

# Annual Report

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## CYBER1 in short

### **Significant revenue and gross profit improvements, combined with streamlining of operating expenditure to showcase EBITDA profitability and upside growth potential leading into 2024.**

CYBER1 is a multi-product and multi-jurisdictional leader in cyber security advisory and solutions. We are uniquely placed to help customers achieve cyber resilience. CYBER1 has been listed on First North Growth Market since 2016.

It's headquartered in Stockholm Sweden, with multiple offices across Africa and the EMEA region which creates good opportunities for adapting services to local conditions and security threats, where each company's needs are unique.

**TRINEXIA** is the trusted Cyber Security, forensics, governance, risk and compliance value added distributor of leading solutions across Europe, Middle East, Africa, Southern Africa and India. We are consistently and successfully adding great value to our partner community, with our partners, we design and deliver intuitive, trusted and leading solutions that are customised to achieve the required results, whilst being admired for our people, partnerships and performance.

**CYBER1 Solutions** - Our advisory solutions deliver information security; IT risk management; fraud detection; governance and compliance; as well as a full range of managed services. We also provide bespoke security services across the spectrum, with a portfolio that ranges from the formulation of our customers' security strategies to the daily operation of end-point security solutions. To do this, we partner with world-leading security vendors to deliver cutting-edge technologies augmented by our wide range of professional services.

**C1 SOC**- A robust Next-Generation SOC can bolster any organisations cybersecurity by offering improved threat intelligence, automation, real-time visibility, and compliance with regulations and standards. Gartner suggests that organisations consider outsourcing their SOC if they lack the resources or expertise to build and maintain one in-house. CYBER1 SOC offers ongoing monitoring of advanced threats across endpoints, networks, cloud environments, and applications. Our services detect emerging, evolving, and established threats through the latest threat intelligence and hunting.

Outsourcing a SOC to a Managed Security Services Provider (MSSP) can offer several benefits, including:

- Access to expert resources: MSSPs can provide access to a team of experienced security professionals who can monitor and respond to threats around the clock.
- Cost savings: MSSPs can provide SOC services at a lower cost than building and maintaining an in-house SOC.
- Scalability: MSSPs can quickly ramp up or down services based on an organisation's changing security needs.
- Flexibility: MSSPs can provide a range of SOC services tailored to an organisation's specific needs and requirements.

## Highlights 2023

### **CYBER1 Value Added Distribution companies to rebrand as TRINEXIA**

At the start of 2023, CYBER1 announced that its Value-Added Distribution (VAD) companies, Credence Security, Cyber Security Africa Distribution (CSAD) and Cyber Security South Africa (CSSA), will be rebranded as TRINEXIA. This announcement is in keeping with the global growth plans, as the company expands its footprint and aligns our VAD under one, cohesive brand.

### **CYBER1 Carries Out Directed Set-Off New Issue**

In March of 2023, pursuant to authorization granted by the annual general meeting on 25 May 2022 the board of directors in CYBER1 resolved on a directed set-off issue of 4,615,385 new shares at a subscription price of EUR 0.0130 per share. The new issue is directed to a supplier of services to the Company, with share payment made by set-off of invoice claims on the Company.

### **CYBER1 Solutions Division Expands Further Into Europe**

CYBER1 Solutions announced the expansion of its European presence, and the appointment of Hilbert Long as the General Manager for the region in line with the EMEA expansion plans. The company's European office is based out of London and with staff across EMEA. The business aims to grow its footprint in the region by expanding its set of cyber security services to current and future customers.

### **CYBER1 announced partnership with 9TH BIT on mutual opportunities around DevSecOps and Cyber Security**

CYBER1 announced a partnership with 9TH BIT, a leading provider of Information Technology in Integration, Microservices & API, DevOps & DevSecOps, DataOps & NoSQL as well as Observability & AIOps domains. The partnership agreement will see both organisations collaborating in the referral of customers, as well as joint sale and supply of technologies and services.

### **CYBER1 announced formal closure of American Depositary Receipt programme**

The decision has been taken related to the programme previously established in 2018, following the company's strategic focus on its core offering and engagement in capital markets, through its listing on Nasdaq First North Growth Market in Sweden.

### **CYBER1 Next-Gen Security Operations Centre receives ISO 27001 certification**

CYBER1 announced that its Next-Gen Security Operations Centre (C1 SOC) has been certified by the International Organisation for Standardisation (ISO), related to its 27001 approach on information security management.

This achievement demonstrates CYBER1's commitment to attain the highest industry standards for safeguarding data and protecting against cyber threats. This accomplishment also underscores C1 SOC's effectiveness in delivering robust and reliable security measures, to ensure the safety and integrity of our clients' critical assets.

## **CYBER1 subsidiary in South Africa achieves B-BBEE Level 1 award**

CYBER1's largest subsidiary CYBER1 Solutions South Africa, announced its attainment of a B-BBEE (Broad-Based Black Economic Empowerment) Level 1 status.

B-BBEE is a vital framework in South Africa, designed to address historical inequalities and promote economic transformation. The rating system ranges from Level 8 (the lowest) to Level 1 (the highest), with Level 1 indicating the highest commitment to empowerment and diversity. This achievement demonstrates CYBER1 and its subsidiaries dedication to advancing the economic empowerment of previously disadvantaged groups and fostering inclusivity.

## President's message

### Increased expansion paving the way for improved growth and profitability

Dear shareholders, Following the close of 2023, I am pleased to announce the formal results for the financial year. We confirmed at the end of 2023 that the company saw significant underlying investment in our Security Operations Centre, as well as providing a solid organisational foundation in which to realise growth in 2023. I am pleased to confirm that we have achieved progress on our strategic priorities, as well as significantly improving our financial results for the full year.

Year-to-date group revenue has increased by 13% year on year from €46,833k in 2022 to €52,905k in 2023. This overall growth achievement is significant, as the business has strategically focused on improving commercial engagements with clients, partners, distributors, and vendors respectively, ensuring that the business is growing in line with market trends.

Gross Margin for 2023 has been a significant success for the company, increasing overall by €2,797k (30%). This growth has been achieved through closer collaboration with our valued vendor portfolio, alongside a significant investment in professional services and SOC provisions.

Operating Expenditure for 2023 has continued the downward trend, decreasing in the financial year by €1,032k, when compared to 2022. This 8% reduction has been achieved through greater alignment within the distribution segment (Trinexia), followed by greater technology and staffing efficiencies being realised within Cyber1 Solutions South Africa.

Finally, EBITDA for the full year has shown a return to positive results, recording €636k for 2023. This result is an improvement of €3,706k from the prior year. A significant effort in achieving growth and investment in the right areas has led to the company being placed on a strong foundation on which to build in 2024.

Our business units continue to grow and be at the forefront of cyber security developments.

CYBER1 Solutions has experienced significant success in Europe and the Middle East, with the acquisition of new clientele and the integration of cutting-edge technologies. Meanwhile, our longstanding entity, C1 Solutions SA, has undergone a transformative evolution in its business strategies, positioning itself as a leader in cyber security provisions within the region.

The highlight of the year was the appointment of Ethel Nyembe as Executive Director for Africa, whose extensive business expertise promises to unlock new avenues for further growth.

In TRINEXIA, our African and South African branches have seamlessly integrated into our group operations. The acquisition of additional distribution rights with major vendors like Skyhigh Security and CyberArk signifies promising growth and market expansion prospects.

In the Middle East, our entity continues its upward trajectory, with a new management team driving positive advancements in vendor partnerships. We anticipate further evolution throughout 2024 and beyond from these positive developments.

C1 SOC has enjoyed a remarkably successful 2023, culminating in ISO 27001 certification and the acquisition of new customers in which to provide twenty-four by seven monitoring. The milestone of the certification has not only enhanced our internal operations but has also expanded our market reach beyond Africa. We are now focusing on targeting European and Middle Eastern markets,

leveraging our expertise to secure multi-year deals across various sectors. Our commitment to delivering bespoke solutions with the latest technologies remains unwavering.

Our three year strategic focus has seen some great examples of progress within 2023:

- **“Expanding into target territories”** Within CYBER1 Solutions During the year, our UK operations continues to positively expand, with new customers being added as well as additional commercial resources to further drive growth. Developments within Uganda have also proven to be effective, providing services and solutions within a rapidly growing market. We value the role of our larger operational hubs across EMEA in supporting our expanding regions. Within Trinexia
- **“Developing our Next-Gen SOC offering on a global scale”** We were delighted for our SOC to become ISO 27001 Certified. This has opened the gateway to new markets. We have expanded our customer base, whilst innovating through the addition of new technologies. Our SOC staff are continually evolving their capabilities, with new accreditations and experience adding direct value to the end user experience.
- **Engaging with the latest innovative technologies on the market.** Our search for the latest technologies continued to realise significant opportunities for the company. Under CTO Simon Perry’s remit, he has worked tirelessly to ensure each region is working with the best of breed and latest technologies, to drive positive impact for our customer base.
- **“Identifying new business lines based on new trends within the market.”** CYBER1 is continually growing its partnerships with leading providers. The announcement of our collaboration with 9TH BIT has seen an increased pipeline of new customers, as well as exposure at leading technology events. Beyond this partnership, CYBER1 is developing its approach around providing educational training and development within Africa. Given the global shortage of qualified cyber security personnel, we are well positioned to provide meaningful change in this area, whilst improving individual opportunities for innovators in this space.

With the end of 2023, CYBER1 is continuing to implement its strategic objectives for 2024, building on the progress achieved on the four growth priorities. The company’s vision is to create the world’s most resilient cyber security environments for our customers and our strategy will enable our clients to be ready to handle the latest threats. Our continued thanks go to our valued stakeholders, especially our shareholder base for your support throughout 2023. From the platform started in 2022, we have in 2023 built an increased base in which to drive significant growth and shareholder value in 2024. There is significant potential in this fast-developing market, and we are more committed than ever, to unlocking and realising the potential of CYBER1 into the future.

Stockholm, 24 May 2024.

Robert Brown Group President and Executive Director



## **CYBER1 as an investment**

### **Four key areas are driving growth.**

CYBER1 has excellent opportunities to continue to grow at a high rate throughout EMEA , based on our best of breed products and services, history of growth, and the strongly underlying market demand in cyber security.

#### **Continued lack of skills capabilities and global shortage of cyber security professionals**

The last two years have seen an interesting shift in the overall demand of cyber security requirements. Historically, the open vacancies globally have widened but with developing technologies and further automation being realised, 2021, 2022 and 2023 have seen a dip in overall employment vacancies. Despite this, there is still anticipated, by 2025, for there to be 3.5 million open vacancies. This has caused not only an increase in spend to cover additional resources but also the solutions required to meet the needs of a rapidly expanding security environment.

According to Gartner, global spending in cyber security will increase at a CAGR of 11% in 2026, taking the total projected annual global spend to €244 billion. Areas such as cloud computing investment will see exponential growth immediately, with a projected 27% increase to 2023 (€6.24 billion). The demand for these types of provisions should be aligned with our vendor portfolio, to ensure our stack meets the needs of customers whilst also leveraging on the additional uplift in spending.

#### **Local presence within growing cyber security markets**

CYBER1 has seven entities which cover predominantly across EMEA but with a globally expanding scope with our Next-Gen SOC offering. Trinexia Distribution, with offices in South Africa, Mauritius and the United Arab Emirates. CYBER1 Solutions, which covers the Group's advisory and solutions component in South Africa, Kenya, Europe and Middle East. Our C1SOC entity, which delivers twenty-four by seven monitoring and threat intelligence, is based in South Africa. 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 ensure that the CYBER1 group is the gateway to some of the fastest growing regions.

#### **Specialist Services**

CYBER1 is a leading provider of innovative solutions and services in the field of cybersecurity. The company has partnered up with numerous leading cybersecurity vendors, enabling them to provide customers with a robust line of defence against potential threats to their organisation. In addition to software sales, CYBER1 also offers professional services to help identify potential vulnerabilities, provides expert advice on preventative solutions, and ensures that appropriate protocols are in place in the event of a security breach.

CYBER1's Next-Gen Security Operating Centre employs state-of-the-art technology to ensure real-time monitoring of client security, remotely. This feature provides CYBER1's clients with a formidable defence against cyber-attacks.

With its diverse array of products and services, CYBER1 is well positioned to continue generating strong sales and maintaining healthy margins into the future. As a customer-focused company, CYBER1 is

committed to providing superior cybersecurity solutions and ensuring the safety and security of all its clients.

CYBER1 offers best in class software solutions and services related to cyber security. The company has license 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 Next-Gen Security Operating Centre area gives customers a chance to defend themselves against cyber-attacks by CYBER1, by monitoring security in real time, remotely. Our selected products and services give CYBER1 the opportunity to increase its sales and maintain good margins going forward.

## **Markets and trends**

### **Middle East and Africa**

Across the Middle East, a number of jurisdictions are investing heavily in their commercial endeavours, to diversify amongst natural resource production and extraction. The Middle East cybersecurity market is calculated to reach €42 billion by 2028, with a growth of 17.1% during the forecast period of 2022-2028. Due to the proliferation of digitalization, the advanced sophistication of cyberattacks across heavy industries to result in financial and reputational failures, stringent government regulations, and cyberattacks are anticipated to be the major market drivers. Adopting the necessary steps to secure the overall security posture and technological advancements in cloud and IoT has bolstered potential use cases across verticals.

According to Markets and Markets, the Middle East Cybersecurity Market is expected to witness rapid growth in various countries across the Middle East region. The Kingdom of Saudi Arabia is expected to have the largest market share and dominate the Middle East Cybersecurity Market from 2022 to 2027, due to the need to safeguard enterprises in various industrial verticals such as BFSI, energy and utilities, government and defence, healthcare, IT and ITeS and others from advanced threats. This development follows the requirement for investment in new smart cities and government projects.

Within the enterprise level community in the Middle East, there are a number of trends related to competence and knowledge surrounding key security components. Based on the Digital Trusts Insights (Middle East 2022) by PwC there is a clear lack of appropriate mechanisms to protect and combat against cloud security, Internet of Things (IoT) and Software Supply Chain Risk.

Across the Africa region, the rapid advancement in digitisation creates a number of additional threats that have become present. Due of the speed in which technology is being adopted, creating a security by design approach has not always been enforced as stringently within the private sector. Further complication in the environment is made through the lack of adoption of cyber security legislation.

From a government perspective, there are still countries within the continent without any formal legislation either implemented or in draft form (please see below). Of the countries on the continent of Africa, those with legislation stands at thirty-nine (72%), those with draft legislation at two (4%), no legislation at twelve (22%) and one nation no data (2%). In contrast, Europe has a much higher adoption of security legislation at 91%. The maturity of businesses within Africa can greatly impact on the strategy of CYBER1 and the opportunities available in Africa. KPMG Africa Cyber Security Outlook has identified that large organisations with defined strategies on cyber security stand at 97%, whereas within the Small, Medium and Enterprise (SME) space, this drops down to 77% with defined strategies on cyber security.

Within the SME space, there is significantly more scope for the company's managed service offering, to provide greater visibility into the security environment and provide additional support that may not be required in larger enterprises. For Larger organisations, the approach in offering solutions at scale, combined with support and implementation, will expedite the goals of the CISOs and ensure the solutions are fulfilling the required output as quickly as possible. Offering our additional SOC services should be a priority to SME customers, as either a customer acquisition strategy or as an additional cross of another solution within the infrastructure.

### **Swedish/European market**

A potential growth market for CYBER1 Group is Sweden and across Europe. For Europe, much of the legislation for European Union countries falls under the body: The European Union Agency for Cyber security (ENISA), which has provided an overview of the top emerging threats for 2030. For the evolving threats, a number of assumed advances and scenario planning in the below areas were regarded as integral in understanding the cyber security landscape by 2030:

- Blockchain, deepfakes & cybercrime in a data-rich environment;
- Eco-friendly, sustainable, and interconnected smart cities (nonstate actors);
- More data, less control;
- Sustainable energy, automated/short-term workforce;
- Legislation, bias, extinctions & global threats.

CYBER1 is well placed to utilize its highly accredited technical team to mitigate and remove the potential threats that harness the above proliferation of sensitive information.

## Financial Highlights

### **Strong performance and well positioned for strategic growth plan**

CYBER1 Group was able to demonstrate strong revenue growth within 2023, whilst finalising the acquisition of Cyber Security South Africa and Cyber Security Africa Distribution coupled with the investment into the Next-Gen Security Operating Centre. The revenue increased by 13%, from €46,833k in 2022 to €52,905k in 2023.

Significant investment has been made for the implementation of the Groups' Strategy to widen the scope for increased engagements in key target regions and acquiring new commercial territories for key vendors.

The company is well positioned for strategic growth in 2024 extending its performance both organically and through the new acquisitions.

## Administrator's report

Cyber Security 1 AB ("CYBER1") is the Parent company in the Cyber Security 1 AB Group. The company, named Cognosec AB 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 banking, finance, 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 cyber security 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 2023 amounted to a loss of €2,669k (2022: loss €3,866k). Consolidated shareholders' equity at 31 December 2023 amounted to €1,670k (2022: €4,150k) of which (€267k) (2022: (€453k)) relates to equity attributable to minority shareholders.

CYBER1 AB's result for the 12 months up to and including 31 December 2023 amounted to (€4,579k) (2022: (€17k)). Equity in the Parent Company at 31 December 2023 amounted to €2,903k (2022: €7,446k).

CYBER1 has a governance report which can be found published on our website [www.cyber1.com](http://www.cyber1.com)

### Key Financial Ratios

Key Financial Ratios	2023	2022
Revenue (€'000)	52,905	46,833
Profit / (Loss) before tax (€'000)	(806)	(3,866)
Operating Margin (€'000)	12,110	9,313
Cash flow from Operating activities (€'000)	1,960	(4,824)
Basic Earnings per Share	(0.0027)	(0.0037)
Number of shares at the end of the period	1,025,928,865	1,021,313,480
Employees at the end of the period	208	197

## **Related party transactions**

Transactions with related parties have all been executed on market terms and are further described in Note 20.

## **Share data**

As of 31 December 2023, the Company had a total of 1,025,928,865 issued shares (2022: 1,021,313,480). The quota value amounted to 0,000262 EUR (2022: 0,000262 EUR) per share. For more information about the Company's shares, see Note 17, 18 and 19.

## **Business review and going concern**

The company continued to demonstrate a strong revenue growth within 2023. The company is well positioned in 2024 to extend its. 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 2024. Through the operational expenditure assessment, the company is in a strong position to ensure that each region meets its sustainability objective and improves shareholder value across the group.

There is still an outstanding claim that did not form part of the 2022 Reconstruction that might come due in 2024. We are fully aware of this claim and should it be successful, the business will be capable to carry the claim.

## **Strategy**

Our leadership intends to drive innovation and experimentation within the context of greater risk awareness, so that we can accelerate the impact of our mission. The next decade is a critical time for our industry and investors. There is a clear projection of growth and business demand for cyber security provisions in the future and we must be part of that demand. For CYBER1, our services and solutions are required more than ever to deliver significant value for our customers, supporting them in achieving their security objectives.

Cyber security is a trust-based business, and more than ever our approach must continue to provide support to our clients, at all stages of their cyber security journey based on credibility and expertise. With the company moving into 2024, there are numerous commercial opportunities for the business, based on developing market factors, vendor technology progression and increasing client requirements within our regions of operation. Within our approach, the strategy document for CYBER1 assesses the Group's current position and has identified several key strategic initiatives that will set to grow CYBER1 into a greater entity by revenue, profitability and capture more of the market share moving towards 2025.

The company's vision is to create the world's most resilient cyber security environments for our customers. To achieve this, our company intends to achieve this vision through four main approaches:

- To expand into target territories, identifying markets where opportunities can be realised from existing clients, vendor partnerships, as well as referrals. We are able to harness the operational hubs across EMEA to support operational and technical requirements, making our route to new markets at a lower cost versus competitors.
- To expand our SOC offering, utilising the lower running costs whilst delivering a highly capable security monitoring service through our experienced and skilled staff.

- To engage with the latest innovative technologies on the market, demonstrating our strong sales platform to reach the leading clients in their respective fields within the private and public sectors across EMEA.
- To expand into new business lines based on new trends within the market. The convergence of DevOps and cyber security (DevSecOps) is one such example of new areas of significant growth opportunities for CYBER1.

The aim of the above four strategic points is to fully harness the collective potential of our companies, to drive scalable organic growth. In doing so, our delivery to our customers will continue to be relevant and at pace with the ever-changing security threat landscape.

### **Financial development**

The group's distribution business achieved revenue of €23,904k (2022: €26,513k).

The advisory solutions business achieved revenue of €28,400k (2022: €20,373k). The increase was due to solid growth in the Africa region and the first full year of trading in the Middle East and Europe regions.

The MSSP business has shown significant growth due to our world class Security Operations Centre growing from strength to strength.

### **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.

Peter Sedin is the CYBER1 Chief Executive Officer.

### **Employees**

At the end of the financial year, the number of employees in the Group amounted to 208, compared with 197 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 2024 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 expansion of target territories, proliferation of our SOC offering across EMEA, expansion into new business lines (DevSecOps) and harnessing our vendor relationships to have the best possible partner statuses within our regions. Increased profitability and a reduction in funds tied up in working capital in the Group. The Group companies will continue developing services around implementation of vendor products and is SOC offering, which have accounted for an increased portion of the Group’s total sales in recent years and will be important for increased margin across the business.

The Group’s goal is for its earnings growth over the next business cycle to amount to at least 20% of revenue growth and increase in its margin blend.

**Annual general meeting**

The annual general meeting (AGM) is scheduled for 14<sup>th</sup> June 2024.

Appropriation of profit/loss

<b>Appropriation profit/loss</b>	<b>2023</b>
Free equity	7,153,723
Current year profit/loss	(4,578,535)
Share issue	58,795
	<b>2,633,983</b>



# Financial Statements

## Consolidated and Parent Company Statement of Financial Position

### Group

	Note(s)	2023	2022
<b>Non-current assets</b>			
Right of use asset	10	96	281
Property, plant, and equipment	9	183	333
Intangible assets		106	22
Goodwill	7,8	7,122	6,735
Investments in associates		0	749
	2	<b>7,507</b>	<b>8,120</b>
<b>Current assets</b>			
Deferred tax asset	1	254	145
Tax receivable	1	221	0
Inventories	1,13	99	151
Trade and other receivables	1,14	18,106	23,500
Cash and bank	1	728	747
Other current assets	1	142	0
		<b>19,550</b>	<b>24,543</b>
<b>Total assets</b>		<b>27,057</b>	<b>32,663</b>
<b>Equity</b>			
Share capital		268	267
Share premium		27,340	27,414
Retained earnings		(25,671)	(23,078)
Non-controlling interest		(267)	(453)
		<b>1,670</b>	<b>4,150</b>
<b>Non-current liabilities</b>			
Loans from Shareholders		5,640	5,028
		<b>5,640</b>	<b>5,028</b>
<b>Current liabilities</b>			
Interim debt	1	0	3,951
Provisions	1	2,272	1,272
Trade and other payables	1,15	16,785	15,830
Tax payable	1	0	216
Other current liabilities	1	110	240
Lease liabilities	1,10	131	366
Bank overdraft	1	449	1,610
		<b>19,747</b>	<b>23,485</b>
<b>Total liabilities</b>		<b>25,387</b>	<b>28,513</b>
<b>Total equity and liabilities</b>		<b>27,057</b>	<b>32,663</b>

Parent

	Note(s)	2023	2022
<b>Non-current assets</b>			
Property, plant, and equipment	9	1	0
Intangible assets	2,7	22	22
Investments in associates		0	749
Investments in subsidiaries	11	6,145	4,942
Intercompany loans receivable		1,984	0
		<u>8,151</u>	<u>5,713</u>
<b>Current assets</b>			
Intercompany loans receivable		628	6,978
Trade and other receivables	1,14	381	410
Tax receivable	1	22	11
Other current assets	1	88	0
Cash and bank	1	13	111
		<u>1,132</u>	<u>7,510</u>
<b>Total assets</b>		<u>9,283</u>	<u>13,223</u>
<b>Equity</b>			
Share capital		268	267
Share premium		27,340	27,318
Retained earnings		(24,706)	(20,139)
		<u>2,903</u>	<u>7,446</u>
<b>Non-current liabilities</b>			
Loans from Shareholders		6,023	5,028
		<u>6,023</u>	<u>5,028</u>
<b>Current liabilities</b>			
Intercompany loans payable	1	0	275
Provisions	1	7	0
Trade and other payables	1,15	350	177
Other current liabilities	1	0	297
		<u>357</u>	<u>749</u>
<b>Total liabilities</b>		<u>6,380</u>	<u>5,777</u>
<b>Total equity and liabilities</b>		<u>9,283</u>	<u>13,223</u>

## Consolidated and Parent Company Statement of Comprehensive Income

Group

Statement of comprehensive income for the year ended 31 December 2023

		Group	
	Note(s)	2023	2022
Revenue	2	52,905	46,833
Cost of Sales		(40,795)	(37,520)
<b>Gross Profit</b>		<b>12,110</b>	<b>9,313</b>
Admin		(3,812)	(3,950)
Depreciation	5	(419)	(541)
Salaries	3	(7,668)	(8,460)
<b>Operating Expenses</b>		<b>(11,899)</b>	<b>(12,951)</b>
<b>Operating Profit</b>		<b>211</b>	<b>(3,638)</b>
Income from associate		(0)	(15)
<b>Other income</b>		<b>(0)</b>	<b>(15)</b>
Finance Costs		(615)	(310)
Interest Received		8	151
Other financial items		6	24
FX Gain / (Loss)		(416)	(78)
<b>Other expenses</b>		<b>(1,017)</b>	<b>(213)</b>
<b>Profit before tax</b>		<b>(806)</b>	<b>(3,866)</b>
Tax		(26)	0
<b>Loss for the year</b>		<b>(832)</b>	<b>(3,866)</b>
Other comprehensive income and expenses	12	(1,837)	0
<b>Total comprehensive loss for year</b>		<b>(2,669)</b>	<b>(3,866)</b>
<b>Attributable to:</b>			
<b>Owners of the parent</b>			
Loss for the year from continuing operations		(899)	(3,173)
Loss for the year from discontinued operations		(1,880)	0
Loss for the year attributable to owners of the parent		<b>(2,779)</b>	<b>(3,173)</b>
<b>Non-controlling interest</b>			
Profit/(Loss) for the year from continuing operations		93	(693)
Profit/(Loss) for the year from discontinued operations		17	0
Profit/(Loss) for the year attributable to non-controlling interest		<b>110</b>	<b>(693)</b>
	<b>Note(s)</b>	<b>2023</b>	<b>2022</b>
<b>Earnings per share from continuing and discontinued operations attributable to the equity holders of the company during the year (expressed in C per share)</b>			
<b>Basic earnings per share</b>	18		
From continuing operations		(0.09)	(0.37)
From discontinued operations		(0.18)	0
		<b>(0.27)</b>	<b>(0.37)</b>

## Parent

### Statement of comprehensive income for the year ended 31 December 2023

	Note(s)	2023	2022
Revenue	2	1,386	714
Cost of Sales		(405)	0
<b>Gross Profit</b>		<b>981</b>	<b>714</b>
Admin		(561)	(631)
Salaries	3	(380)	(56)
<b>Operating Expenses</b>		<b>(941)</b>	<b>(687)</b>
<b>Operating Profit</b>		<b>40</b>	<b>27</b>
Income from associate		0	0
<b>Other income</b>		<b>0</b>	<b>0</b>
Finance Costs		(486)	(16)
Interest Received		279	0
Other financial items		(0)	(6)
FX Gain / (Loss)		(4)	(22)
<b>Other expenses</b>		<b>(211)</b>	<b>(44)</b>
<b>Loss before tax</b>		<b>(171)</b>	<b>(17)</b>
<b>Loss for the year</b>		<b>(171)</b>	<b>(17)</b>
Other comprehensive income and expenses	12	(4,408)	0
<b>Total comprehensive loss for year</b>		<b>(4,579)</b>	<b>(17)</b>

## Consolidated Statement of Changes in Equity

### Statement of changes in equity for the year ended 31 December 2023

Group	Share capital	Share premium	Retained income	Non-controlling interest	Other Reserves	Total equity
Opening balance	186	24,390	(16,883)	189	(79)	7,803
Total comprehensive income	0	0	(3,173)	(693)	0	(3,866)
Foreign exchange translation	1	0	(3,022)	50	79	(2,893)
Offset issue, net of transaction cost	0	0	0	0	0	0
Share issue	80	3,024	0	0	0	3,105
<b>Balance at 31 December 2022</b>	<b>267</b>	<b>27,414</b>	<b>(23,078)</b>	<b>(453)</b>	<b>0</b>	<b>4,150</b>
Total comprehensive income	0	0	(2,779)	110	0	(2,669)
Foreign exchange translation	0	(133)	186	76	0	129
Offset issue, net of transaction cost	0	0	0	0	0	0
Share issue	1	59	0	0	0	60
<b>Balance at 31 December 2023</b>	<b>268</b>	<b>27,340</b>	<b>(25,671)</b>	<b>(267)</b>	<b>0</b>	<b>1,670</b>

Parent

**Statement of changes in equity for the year ended 31 December 2023**

<b>Company</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Retained income</b>	<b>Foreign currency translation</b>	<b>Other reserves</b>	<b>Total equity</b>
Opening balance	186	24,293	(20,076)	0	0	4,403
Profit/(Loss) for the year	0	0	(17)	0	0	(17)
Foreign exchange translation	1	1	(47)	0	0	(45)
Share Issue	80	3,024	0	0	0	3,105
<b>Balances at 31 December 2022</b>	<b>267</b>	<b>27,318</b>	<b>(20,139)</b>	<b>0</b>	<b>0</b>	<b>7,446</b>
Profit/(Loss) for the year	0	0	(4,579)	0	0	(4,579)
Foreign exchange translation	0	(37)	13	0	0	(24)
Share Issue	1	59	0	0	0	60
<b>Balance at 31 December 2023</b>	<b>268</b>	<b>27,340</b>	<b>(24,706)</b>	<b>0</b>	<b>0</b>	<b>2,903</b>

## Consolidated and Parent Company Statement of Cash Flows

Group

### Statement of cash flow for the year ended 31 December 2023

	Note(s)	2023	2022
<b>Profit before tax</b>		(806)	(3,866)
Other Non-cash Items		299	10
Depreciation of tangible items		419	541
Interest paid		615	(310)
FX Gain/Loss		416	0
Interest received		0	151
Decrease (+)/increase (-) in inventories		52	(145)
Increase (-)/decrease (+) in operating receivables		5,252	(4,176)
Increase (+)/decrease (-) in operating liabilities		(4,287)	3,204
Total change in working capital		1,017	(1,117)
Cash flow from operating activities		1,960	(4,591)
Cash flow from operating activities, discontinued operations		(1,837)	0
Paid taxes		(463)	(233)
<b>Cash flow from operating activities</b>		<b>(340)</b>	<b>(4,824)</b>
Acquisition of subsidiaries		0	0
Investments in associates		0	(276)
Acquisition of fixed assets		0	(514)
<b>Cash flow from investing activities</b>		<b>0</b>	<b>(790)</b>
New share issues		0	3,105
Borrowings		612	5,028
Non-controlling Interest		(186)	0
Dividends Paid		0	0
Instalment on lease liabilities		(234)	(65)
<b>Cash flow from financing activities</b>		<b>192</b>	<b>8,068</b>
Net change in cash, continuing operations		(148)	2,454
Foreign currency translation reserve		129	(2,579)
<b>Opening cash position</b>		<b>747</b>	<b>872</b>
<b>Closing cash position</b>		<b>728</b>	<b>747</b>



Parent

**Statement of cash flow for the year ended 31 December 2023**

	Note(s)	2023	2022
<b>Profit before tax</b>		(171)	(17)
Other Non-cash Items		(742)	0
Depreciation of tangible items		0	0
Interest paid		486	(16)
Interest received		(177)	0
Decrease (+)/increase (-) in inventories		0	0
Increase (-)/decrease (+) in operating receivables		(59)	(1,743)
Increase (+)/decrease (-) in operating liabilities		(124)	(3,530)
Total change in working capital		(183)	(5,273)
Cash flow from operating activities		(787)	(5,306)
Cash flow from operating activities, discontinued operation		(4,408)	22
Paid taxes		11	(120)
<b>Cash flow from operating activities</b>		<b>(5,184)</b>	<b>(5,404)</b>
Acquisition of subsidiaries		0	(2,621)
Investments in associates		0	0
Acquisition of fixed assets		0	0
<b>Cash flow from investing activities</b>		<b>(0)</b>	<b>(2,621)</b>
New share issues		0	3,105
Borrowings		5,086	4,821
Non-controlling Interest		0	0
Dividends Paid		0	0
Instalment on lease liabilities		0	0
<b>Cash flow from financing activities</b>		<b>5,086</b>	<b>7,926</b>
Net change in cash, continuing operations		(98)	(99)
Foreign currency translation reserve		0	0
<b>Opening cash position</b>		<b>111</b>	<b>210</b>
<b>Closing cash position</b>		<b>13</b>	<b>111</b>

## 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, 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 24<sup>th</sup> May 2024. 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 14<sup>th</sup> June 2024.

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 1<sup>st</sup> 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 31<sup>st</sup> December 2023. 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 acquirer is measured to fair value at the acquisition date. Any gains or losses arising from such a 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 its 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 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 assets' 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 are 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 exists 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 31<sup>st</sup> December 2023 amounted to €106k, and amortizations and impairment charge amounted to €146k. The amount for goodwill, which has been included in intangible assets, amounted to €7,122k.

### **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 expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in

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 1<sup>st</sup> January 2022, exchange differences related to inter-company financial assets and liabilities are recognised in other comprehensive income.

### Exchange rates used:

Country	Currency	Average rate		Closing rate	
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
Dubai	AED	4.00	3.88	4.00	3.94
Kenya	KES	166.70	125.59	166.64	142.18
South Africa	ZAR	20.35	17.27	20.24	18.25
USA	USD	1.09	1.06	1.09	1.07
Uganda	UGX	4155.65	4020.14	4151.9	4015.89
UK	GBP	0.89	0.86	0.86	0.89

### Lease contracts

From 1<sup>st</sup> January 2018 lease contracts were 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 impacts the lease period of future lease payments included in the measurement of the lease liabilities and the related right-of-use assets. As per 31<sup>st</sup> December 2023, the Group's lease liabilities amounted to €131k and corresponding balance for the right-of-use assets amounted to €96k.

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 receivable 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 1 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 1<sup>st</sup> 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 financial liabilities 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 value of financial liabilities is 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 have been trivial effects 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.

### **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 receivables 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 the sale of licences and sale of hardware is recognised when the customer is invoiced. At the same time the 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 comprises 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 requires Directors to form Accounting Policies that give 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 assets are always recognised if they 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 2023 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 the 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, 2023. 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 the year-end 2023.

The impairment tests indicate that there is headroom between the recoverable amounts and the carrying amounts of the shares in subsidiaries as at 31<sup>st</sup> December 2023 like 31<sup>st</sup> December 2022.

## 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 Interest 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 2023. 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	13,009	0	0	0	13,009
Other non-current financial receivables	0	0	0	0	0	0
Other current assets and financial receivables	0	0	4,941	0	142	5,083
Prepaid expenses and accrued income	0	155	0	0	0	155
Cash and cash equivalents	0	728	0	0	0	728
	<b>0</b>	<b>13,892</b>	<b>4,979</b>	<b>0</b>	<b>142</b>	<b>18,975</b>

### 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	149	0	5,640	5,789
Other non-current financial liabilities	0	0	0	0	0	0
Other current liabilities	0	0	449	0	1,997	2,446
Accrued expenses and deferred income	0	0	0	0	4,430	4,430
Trade payables	0	0	12,722	0	0	12,722
	<b>0</b>	<b>0</b>	<b>13,320</b>	<b>0</b>	<b>12,067</b>	<b>25,387</b>

### 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 assets	Cash flow hedges measured at FVOCI	Other receivables	Estimated fair value
Trade receivables	0	23,147	0	0	40	23,187
Other non-current financial receivables	0	0	0	0	0	0
Other current assets and financial receivables	0	0	0	0	135	135
Prepaid expenses and accrued income	0	178	0	0	0	178
Cash and cash equivalents	0	747	0	0	0	747
	<b>0</b>	<b>24,072</b>	<b>0</b>	<b>0</b>	<b>175</b>	<b>24,247</b>

#### 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	Estimated fair value
Loans and borrowings	0	0	3,951	0	5,028	8,979
Other non-current financial liabilities	0	0	0	0	0	0
Other current liabilities	0	0	1,610	0	663	2,273
Accrued expenses and deferred income	29	0	0	0	7,811	7,840
Trade payables	0	0	9,421	0	0	9,421
	<b>29</b>	<b>0</b>	<b>14,982</b>	<b>0</b>	<b>13,502</b>	<b>28,513</b>

#### Financial instruments, level 2

The fair value of financial instruments that are not traded on an active market is 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 a 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	2023	2022
Opening balance January 1	0	0
Payments	0	0
Reversals	0	0
Revaluations	0	0
Translation differences	0	0
<b>Closing balance</b>	<b>0</b>	<b>0</b>

No transfer in or out of level 3 or level 2 has been made during 2023. 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 differs 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.

The 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). The 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 2023 and 2022.

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

	<b>2023</b>	<b>2022</b>
Trade receivables	13,009	23,147
Cash and cash equivalents	728	747
Prepayments	155	178
	<b>13,892</b>	<b>24,072</b>

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 31<sup>st</sup> December 2023, 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

	2023	2022
Africa	6,369	4,374
Middle East and UAE	6,291	18,441
Europe	349	332
	<b>13,009</b>	<b>23,147</b>

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	2023	2022
Not past due	7,522	14,095
Past due (0-30 days)	1,224	2,449
Past due (31-120 days)	1,092	2,141
More than 120 days	3,171	4,462
	<b>13,009</b>	<b>23,147</b>

An assessment of the recoverability of Trade and other receivables shows an impairment indicator of NIL overdue trade receivables during the year (2022: NIL). Therefore, the carrying value of Trade and other receivables fair value as at 31 December 2023 is €13,009k.

As at 31 December 2023, trade receivables at an amount of €5,487k (2022: €9,052k) were past due but not impaired. As at 31<sup>st</sup> December 2023, receivables due relate to several independent customers where there is no recent history of non-payment having been received in 2023.

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 the 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 exposure 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

<b>Trade receivables 2023</b>	<b>GBP</b>	<b>EUR</b>	<b>KES</b>	<b>AED</b>	<b>ZAR</b>	<b>USD</b>	<b>Total</b>
Balance sheet exposure	26	323	138	6,291	2,888	3,343	13,009
Absolute effect from -10% in exchange rate to Euro	3	32	14	629	289	334	1,301
Absolute effect from -20% in exchange rate to Euro	5	65	28	1,258	578	669	2,603

#### 1.10 Sensitivity to change in exchange rate – trade payables

<b>Trade payables 2023</b>	<b>GBP</b>	<b>EUR</b>	<b>KES</b>	<b>AED</b>	<b>ZAR</b>	<b>USD</b>	<b>Total</b>
Balance sheet exposure	0	(36)	(94)	(4,434)	(5,513)	(2,645)	(12,722)
Absolute effect from -10% in exchange rate to Euro	0	(4)	(9)	(443)	(551)	(264)	(1,272)
Absolute effect from -20% in exchange rate - 1-16to Euro	0	(7)	(19)	(887)	(1,103)	(529)	(2,570)

### 1.11 Sensitivity to change in exchange rate – cash and cash equivalents

#### Cash and cash equivalents

2023	GBP	EUR	KES	AED	ZAR	USD	Total
Balance sheet exposure	(4)	13	6	136	205	372	728
Absolute effect from -10% in exchange rate to Euro	0	1	1	14	21	37	73
Absolute effect from -20% in exchange rate to Euro	(1)	3	1	27	41	74	145

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

2023	GBP	EUR	KES	AED	ZAR	USD	Total
Cash and cash equivalents	(4)	13	6	136	205	372	728
Trade receivables	26	323	138	6,291	2,888	3,343	13,009
Secured bank loans	0	0	0	0	(449)	0	(449)
Other loans	0	(5,658)	0	0	0	0	(5,658)
Trade payables	0	(36)	(94)	(4,434)	(5,513)	(2,645)	(12,722)
<b>Balance sheet exposure</b>	<b>22</b>	<b>(5,358)</b>	<b>50</b>	<b>1,993</b>	<b>(2,869)</b>	<b>1,070</b>	<b>(5,092)</b>

### 1.13 Group exposure to foreign currency risk – prior year

2022	GBP	EUR	KES	AED	ZAR	USD	Total
Cash and cash equivalents	0	101	75	179	157	237	747
Trade receivables	9	323	216	18,441	1,915	2,243	23,147
Secured bank loans	0	0	0	0	(1,610)	0	(1,610)
Other loans	0	(8,979)	0	0	0	0	(8,979)
Trade payables	0	(102)	(163)	(5,218)	(1,917)	(2,020)	(9,421)
<b>Balance sheet exposure</b>	<b>9</b>	<b>(8,657)</b>	<b>128</b>	<b>13,402</b>	<b>(1,455)</b>	<b>460</b>	<b>3,884</b>

## 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

<b>Euro 000</b>	<b>2023</b>	<b>2022</b>
Interest bearing liabilities	449	1,610
Cash and cash equivalents and short-term investments	728	747
Net debt	(279)	863
Total Equity	(1,670)	(4,150)
Total Capital	1,949	3,286
Net debt/equity ratio	(17%)	21%

Interest bearing liabilities are the bank overdraft facility used as at 31 December. Other interest bearing liabilities are Shareholder loans, but do not form part of this Net debt/Equity ratio. Should the shareholder loans form part of the calculation above, the Net debt/Equity ratio will be 321% as at 2023 (2022 : 142%)

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 rates, was 3.00% (2022: 3.00%).

#### 1.14 Interest bearing liabilities

TEUR	2023		2022	
	< 1 yr	>1 yrs < 5 yrs	< 1 yr	>1 yrs < 5 yrs
Loans	5,640	0	0	8,979
Finance leases	131	0	366	0
Account payable	0	0	9,421	0
Derivative financial instruments – outflow, gross	0	0	0	0
Derivative financial instruments – outflow, inflow	0	0	0	0
Other liabilities	449	0	1,610	0
	<b>6,220</b>	<b>0</b>	<b>11,397</b>	<b>8,979</b>

### 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 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 the sale of products an advance payment is received from the customer.

Until 1<sup>st</sup> 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. The 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 €13,009k as at 2023 (2022: €23,147k).

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, USD, 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 +/- 10% in the subsidiaries in ZAR will influence results and equity before tax on €36k.
- A change in foreign exchange rates of +/- 10% in the subsidiaries in USD will influence results and equity before tax on €31k.
- A change in foreign exchange rates of +/- 10% in the subsidiaries in AED will influence results and equity before tax on €83k.
- A change in foreign exchange rates of +/- 10% in the subsidiaries in KES will influence results 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 a limited effect on the result or equity.

A change in the interest of +/- 1% will have an effect in 2023 on the result and equity before tax is €57k.

## 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 and cash equivalents as at 31<sup>st</sup> December 2023 were €728k (2022: €747k). The unused credit facilities as at 31<sup>st</sup> December 2023 was €605k (2022 : €70k)

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 31<sup>st</sup> December 2023. 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

<b>2023</b>	<b>0 -1 years</b>	<b>1 – 5 years</b>	<b>Total</b>	<b>Carrying amount</b>
Borrowings from credit institutions	449	0	449	449
Other loans	0	5,640	5,640	5,640
Trade and other payables	12,722	0	12,722	12,722
	<b>13,171</b>	<b>5,640</b>	<b>18,811</b>	<b>18,811</b>

### 1.16 Liquidity risk – Group – prior year

<b>2022</b>	<b>0 -1 years</b>	<b>1 – 5 years</b>	<b>Total</b>	<b>Carrying amount</b>
Borrowings from credit institutions	1,610	0	1,610	1,610
Other loans	0	8,979	8,979	8,979
Trade and other payables	9,421	0	9,421	9,421
	<b>11,031</b>	<b>8,979</b>	<b>20,010</b>	<b>20,010</b>

The fair value of the Offset loan is determined to be equal to its carrying amount (level 3 in the fair value hierarchy). The 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

2023	Financial instruments carried at fair value through profit or loss		Total	Carrying amount	Fair value level 1
	held for trading	Loans and receivables			
Trade and other receivables	0	18,106	18,106	18,106	18,106
Other current receivables	0	142	142	142	142
Market securities	0	0	0	0	0
Cash and cash equivalents	0	728	728	728	728
	<b>0</b>	<b>18,976</b>	<b>18,976</b>	<b>18,976</b>	<b>18,976</b>

##### 1.18 Classification of financial liabilities – current year

2023	Financial instruments carried at fair value through profit or loss		Total	Carrying amount	Fair value level 1
	held for trading	Financial liabilities			
Credit institutions	0	449	449	449	449
Other loans	0	6,867	6,867	6,867	6,867
Trade payables	0	12,722	12,722	12,722	12,722
Other payables	0	0	0	0	0
Accrued Expenses and deferred income	0	5,349	5,349	5,349	5,349
	<b>0</b>	<b>25,387</b>	<b>25,387</b>	<b>25,387</b>	<b>25,387</b>

##### 1.19 Classification of financial assets – prior year

2022	Financial instruments carried at fair value through profit or loss		Total	Carrying amount	Fair value level 1
	held for trading	Loans and receivables			
Trade and other receivables	0	23,147	23,147	23,147	23,147
Other current receivables	0	353	353	353	353
Market securities	0	0	0	0	0
Cash and cash equivalents	0	747	747	747	747
	<b>0</b>	<b>24,247</b>	<b>24,247</b>	<b>24,247</b>	<b>24,247</b>

## 1.20 Classification of financial liabilities – prior year

2022	Financial instruments carried at fair value through profit or loss	Financial liabilities	Total	Carrying amount	Fair value level 1
	held for trading				
Credit institutions	0	1,610	1,610	1,610	1,610
Other loans	0	8,979	8,979	8,979	8,979
Trade payables	0	9,421	9,421	9,421	9,421
Other payables	0	663	663	663	663
Accrued Expenses and deferred income	0	7,840	7,840	7,840	7,840
	<b>0</b>	<b>28,513</b>	<b>28,513</b>	<b>28,513</b>	<b>28,513</b>

The fair value of credit institutions and other loans are deemed to be equal to the total carrying amount, as these items are based on the 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 2023, no transfers between levels were made.

## 2. Segment information

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

**The Distribution segment** 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 Solutions** – CYBER1 offers its customers a wide range of professional Solutions based 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** which includes our Next-Gen Security Operating Centre (SOC) 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 the Advisory Solutions segment accounts for 54% (2022: 43%) of the total revenue.

Revenue from Distribution accounted for 45% (2021: 57%) of the total revenue.

Revenue from other accounts for 1% (2022: Nil) of the total revenue.

## 2.1 Segment information – current year

2023	Advisory Solutions	Distribution	MSSSP and Other	Total
Revenue	28,400	23,904	601	52,905
Cost of sales	(19,502)	(20,888)	(405)	(40,795)
<b>Gross Profit</b>	<b>8,898</b>	<b>3,016</b>	<b>196</b>	<b>12,110</b>
Direct costs	(3,969)	(2,555)	(1,144)	(7,668)
<b>Earnings before indirect costs</b>	<b>4,929</b>	<b>461</b>	<b>(948)</b>	<b>4,442</b>
Indirect costs	(1,334)	(1,644)	(828)	(3,806)
<b>Segment Profit</b>	<b>3,595</b>	<b>(1,183)</b>	<b>(1,776)</b>	<b>636</b>
Non-allocated costs	0	0	0	0
<b>Earnings before interest, tax, depreciation, and tax (EBITDA)</b>	<b>3,595</b>	<b>(1,183)</b>	<b>(1,776)</b>	<b>636</b>
Depreciation				(419)
Profit from Associate				0
<b>Earnings before interest, tax (EBIT)</b>				<b>217</b>
Financials, net				(1,023)
<b>Earnings before tax (EBT)</b>				<b>(806)</b>

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

## 2.2 Segment information – prior year

2022	Advisory Solutions	Distribution	MSSSP and Other	Total
Revenue	20,373	26,513	(53)	46,833
Cost of sales	(13,777)	(23,744)	0	(37,520)
<b>Gross Profit</b>	<b>6,596</b>	<b>2,769</b>	<b>(53)</b>	<b>9,313</b>
Direct costs	(4,660)	(3,025)	(774)	(8,460)
<b>Earnings before indirect costs</b>	<b>1,937</b>	<b>(257)</b>	<b>(827)</b>	<b>853</b>
Indirect costs	(1,590)	(1,734)	(626)	(3,950)
<b>Segment Profit</b>	<b>347</b>	<b>(1,991)</b>	<b>(1,453)</b>	<b>(3,097)</b>
Non-allocated costs	0	0	0	0
<b>Earnings before interest, tax, depreciation, and tax (EBITDA)</b>	<b>347</b>	<b>(1,991)</b>	<b>(1,453)</b>	<b>(3,097)</b>
Depreciation				(541)
Profit from Associate				(15)
<b>Earnings before interest, tax (EBIT)</b>				<b>(3,653)</b>
Financials, net				(213)
<b>Earnings before tax (EBT)</b>				<b>(3,866)</b>

## Geographical information

Cyber Security 1 AB primarily operates in the Middle East and African markets with presence in some European and Swedish areas. The below allocation has been made based on the services 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 81% of the total net revenue (2022: 57%).

Revenue from the Middle East accounts for 18% of the total net revenue (2022: 42%).

Revenue from European accounts for 1% of the total net revenue (2022: 1%).

## 2.3 Geographical information – current year

2023	Revenue	Adjusted organic growth	EBITDA	EBITDA margin
Africa	43,035	0.60	1,592	0.04
Middle East	9,360	0.52	52	0.01
Europe	511	0.08	(1,008)	-1.97
<b>Core business</b>	<b>52,905</b>	<b>0.13</b>	<b>636</b>	<b>0.01</b>
Other markets	0	0	0	0
<b>CYBER1 Group</b>	<b>52,905</b>	<b>0.13</b>	<b>636</b>	<b>0.01</b>

## 2.4 Geographical information – prior year

2022	Revenue	Adjusted organic growth	EBITDA	EBITDA margin
Africa	26,845	0.10	(1,964)	(0.07)
Middle East	19,513	0.57	(1,120)	(0.06)
Europe	475	(0.27)	(13)	(0.03)
<b>Core business</b>	<b>46,833</b>	<b>0.25</b>	<b>(3,098)</b>	<b>(0.07)</b>
Other markets	0	0	0	0
<b>CYBER1 Group</b>	<b>46,833</b>	<b>0.25</b>	<b>(3,098)</b>	<b>(0.07)</b>

Revenue from contracts with customers

The majority of CYBER1 customers are B2B and distributors.

## Disaggregation of revenue

### 2.5 Sales to external customers – current year

2023	Advisory Solutions	Distribution	MSSP and Other	Total Segments
Africa	25,827	17,061	148	43,036
Middle East	2,516	6,843	0	9,359
Europe	57	0	453	510
<b>External customer sales</b>	<b>28,400</b>	<b>23,904</b>	<b>601</b>	<b>52,905</b>
<b>Goods and services transferred at a point in time</b>	<b>28,400</b>	<b>23,904</b>	<b>601</b>	<b>52,905</b>
<b>Total revenue from contracts with customers</b>	<b>28,400</b>	<b>23,904</b>	<b>601</b>	<b>52,905</b>
<b>Segment gross margin</b>	<b>8,898</b>	<b>3,016</b>	<b>196</b>	<b>12,110</b>

### 2.6 Sales to external customers – prior year

2022	Advisory Solutions	Distribution	MSSP and Other	Total Segments
Africa	19,296	7,623	(73)	26,845
Middle East	1,077	18,435	0	19,513
Europe	0	455	20	475
<b>External customer sales</b>	<b>20,373</b>	<b>26,513</b>	<b>(53)</b>	<b>46,833</b>
<b>Goods and services transferred at a point in time</b>	<b>20,373</b>	<b>26,513</b>	<b>(53)</b>	<b>46,833</b>
<b>Total revenue from contracts with customers</b>	<b>20,373</b>	<b>26,513</b>	<b>(53)</b>	<b>46,833</b>
<b>Segment gross margin</b>	<b>6,596</b>	<b>2,769</b>	<b>(53)</b>	<b>9,313</b>

### 2.7 Tangible and intangible asset per segment – current year

<b>2023</b>	<b>Africa</b>	<b>Middle East</b>	<b>Europe</b>	<b>Total</b>
Tangible assets per segment	175	102	2	279
Intangible assets per segment	84	0	22	106
	<b>259</b>	<b>102</b>	<b>24</b>	<b>385</b>

### 2.8 Tangible and intangible asset per segment – prior year

<b>2022</b>	<b>Africa</b>	<b>Middle East</b>	<b>Europe</b>	<b>Total</b>
Tangible assets per segment	413	201	0	614
Intangible assets per segment	0	0	22	22
	<b>413</b>	<b>201</b>	<b>22</b>	<b>636</b>

### 2.9 Reconciliation between EBITDA per segment and operating profit/loss per segment – current year

<b>2023</b>	<b>Africa</b>	<b>Middle East</b>	<b>Europe</b>	<b>Total</b>
EBITDA	1,592	52	(1,008)	636
Non-cash impacting items	(1,057)	(160)	(225)	(1,442)
<b>Operating profit/(loss)</b>	<b>535</b>	<b>(108)</b>	<b>(1,233)</b>	<b>(806)</b>

### 2.10 Reconciliation between EBITDA per segment and operating profit/loss per segment – prior year

<b>2022</b>	<b>Africa</b>	<b>Middle East</b>	<b>Europe</b>	<b>Total</b>
EBITDA	(1,964)	(1,120)	(13)	(3,098)
Non-cash impacting items	(554)	(198)	(16)	(768)
<b>Operating profit/(loss)</b>	<b>(2,518)</b>	<b>(1,319)</b>	<b>(29)</b>	<b>(3,866)</b>

## Parent company

Revenue in the parent company consists of revenue from management fees 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 a fixed salary, variable remuneration may include a maximum bonus of 100% of the 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 5% and 15% of the annual fixed salary.



### 3.1 Total remuneration senior management and other staff

<b>Total remuneration senior management and other staff</b>	<b>2023</b>	<b>2022</b>
Board of directors, CEO, and key management	(2,649)	(2,850)
Other staff	(4,483)	(5,610)
<b>Group</b>	<b>(7,132)</b>	<b>(8,460)</b>
<b>of which Pension and Salary Overhead Costs</b>	<b>(409)</b>	<b>(517)</b>

The notice period for senior executives is between three and six months. The Group President 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 Group President 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 terms 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

<b>Board of directors' remuneration</b>	<b>2023</b>	<b>2022</b>
Board fee	(184)	(106)
Consulting services	0	0
<b>Total</b>	<b>(184)</b>	<b>(106)</b>

### 3.3 CEO and key management remuneration

<b>CEO and key management remuneration</b>	<b>2023</b>	<b>2022</b>
CEO	(34)	(56)
Key management	(2,431)	(2,688)
<b>Total</b>	<b>(2,465)</b>	<b>(2,744)</b>

### 3.4 Board members remuneration

2023	Role	Board fee KSEK	Salary KSEK	Bonus KSEK	Consulting fee KSEK	Total KSEK
Amounts are in Thousands of SEK						
Johan Bolsenbroek	Chairman	450	0	0	0	450
Alan Goslar	Non-Executive Director	400	0	0	0	400
Pekka Honkanen	Non-Executive Director	400	0	0	0	400
Zeth Nystrom	Non-Executive Director	400	0	0	0	400
Robert Brown	Group President and Executive Director	400	4,140	0	0	4,540
<b>Total on financial statement KSEK</b>		<b>2,050</b>	<b>4,140</b>	<b>0</b>	<b>0</b>	<b>6,190</b>

### Personnel

The average number of employees, including temporary employees, in the Parent Company during 2023 was 1, and in the Group 207. The corresponding numbers in 2022 were 1 and 196, respectively. The increase in the average number of employees primarily relates to the investment in our Next-Gen Security Operating Centre and some specialist skills for the European markets.

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

Board of directors and key management (average FTE)	2023		2022	
	Female	Male	Female	Male
<b>Parent company</b>				
Board of directors	0	5	0	5
CEO and key management	0	1	0	1
<b>Group</b>				
CEO and key management	3	5	3	5
<b>Group</b>	<b>3</b>	<b>11</b>	<b>3</b>	<b>11</b>

### 3.6 Parent company and subsidiaries remuneration

Parent company and subsidiaries	2023	2022
Parent company	(218)	(162)
Subsidiaries	(6,914)	(8,298)
<b>Group</b>	<b>(7,132)</b>	<b>(8,460)</b>

### 3.7 Average no. of employees per segment

Average no. of employees per segment	2023		2022	
	Average no. of employees	(of whom men, %)	Average no. of employees	(of whom men, %)
Parent company	1	100	1	100
<b>Subsidiaries</b>				
Africa	175	58	159	64
Middle East	28	57	36	58
UK and Europe	4	75	1	100
<b>Total</b>	<b>208</b>		<b>197</b>	

### 3.8 Average no. of employees per segment – split between men and woman

Average no. of staff in full time employment (FTE)	2023		2022	
	Female	Male	Female	Male
Parent company	0	1	0	1
<b>Subsidiaries</b>				
Africa	74	101	58	101
Middle East	12	16	15	21
UK and Europe	1	3	0	1
<b>Total</b>	<b>87</b>	<b>121</b>	<b>73</b>	<b>124</b>

#### Remuneration and other benefits to Group Management Team

Application of principles on variable salary for 2023. 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 2023 and 2022 no earnings-related compensation has been paid to the Group Management Team
- During 2023 and 2022 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	
	2023	2022	2023	2022
<b>Audit and other fees</b>				
RSM	(38)	(51)	(38)	(51)
Faitz	(32)	(45)	0	0
Other	(4)	(14)	0	0
<b>Total fees</b>	<b>(74)</b>	<b>(110)</b>	<b>(38)</b>	<b>(51)</b>

#### 5. Depreciation, amortisation, and write-downs

##### 5.1 Depreciation, amortisation, and write-downs

	Group		Parent	
	2023	2022	2023	2022
Amortisation of intangible assets	(146)	(281)	0	0
Depreciation of tangible assets	(273)	(260)	0	0
<b>Total amortisation and depreciation</b>	<b>(419)</b>	<b>(541)</b>	<b>0</b>	<b>0</b>

##### 5.2 Depreciation, amortisation and write-downs on property, plant, and equipment

Group	2023	2022
Buildings	0	0
Plant, operating equipment	(107)	(213)
Lease	(166)	(47)
<b>Total depreciation and write-downs on property, plant, and equipment</b>	<b>(273)</b>	<b>(260)</b>

##### 5.3 Amortisation and impairment of intangible assets

Group	2023	2022
Customer related assets	0	0
Software	(146)	(281)
<b>Total amortisation and impairment of intangible assets</b>	<b>(146)</b>	<b>(281)</b>

## 6. Income tax

### a. Income tax

	Group		Parent	
	2023	2022	2023	2022
Current tax recognised via the income statement	26	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
<b>Tax expenses recognised in profit or loss</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>

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. Intangible Assets

Intangible assets contain goodwill, customer relationships and other intangible assets. Other intangible assets 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 the 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 the cost of 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 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 €7,122k in 2023 (2022: €6,735k), as there were no impairments in either period.

## 7.1 Intangible asset reconciliation – current year

	Group		Parent	
	Goodwill	Software	Other intangible assets	Other intangible assets
Accumulated acquisition value 1 January 2023	6,735	141	22	22
Business combinations	0	0	0	0
Reclassifications	0	0	0	0
Purchases/capitalization	387	162	0	0
Divestments/disposals	0	(7)	0	0
Translation differences	0	0	0	0
<b>Accumulated acquisition 31 December 2023</b>	<b>7,122</b>	<b>296</b>	<b>22</b>	<b>22</b>
Accumulated amortisation value 1 January 2023	0	(73)	0	0
Reclassifications	0	0	0	0
Divestments/Disposals	0	7	0	0
Amortisation for the year	0	(146)	0	0
Translation differences	0	0	0	0
<b>Accumulated amortisation value 31 December 2023</b>	<b>0</b>	<b>(212)</b>	<b>0</b>	<b>0</b>
<b>Carrying amount 31 December 2023</b>	<b>7,122</b>	<b>84</b>	<b>22</b>	<b>22</b>

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

## 8. 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.

### a. Goodwill by segment

Goodwill by segment	2023	2022
Africa	5,890	5,503
Middle East	942	942
Europe	290	290
	<b>7,122</b>	<b>6,735</b>

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.

b. Group acquisitions

	<b>CYBER1 Solutions (formerly Dynamic Recovery Services)</b>	<b>Trinexia DMCC (formerly Credence DMCC)</b>	<b>Trinexia Africa (formerly Cyber Security Africa Distribution)</b>	<b>Trinexia UK (formerly Credence UK)</b>	<b>Trinexia (Pty) Ltd (formerly Cyber Security South Africa)</b>	<b>Total</b>
Financial acquisition analysis						
% of shares acquired	74%	100%	100%	100%	74%	
Value acquired assets	2,444	2,024	3,010	123	934	8,535
Value acquired liabilities	(1,960)	(1,900)	(3,019)	(56)	(1,122)	(8,057)
Value of acquired Net Assets	484	124	(9)	67	(188)	477
Adjustment fair value of assets and liabilities	54	14	(54)	(51)	(754)	(791)
Purchase consideration	3,163	804	2,276	275	1,094	7,612
NCI NA Intangible: customer relationships	(129)	0	0	0	(47)	(176)
<b>Goodwill</b>	<b>3,572</b>	<b>942</b>	<b>2,213</b>	<b>290</b>	<b>105</b>	<b>7,122</b>

Goodwill recognised from this acquisition amounts to €7,122k and is attributable to the workforce and the profitability of the acquired business.

The group recognised the non-controlling interests CYBER1 Solutions (Pty) Ltd and Trinexia (PTY) Ltd at its fair value, therefore the recognised value of the non-controlling interests was 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

Goodwill shows a balance of €7,122k in 2023 (2022: €6,735k)

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 life 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 2024 to 2028. Future expected cashflows were identified as follows:

- 2023: Free Cash Flows detailed in the 2020 Business Plan that was approved by the Board of Directors.
- 2024-2027: Free Cash Flows based on an assumed p.a growth in Free Cash Flow of 6% from the 2023 level.
- Terminal value after 2028 estimates a growth rate of 2%

The growth rate assumed for the period 2024-2028 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 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 6 percent (2022: 5%), which is considered within anticipated industry growth. The cash flows have been discounted using an average pre-tax interest rate of 8.7% to 12.5% percent (2022: 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 annually, after the budget and forecast business plans have been determined by the executive management. The 2023 (2022) 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. 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 2024-2027 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.

## 9. Tangible fixed assets

### a. Tangible assets carrying value – current year

<b>Property, plant, and equipment</b>	<b>2023</b>	<b>2022</b>
Cost at beginning of year	1,827	1,579
Purchases/capitalization	0	248
Divestments/disposals	(1,172)	0
<b>Cost at end of year</b>	<b>655</b>	<b>1,827</b>
Accumulated depreciation at beginning of year	(1,494)	(1,213)
Divestments/disposals	1,129	0
Depreciation for the year	(107)	(281)
<b>Accumulated depreciation at end of year</b>	<b>(472)</b>	<b>(1,494)</b>
<b>Net carrying value at end of year</b>	<b>183</b>	<b>333</b>

Depreciation charges on tangible assets are included in administrative expenses in the income statement and amount to €107k (2022: €281k). No borrowing costs have been capitalized during 2023 nor during 2022.

## 10. Leases

The Group is the 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 storage 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 is made and the amount of optional lease payments not included in the lease liabilities at 31<sup>st</sup> December 2023.

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 31<sup>st</sup> December 2023 comprised the following:

## Right-of-use assets

### a. Right-of-use assets

<b>2023</b>	<b>Tenancy</b>	<b>Others</b>	<b>Total</b>
Cost as at 1 January	281	0	281
Foreign currency translation adjustments	0	0	0
Additions during the year	0	0	0
Disposals during the year	(19)	0	(19)
Write-down and depreciation during the year	(166)	0	(166)
Write-down and depreciation of abandoned assets	0	0	0
	<b>96</b>	<b>0</b>	<b>96</b>

## Lease liabilities

### b. Lease liabilities – current year

	<b>2023</b>
As at 1 January 2023	366
Instalments on lease liabilities	(228)
Interest payments	(7)
<b>As at 31 December 2023</b>	<b>131</b>

### c. Amounts recognised in profit and loss – current year

	<b>2023</b>
Depreciation of right-of-use assets	(166)
Interest expense on lease liabilities	(7)
<b>Total</b>	<b>(173)</b>

### d. Cash outflow for lease – current year

	<b>2023</b>
Instalments on lease liabilities	(228)
Interest payments	(7)
<b>Total cash outflow for leases</b>	<b>(235)</b>

## 11. 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.

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 €6,145k as at 31<sup>st</sup> December 2023 (2022: €4,942k).

The group's activities are primarily carried out between two main subsidiaries namely Trinexia DMCC and CYBER1 Solutions South Africa with booked revenue of €6,843k and €24,633k respectively during

the current year under review and the two 2022 acquired distribution businesses Trinexia SA and Trinexia Africa booking revenue of €7,710k and €11,123k respectively. CYBER1 Group AB's activity is holding shares in subsidiaries and associates, listing on NASDAQ First North, and providing the groups leadership activities.

a. Investment in subsidiaries

	<b>2023</b>	<b>2022</b>
Opening balance January 1	4,942	2,321
Shareholders Contribution	454	0
Impairment of investments	0	0
Investment in subsidiaries	749	2,621
<b>Closing balance 31 December</b>	<b>6,145</b>	<b>4,942</b>

b. Investment in subsidiaries transactions

<b>Cyber Security 1 AB subsidiaries</b>	<b>Company registration Nr.</b>	<b>Domicile</b>	<b>% of shares owned</b>	<b>% of voting rights owned</b>	<b>2023</b>	<b>2022</b>
CYBER One Solutions DMCC (formerly Cognosec DMCC)	DMCC 40384	UAE, Dubai	100%	100%	275	275
Trinexia DMCC (formerly Credence Security)	JLT 4874	UAE, Dubai	100%	100%	205	205
CYBER1 Solutions (formerly Professional Technologies Ltd)	No. C 81571	Kenya	100%	100%	309	309
CYBER1 Solutions (formerly 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%	264	264
Dynamic Recovery Holdings3 (Pty) Ltd	1999/023928/07	South Africa	100%	7100%	454	0
Trinexia UK (formerly Credence Security Ltd)	6821858	United Kingdom	100%	100%	20	20
Trinexia SA (Pty Ltd (formerly Cyber Security South Africa)	2017/522498/07	South Africa	74%	74%	1,094	1,094
Trinexia Africa (formerly Cyber Security Africa Distribution)	C18158696	Mauritius	100%	100%	2,276	1,527
					<b>6,145</b>	<b>4,942</b>

## 12. Discontinued Operations

### Cognosec Ltd and Cyber1 Ltd

On 17 July 2023, Cyber 1 liquidated two non-trading operations in the United Kingdom, namely, Cognosec Ltd and Cyber 1 Limited.

Cyber1 have recognised the transaction and accounted for the disposal in Q4 2023 financials and the proceed and capital gain to Cyber1 is Nil TEUR excluding exchange rate differences recycled from other comprehensive income. Cognosec Ltd and Cyber1 Ltd losses are reported separately under discontinued operations in the income statement. The profit or loss from re-measurement of assets and liabilities classified as disposal are summarised as follows:

#### Net assets at the time of divestment

	Group		Parent	
	2023	2022	2023	2022
<b>Discontinued Operations</b>				
Trade and other receivables	734	0	0	0
Intragroup Debt	4,538	0	4,408	0
Cash and cash equivalents	0	0	0	0
Trade payables and liabilities	(3,435)	0	0	0
<b>Divested net assets</b>	<b>1,837</b>	<b>0</b>	<b>4,408</b>	<b>0</b>
Capital gain, excluding sales costs	0	0	0	0
<b>Sales price</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Loss on divestment of discontinued operations	-1,837	0	-4,408	0
<b>Total Income Statement impact</b>	<b>-1,837</b>	<b>0</b>	<b>-4,408</b>	<b>0</b>

	Group		Parent	
	2023	2022	2023	2022
<b>Discontinued Operations</b>				
Net revenue	0	0	0	0
Expenses and other operating income, net	0	0	0	0
<b>Operating income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Financial items, net	0	0	0	0
<b>Income after financial items</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Income taxes	0	0	0	0
<b>Net income before gain/loss on disposal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Loss of divestment of discontinued operations	-1,837	0	-4,408	0
<b>Net income from discontinued operations</b>	<b>-1,837</b>	<b>0</b>	<b>-4,408</b>	<b>0</b>

## 13. 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.

a. Inventories

	<b>2023</b>	<b>2022</b>
Finished Goods	99	151
	<b>99</b>	<b>151</b>

Impairment of inventories during the year amounted to Nil (2022: Nil).

14. Trade and other receivables

a. Trade and other receivables

	<b>Group</b>		<b>Parent</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Trade debtors	13,009	23,147	350	410
Pre-payment of supplier invoices	155	178	31	0
Prepaid rent	0	0	0	0
Tax receivables	0	0	0	0
Amounts owed by Group undertakings	0	0	0	0
Other receivables	4,942	175	0	0
Less provision for impairment of trade receivables	0	0	0	0
	<b>18,106</b>	<b>23,500</b>	<b>381</b>	<b>410</b>

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

b. Movement for the Group – impairment of trade and other receivables

<b>Trade receivable provision</b>	<b>2023</b>	<b>2022</b>
Carrying value at beginning of year	0	0
Allowances for losses during the year	0	0
Recovery	0	0
Write-down	0	0
	<b>0</b>	<b>0</b>

As of December 2023, trade receivables of €5,487k (2022: €9,052k) were past due and Nil (2022: Nil) were impaired. The aging of trade receivables is as follows:

c. Age analysis – trade receivables

<b>Ageing of trade analysis</b>	<b>2023</b>	<b>2022</b>
Current	7,522	14,095
Overdue < 31 days	1,224	2,449
Overdue 31 – 90 days	1,092	2,141
Overdue > 90 days	3,171	4,462
	<b>13,009</b>	<b>23,147</b>

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 has an insignificant impact on the foreign currency risk. The provision for accounts receivable 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.

### 15. Liabilities and other provisions

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

#### a. Liabilities and other provisions (current)

	Group		Parent	
	2023	2022	2023	2022
<b>Current liabilities</b>				
Trade creditors	12,722	9,421	350	177
Current tax liabilities	0	216	(22)	(11)
Other liabilities	3,567	11,872	(88)	297
Interest bearing liabilities	449	1,610	0	0
Lease liabilities	131	366	0	0
Amounts due to Group undertakings	0	0	0	274
	<b>16,869</b>	<b>23,485</b>	<b>247</b>	<b>738</b>

### 16. Non-Controlling interest

The following is summarised financial information for CYBER1 Solutions (Pty) Ltd, CYBER1 SOC (Pty) Ltd and Trinexia (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 subsidiaries CYBER1 Solutions (Pty) Ltd, CYBER1 SOC (Pty) Ltd and Trinexia (Pty) Ltd. The non-controlling interest in CYBER1 Solutions (Pty) Ltd, CYBER1 SOC (Pty) Ltd and Trinexia (Pty) Ltd is 26% and is owned by Matoana Investments (Pty) Ltd. Matoana Investments (Pty) Ltd are entitled to receive their proportionate share of any dividend distribution. No dividend payments made in 2023 and 2022 to the non-controlling interest related to CYBER1's acquisition of CYBER1 Solutions (Pty) Ltd, CYBER1 SOC (Pty) Ltd and Trinexia (Pty) Ltd.

The non-controlling interest held by Matoana Investments (Pty) Ltd in CYBER1 Solutions (Pty) Ltd, CYBER1 SOC (Pty) Ltd and Trinexia (Pty) Ltd ensures that CYBER1 Solutions (Pty) Ltd, CYBER1 SOC (Pty) Ltd and Trinexia (Pty) Ltd comply with the South African Broad-Based Black Economic Empowerment Act (52/2003).

a. Non-controlling interest – Profit

<b>NCI Profit</b>	<b>2023</b>	<b>2022</b>
Revenue	32,530	22,103
Profit/(Loss)	356	(2,667)
Profit/(Loss) attributable to NCI	93	(693)
Other comprehensive income	68	0
Other comprehensive income attributable to NCI	18	0
	<b>110</b>	<b>(1,974)</b>

b. Non-controlling interest – net assets

<b>NCI Net assets</b>	<b>2023</b>	<b>2022</b>
Current assets	8,029	3,558
Non-current assets	760	501
Current liabilities	(9,965)	(6,393)
Non-current liabilities	(412)	0
	<b>(1,588)</b>	<b>(2,334)</b>

*17. Share capital*

Per 31<sup>st</sup> December 2023 CYBER1 registered Share capital consisted of 1,026 million shares (2022: 1,021 million shares) and amounted to €268k (2022: €267k). CYBER1 shares are denominated in Euros.

The Share capital detailed in the annual accounts is the Share capital which was registered on the 31<sup>st</sup> December 2023 and 2022 respectively.



#### a. Share capital recon

Transaction	Date	Change in issued number of shares	Issued number of shares	Par value EUR
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
<b>Shares issued at</b>	<b>31 December 2016</b>		<b>257,179,500</b>	<b>0.0025</b>
Shares issued at	1 January 2017		257,179,500	0.0025
<b>Shares issued at</b>	<b>31 December 2017</b>		<b>257,179,500</b>	<b>0.0025</b>
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
<b>Shares issued at</b>	<b>31 December 2018</b>		<b>292,235,506</b>	<b>0.0018</b>
Private placement of new issues	18 March 2019	3,250,976	295,486,482	0.0026
<b>Shares issued at</b>	<b>31 December 2019</b>		<b>295,486,482</b>	<b>0.0026</b>
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
<b>Shares issued at</b>	<b>31 December 2020</b>		<b>348,890,226</b>	<b>0.0003</b>
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
<b>Shares issued at</b>	<b>31 December 2021</b>		<b>710,802,055</b>	<b>0.0003</b>
Warrant issue	26 August 2022	310,511,425	1,021,313,480	0.0003
<b>Shares issued at</b>	<b>31 December 2022</b>		<b>1,021,313,480</b>	<b>0.0003</b>
Offset share issue	28 March 2023	4,615,385	1,025,928,865	0.0003
<b>Shares issued at</b>	<b>31 December 2023</b>		<b>1,025,928,865</b>	<b>0.0003</b>

### 18. Earnings per share

#### a. Earnings per share

Earnings per share	2023	2022
Net results attributable to shareholders of the Parent (TEUR)	(2,779)	(3,173)
Weighted average number of ordinary shares in issue (Thousands)	1,023,621	866,057
<b>Basic earnings per share (TEUR per share)</b>	<b>(0.0027)</b>	<b>(0.0037)</b>

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 2023.

## *19. 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 includes the cumulative net change in the fair value of available-for-sale financial assets until the assets are de-recognised or impaired.

## *20. 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 228k for office premises rented via a company that is controlled by the Group's president. The Board of directors considers that the rental charge is in line with market conditions. Otherwise, no transactions have taken place between CYBER1 and related parties that have a material impact on the company's position or earnings.

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

### 21. Major Shareholders

Shareholder	Percentage of issued ordinary share capital %	Value SEK
SAXO BANK A/S CLIENT ASSETS	24.1	247,567,329
ABN AMRO SWEDEB CLIENT NON-TREATY	20.5	210,255,502
SIX SIS AG, W8IMY	10.1	104,019,637
MORGAN STANLEY & CO INTL PLC, W8IMY	8.8	89,869,411
ROBERT BROWN	6.7	68,386,438
CS (CH) CLIENT OMNIBUS ACC	5.8	59,299,000
IBKR FINANCIAL SERVICES AG, W8IMY	3.7	38,233,308
UBS SWITZERLAND AG, W81MY	2.9	29,775,959
BRIDGE FINANCE SOLUTION AB	2.0	20,905,920
Michael Brown	1.3	13,391,825
AVANZA PENSION	1.3	12,900,238
Toni Bowker	1.1	11,591,825
Magnus Stuart	1.0	10,704,000

### 22. Events after reporting period

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

### 23. Appropriation of current year profit/(loss)

Appropriation profit/loss	2023
Free equity	7,153,723
Current year profit/loss	(4,578,535)
Share issue	58,795
	<b>2,633,983</b>

#### *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 14 June 2024 for adoption.

The date shown by our electronic signatures on the next page.

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**Peter Sedin**

CEO

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**Johannes Bolsenbroek**

Chairman

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**Robert Brown**

Group President and Board member

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**Alan Goslar**

Board member

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**Zeth Nystrom**

Board member

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**Pekka Honkanen**

Board member

Our audit report opinion was issued on the date shown by our electronic signatures on the next page.

RSM Stockholm AB

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**Malin Lanneborn**

Authorised Public Accountant

## AUDITOR'S REPORT

To the general meeting of the shareholders of Cyber Security 1 AB, 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 for the financial year 2023. The company's annual accounts and consolidated accounts are included in pages 12–76 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 as of 31 December 2023 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, 2023 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 for the year the financial year 2023 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 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 24 2024

RSM Stockholm AB

Malin Lanneborn  
Authorized Public Accountant