328	0	0	0
	15,803	**0**	**18,533**	**0**

Financial Risk Management in the CYBER1 Group

Due to its activities, the Group is exposed to various financial risks, including changes in foreign currency, interest, liquidity, and credit risks. The Group manages the risks centrally and follows the policies approved by the Board of Directors. The Group does not actively engage in speculation of financial risks.

The financial impact of the Covid-19 Corona virus was apparent within several businesses. As regards our business, there has been marginal effect to date and we also have a sound order book, though it is difficult to assess the long-term effect as we are only in the initial phases of this situation.

Credit risks – Group

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities which mainly relate to contract work in progress, trade receivables and other receivables, and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Maximum exposure corresponds to the carrying amount. For sale of products an advance payment is received from the customer.

Until 1st January 2018, impairment was performed to cover losses, this was done based on an assessment of whether an objective indication had been made for the individual amount receivable or whether a portfolio had decreased in value. Objective indicators were based on historical experience on losses.

On 1 January 2018, the group implemented IFRS 9 which allows for an assessment of impairment needs regarding impairment of financial assets measured at amortized cost, including trade receivables and contract work, according to the simplified expected credit loss model. The model entails that the expected loss over the asset's useful life is recognised immediately in the income statement and monitored on an ongoing basis according to the group's risk management until realization. Impairment is computed based on expected loss rates which are stated individually, distributed by geographical location. Loss rates are computed based on historical data. This data is based on expected loss over the total maturity of the amount receivable, corrected for estimates of the effect of expected changes in relevant parameters, for instance financial development, political risks etc. on the market in question.

The Group assesses the risks of losses on an ongoing basis and, if necessary, write-downs are made according to the Group's policies. Excess cash is placed with banks with ratings A or above. As of today, a material part of the Group's sales and revenue is generated from customers. There is a risk that customers do not place orders or otherwise fulfil their respective undertakings due to e.g., lack of financial resources or other circumstances beyond the Company's control. Should the Group lose business from all or some of its top customers it may have an adverse impact on the Group's business, financial position, and profits in the future. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any deliveries to major customers are generally covered by letters of credit or other forms of credit insurance.

The Group's customers are both public and private enterprises. Total trade receivables amount to €15,752k as at 2021 (2020: €15,141k).

An impairment analysis is performed at each reporting date. The management assesses credit risk in relation to the individual customer, taking into account whether they are public customers who are deemed to have a lower credit risk than industry customers. Except from the increased risks mentioned in note 3, the Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are in several jurisdictions. The Group's activities take place in the global market and management does not distinguish between customers' geographical affiliations in the credit risk assessment. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

Foreign exchange risks

The Group's sales, cost of goods sold, and expenses are mainly incurred in ZAR, AED, and KES. The Group has transactions in other currencies, but exposure in those currencies is not significant. There is no foreign currency hedging regarding transactions in foreign currency.

- A change in foreign exchange rates of +/- 18% in the subsidiaries in ZAR will influence result and equity before tax on €129k.
- A change in foreign exchange rates of +/- 4% in the subsidiaries in AED will influence result and equity before tax on €24k.
- A change in foreign exchange rates of +/- 1% in the subsidiaries in KES will influence result and equity before tax on €2k.

Interest rate risk

The Group's loans are carried at variable interest rates. A change in the interest level will have limited effect on the result or equity.

A change in the interest of +/- 1% will have an effect in 2021 on result and equity before tax on €6k.

Liquidity risk – Group

Funding and adequate liquidity are fundamental factors in driving an expanding business, and management of both is an integrated part of the Group's continuous budget and forecasting process. To ensure focus on managing the risks related to funding and liquidity, the Group manages and monitors funding and liquidity and ensures the availability of required liquidity through cash management and borrowing facilities.

By constantly maintaining cash assets or unused credit facilities, the Group ensures it has sound payment capacity which reduces the liquidity risk. Payment capacity, i.e., cash from the capital increases and cash equivalents as well as unused credit facilities as at 2021 was €872k (2020: €-733k).

The Group's other financing consists of an offset funding loan from potential shareholders. The loan bears a floating rate, 3.0% and 3.3% p.a. as at 31st December 2021. The loan can be redeemed by the Group at par value at any time and is subject to change of control and transfer of assets clauses.

1.15 LIQUIDITY RISK – GROUP – CURRENT YEAR

2021	0 -1 years	1 – 5 years	Total	Carrying amount
Borrowings from credit institutions	1,404	0	1,404	1,404
Other loans	1,145	0	1,145	1,145
Trade and other payables	13,172	0	13,172	13,172
	15,721	**0**	**15,721**	**15,721**

1.16 LIQUIDITY RISK – GROUP – PRIOR YEAR

2020	0 -1 years	1 – 5 years	Total	Carrying amount
Borrowings from credit institutions	0	0	0	0
Other loans	2,889	0	2,889	2,889
Trade and other payables	16,576	0	16,576	16,576
Total on financial statement	**19,465**	**0**	**19,465**	**19,465**

Fair value of the Offset loan is determined to be equal to it carrying amount (level 3 in the fair value hierarchy). Fair value of short-term liabilities is determined to equal their carrying amount.

The analysis is based on all undiscounted cash flows, including estimated interest payments, and expected instalments on loans. The estimates on interest are based on current market conditions.

The payment obligations are expected to be settled through cash inflows from operating activities and through proceeds from capital injections.

Classification of financial assets and liabilities

1.17 CLASSIFICATION OF FINANCIAL ASSETS – CURRENT YEAR

2021	Financial instruments carried at fair value through profit or loss held for trading	Loans and receivables	Total	Carrying amount	Fair value level 1
Trade and other receivables	0	15,752	15,752	15,752	15,752
Other current receivables	0	2,961	2,961	2,961	2,961
Market securities	0	0	0	0	0
Cash and cash equivalents	0	872	872	872	872
	0	**19,585**	**19,585**	**19,585**	**19,585**

1.18 CLASSIFICATION OF FINANCIAL LIABILITIES – CURRENT YEAR

2021	Financial instruments carried at fair value through profit or loss held for trading	Financial liabilities	Total	Carrying amount	Fair value level 1
Liabilities	0	0	0	0	0
Credit institutions	0	1,404	1,404	1,404	1,404
Other loans	0	303	303	303	303
Trade payables	0	13,172	13,172	13,172	13,172
Other payables	0	842	842	842	842
Accrued Expenses and deferred income	0	4,539	4,539	4,539	4,539
	0	**20,260**	**20,260**	**20,260**	**20,260**

1.19 CLASSIFICATION OF FINANCIAL ASSETS – PRIOR YEAR

2020	Financial instruments carried at fair value through profit or loss held for trading	Loans and receivables	Total	Carrying amount	Fair value level 1
Trade and other receivables	0	15,257	15,257	15,257	15,257
Other current assets	0	470	470	470	470
Market securities	0	0	0	0	0
Cash and cash equivalents	0	(733)	(733)	(733)	(733)
	0	**14,994**	**14,994**	**14,994**	**14,994**

1.20 CLASSIFICATION OF FINANCIAL LIABILITIES – PRIOR YEAR

2020	Financial instruments carried at fair value through profit or loss held for trading	Financial liabilities	Total	Carrying amount	Fair value level 1
Liabilities	0	0	0	0	0
Credit institutions	0	0	0	0	0
Other loans	0	303	303	303	303
Trade payables	0	16,576	16,576	16,576	16,576
Other payables	0	854	854	854	854
Accrued expenses and deferred income	0	4,181	4,181	4,181	4,181
	0	**21,892**	**21,892**	**21,892**	**21,892**

Fair value of credit institutions and other loans are deemed to be equal to the total carrying amount, as these items based on market rate.

The fair values of financial instruments which are not traded in an active market are determined with the help of valuation techniques. Market data is used as far as possible when such data is available. If all significant inputs required for the fair value measurement of an instrument are observable, the instrument belongs to Level 2.

In cases where one or several significant inputs are not based on observable market information, the instrument is classified as Level 3.

The above table shows financial instruments carried at fair value based on their classification in the fair value hierarchy. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly in the form of quoted prices or indirectly, i.e., derived from quoted prices (Level 2)
- Inputs for the asset or liability which are not based on observable market data (non-observable inputs) (Level 3).

In 2021, no transfers between levels were made.

2. SEGMENT INFORMATION

CYBER1's business segments are Distribution, Advisory Services and MSSP/ (Managed Services) and are based on the customers' affiliation with the segments.

Distribution consists of system security, GRC solutions, incident response, forensics initial license agreements and periodic maintenance agreements covering product updates and customer support. License fee revenue included in those agreements is recognized when the product is initially delivered, whereas the license agreements' maintenance revenue is recognized over the maintenance period. Most of the license sales are usage-based and booked based on usage reports, but there are also fixed price operator agreements. The terms of these agreements vary significantly, and their revenue recognition at a point in time when product solutions is transferred to the customer at the expected consideration to be received for such delivery.

Advisory Services – CYBER1 offers its customers a wide range of professional advisory services, which includes legal compliance, installation and integration of various cybersecurity system components, and in general serve as outsourced staff that can be employed as needed, on demand; while **MSSP/Managed services** covers Data Security, Network Security, Gateway Security, Managed Compliance & SIEM Services, Incident Response, Business Continuity & Cyber Forensics - where we take a 'total' and long-term approach, and look at the bigger picture of IT security in organisations , is recognised at the time of delivery of the service.

The three main segments have been identified without aggregation of operating segments. Segment income and costs include any items that are directly attributable to the individual segment and any items that can be reliably allocated to the individual segment. Non-allocated costs refer to income and costs related to joint group functions. Assets and liabilities are not included in segment reporting.

Revenue from advisory services operational segment accounts for 63% (2020: 67%) of the total revenue.

Revenue from distribution accounted for 36% (2020: 31%) of the total revenue.

Revenue from Managed Services accounts for 1% (2020: 2%) of the total revenue.

2.1 SEGMENT INFORMATION – CURRENT YEAR

2021	**Advisory services**	**Distribution**	**MSP & other**	**Total**
Revenue	23,394	13,273	551	37,218
Cost of sales	(16,550)	(10,581)	0	(27,131)
Gross Profit	**6,844**	**2,692**	**551**	**10,087**
Direct costs	(4,319)	(1,718)	(311)	(6,348)
Earnings before indirect costs	**2,525**	**974**	**240**	**3,739**
Indirect costs	(2,041)	(603)	(320)	(2,964)
Segment Profit	**484**	**371**	**(80)**	**775**
Non-allocated costs	0	0	0	0
Earnings before interest, tax, depreciation, and tax (EBITDA)	**484**	**371**	**(80)**	**775**
Depreciation				(326)
Profit from Associate				129
Earnings before interest, tax (EBIT)				**584**
Financials, net				3,800
Earnings before tax (EBT)				**4,378**

No single customer makes up more than 10% of the total revenue.

2.2 SEGMENT INFORMATION – PRIOR YEAR

2020	**Advisory Services**	**Distribution**	**MSP & other**	**Total**
Revenue	18,331	8,525	500	27,356
Cost of sales	(13,575)	(6,256)	0	(19,831)
Gross Profit	**4,756**	**2,268**	**500**	**7,525**
Direct costs	(3,789)	(2,270)	(108)	(6,168)
Earnings before indirect costs	**967**	**(2)**	**392**	**1,357**
Indirect costs	(1,027)	(493)	(4,256)	(5,776)
Segment Profit	**(60)**	**(495)**	**(3,864)**	**(4,419)**
Non-allocated costs	0	0	0	(8,804)
Earnings before interest tax, depreciation, and amortisation (EBITDA)	**(60)**	**(495)**	**(3,864)**	**(13,223)**
Depreciation and amortisation				(352)
Earnings before interest, tax (EBIT)				**(13,575)**
Financials, net				(300)
Earnings before tax (EBT)				**(13,875)**

Geographical information

Cyber Security 1 AB primarily operates in the Middle East and African markets with presence in UK, European and Swedish areas. The below allocation has been made based on the service and products' place of sale. Geographical information as well as information on core business and related business should be regarded as supplementary information.

Geographical

Revenue from Africa accounts for 66% of the total net revenue (2020: 71%).

Revenue from the Middle East accounts for 33% of the total net revenue (2020: 27%).

Revenue from the United Kingdom and Europe accounts for 2% of the total net revenue (2020: 2%).

2.3 GEOGRAPHICAL INFORMATION – CURRENT YEAR

2021	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-Current assets
Africa	24,450	0.19	503	0.02	471
Middle East	12,391	0.68	197	0.02	44
Europe	653	0.11	75	0.11	7,882
Eliminations	(276)	0	0	0	0
Core business	**37,218**	**0.36**	**775**	**0.02**	**8,397**
Other markets	0	0	0	0	0
Cyber1 Group	**37,218**	**0.36**	**775**	**0.02**	**8,397**

2.4 GEOGRAPHICAL INFORMATION – PRIOR YEAR

2020	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-Current assets
Africa	20,464	-22	19	0	352
Middle East	7,375	-40	(157)	-21	114
Europe	734	-97	(4,345)	-592	2,324
Several markets	0	0	0	0	0
Eliminations	(1,217)	0	(4)	-4	0
Core business	**27,356**	**-60**	**(4,483)**	**-16**	**2,791**
Other markets	0	0	0	0	0
Cyber1 Group	**27,356**	**-60**	**(4,483)**	**-16**	**2,791**

Revenue from contracts with customers

The majority of CYBER1 customers are B2B and distributers.

Disaggregation of revenue

2.5 SALES TO EXTERNAL CUSTOMERS – CURRENT YEAR

2021	Distribution	Advisory & managed services	Total segments
Africa	918	23,532	24,450
Middle East	12,301	90	12,391
Europe	54	323	377
External customer sales	**13,273**	**23,945**	**37,218**
Goods and services transferred at a point in time	**13,273**	**23,945**	**37,218**
Total revenue from contracts with customers	**13,273**	**23,945**	**32,218**
Segment gross margin	**2,693**	**7,394**	**10,087**

2.6 SALES TO EXTERNAL CUSTOMERS - PRIOR YEAR

2020	Distribution	Advisory & managed services	Total segments
Africa	6,139	13,107	19,246
Middle East	669	6,706	7,375
Europe	501	234	735
External Customer sales	**7,309**	**20,047**	**27,356**
Goods and services transferred at a point in time	**7,309**	**20,047**	**27,356**
Total revenue from Contracts with customers	**7,309**	**20,047**	**27,356**
Segment Gross Margin	**2,769**	**4,755**	**7,524**

2.7 TANGIBLE AND INTANGIBLE ASSET PER SEGMENT - CURRENT YEAR

2021	Africa	Middle East	Europe	Total
Tangible assets per segment	471	44	1	516
Intangible assets per segment	0	0	22	22
	471	**44**	**23**	**538**

2.8 TANGIBLE AND INTANGIBLE ASSET PER SEGMENT - PRIOR YEAR

2020	Africa	Middle East	Europe	Total
Tangible assets per segment	148	28	2	177
Intangible assets per segment	0	0	22	22
	148	**28**	**24**	**199**

2.9 RECONCILIATION BETWEEN EBITDA PER SEGMENT AND OPERATING PROFIT/LOSS PER SEGMENT - CURRENT YEAR

2021	Africa	Middle East	Europe	Total
EBITDA	503	197	75	775
Non-cash impacting items	(219)	(136)	29	(326)
Operating profit/(loss)	**284**	**61**	**104**	**449**

2.10 RECONCILIATION BETWEEN EBITDA PER SEGMENT AND OPERATING PROFIT/LOSS PER SEGMENT - PRIOR YEAR

2020	Africa	Middle East	Europe	Total
EBITDA	20	(158)	(13,085)	(13,224)
Non-cash impacting items	(198)	(69)	(85)	(352)
Operating profit/(loss)	**(179)**	**(227)**	**(13,170)**	**(13,575)**

Parent company

Revenue in the parent company mainly consists of revenue from collaborate project advisory fees and management fee to subsidiaries.

3. SALARIES AND OTHER SALARY REMUNERATION

Salaries to the CEO and other senior executives are established by the Board. Salary levels are to be based on market conditions in relation to qualifications and performance. In addition to fixed salary, variable remuneration may include a maximum bonus of 100% of fixed salary. This policy may be deviated from with the express consent of the Remuneration Committee. The outcome of the bonus is mainly based on the attainment of financial targets.

The company uses only premium-based pension solutions for senior executives. These pension solutions vary between 8% and 15% of annual fixed salary.

3.1 TOTAL REMUNERATION SENIOR MANAGEMENT AND OTHER STAFF

Total remuneration senior management and other staff	**2021**	**2020**
Board of directors, CEO, and key management	(1,416)	(1,338)
Other staff	(4,932)	(4,829)
Group	**(6,348)**	**(6,167)**
of which Pension and Salary Overhead Costs	**(365)**	**(800)**

The notice period for senior executives is between three and six months. The CEO has a notice period of three months and termination benefits are paid during this period. In the event of termination of employment on the part of the company, the notice period is three months.

Other benefits include company car benefits, car allowances and health insurance.

The CEO and three other members of the Group Management Team are entitled to terminate their employment with the right to receive severance pay in accordance with the terns of their individual employment contracts if a major organizational change should occur that significantly restricts their position, and/or they are not offered equivalent employment terms.

3.2 BOARD OF DIRECTORS' REMUNERATION

Board of directors' remuneration	**2021**	**2020**
Board fee	(174)	(71)
Consulting services	0	0
Total	**(174)**	**(71)**

3.3 CEO AND KEY MANAGEMENT REMUNERATION

CEO and key management remuneration	**2021**	**2020**
CEO	(103)	(137)
Key management	(907)	(1,130)
Total	**(1,010)**	**(1,267)**

3.4 BOARD MEMBERS REMUNERATION

2021	Role	Board fee	Salary	Bonus	Consulting fee	Total
		SEK	SEK	SEK	SEK	SEK
Johan Bolsenbroek	Chairman	350	0	0	0	350
Alan Goslar	Non-Executive Director	300	0	0	0	300
Pekka Honkanen	Non-Executive Director	300	0	0	0	300
Zeth Nystrom	Non-Executive Director	300	0	0	0	300
Robert Brown	Group President and Executive Director	150	366	0	0	516
Total on financial statement		**1,400**	**366**	**0**	**0**	**1,766**

Personnel

The average number of employees, including temporary employees, in the Parent Company during 2021 was 1, and in the Group 169. The corresponding numbers in 2020 were 0 and 146, respectively. The decrease in the average number of employees primarily relates to the restructuring of product and services in the UK and Europe as well as creating operational efficiencies across Africa.

Group employees by region are summarized in the table below:

3.5 AVERAGE NO. OF EMPLOYEES PER SEGMENT – SPLIT BETWEEN MEN AND WOMEN – BOARD OF DIRECTORS AND KEY MANAGEMENT

y

	2021		2020	
Board of directors and key management (average FTE)	**Female**	**Male**	**Female**	**Male**
Parent company	0		0	0
Board of directors	0	5	0	4
CEO and key management	0	1	0	0
Group	0	0	0	0
CEO and key management	3	5	2	2
Group	**3**	**11**	**2**	**6**

3.6 PARENT COMPANY AND SUBSIDIARIES REMUNERATION

Parent company and subsidiaries	2021	2020
Parent company	(103)	(109)
Subsidiaries	(6,245)	(6,059)
Group	**(6,348)**	**(6,168)**

3.7 AVERAGE NO. OF EMPLOYEES PER SEGMENT

	2021		2020	
Average no. of employees per segment	**Average no. of employees**	**(of whom men, %)**	**Average no. of employees**	**(of whom men, %)**
Cyber1	1	100	0	0
Subsidiaries				
Africa	145	63	114	66
Middle East	19	79	29	76
UK and Europe	4	75	3	100
Total	**169**		**146**	

3.8 AVERAGE NO. OF EMPLOYEES PER SEGMENT – SPLIT BETWEEN MEN AND WOMEN

	2021		2020	
Average no. of staff in full time employment (FTE)	**Female**	**Male**	**Female**	**Male**
Parent company	0	1	0	0
Subsidiaries				
Africa	54	91	39	75
Middle East	4	15	7	22
UK and Europe	1	3	0	3
Total	**59**	**110**	**46**	**100**

Remuneration and other benefits to Group Management Team

Application of principles on variable salary for 2021. To ensure alignment with long term shareholder interests, to strengthen the retention element of the variable salary and to promote company shareholding among the Group Management Team ("GMT") the variable salary includes a cash incentive and a long-term share incentive program. The performance period for the long-term programs will be between three to five years.

- Variable salary pertains to accruals charged to the consolidated income statement during the year for short term incentive programs.
- Other benefits pertain to company cars, medical insurance, club membership and other benefits.
- Reported pension costs correspond to service costs for defined benefit pension plans and fees relating to defined contribution pension plans (excluding payroll taxes)
- During 2021 and 2020 no earnings-related compensation has been paid to the Group Management Team
- During 2021 and 2020 no severance has been paid to the Group Management Team.

4. AUDIT AND CONSULTING FEES

Audit assignment refers to auditing of the annual report and financial accounts and the administration by the Board as well as other audit tasks that are incumbent upon the company's auditors.

4.1 AUDIT AND CONSULTING FEES

	Group		Parent	
Audit and other fees	**2021**	**2020**	**2021**	**2020**
RSM	58	89	58	89
Faitz	33	35	0	0
Other	3	0	0	0
Total fees	**94**	**124**	**58**	**89**

5. DEPRECIATION, AMORTISATION, AND WRITE-DOWNS

5.1 DEPRECIATION, AMORTISATION, AND WRITE-DOWNS

	Group		Parent	
	2021	**2020**	**2021**	**2020**
Amortisation of intangible assets	(110)	(84)	0	(10)
Depreciation of tangible assets	(216)	(268)	0	0
Total amortisation and depreciation	**(326)**	**(352)**	**0**	**(10)**

5.2 DEPRECIATION, AMORTISATION, AND WRITE-DOWNS ON PROPERTY, PLANT AND EQUIPMENT

Group	**2021**	**2020**
Buildings	0	0
Plant, operating equipment	(86)	(31)
Lease	(130)	(237)
Total depreciation and write-downs on property, plant, and equipment	**(216)**	**(268)**

5.3 AMORTISATION AND IMPAIRMENT OF INTANGIBLE ASSETS

Group	**2021**	**2020**
Customer related assets	0	(74)
Software	(110)	(10)
Total amortisation and impairment of intangible assets	**(110)**	**(84)**

6. OTHER OPERATING EXPENSES

6.1 OTHER OPERATING EXPENSES

	Parent		Group	
	2021	**2020**	**2021**	**2020**
Divestment ITWAY	0	12,306	0	8,804
	0	**12,306**	**0**	**8,804**

7. INCOME TAX

7.1 INCOME TAX

	Group		Parent	
	2021	2020	2021	2020
Current tax recognised via the income statement	0	0	0	0
Deferred tax expense/(income) or temporary CFC profit/losses	0	0	0	0
Total deferred tax expense/(benefit)	0	0	0	0
Tax related to prior years	0	0	0	0
Total tax recognised via the income statement	0	0	0	0
Tax recognised via equity	0	0	0	0
Tax expenses recognised in profit or loss	**0**	**0**	**0**	**0**

The parent company recognises and pays tax on CFC (Controlled foreign corporation) taxable profits from its wholly owned subsidiaries in Dubai since these companies are affected by Swedish CFC taxations rules (Swedish corporate income tax legislation; Chapter 39 7a).

7.2 TAX RATE RECONCILIATION

	Group		Parent	
	2021	2020	2021	2020
Profit/(Loss) before tax	4,378	(13,876)	3,262	(15,641)
Parent tax expense at rate 21.4%	0	0	698	(3,347)
Group tax expense at 30%	1,313	(4,163)	0	0
Difference between tax at aggregated rate and actual rate	0	0	0	0
Tax profit/loss recognised as deferred tax assets	(1,313)	4,163	(698)	3,347
Tax expense	**0**	**0**	**0**	**0**

The applicable tax rate is the aggregate of the national income tax rates for the Groups Subsidiaries

Unused tax losses for which no deferred tax asset has not been recognised amount to €7,595k.

8. INTANGIBLE ASSETS

Intangible assets contain goodwill, customer relationships and other intangible assets. Other intangible assets mainly consist of acquired technology. Amortization of intangible assets is reported in the income statement and allocated to functions as applicable. There are no intangible assets related to manufacturing processes or the like, therefore no amortization is allocated to cost of goods sold.

Goodwill

Goodwill comprises the positive amount by which the sum of (i) the cost of shares in subsidiaries, (ii) the value of non-controlling interest and (iii) the fair value of previously held equity interest exceeds the fair value of the Group's share of acquired identifiable net assets at acquisition. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis, or more frequently if indicated. See also section Impairment.

Customer relations and other intangible assets

Intangible assets also include CYBER1 brand, technology, brands, and customer relations. In conjunction with the acquisition of such assets, the acquisition values are reported as assets, which are amortized on a straight-line basis over the estimated useful life.

Item	Depreciation method	Average useful life
Software and technology	Straight-line basis	5-10 years
Brands	Straight-line basis	5-10 years
Customer relations	Straight-line basis	15-20 years

Impairment

The carrying amount of a depreciated asset is tested for impairment whenever there are indications that the carrying amount might not be recoverable. If there are indications of impairment, the asset's recoverable amount is calculated. The recoverable amount consists of the higher of the value in use of the asset in operations and the value that would be received if the asset was sold to a third party, the net realizable value.

Value in use consists of all incoming and outgoing payments attributable to the asset during the period it is expected to be used in operations, plus the net realizable value at the end of the useful life. If the calculated recoverable amount is less than the carrying amount, impairment is made to the asset's recoverable amount. An impairment loss recognized in previous periods is reversed if the reasons for the impairment no longer exist. However, a reversal will not be higher than the carrying amount would have been if an impairment loss had not been recognized in previous periods.

Goodwill is subject to annual impairment testing even if there are no indications of impairment. The carrying amount of goodwill is allocated to cash generating units. When testing for impairment of goodwill, the assets are grouped in cash-generating units and assessments are made based on these units' future cash flows. Impairment losses on goodwill are not reversed. All impairment losses, and any reversals of the same, are recognized in the income statement.

Estimates and assessment

For the Group, the most significant estimates and assumptions are those relating to impairment testing of goodwill. This means that the effect on the financial reports may be considerable if the estimates and assessments made would prove to deviate significantly from the actual outcome.

In connection with impairment testing of goodwill the carrying amount is compared with the recoverable amount. The recoverable amount is determined by the higher of an asset's net realizable value and its value in use. Normally, it is not possible to determine the net realizable value. Therefore, the value in use is normally the value being compared with the carrying amount. Thus, each cash generating unit's value in use is calculated in assessing any impairment of goodwill. Calculations are performed through discounting future estimated cash flows.

To perform the calculations several assumptions concerning future circumstances and estimates of parameters are made, for example growth and discount rate. Any adjustments of the assumptions made could influence the carrying amount of the goodwill. Assuming a lower growth rate would lead to a lower recoverable amount. A higher discount rate would also lead to a lower recoverable amount.

During the year the Group recognised Intangible Customer Relations assets of NIL NBV after amortisation and the Goodwill shows a balance of €6,630k in 2021 (2020: €6,630k), as there were no impairments in either period.

9.4 INTANGIBLE ASSET RECONCILIATION – CURRENT YEAR

	Group			Parent
	Goodwill	Customer relationships	Other intangible assets	Other intangible assets
Accumulated acquisition value 1 January 2021	6,630	0	52	52
Business combinations	0	0	0	0
Reclassifications	0	0	0	0
Purchases/capitalization	0	0	0	0
Divestments/disposals	0	0	0	0
Translation differences	0	0	0	0
Accumulated acquisition 31 December 2021	**6,630**	**0**	**52**	**52**
Accumulated amortisation value 1 January 2021			(31)	(31)
Reclassifications				
Divestments/Disposals				
Amortisation for the year				
Translation differences				
Accumulated amortisation value 31 December 2021	**0**	**0**	**(31)**	**(31)**
Carrying amount 31 December 2021	**6,630**	**0**	**21**	**21**

Other intangible assets mainly relate to technology acquired through business combinations, as well as other capitalised costs such as software and branding licences.

9. IMPAIRMENT TEST OF GOODWILL

Goodwill is tested for impairment every year to assure that the carrying amount of each of the Group's cash-generating units is not higher than its recoverable amount. The Group's cash-generating units equal the geographic regions, which also constitute the Group's operating segments. The carrying amount equals capital employed and the recoverable amount for each cash-generating unit is determined based on a calculation of value in use for each unit.

The allocation of goodwill to cash-generating units (operating segments) is shown in the following table.

9.1 GOODWILL BY SEGMENT

Goodwill by segment	**2021**	**2020**
Africa	5,398	5,398
Middle East	942	942
Europe	290	290
	6,630	**6,630**

The Group acquired the following subsidiaries in the below table. The acquired companies are active in the Cyber security industry as Software Resellers and Distributors and providers of overall Cyber security solutions. The Acquisitions are in line with the overall strategy of the CYBER1 AB Group.

9.2 GROUP ACQUISITIONS

Financial acquisition analysis	**Dynamic Recovery Services**	**Credence SA**	**Credence (UAE)**	**Professional Technologies Ltd**	**Credence UK**	**Intact Software (Pty)**	**Total**
% of shares acquired	74%	100%	100%	100%	100%	100%	
Value acquired assets	2,444	329	2,024	678	123	190	17,245
Value acquired liabilities	(1,960)	(311)	(1,900)	(476)	(56)	(143)	(12,907)
Value of acquired Net Assets	484	18	124	202	67	47	4,339
Adjustment fair value of assets and liabilities	(1,022)	(37)	(262)	(427)	(82)		(671)
Purchase consideration	3,163	107	804	1,286	275	235	15,870
NCI NA	(129)						(129)
Intangible: customer relationships							
Goodwill	**3,572**	**127**	**942**	**1,511**	**290**	**188**	**6,630**

Goodwill recognised from this acquisition amount to €6,630k and is attributable to the workforce and the profitability of the acquired business.

The group recognised the non-controlling interests Dynamic Recovery Services (Pty) Ltd at its fair value, therefore the recognised value of the non-controlling interests its proportionate share of the acquired net identifiable assets. See note 1.4 for the group’s accounting policies for business combinations.

Below table is a summary of paid considerations for the acquisitions as well as the Fair Value of acquired Assets and Liabilities

9.3 PURCHASE CONSIDERATION SUMMARY

Purchase consideration	2021	2020
Fair value of non-controlling interest	(129)	(129)
Cash consideration	1,467	1,467
Non-cash consideration	4,403	4,403
Total Consideration	**5,741**	**5,741**
Less total net assets	(941)	(941)
Adjustment fair value of assets and liabilities	1,830	1,830
Goodwill	**6,630**	**6,630**

Goodwill shows a balance of €6,630k in 2021 (2020: €6,630k)

None of the recognised Goodwill will be deductible for corporate income tax purposes.

Impairment testing of Goodwill

Recognised Goodwill has an indefinite useful life, Management therefore tests Goodwill annually for impairment or at any time an impairment indicator is identified.

The recoverable Value for Goodwill with an indefinite live has been calculated based on the Value in use that management expects to realise. The value in use has been calculated based on the future expected cash flows generated in the five-year period 2020 to 2024. Future expected cashflows were identified as follows:

- 2022: Free Cash Flows detailed in the 2020 Business Plan that was approved by the Board of Directors.
- 2022-2026: Free Cash Flows based on an assumed p.a growth in Free Cash Flow of 5% from the 2021 level.
- Terminal value after 2026 estimates a growth rate of 2%

The growth rate assumed for the period 2021-2025 does not exceed the long-term growth rate for the markets in which the businesses operate in. Key assumptions used are based on management's experience.

Key assumptions in the determination of the Value in Use of Goodwill

The value in use for each unit is derived from discounted cash flows, based on estimated future cash flows. The estimates are based on the current financial actuals and expected future development up to five years. Assumptions regarding sales volume, sales prices, operating expenses, and product mix form the basis for estimated future growth and margin development. Volume assumptions are based on historical outcome, the executive management's expectations on market development, and expected global market growth.

Price assumptions are based on current market trends and inflation forecasts. Margin development is based on current margin levels and product mix adjusted for expected price changes and possible changes in the product mix. For periods to five years, the extrapolation of expected cash flows has been assumed to be a prudent 5 percent (2020: 5%), which is considered within anticipated industry growth. The cash flows have been discounted using average pre-tax interest rate of 10.5 percent (2020: 10.5%).

The interest rate corresponds to the Group's current weighted cost of capital (WACC) and is based on current market assessments. Impairment testing is performed annual, after the budget and forecast business plans have been determined by the executive management. The 2021 (2020) test showed that there is no impairment.

Sensitivity analyses have been carried out regarding the discount rate (risk) and long-term growth with a general reduction in the growth rate after five years of 2 percentage points (2) (implying an assumption of zero growth) and a general increase in the weighted capital cost of 2 percentage points (2010: 2). The sensitivity analyses did not demonstrate any impairment; neither an increase in the WACC to 14.5% or a reduction of growth rate for free cash flows to 1% for the period 2022-2026 would on their own be sufficient to trigger an impairment of Goodwill.

In addition to the annual impairment test, goodwill is tested whenever there are indications of impairment.

10. TANGIBLE FIXED ASSETS

10.1 TANGIBLE ASSETS CARRYING VALUE – CURRENT YEAR

Property, plant, and equipment	**2021**	**2020**
Cost at beginning of year	1,174	911
Purchases/investment	405	263
Cost at end of year	**1,579**	**1,174**
Accumulated depreciation at beginning of year	(997)	(729)
Depreciation for the year	(216)	(268)
Accumulated depreciation at end of year	**(1,213)**	**(997)**
Net carrying value at end of year	**366**	**177**

Depreciation charges on tangible assets are included in administrative expenses in the income statement and amounts to €216k (2020: €268k). No borrowing costs have been capitalized during 2021 nor during 2020.

11. LEASES

The Group is lessee for a few assets where real estate leases, such as rental of office premises, and warehouses, represent a major part of the total value of leases. The Group's leases also include storages etc. apart from short-term leases and leases of low-value, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Lease payments are generally fixed, but a limited number of real estate leases are linked to periodic changes in an index. Variable lease payments, which do not depend on an index or a rate, are excluded from the initial measurement of the lease liabilities and assets.

Some leases contain options to extend the lease for one or more terms or to terminate the lease. Assessment of the likelihood of using extension or termination options are made and the amount of optional lease payments not included in the lease liabilities at 31st December 2021.

The average duration of the Group's lease liability was 2.3 years, including assessments of the likelihood of utilizing extension and termination options.

Leases at 31st December 2021 comprised the following:

Right-of-use assets

11.1 RIGHT-OF-USE ASSETS

2021	Tenancy	Others	Total
Cost as at 1 January	273	0	273
Foreign currency translation adjustments	6	0	6
Additions during the year	0	0	0
Disposals during the year	0	0	0
Write-down and depreciation during the year	0	0	0
Write-down and depreciation during the year	(130)	0	(130)
Write-down and depreciation of abandoned assets	0	0	0
	149	**0**	**149**

LONG-TERM LEASE LIABILITIES

11.2 LEASE LIABILITIES - CURRENT YEAR

	2021
As at 1 January 2021	281
Additions	0
Interest Payments	19
As at 31 December 2021	**303**

11.3 AMOUNTS RECOGNISED IN PROFIT AND LOSS - CURRENT YEAR

	2021
Depreciation of right-of-use assets	(130)
Interest expense on lease liabilities	(19)
Expense relating to variable lease payments not included in the measurement of lease liabilities	0
Total	**(149)**

11.4 CASH OUTFLOW FOR LEASE - CURRENT YEAR

	2021
Instalments on lease liabilities	(130)
Interest payments	(19)
Total cash outflow for leases	**(149)**

12. INVESTMENT IN SUBSIDIARIES

The principal activity of all subsidiaries is to market and sell solutions to increase safety on the internet and to sell products and services in this area.

Impairment test

Investments in subsidiaries are measured in the parent company's financial statements at cost price. If there is an indication of impairment, the recoverable amount of the asset is calculated. The recoverable amount is the highest of the fair value or value in use.

The carrying amount for investments in subsidiaries amounts to €2,321k as at 31st December 2021 (2020: €2,301k).

Expectations for the next years are aiming to generate sales, through organic growth of around €85m in 2025, supported by the strong underlying market. CYBER1 targets a gross margin exceeding 20 percent in the medium term.

The group's activities are primarily carried out in Dynamics Recovery Services (DRS) with booked revenue of €22,040k during the current year under review and on a smaller scale in Credence SA with a revenue of €918k for the year. CYBER1 Group AB's activity is holding of shares in subsidiaries and associates, listing on NASDAQ First North and providing the groups leadership activities.

12.1 INVESTMENT IN SUBSIDIARIES

	2021	2020
Opening balance January 1	2,301	14,357
Acquisition	0	0
Impairment of investments	0	(12,056)
Investment in subsidiaries	20	0
Closing balance 31 December	**2,321**	**2,301**

12.2 INVESTMENT IN SUBSIDIARIES TRANSACTIONS

Cyber Security 1 AB subsidiaries	Company registration Nr.	Domicile	% of shares owned	% of voting rights owned	2021	2020
Cognosec Ltd	224746800	United Kingdom	100%	100%	275	275
Cognosec DMCC	DMCC 40384	UAE, Dubai	100%	100%	0	0
Credence Security JLT	JLT 4874	UAE, Dubai	100%	100%	205	205
Professional Technologies Ltd	No. C 81571	Kenya	100%	100%	309	309
Dynamic Recovery Services (Pty) Ltd	1997/019520/07	South Africa	74%	74%	1,248	1,248
Credence Security (Pty) Ltd	1999/009285/07	South Africa	100%	100%	29	29
Intact Software Dis. (Pty) Ltd	2011/103356/07	South Africa	100%	100%	235	235
Credence Security Ltd	6821858	United Kingdom	100%	100%	20	0
					2,321	**2,301**

12.3 RECONCILIATION BETWEEN RECOVERABLE AMOUNTS AND CARRYING AMOUNTS OF THE SHARES IN SUBSIDIARIES – CURRENT YEAR

Impairment test	Dynamic Recovery Services (Pty) Ltd	Credence SA	Intact Software Distribution (Pty) Ltd	Professional Technologies Ltd	Credence UAE	Cognosec UK	Credence Security Ltd
Result	127	90	0	78	111	711	(34)
Equity – DCF	16,580	368	21	264	14,513	1,703	982
Proportion of shares	74%	100%	100%	100%	100%	100%	100%
Booked value	1,248	29	235	309	205	275	20
Carrying amount of equity 2021	16,580	368	21	264	14,513	1,703	982

13. DISCONTINUED OPERATIONS

There are no discontinued operations during the current year of review.

Divestment of subsidiaries

There is no divestment of subsidiaries during the current year of review.

14. INVENTORIES

Inventories are valued in accordance with the 'first in, first out' principle and at the lower of cost and net realizable value. Internal profits arising from deliveries between Group companies are eliminated upon consolidation.

14.1 INVENTORIES

	2021	2020
Finished Goods	6	452
	6	**452**

Impairment of inventories during the year amounted to Nil (2020: Nil).

15. TRADE AND OTHER RECEIVEABLES

15.1 TRADE AND OTHER RECEIVABLES

	Group		Parent	
	2021	**2020**	**2021**	**2020**
Trade debtors	15,752	15,141	323	6,403
Pre-payment of supplier invoices	163	116	0	0
Prepaid rent	0	0	0	0
Tax receivables	0	0	0	0
Amounts owed by Group undertakings	0	0	0	0
Other receivables	2,798	0	0	0
Less provision for impairment of trade receivables	0	0	0	0
	18,713	**15,257**	**323**	**6,403**

Movements on the group provision for impairment of trade receivables are as follows:

15.2 MOVEMENT FOR THE GROUP - IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

Trade receivable provision	**2021**	**2020**
Carrying value at beginning of year	0	0
Allowances for losses during the year	0	0
Recovery	0	0
Write-down	0	0
	0	**0**

As of December 2021, trade receivables of €10,256k (2020: €11,104k) were past due and Nil (2020: Nil) were impaired. The aging of trade receivables is as follows

15.3 AGE ANALYSIS - TRADE RECEIVABLES

Ageing of trade analysis	**2021**	**2020**
Current	5,496	3,946
Overdue < 31 days	3,297	1,033
Overdue 31 – 90 days	1,674	1,210
Overdue > 90 days	5,285	8,952
	15,752	**15,141**

The remaining trade and other receivables do not contain impaired assets as these are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The group does not hold any collateral in relation to these receivables.

Trade receivables are generally held in domestic currencies, which have an insignificant impact on the foreign currency risk. The provision for account receivables mainly pertains to doubtful customer account receivables that have the potential risk for not being collected. The credit risks of the Group's trade receivables are deemed to be low. For more information see Note 1 Financial instruments and financial risks.

16. LIABILITIES AND OTHER PROVISIONS

Current liabilities are stated at book value which is fair value.

16.1 LIABILITIES AND OTHER PROVISIONS (CURRENT)

	Group		Parent	
Current liabilities	**2021**	**2020**	**2021**	**2020**
Trade creditors	13,172	16,576	3,816	8,772
Current tax liabilities	239	854	0	0
Other liabilities	5,142	4,181	741	0
Interest bearing liabilities	1,404	0	0	0
Lease liabilities	303	281	0	0
Amounts due to Group undertakings	0	0	445	2,282
	20,260	**21,892**	**5,002**	**11,086**

17. NON-CONTROLLING INTEREST

The following is summarised financial information for Dynamic Recovery Solutions (Pty) Ltd, prepared in accordance with IFRS. The information is before inter-company eliminations. CYBER1 owns 74% of the Share capital and voting rights in its South African subsidiary Dynamic Recovery Solutions (Pty) Ltd. The Non-controlling interest in Dynamic Recovery Services (Pty) Ltd is 26% and is owned by the EMM Share Trust. The trust is entitled to receive its proportionate Share of any dividend distribution. No dividend payments made in 2021 and 2020 to the non-controlling interest related to CYBER1's acquisition of Dynamic Recovery Solutions (Pty) Ltd.

The non-controlling interest held by the EMM Share trust ensures that Dynamic Recovery Services (Pty) Ltd complies with the South African Broad-Based Black Economic Empowerment Act (52/2003).

17.1 NON-CONTROLLING INTEREST - PROFIT

NCI Profit	**2021**	**2020**
Revenue	22,040	18,483
Profit	127	(324)
Profit attributable to NCI	33	(84)
Other comprehensive income	0	0
	22,200	**18,075**

17.2 NON-CONTROLLING INTEREST - NET ASSETS

NCI Net assets	**2021**	**2020**
Current assets	6,194	3,378
Non-current assets	448	261
Current liabilities	(6,212)	(3,282)
Non-current liabilities	0	0
	430	**357**

18. SHARE CAPITAL

Per 31st December 2021 CYBER1 registered Share capital consisted of 710.8 million Shares (2020: 348.9 million Shares) and amounted to TSEK 186 (2020: TSEK 105). CYBER1 shares are denominated in Euros.

To facilitate an analysis of changes in the number of issued Shares and the Share capital for both 2021 and 2020; Share capital, as presented in the Primary Financial Statements are presented at the exchange rate per 31 December 2021, which was SEK 10.13 per EUR (2020: 10.62). As at 31 December 2021 the par value of each Share is SEK 0.0003 (2020: 0.0003) or EUR 0.000030 (2020: 0.000029). Each Share has one vote.

The Share capital detailed in the annual accounts is the Share capital which was registered on the 31st December 2021 and 2020 respectively.

18.1 SHARE CAPITAL RECON

Transaction	Date	Change in issued number of shares	Issued number of shares	Par value SEK
Shares issued at	1 January 2015	0	250,000	1
Share split 1 to 1000	23 April 2015	249,750,000	250,000,000	0.0010
Offset share issue	23 April 2015	362,000,000	612,000,000	0.0010
Reverse split 2 to 1	23 April 2015	(306,000,000)	306,000,000	0.0010
Reverse split 10 to 8	23 April 2015	(61,200,000)	244,800,000	0.0025
Directed share issue	7 December 2015	2,800,000	247,600,000	0.0025
Initial public offering of shares	22 June 2016	9,579,500	257,179,500	0.0025
Shares issued at	**31 December 2016**		**257,179,500**	**0.0025**
Shares issued at	1 January 2017		257,179,500	0.0025
Shares issued at	**31 December 2017**		**257,179,500**	**0.0025**
Directed share issue	11 January 2018	1,474,000	258,653,500	0.0027
Offset share issue	9 March 2018	3,638,243	262,291,743	0.0027
Directed share issue	13 July 2018	16,666,666	278,958,400	0.0018
Private placement of new issues	23 October 2018	13,277,097	292,235,506	0.0018
Shares issued at	**31 December 2018**		**292,235,506**	**0.0018**
Private placement of new issues	18 March 2019	3,250,976	295,486,482	0.0026
Shares issued at	**31 December 2019**		**295,486,482**	**0.0026**
Offset share issue	27 April 2020	38,769,247	334,225,729	0.0003
Offset share issue	27 April 2020	14,634,497	348,890,226	0.0003
Shares issued at	**31 December 2020**		**348,890,226**	**0.0003**
Rights issue	6 August 2021	174,445,113	523,335,339	0.0003
Offset share issue	1 October 2021	187,466,716	710,802,055	0.0003
Shares issued at	**31 December 2021**		**710,802,055**	**0.0003**

19. EARNINGS PER SHARE

19.1 EARNINGS PER SHARE

Earnings per share	2021	2020
Net results attributable to shareholders of the Parent (TEUR 000)	4,345	(13,875)
Weighted average number of ordinary shares in issue (Thousands)	529,846	348,890
Basic earnings per share (TEUR per share)	**0.0082**	**(0.0398)**

The group has no dilutive potential ordinary shares. Therefore, the diluted earnings per share is the same as the basic earnings per share

CYBER1 paid no Dividends in 2021.

20. EQUITY

Objectives, policies, and processes for managing capital

The Board of Directors of Cyber Security 1 AB has concluded that in view of the good and stable prospects for the business the financial policy is that the Group will strive to maintain a net debt that does not exceed three times EBITDA. Excess funds shall be returned to shareholders through dividends and share repurchases.

Share capital

All shares are of the same class and carry the same voting rights. All shares are paid in full. All shares carry the same entitlement to the company's assets and profit. There are no restrictions on the transferability of the shares according to the law or the Articles of Association.

Other contribution capital

Other contributed capital pertains to equity contributed by the owners and includes share premium reserves.

In accordance with Chapter 4, Section 2, Paragraph 2 of the Swedish Annual Accounts Act, such funds are not available for distribution.

Hedging reserve

The hedging reserve refers to accumulated gains and losses arising from changes in the fair value of cash flow hedges attributable to hedges of exchange rate fluctuations and interest rate risks. At the end of the year, there were no cash flow hedges recognised in other comprehensive income.

Foreign currency translation reserve

The foreign currency translation reserve covers all exchange differences arising on translation of the financial statements of foreign operations that are presented in a currency other than that used for presentation of the consolidated financial statements. The Parent Company and the Group present their financial statements in EUR.

Fair value reserve

The fair value reserve included the cumulative net change in the fair value of available-for-sale financial assets until the assets are de-recognised or impaired.

21. RELATED PARTY TRANSACTIONS

The Group's related parties include associated companies and key management personnel with significant influence over the Group. Key management personnel with significant influence over the Group are CYBER1 Board of Directors and members of the Group Management Team. Related parties' transactions are conducted at an arms-length basis.

The Groups subsidiaries in South Africa paid EUR 82k for office premises rented via a company that is controlled by the Group's president. The Board of directors considers that the rental chare is in line with market conditions. Otherwise, no transactions have taken place between CYBER1 and related parties that have material impact on the company's position or earnings.

CYBER1 announced on the 31st May 2021 the signing of a Sale and Purchase Agreements for acquisitions of 50 percent of Cyber Security South Africa (CSSA) and Cyber Security Africa Distribution (CSAD), which are part owned by CYBER1 Executive Director, Robert Brown. As with the financial and legal due diligence process, this was handled by the elected Board of Directors that excluded Robert Brown in his then capacity as CEO, as well as with two independent firms in South Africa to value and provide information on the acquisitions. Moving forward, confirmation of the remaining 50 percent will be dealt with by an acquisition sub-committee, that will have representatives from the Board of Directors that will exclude Robert Brown.

The exclusivity rights for CYBER1 to purchase the remaining 50 percent of CSSA and CSAD will last until 30th September 2022. The Board is confident that the Group President can exercise his duties appropriately as has been demonstrated in the initial closing of the first 50 percent with a strong ability to unlock opportunities for growth across all units.

CYBER1 has enlisted Non-Executive Director Pekka Honkanen, to provide an overview and contribution to the Company's long term corporate governance strategy. The scope ensures that best practises are evolving and being refined to the ever changing and cross-jurisdictional context that the Company sits within. The engagement through his consulting company (PHOY Solutions) falls outside the scope and remit Mr Honkanen has as a non-executive director under the Company's rules of procedure and articles of association.

Related parties also comprise subsidiaries in which CYBER1 has controlling influence.

21.1 MAJOR SHAREHOLDERS

Shareholder	Percentage of issued ordinary share capital %	Value SEK
ABN AMRO SWEDEB CLIENT NON-TREATY	21.9	156,054,364
SAXO BANK A/S CLIENT ASSETS	14.4	102,718,677
SIX SIS AG, W8IMY	10.2	72,621,230
MANGOLD FONDKOMMISSIN AB	8.9	63,500,000
UBS SWITZERLAND AG, W81MY	8.7	62,085,763
CS (CH) CLIENT OMNIBUS ACC	6.2	44,356,802
MORGAN STANLEY & CO INTL PLC, W8IMY	5.4	38,132,216
BRIDGE FINANCE SOLUTION AB	4.3	30,800,240
THE BANK OF NEW YORK MELLON, CORPORATION W9	2.5	17,854,040
NORDNET PENSIONSFORSAKRING AB	1.7	12,058,270
GROWTHZONE AB	1.4	9,678,282

22. EVENTS AFTER REPORTING PERIOD

There are no significant events post reporting period events to disclose.

23. APPROPRIATION OF CURRENT YEAR PROFIT/LOSS

23.1 APPROPRIATION OF PROFIT/LOSS

Appropriation profit/loss	2021
Free equity	(2,448,618)
Current year profit/loss	3,132,759
Share issue	3,532,408
	4,216,549

24. APPROVAL OF ANNUAL REPORT

The Board of Directors and the CEO hereby affirm that the Annual Report has been prepared in accordance with generally accepted accounting policies in Sweden and that the consolidated financial statements have been prepared in accordance with international accounting standards as adopted by the European Parliament and Council Regulation (EC) No 1606/2002 of July 19, 2002, in respect of the application of international accounting standards.

The Annual Report and the consolidated financial statements provide a true and fair view of the Parent Company's and the Group's financial position and earnings. The Directors' Report for the Parent Company and the Group provides a true and fair overview of the operations, financial position and results of the Parent Company and the Group and describes material risks and uncertainties facing the Parent Company and the companies that are part of the Group.

The Group's income and financial statements will be submitted to the Annual General Meeting on 25th May 2022 for adoption.

4th May 2021

____

Peter Sedin

CEO

____

Johannes Bolsenbroek

Chairman

____

Robert Brown

Group President and Board member

____

Alan Goslar

Board member

____

Zeth Nystrom

Board member

____

Pekka Honkanen

Board member

Our audit report opinion was issued on 4th May 2022.

RSM Stockholm AB

____

Malin Lanneborn

Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Cyber Security 1 AB (publ), corporate identity number 556135-4811

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Cyber Security 1 AB (publ) for the financial year 2021. The company's annual accounts and consolidated accounts are included in pages 13-73 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Cyber Security 1 AB (publ) as of 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual accounts Act and give a true and fair view of the group's financial position as of December 31, 2021 and its financial performance and cash flows for the year and in accordance with International Financial Reporting Standards (IFRS) as they have been adopted by the EU and the Annual Accounts Act.

The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and for the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes, based on our best knowledge and conviction, no forbidden services as described in Audit regulations (537/2014) Article 11.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Information other than the annual report

The Board of Directors and the CEO are responsible for the other information. The other information consists of the corporate governance report but does not include the annual report and our auditor's report regarding it.

Our statement regarding the annual report does not include this information and we do not make a statement with confirmation regarding this other information.

In connection with our audit of the annual report, it is our responsibility to read the information identified above and consider whether the information is materially incompatible with the annual report. In this review, we also take into account the knowledge we otherwise acquired during the audit and assess whether the information otherwise appears to contain significant inaccuracies.

If we, based on the work that has been done regarding this information, conclude that the other information contains a material error, we are obliged to report this. We have nothing to report in that regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act, and in regards to the consolidated accounts, in accordance with IFRS as they have been adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and the consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the board of, among other things, the planned scope and focus of the audit and the time for it. We must also inform about significant observations during the audit, including any significant deficiencies in internal control that we have identified.

We must also provide the Board with a statement that we have complied with relevant professional ethical requirements regarding independence, and address all relationships and other circumstances that may reasonably affect our independence, and, where applicable, associated countermeasures.

Of the areas communicated to the Board, we determine which of these areas have been the most significant for the audit of the annual accounts and the consolidated accounts, including the most important assessed risks of material misstatement, and which therefore constitute the areas that are particularly important for the audit. We describe these areas in the auditor's report unless laws or other regulations prevent information on the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Cyber Security 1 AB (publ) for the year the financial year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Cyber Security 1 AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm May 4 2022

RSM Stockholm AB

Malin Lanneborn
Authorized Public Accountant