

Annual Report 2021

ZignSec AB (publ) Reg. No. 556016-5261

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ZignSec in brief

ZignSec is a technology group in the fast-growing RegTech industry. The company provides SaaS platform with digital real-time solutions for customer due diligence and ID verification with global reach. The solutions are used by companies that in turn can optimize their processes for onboarding both corporate customers and consumers and at the same time ensure compliance with ever-changing local and global regulatory requirements for Know Your Customer (KYC) and Anti Money Laundering (AML)

“Identify and onboard your customers digitally”

	2021	2020
Revenue, kSEK	53,532	14,533
Net revenue, kSEK	52,945	13,989
Net revenue growth	278%	113%
Equity/Assets ratio	73%	91%

Definitions of key ratios, see note 31



Important events 2021

At the beginning of the year, the acquisition of Wyzer Limited, a leading provider of software for optimizing and automating business processes and verifications for both government agencies and large and small companies, was completed. Wyzer has a competitive advantage in the areas of artificial intelligence and automation. Based on Wyzer's workflow engine, a new technology core has been taken into production that now allows all internal and external services to be combined into tailor-made solutions for our customers.

The customer base continues to grow and net sales increased by 278% in 2021 compared with the previous year. Several contracts with global companies in regulated industries such as financial services and auditing were signed during the year. The demand for the company's products continues to increase as a result of society's ever-increasing demands for digital accessibility and user-friendliness, in combination with the service industry's increased focus on customer knowledge and regulatory compliance as a result of new regulations.

ZignSec won a tender to develop a portal for the Maltese government that will digitally connect government agencies with companies. The procurement entails revenue of just over SEK 30 million over a 5-year period. The project is co-financed by the European Union as part of "The One-Only Principle Project (TOOP)". This project aims to reduce the administrative burden for European companies and public administrations.

In July, the acquisition of Web Shield was completed, a leading RegTech company with cutting-edge expertise in real-time onboarding, compliance and monitoring, as well as unique expertise in current international and local financial services regulations. Web Shield, founded in 2011, is based in the UK and Germany. The acquisition will lead to both improved growth and profitability, as well as a complementary product range of world-leading solutions for customer due diligence and onboarding of companies in strictly regulated businesses.

At the end of the year, work began on a unified SaaS portal that will be launched during the first half of 2022, which will make it easier for current and future customers to take advantage of the ZignSec Group's offering. As in an online shop, ZignSec's customers will be able to create a user account and then log in to the portal via ZignSec's website to purchase the regulatory compliance solutions they need. The new portal also includes the "No Code Compliance Manager" with a drag-and-drop feature enabling usage for persons without coding skills.



CEO comment

I am delighted and honoured to have assumed the role of CEO of ZignSec and have pleasure in presenting this report. Whilst my tenure in the new role has only been for the past few weeks, my involvement with ZignSec goes back over 6 months due to my role as CEO of Web Shield, a ZignSec subsidiary.

The regtech market is transforming the way compliance is handled and managed, which contrary to popular belief, is not a tick-box exercise. Whilst the compliance market moves fast, we keep our customers ahead of the rapid changes impacting their business through a combination of innovative technology, expertise and global reach. At ZignSec we make it our mission to simplify compliance for our customers and thereby save them money, through process optimisation and automation.

2021 has been a landmark year for ZignSec as we continue our rapid expansion and growth trajectory. We have witnessed significant growth over the past year, with net sales growing by 278% on the prior year, to SEK 52.9 million.

We continued to pursue our acquisition strategy and completed our largest acquisition to date with the purchase of Web Shield, one of the leading providers of merchant on-boarding and monitoring solutions globally. With this acquisition, we continue to increase our global footprint, with offices in Estonia, Germany, Malta, Poland, Singapore, the UK and, of course, Sweden and an organisation that now totals 74 members of staff.

Given the rapid growth we have experienced in organisational structure, we are accelerating our plans to integrate the different entities that are part of the Group to maximise synergies across the Group. We are centralising a number of departments across the ZignSec family to optimise the potential of the Group and enhance profitability. At the same time, we continue to invest in product development and growing our sales team to maintain our high levels of growth.

ZignSec will shortly be releasing our next generation client compliance management solution that will offer a suite of innovative features and a broad range of best-of-breed compliance services. We are also developing a range of industry-specific workflows that will enable us to offer tailored solutions to these industries in a scalable manner. In combination with this, we are also launching our portal that will provide access to ZignSec solutions to organisations who lack the IT resources to integrate via API, thereby significantly increasing our addressable market.

We strive to remain at the forefront of innovation in our industry by launching new products that extend the capabilities of our existing product offering as well as target new markets.

Having established a good reputation in our core markets, we plan to build on this as well as expand into new geographies and are scaling our sales team to meet this demand. In this regard, one of our first priorities is to expand our presence in the US, building on our strong reputation in the Acquiring market.

Despite the challenges created by the pandemic and the war in Ukraine, ZignSec has continued to thrive, which is down, in no small part, to the dedication and commitment of the ZignSec team. The resilience that has been demonstrated places ZignSec in a strong position to meet the challenges of the future and to continue to flourish in a dynamic and high growth market.



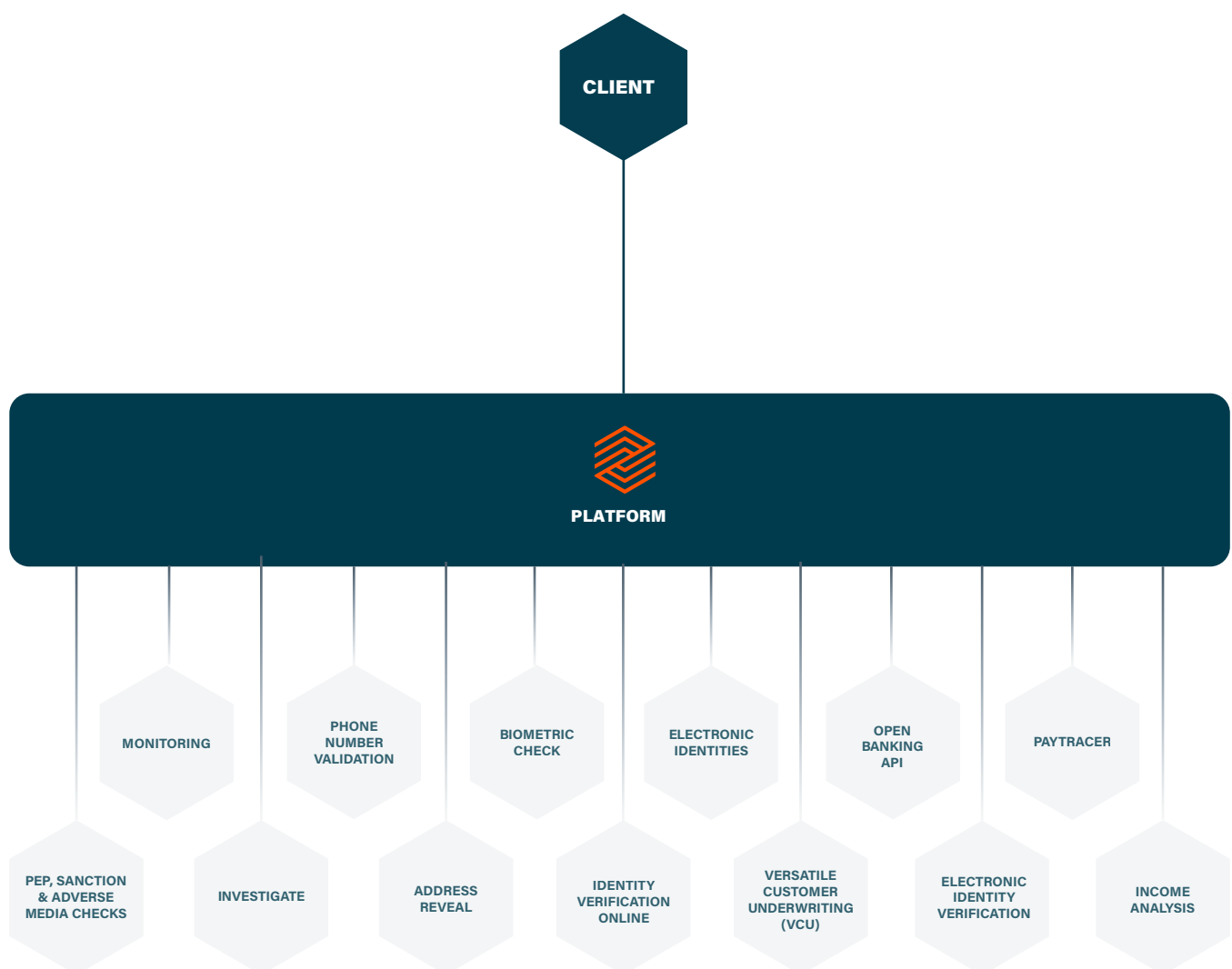
Alex Noton,
CEO,
ZignSec AB (publ)



Our Platform

An easy to connect verification platform for your business

ZignSec connects into different suppliers globally and makes them available via one easy to consume interface. We digitize and automate onboarding, due diligence and monitoring processes so our customers can focus on their core business. Through our channels - API, No Code Compliance Manager and soon our new SaaS Management portal - we make it easy to perform complex compliance workflows with the least effort.



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Platform features



Electronic Identity Verification

Match personal information such as name, address, date of birth, or national ID with various data sources to quickly verify an individual.



Online Identity Verification

Allow your customers to identify themselves by letting them scan their passports, driver's licenses, ID-cards and other documents. In real-time.



Electronic Identities

Our platform offers a rapidly growing number of digital identity solutions across the world. All available via one connection.



Phone Number Validation

Use our phone number validation service to authenticate users around the globe via SMS. With the ability to reach over 7 billion people.



Monitoring

A powerful combination of tools that automatically updates, tracks and re-checks validated information.



PayTracer

PayTracer screens payments and analyses transactions to provide instant risk scoring of the transaction and the parties involved in the transaction



Versatile Customer Underwriting (VCU)

VCU is a complete portal solution that simplifies customer onboarding in compliance with AML legislation.



Income Analysis

Our Income analysis feature gives you access to a detailed income reports without jeopardizing the privacy of your customers.



Open Banking API

Allows you to include existing bank accounts to verify identities. It allows verifying addresses and additional user credentials (varies on country and bank).



PEP, Sanction and Adverse Media Checks

Real-time access to multiple global PEP and Sanction lists, increasing both geographic coverage and quality of service.



Address Reveal

An enhanced AML to instantly verify if customers are operating from virtual addresses.



Crypto Compliance Library

A solution that enables acquirers to maintain compliance when handling crypto-currency merchants.



Investigate

Investigate is our merchant onboarding solution offering a suite of research tools to deliver real-time underwriting.



Biometric Check

AI technology that matches an ID document photo with a selfie or video of the person in real time, and verifies that it is not a copy or an imitation.



Annual Report

The Board of Directors and the CEO of ZignSec AB (publ), reg. no. 559016-5261, based in Solna, hereby submit the annual report and consolidated accounts for the financial year 2021. The company's accounting currency is Swedish kronor (SEK).

Management Report

Group relations

ZignSec AB (publ) is the parent company in the group consisting of the companies ZignSec AB, ZignSec Asia Pte Ltd, DataDepot OÜ, Data Depot Engineering Pte Ltd, Data Depot Asia Pte Ltd, Wyzer Ltd, Caledo Tech Ltd, Web Shield Ltd, Web Shield Services GmbH, Web Shield Services Polska sp.z.o.o.

General information about the operations

ZignSec is a technology group in the fast-growing RegTech industry. The company provides a SaaS platform with digital real-time solutions for customer awareness and ID verification with a global reach. The solutions are used by companies that in turn can optimize their processes to "onboard" both corporate customers and consumers while ensuring compliance with ever-changing local and global regulatory requirements for Know Your Customer (KYC) and Anti Money Laundering (AML).

In connection with an ever-increasing range of online services, more and more companies are requesting user-friendly digital methods for verifying and monitoring their customers. Many industries are also affected by changing global and local conditions for regulatory compliance. GDPR demands better and more secure handling of personal data and more structured routines. At the same time, money laundering (AML) and customer awareness directives (KYC) from are strengthened.

ZignSec sees it as its role to help companies in this process and facilitate the transition to a digital flow by automating and digitizing the entire process around customer due diligence and onboarding. The applications are many, for example fast registrations, secure logins, anti-fraud, automatic KYC, etc. It is in these areas that ZignSec focuses and develops.

The area of customer due diligence and onboarding is much talked about in the media and at trade fairs around the world. ZignSec has a strong brand in the area and is well positioned for the changes that are coming. The company was founded in 2015 and has been listed on Nasdaq First North since October 2019.

The Group's net sales increased by 278% in 2021 compared with the previous year as a result of organic growth and completed company acquisitions. The Group's operating profit (EBIT) for 2021 was SEK -78.9 million compared with SEK -14.2 million for the previous year, the change is mainly due to amortization of acquired intangible assets. The Parent Company's operating profit (EBIT) for 2021 was SEK -22.7 million, compared with SEK -12.0 million the previous year.

Continued operations

The Board has decided to carry out a rights issue during the period June-July 2022. Should the Board not succeed in carrying out the planned rights issue, other financing must be secured to avoid a significant risk to the company's ability to continue operations.

Significant events during the financial year

During the first quarter of 2021, the acquisition of the Malta-based company Wyzer Limited, a leading provider of software for optimization and automation of business processes and verifications for government authorities as well as large and small companies, was completed.

In May, ZignSec signed an agreement for the development of a business portal for the Maltese government with a value exceeding SEK 30 million over a period of five years. The agreement concerns the development of a Government to Business portal that will coordinate the process of digitally connecting government agencies with companies.

Two directed share issues were carried out in June, which brought in net proceeds of SEK 134 million.

In July, the acquisition of Web Shield was completed, a leading RegTech company based in the UK and Germany with cutting-edge expertise in real-time onboarding, compliance and monitoring, as well as unique expertise in current international and local financial services regulations.

ZignSec has been certified according to ISO27001: 2013, the global standard that certifies that an organization manages its information security risk correctly, both for internal data and customer data. ZignSec's certification proves to customers and other stakeholders that the company handles the security of all information in accordance with the requirements standard.



Shareholders

Name	Share capital (%)	Share of voting power (%)	Total shares
COMMERZBANK AG	12.1	12.1	4,109,094
ALANDSBANKEN ABP	5.4	5.4	1,829,464
SWISS LIFE LIECHTENSTEIN AG	4.2	4.2	1,428,570
NFT VENTURES 1 KOMMANDITBOLAG	3.7	3.7	1,247,723
BENGT BRAUN FÖRVALTNINGS AB	3.5	3.5	1,198,230
FÖRSÄKRINGSBOLAGET, AVANZA PENSION	3.5	3.5	1,167,808
ALBEDJ, ALEXANDER	2.2	2.2	756,239
NORDNET PENSIONS FÖRSÄKRING	1.9	1.9	627,736
INVESTMENT AB STENTULPANEN	1.5	1.5	522,274
OTHERS	61.9	61.9	20,944,106
Total	100	100	33,831,244



Group Multiple-year comparison	2021	2020	2019	2018	2017
Net turnover (kSEK)	52,945	13,989	6,573	2,185	764
Operating profit/loss (EBIT) (kSEK)	-78,889	-14,177	-10,359	-2,798	-1,898
Operating margin (EBIT)	-149%	-101%	-158%	-128%	-248%
Balance sheet total	391,563	74,496	35,829	12,051	1,785
Solidity	73%	91%	91%	87%	71%
Average number of employees	58	13	7	3	2

2019-2016 numbers in the multiple-year comparison for the Group are the same as the Parent's as 2020 was the first year as a Group.

Parent Multiple-year comparison	2021	2020	2019	2018	2017
Net turnover (kSEK)	16,685	13,503	6,573	2,185	764
Operating profit/loss (EBIT) (kSEK)	-22,705	-11,974	-10,359	-2,798	-1,898
Operating margin (EBIT)	-136%	-89%	-158%	-128%	-248%
Balance sheet total	384,546	71,031	35,829	12,051	1,785
Solidity	81%	92%	91%	87%	71%
Average number of employees	12	9	7	3	2

Definitions of key ratios, see note 31.

Proposed appropriations of profit and loss

The following funds are available to the Annual General Meeting:

Share premium reserve	358,008,906
Retained profit/loss	-14,853,135
Loss for the year	-37,169,555
	305,986,216
The Board proposes the funds be distributed as follows:	
Carried forward	305,986,216
	305,986,216



Group Profit and loss

(SEK)	Note	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Net turnover		52,945,375	13,988,782
Activated development work for own account		0	254,593
Other operating income		586,817	289,617
		53,532,193	14,532,991
Cost of sales		-13,709,884	-4,240,012
Other external costs	2,3	-29,744,229	-12,443,155
Personnel costs	4	-34,872,702	-10,087,228
Depreciation, amortization and impairment		-54,124,503	-1,657,216
Other operating costs		-233,541	-282,008
Profit/loss from shares in associated companies	5	264,064	0
Operating profit/loss (EBIT)		-78,888,601	-14,176,627
Result from financial items			
Interest income and similar items	6	23,026	220
Interest costs and similar items	7	523,953	-58,648
Total result from financial items		546,979	-58,428
Profit/loss before tax (EBT)		-78,341,622	-14,235,055
Tax	8	1,009,746	44,614
Profit/loss for the period		-77,331,876	-14,190,440
Attributable to owners of the parent		-72,735,840	-13,545,244
Attributable to non-controlling interests		-4,596,036	-645,197



Group Balance sheet

(SEK)	Note	2021-12-31	2020-12-31
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development expenditure	9	2,237,934	2,437,619
Customer relationships *	10	56,622,369	0
Technology *	11	23,224,781	2,350,406
Goodwill *	12	252,225,566	13,528,496
Patent, trademarks, licenses	13	380,235	393,491
Total intangible assets		334,690,884	18,710,012
Tangible assets			
Property, plant and equipment	14	1,364,062	169,424
Total tangible assets		1,364,062	169,424
Financial assets			
Shares in associated companies	15,16	3,833,411	0
Total financial assets		3,833,411	0
Total non-current assets		339,888,357	18,879,436
Current assets			
Accounts receivable		9,802,033	2,697,336
Other receivables		7,797,270	911,919
Prepaid expenses and accrued income	17	8,149,387	3,664,580
Total current assets		25,748,691	7,273,834
Cash and cash equivalents		25,926,692	48,342,842
Total current assets		51,675,382	55,616,677
TOTAL ASSETS		391,563,739	74,496,113

* Change from Year-end Report due to adjustments in preliminary PPA for Web Shield Ltd.



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Group Balance sheet

(SEK)	Note	2021-12-31	2020-12-31
EQUITY, PROVISIONS AND LIABILITIES			
EQUITY			
Share capital		1,340,735	884,024
Equity method reserve		935,669	0
Share premium reserve		358,008,906	77,084,994
Reserves (translation difference)		12,697,335	-828,338
Retained earnings incl. profit/loss of the period		-88,776,594	-15,697,933
Equity attributable to owners of the parent		284,206,052	61,442,748
Equity attributable to non-controlling interests		2,323,162	6,263,675
TOTAL EQUITY		286,529,214	67,706,423
PROVISIONS			
	18		
Provisions for deferred tax *		10,068,081	479,483
Other provisions		17,265,871	0
TOTAL PROVISIONS		27,333,952	479,483
LIABILITIES			
Non-current liabilities			
	19		
Liabilities to credit institutions		1,653,696	0
Total non-current liabilities		1,653,696	0
Current liabilities			
Prepayments from customers		458,745	98,670
Accounts payable		3,897,545	2,872,139
Liabilities to associated companies		1,661,486	0
Tax liabilities		236,125	13,767
Other liabilities	27	52,483,311	433,748
Accrued expenses and prepaid income	20	17,309,667	2,891,882
Total current liabilities		76,046,878	6,310,207
TOTAL LIABILITIES		77,700,574	6,310,207
TOTAL EQUITY AND LIABILITIES		391,563,739	74,496,113

* Change from Year-end Report due to adjustments in preliminary PPA for Web Shield Ltd. and tax reduction for Wyzer Ltd.



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Group Statement of changes in equity

(SEK)

Statement of changes in equity 2020	Share capital	Share premium reserve	Reserves	Equity method reserve	Retained earnings incl. profit/loss of the period	Total	Non-controlling interests	Total equity
Balance at 2020-01-01	781,674	32,507,467	0	0	-582,609	32,706,532		32,706,532
Profit/Loss for the period					-13,545,244	-13,545,244	-645,197	-14,190,441
New share issue	102,350	44,577,527				44,679,877	5,693,790	50,373,667
- issue expenses		-2,119,478						
Transactions with non-controlling interests					-1,570,080	-1,570,080	1,570,080	
Translation difference			-828,338			-828,338	-354,998	-1,183,336
Balance at 2020-12-31	884,024	77,084,994	-828,338	0	-15,697,933	61,442,747	6,263,675	67,706,422

(SEK)

Statement of changes in equity 2021	Share capital	Share premium reserve	Reserves	Equity method reserve	Retained earnings incl. profit/loss of the period	Total	Non-controlling interests	Total equity
Balance at 2021-01-01	884,024	77,084,994	-828,338	0	-15,697,933	61,442,747	6,263,675	67,706,422
Profit/Loss for the period					-72,735,840	-72,735,840	-4,596,036	-77,331,876
New share issue	456,712	240,621,912				241,078,624		241,078,624
- issue expenses		7,357,395						
Transactions with non-controlling interests					-342,821	-342,821	342,821	
Translation difference			13,525,673			13,525,673	312,702	13,838,375
Change in equity method reserve				935,669		935,669		935,669
Advance new share issue *		40,302,000				40,302,000		40,302,000
Balance at 2021-12-31	1,340,735	358,008,906	12,697,335	935,669	-88,776,594	284,206,052	2,323,162	286,529,214

* The parent company will issue 1,643,638 shares as payment for part of the Web Shield acquisition, note 21.



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Group Statement of cash flow

(SEK)	Jan 1 - Dec 31	Jan 1 - Dec 31
	2021	2020
Operating activities		
Operating profit/loss	-78,888,601	-14,176,627
Adjustments for:		
<i>Depreciation</i>	<i>54,124,503</i>	<i>1,657,216</i>
<i>Profit/loss from shares in associated companies</i>	<i>-264,064</i>	<i>0</i>
Interest received	2,672	220
Interest paid	-7,149	-1,607
Income tax paid	-505,063	0
Cash flow from operating activities before changes in working capital	-25,537,703	-12,520,798
Changes in working capital		
Change in receivables	-15,565,903	-1,664,692
Change in short-term debts	12,468,663	3,188,262
Cash flow from operating activities	-28,634,943	-10,997,228
Investing activities		
Investment in subsidiaries	-125,882,580	-6,510,224
Investment in intangible assets	-1,080,432	-1,603,851
Investment in tangible assets	-660,807	-122,383
Cash flow from investing activities	-127,623,819	-8,236,459
Financing activities		
New share issue	133,842,612	37,949,434
Cash flow from financing activities	133,842,612	37,949,434
Total cash flow for the period	-22,416,150	18,715,748
Cash and cash equivalents at beginning of period	48,342,842	29,627,094
Cash and cash equivalents at end of period	25,926,691	48,342,842



Parent Profit and loss

(SEK)	Note	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Net turnover		16,684,715	13,503,242
Activated development work for own account		0	254,593
Other operating income		1,277,459	283,579
		17,962,175	14,041,414
Cost of sales		-6,837,681	-3,866,706
Other external costs	2,3	-20,771,266	-11,968,352
Personnel costs	4	-11,637,199	-9,240,947
Depreciation, amortization and impairment		-1,221,973	-658,852
Other operating costs		-199,133	-280,722
Operating profit/loss (EBIT)	22	-22,705,076	-11,974,165
Result from financial items			
Result from shares in subsidiaries	23	-15,012,960	0
Interest income and similar items	6	73,501	220
Interest costs and similar items	7	-474,980	-58,648
Total result from financial items		-14,464,479	-58,428
Profit/loss before tax (EBT)		-37,169,555	-12,032,593
Tax		0	0
Profit/loss for the period		-37,169,555	-12,032,593



Parent Balance sheet

(SEK)	Note	2021-12-31	2020-12-31
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development expenditure	9	2,237,934	2,437,619
Patent, trademarks, licenses	13	109,456	0
Total intangible assets		2,347,390	2,437,619
Tangible assets			
Property, plant and equipment	14	247,255	137,240
Total tangible assets		247,255	137,240
Financial assets			
Shares in subsidiaries	24,25	348,073,501	18,529,320
Receivables from subsidiaries	26	1,789,708	0
Total financial assets		349,863,209	18,529,320
Total non-current assets		352,457,854	21,104,179
Current assets			
Accounts receivable		2,642,384	2,535,022
Receivables from subsidiaries	26	2,858,190	61,788
Other receivables		908,033	644,820
Prepaid expenses and accrued income	17	3,705,054	3,475,965
Total current assets		10,113,661	6,717,595
Cash and cash equivalents		21,974,760	43,208,876
Total current assets		32,088,421	49,926,471
TOTAL ASSETS		384,546,274	71,030,650

Parent Balance sheet

(SEK)	Note	2021-12-31	2020-12-31
EQUITY, PROVISIONS AND LIABILITIES			
EQUITY			
<i>Restricted equity</i>			
Share capital		1,340,735	884,024
Fund for development expenditure		2,237,934	2,437,619
<i>Non-restricted equity</i>			
Share premium reserve		358,008,906	77,084,994
Retained earnings incl. profit/loss for the period		-52,022,690	-15,052,820
TOTAL EQUITY		309,564,884	65,353,816
PROVISIONS			
	18		
Other provisions		17,265,871	0
TOTAL PROVISIONS		17,265,871	0
LIABILITIES			
Current liabilities			
Accounts payable		3,372,713	2,619,251
Tax liabilities		0	13,767
Other liabilities	27	50,008,815	429,105
Accrued expenses and prepaid income	20	4,253,992	2,614,711
Total current liabilities		57,715,520	5,676,834
TOTAL LIABILITIES		57,715,520	5,676,834
TOTAL EQUITY AND LIABILITIES		384,546,274	71,030,650



Parent Statement of changes in equity

(SEK)	Restricted equity		Non-restricted equity			Total equity
	Share capital	Fund for development expenditure	Share premium reserve	Retained earnings	Profit/loss of the period	
Statement of changes in equity 2020						
Balance at 2020-01-01	781,674	997,493	32,507,467	8,781,158	-10,361,260	32,706,532
Allocation according to AGM				-10,361,260	10,361,260	0
New share issue	102,350		44,577,527			44,679,877
- issue expenses			-2,119,478			
Provision for development fund		2,060,578		-2,060,578		0
Reversal of development fund		-620,452		620,452		0
Profit/loss for the period					-12,032,593	-12,032,593
Balance at 2020-12-31	884,024	2,437,619	77,084,994	-3,020,228	-12,032,593	65,353,816

(SEK)	Restricted equity		Non-restricted equity			Total equity
	Share capital	Fund for development expenditure	Share premium reserve	Retained earnings	Profit/loss of the period	
Statement of changes in equity 2021						
Balance at 2021-01-01	884,024	2,437,619	77,084,994	-3,020,228	-12,032,593	65,353,816
Allocation according to AGM				-12,032,593	-12,032,593	0
New share issue	456,712		240,621,912			241,078,623
- issue expenses			-7,107,395			0
Provision for development fund		1,034,430		-1,034,430		0
Reversal of development fund		-1,234,115		1,234,115		
Profit/loss for the period					-37,169,555	-37,775,156
Advance new share issue *			40,302,000			40,302,000
Balance at 2021-12-31	1,340,735	2,237,934	358,008,906	-14,853,135	-37,169,555	309,564,884

* The parent company will issue 1,643,638 shares as payment for part of the Web Shield acquisition, note 21.

Parent Statement of cash flow

(SEK)	Jan 1 - Dec 31	Jan 1 - Dec 31
	2021	2020
Operating activities		
Operating profit/loss	-22,705,076	-11,974,165
Adjustments for:		
<i>Depreciation</i>	<i>1,221,973</i>	<i>658,852</i>
Interest received	73,501	220
Interest paid	-3,718	-1,607
Cash flow from operating activities before changes in working capital	-21,413,321	-11,316,700
Changes in working capital		
Change in receivables	-1,022,153	-1,889,496
Change in short-term debts	1,940,165	2,817,696
Cash flow from operating activities	-20,495,309	-10,388,501
Investing activities		
Investment in subsidiaries	-128,556,759	-6,510,224
Investment in intangible assets	-1,080,432	-2,060,577
Investment in tangible assets	-161,327	-105,886
Shareholders' contribution	0	-5,233,600
Loans to subsidiaries	-4,782,900	0
Cash flow from investing activities	-134,581,419	-13,910,287
Financing activities		
New share issue	133,842,612	37,880,570
Cash flow from financing activities	133,842,612	37,880,570
Total cash flow for the period	-21,234,116	13,581,782
Cash and cash equivalents at beginning of period	43,208,876	29,627,094
Cash and cash equivalents at end of period	21,974,760	43,208,876



Notes

Note 1 | Significant accounting and valuation principles

Basis of accounting

The annual reports and the consolidated financial statements are prepared in compliance with Årsredovisningslagen (1995:1554) and BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Valuation principles

Assets, provisions and liabilities are recognized at acquisition value if nothing else is defined below.

Basis of consolidation

The consolidated financial statements have been prepared in accordance with the acquisition method. The time of acquisition is the time when the controlling influence is obtained. Identifiable assets and liabilities are initially valued at fair values at the time of acquisition. The minority's share of the acquired net assets is valued at fair value. Goodwill consists of the difference between the acquired identifiable net assets at the time of acquisition and the acquisition value, including the value of the minority interest, and is initially valued at acquisition value. In cases where an Earn-out is deemed likely to be paid, the Earn-out is reported as a provision in the balance sheet. To the extent that the time and amount of the Earn-out can be determined, it is reported as other liabilities.

The consolidated financial statements include the parent company and its subsidiaries. Subsidiaries refer to those companies in which the parent company, directly or indirectly, has a controlling influence. Normally, this refers to the company where the parent company holds more than 50% of the votes. The consolidated financial statements include the subsidiaries from the date on which the Group receives a controlling influence until the date on which it no longer exists. The subsidiaries' accounting principles are in line with the Group's accounting principles.

In the consolidated accounts, the Group companies' appropriations fall out and are included in the reported profit less deferred tax. This means that the Group companies' untaxed reserves in the consolidated balance sheet are divided between deferred tax liabilities and equity.

The non-controlling interest of the profit for the year is reported directly in connection with the profit for the year and the equity attributable to the non-controlling interest is found on a separate line in the Group's equity

Balances between group companies are eliminated in their entirety.

Subsidiaries in other countries prepare their accounts in foreign currency. Upon consolidation, the items in these companies' balance sheets and income statements are translated at the closing day rate and an average rate. The exchange rate differences that arise are reported in accumulated exchange rate differences in the Group's equity.

Shares in associated companies

Associates are defined as companies which are not subsidiaries but in which the Group has a significant, but not a controlling, interest. This generally refers to companies in which the Group's shareholding represents between 20 and 50 percent of the voting rights. Investments in associates are accounted for in accordance with the equity method.

The Group reports participations in associated companies according to the equity method. If the Group acquires additional shares in the associated company, but it is still an associated company to the Group, the previous holding is not revalued. If shares in associated companies are disposed so that significant influence no longer exists, the entire holding is reported in the consolidated income statement as profit or loss. When there are still shares, they are reported as Other securities holdings.



Currency

Receivables and liabilities in foreign currency have been revalued at the balance sheet date rate. Exchange gains and losses in operating receivables and liabilities are reported in operating profit, while exchange gains and exchange rate on financial receivables and liabilities are reported as financial items.

Revenue

The inflow of financial benefits that the company holds or will hold up is recognized as revenue. Revenue is measured at the fair value of what has or will be received, less discounts.

Leasing

The Group as a lessee

The Group as a lessee, through operating leases, without any transfer of ownership rights. The lease payments related to the operating leases, including increased first-time rent but excluding costs of services such as maintenance, are recognized as expenses on a straight-line basis over the lease term.

Employee benefits

Employee benefits refers to all types of benefits that the Group leaves to its employees. Employee benefits includes, among others, wages and salaries, paid vacation, paid absence, bonuses and benefits after terminated employment (pension).

Employee benefits are recognized as expenses in the period in which the related services are performed.

Tax

Total tax constitutes of current tax and deferred tax. Tax is recognized in the profit and loss except to the extent that the tax arises from a transaction or event which is recognized directly in equity, in which case it is recognized in equity.

Current tax

The current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognized, using the balance sheet method, providing for all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and deferred tax liabilities are offset only if they can be settled through a net payment. Deferred tax is measured based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Effects of changes in tax rates are recognized in the profit and loss in the period in which the change has been legislated. A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

A deferred tax asset is recognized as a financial fixed asset and a deferred tax liability is recognized as a provision.

Intangible assets

Intangible assets, both purchased and internally generated, are carried in the balance sheet at the acquisition cost, less depreciation and any accumulated impairment losses.

Internally generated intangible assets are recognized by using the capitalization model. This means that research costs are recognized as expenses in the profit and loss when they arise, and development costs are capitalized when all the following conditions are met:

- It is technically possible to complete the intangible assets so that it can be used or sold.
- The intention is to complete the intangible asset and to use or sell it.
- The conditions are in place for using or selling the intangible asset.
- It is probable that the intangible fixed asset will generate future economic benefits.
- There are necessary and adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The expenses attributable to the intangible fixed asset can be estimated in a reliable manner.

The acquisition value of an internally generated intangible asset consists of directly attributable expenses. Indirect manufacturing costs that constitute more than an insignificant part of the total expense for manufacturing and amounts to more than an insignificant amount are included in the acquisition value.

Goodwill

Goodwill is carried in the balance sheet at the acquisition cost, less depreciation and any accumulated impairment losses. Goodwill is subject to an annual impairment testing. Expenses for internally generated goodwill are recognized as expenses in the profit and loss when they arise.

Other intangible assets

Other intangible assets are carried in the balance sheet at the acquisition cost, less depreciation and any accumulated impairment losses.

Property, plant and equipment

Property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses. The acquisition value also includes expenses that are directly attributable to the acquisition. Expenses related to maintenance and repairs are recognized as costs in the profit and loss when they arise.

Depreciation

Depreciation on the equipment is calculated using linear method to allocate their depreciable amounts (costs less residual values) over their estimated useful lives as follows:

Intangible assets

Capitalized development expenditure	3 years
-------------------------------------	---------

Acquired intangible assets

Trademarks	5 years
Goodwill	5 years
Customer relationships	5 years
Technology	3 years
Patent, trademarks and licenses	5 years

Tangible assets

Property, plant and equipment	5 years
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Financial assets and liabilities

Financial assets and liabilities are recognized and valued at acquisition cost. Trade receivables and other short-term claims are valued at the lower of acquisition value and the amount by which they are expected to be settled, that is with deductions for expected losses. Accounts payable and other current liabilities are valued at the amount by which they are expected to be settled.

Provisions

Provisions are reported when the Group has a legal or informal obligation as a result of previous events, where it is probable that an outflow of resources will be required to settle the obligation and the amount has been calculated in a reliable manner.

At the first reporting date, provisions are valued at the best estimate of the amount that will be required to settle the obligation on the balance sheet date. Provisions are reviewed every balance sheet date.

Cash flow analysis

The cash flow analysis is prepared according to the indirect method. The reported cash flow only includes transactions that resulted in inflows or outflows.

Basis of accounting – Parent company

Accounting policies that deviate from those that are applied in Consolidated financial statements are presented below.

Shares in subsidiaries

Shares in subsidiaries are recognized at cost less impairment losses. Capital injections or Group contributions are added to the cost of acquisition. Dividend is recognized as income, even if the dividend relates to accumulated gains before the acquisition date. The dividend is reported when it has been decided and calculated in a reliable way.



Note 2 | Lease agreements - lessee

Operating lease

	Group		Parent	
	2021	2020	2021	2020
Leasing costs during the reporting period:	2,276,655	733,021	932,466	713,163
Future minimum lease payments to be paid in respect of non-cancellable leases:				
Falling due for payment within one year	3,368,864	604,965	959,288	536,667
Falling due for payment after one year but within five years	13,410,624	0	2,558,101	0
Falling due for payment after more than five years	1,018,563	0	0	0
	17,798,052	604,965	3,517,389	536,667

The group and parent company have entered the following operating lease agreements: Rental of premises.

Note 3 | Auditors' fees

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Ernst & Young AB				
Audit assignment	1,136,050	374,680	1,136,050	374,680
Tax advise	0	0	0	0
Other services	2,356,350	86,720	2,356,350	86,720
	3,492,400	461,400	3,492,400	461,400
Charles Scierri and Associates				
Audit assignment	10,978	0	0	0
Tax advise	0	0	0	0
Other services	517,390	0	0	0
	528,368	0	0	0



Note 4 | Employees

Average number of employees

	2021		2020	
	Average number of employees	of which men	Average number of employees	of which men
<i>Parent company</i>				
Sweden	12	72%	9	89%
	12	72%	9	89%
<i>Subsidiary</i>				
UK	1	100%	0	0%
Estonia	14	71%	3	67%
Malta	12	76%	0	0%
Poland	5	78%	0	0%
Singapore	1	100%	1	100%
Germany	13	56%	0	0%
	46	70%	4	75%
Group total	58	70%	13	85%

Salaries, other remunerations, and social costs are the amounts expensed during the year, including earned but unpaid payments.

<i>Salaries, other remuneration and social costs for the Group 2021</i>	Salaries	Pension costs	Social security costs
Parent	8,482,368	88,872	2,645,161
Group	18,510,344	150,983	4,222,155
	26,992,712	239,855	6,867,315
<i>Salaries, other remuneration and social costs for the Group 2020</i>	Salaries	Pension costs	Social security costs
Parent	6,985,779	116,324	2,019,820
Group	691,754	8,607	208,114
	7,677,533	124,931	2,227,934

Remuneration, excluding social fees and payroll tax, to the Board of Directors and senior executives 2021

	Salaries	Other remuneration	Pension costs
Alexander Albedj	190,833		
Markus Pihl	104,167		
Pär Kastengren	104,167		
Markus Andersson	31,250		
Marie-Louise Gefwert	72,917		
Eric Wallin	72,917	240,000	88,872
Other senior executives	1,870,928		
	2,447,178	240,000	88,872



Remuneration, excluding social fees and payroll tax, to the Board of Directors and senior executives 2020

	Salaries	Other remuneration	Pension costs
Alexander Albedj	87,500		
Markus Pihl	103,750		
Pär Kastengren	103,750		
Fredrik Leetmaa	60,000		
Kjell Arvidsson	60,000		
Markus Andersson	43,750		
Jonas Ingelström	855,185		
Övriga ledande befattningshavare	1,715,860		84,000
Jonas Ingelström	3,029,795		84,000

Gender distribution on the Board of Directors and company management

	Group		Parent	
	2021	2020	2021	2020
Share of women on the Board of Directors	20%	0%	20%	0%
Share of men on the Board of Directors	80%	100%	80%	100%
Share of women among other senior executives incl CEO	0%	14%	0%	0%
Share of men among other senior executives incl CEO	100%	86%	100%	100%

The above reflects the ratio as at the balance sheet date.

Note 5 | Share of earnings in associated companies

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Share of current year earnings	264,064	0	0	0
	264,064	0	0	0

Note 6 | Financial income

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Intra-Group interest income	0	0	73,501	0
External interest income and similar items	15,553	220	0	220
Exchange rate differences on financial items	7,473	0	0	0
Impairment	0	0	-15,012,960	0
	23,026	220	-14,939,459	220

Note 7 | Financial expenses

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
External interest expenses and similar items	-78,276	-112	-347	-112
Exchange rate differences on financial items	605,600	-57,041	-478,698	-57,041
Other financial expenses	-3,371	-1,494	-3,371	-1,494
	-523,953	-58,648	-474,980	-58,648



Note 8 | Tax on income

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Current tax	-638,345	0	0	0
Deferred tax	1,648,090	44,614	0	0
Total tax	1,009,746	44,614	0	0
Average effective tax rate	-1%	0%	0%	0%
<i>Explanation of effective tax rate</i>				
Result before tax	-78,341,622	-14,235,055	-37,169,556	-12,032,593
Tax according to applicable tax rate 20,6% (21,4%)	16,138,374	3,046,302	7,656,928	2,574,975
Effect of foreign tax rates	-638,345	0	0	0
Tax effect of:				
Non-deductible expenses	-37,615	-4,594	-37,615	-4,594
Exercised/new, not yet measured tax loss carryforwards	-17,564,883	-3,533,436	-9,083,437	-3,062,109
Deferred tax applicable to acquired customer relationships	696,065	0	0	0
Deferred tax applicable to acquired technology	952,025	44,614	0	0
Tax-free income	0	12,921	0	12,921
Other	1,464,122	478,807	1,464,123	478,807
Total	1,009,746	44,614	0	0
Effective tax rate	-1%	0%	0%	0%

Disclosures on deferred tax assets and deferred tax liabilities

For the change in deferred tax liabilities, see note 18 Provisions. The Parent's total tax loss carryforward amounts to 77,721 kSEK (33,627 kSEK), the deferred tax asset is measured to 0 SEK due to precautionary measures.

Note 9 | Capitalized development expenditure

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Opening accumulated acquisition cost	3,464,437	1,403,860	3,464,437	1,403,860
Acquisitions for the year	967,202	2,060,577	967,202	2,060,577
Closing accumulated acquisition cost	4,431,639	3,464,437	4,431,639	3,464,437
Opening accumulated depreciation	-1,026,818	-406,367	-1,026,818	-406,367
Depreciation for the year	-1,166,888	-620,451	-1,166,888	-620,451
Closing accumulated depreciation	-2,193,706	-1,026,818	-2,193,706	-1,026,818
Carrying amount	2,237,934	2,437,619	2,237,934	2,437,619



Note 10 | Customer relationships

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Opening accumulated acquisition cost	0	0	0	0
Acquisitions for the year	62,740,274	0	0	0
Exchange rate differences	1,580,957	0	0	0
Closing accumulated acquisition cost	64,321,231	0	0	0
Opening accumulated depreciation	0	0	0	0
Depreciation for the year	-7,524,546	0	0	0
Exchange rate differences	-174,316	0	0	0
Closing accumulated depreciation	-7,698,862	0	0	0
Carrying amount	56,622,369	0	0	0

Note 11 | Technology

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Opening accumulated acquisition cost	2,564,079	0	0	0
Acquisitions for the year	25,484,023	2,673,233	0	0
Exchange rate differences	786,389	-109,154	0	0
Closing accumulated acquisition cost	28,834,492	2,564,079	0	0
Opening accumulated depreciation	-213,673	0	0	0
Depreciation for the year	-5,252,751	-218,697	0	0
Exchange rate differences	-143,286	5,024	0	0
Closing accumulated depreciation	-5,609,711	-213,673	0	0
Carrying amount	23,224,781	2,350,406	0	0



Note 12 | Goodwill

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Opening accumulated acquisition cost	14,240,522	0	0	0
Acquisitions for the year	270,659,818	15,171,841	0	0
Exchange rate differences	8,181,891	-931,319	0	0
Closing accumulated acquisition cost	293,082,231	14,240,522	0	0
Opening accumulated depreciation	-712,026	0	0	0
Depreciation for the year	-33,133,544	-739,654	0	0
Exchange rate differences	-969,419	27,628	0	0
Closing accumulated depreciation	-34,814,989	-712,026	0	0
Opening accumulated impairment	0	0	0	0
Impairment for the year	-6,041,677	0	0	0
Closing accumulated impairment	-6,041,677	0	0	0
Carrying amount	252,225,566	13,528,496	0	0

Note 13 | Patent, trademarks, licenses

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Opening accumulated acquisition cost	501,440	71,000	71,000	71,000
Acquisitions for the year	113,230	430,440	113,230	0
Exchange rate differences	33,571	0	0	0
Closing accumulated acquisition cost	648,241	501,440	184,230	71,000
Opening accumulated depreciation	-107,949	-56,800	-71,000	-56,800
Depreciation for the year	-151,582	-51,149	-3,774	-14,200
Exchange rate differences	-8,475	0	0	0
Closing accumulated depreciation	-268,006	-107,949	-74,774	-71,000
Carrying amount	380,235	393,491	109,456	0



Note 14 | Property, plant and equipment

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Opening accumulated acquisition cost	226,005	84,872	190,758	84,872
Acquisitions for the year	2,026,675	141,133	161,327	105,886
Sales and disposals	-83,533	0	0	0
Exchange rate differences	189,648	0	0	0
Closing accumulated acquisition cost	2,358,796	226,005	352,084	190,758
Opening accumulated depreciation	-56,582	-29,317	-53,518	-29,317
Depreciation for the year	-804,827	-27,265	-51,311	-24,201
Sales and disposals	32,537	0	0	0
Exchange rate differences	-165,862	0	0	0
Closing accumulated depreciation	-994,734	-56,582	-104,829	-53,518
Carrying amount	1,364,061	169,424	247,255	137,240

Note 15 | Investments in associated companies

	Parent	
	2021-12-31	2020-12-31
Opening accumulated acquisition cost	0	0
Acquisitions for the year	3,832,366	0
Closing accumulated acquisition cost	3,832,366	0



Note 16 | Specification of investments in associated companies

Indirectly owned	Share of equity	Share of voting power
Web Shield Legal Library sp. z. o. o.	50%	50%
Web Shield Legal Library sp. z. o. o. spk.	50%	50%

	Company registration number	Registered office
Web Shield Legal Library sp. z. o. o.	5252705174	Warszawa
Web Shield Legal Library sp. z. o. o. spk.	5252731444	Warszawa

Note 17 | Prepaid expenses and accrued income

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Accrued income	2,977,633	128,436	133,276	0
Prepaid rent	272,762	2,602	254,865	2,602
Prepaid insurance	11,666	26,781	1,861	22,330
Prepaid media space	2,000,000	2,000,000	2,000,000	2,000,000
Prepaid service fees	1,799,623	568,843	753,261	568,843
Other prepaid expenses	1,087,704	937,917	561,791	882,190
	8,149,387	3,664,579	3,705,054	3,475,965



Note 18 | Provisions

Specification of deferred tax assets and deferred tax liabilities

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
<i>Deferred tax liabilities</i>				
Deferred tax applicable to acquired technology	4,266,518	479,483	0	0
Deferred tax applicable to acquired customer relationships	5,801,563	0	0	0
Total deferred tax liabilities	10,068,081	479,483	0	0

The Parent's total tax loss carryforward amounts to 77,721 kSEK (33,627 kSEK), the deferred tax asset is measured to 0 SEK due to precautionary measures.

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
<i>Other provisions</i>				
Opening accumulated other provisions	0	0	0	0
Provisions of the year	17,265,871	0	17,265,871	0
	17,265,871	0	17,265,871	0
<i>Specification Other provisions</i>				
Additional purchase price	17,265,871	0	17,265,871	0
	17,265,871	0	17,265,871	0

Note 19 | Long-term liabilities

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Falling due for payment after one year but within five years				
Liabilities to credit institutions	1,653,696	0	0	0
	1,653,696	0	0	0

Note 20 | Accrued expenses and deferred income

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Accrued salaries	127,641	266,870	63,913	95,677
Accrued vacation pay	3,618,526	706,773	999,861	706,773
Accrued social security costs	404,050	321,729	330,222	252,129
Accrued system development	194,695	305,830	194,695	305,830
Accrued transaction fees	641,149	306,815	641,149	306,815
Accrued board fees	420,000	218,750	420,000	218,750
Accrued auditing fees	872,543	150,000	566,521	150,000
Accrued consultancy fees	633,386	273,680	111,814	273,680
Other accrued expenses	958,709	137,533	684,413	101,155
Other prepaid income	9,438,968	203,902	241,406	203,902
	17,309,667	2,891,882	4,253,992	2,614,711



Not 21 | Acquisitions

Acquisition Wyzer Limited

On 5 February 2021, ZignSec AB completed the acquisition of 100 percent of the shares in the Malta-based company Wyzer Limited, including the subsidiary Caledo Tech Limited. Wyzer is a leading provider of software specifically designed to automate the management of business processes and verifications. Wyzer was founded in 2017 and had 11 employees at the time of the acquisition.

The purchase price for the shares in Wyzer amounted to EUR 3 million, corresponding to approximately SEK 30.5 million. EUR 1.5 million, corresponding to SEK 15.25 million of the purchase price was paid with shares in ZignSec, calculated at a share price corresponding to SEK 22.05 per share in ZignSec. EUR 1.5 million, corresponding to SEK 15.25 million of the purchase price shall be paid in cash.

The transaction also includes the right to an additional purchase price of a maximum of EUR 2 million, corresponding to SEK 20.3 million for each of the financial years 2021 and 2022.

The additional purchase price is based on Wyzer's net sales during each financial year and will be paid 50 percent in cash and 50 percent in shares, unless ZignSec chooses that the additional purchase price be paid 100 percent either in cash or with shares. Wyzer is included in the Group's financial reports as of the acquisition date. The acquisition analysis is final.

	2021-02-05
Purchase Price	55,462,221
Reported amounts of identifiable acquired assets and assumed liabilities	
Tangible assets	320,724
Financial assets	11,788
Technology	1,074,574
Customer relationships	15,039,594
Accounts receivable	1,124,087
Other receivables	220,075
Cash and cash equivalents	767,113
Current liabilities	-392,345
Deferred tax	-805,708
Total identifiable net assets	17,359,903
Goodwill	38,102,318



Acquisition Web Shield Ltd

On July 2, 2021, ZignSec AB completed the acquisition of 100 percent of the shares in the UK-based company Web Shield Ltd, including the subsidiaries Web Shield Services GmbH, Web Shield Services Polska sp.z.o.o and 50% of Web Shield Legal Services sp.z.o.o. Web Shield is a leading RegTech company with cutting-edge expertise in real-time onboarding, compliance and monitoring. Web Shield was founded in 2011 and at the time of the acquisition had over 40 employees.

The initial purchase price for the shares in Web Shield amounted to EUR 20 million, corresponding to approximately SEK 201.5 million, and was paid in connection with the transaction. EUR 10 million, corresponding to SEK 100.75 million, of the purchase price was paid with shares in ZignSec calculated at a share price corresponding to SEK 24.52 per share in ZignSec. EUR 10 million, the equivalent of SEK 100.75 million of the upfront consideration was paid in cash.

The transaction also includes the right to a deferred consideration of a maximum of EUR 8 million, corresponding to SEK 80.6 million to be paid at 50 percent with cash and at 50 percent with shares. Web Shield is included in the Group's financial reports as of the acquisition date. The acquisition analysis is preliminary.

	2021-07-02
Purchase Price	287,952,184
Reported amounts of identifiable acquired assets and assumed liabilities	
Tangible assets	1,043,732
Financial assets	3,615,660
Goodwill	4,997,725
Technology	24,409,449
Customer relationships	47,700,680
Accounts receivable	3,993,564
Other receivables	4,687,977
Cash and cash equivalents	1,907,058
Non-current liabilities	-1,668,081
Current liabilities	-16,653,349
Deferred tax	-10,155,760
Equity method reserve	-3,486,246
Total identifiable net assets	63,878,655
Goodwill	224,073,529



Note 22 | Transactions between group companies

	Parent	
	2021-12-31	2020-12-31
Share of total purchases made from group companies	1%	0%
Share of total sales made to group companies	6%	0%

Note 23 | Result from shares in subsidiaries

	Parent	
	2021-12-31	2020-12-31
Impairment	-15,012,960	0
	-15,012,960	0

Note 24 | Shares in subsidiaries

	Parent	
	2021-12-31	2020-12-31
Opening accumulated acquisition cost	18,529,320	0
Acquisitions for the year	344,557,141	18,529,320
Closing accumulated acquisition cost	363,086,461	18,529,320
Opening accumulated impairment	0	0
Impairment for the year	-15,012,960	0
Closing accumulated impairment	-15,012,960	0
Carrying amount	348,073,501	18,529,320



Note 25 | Specification of shares in subsidiaries

Directly owned	Parent		Number of shares	Carrying amount
	Share of equity	Share of voting power		
Data Depot Asia Pte. Ltd.	70%	70%	898	1,476,558
Data Depot Engineering Pte. Ltd.	70%	70%	14	891,437
Datadepot OÜ	70%	70%	7,000	2,280,890
Web Shield Ltd	100%	100%	1	287,952,184
Wyzer Limited	100%	100%	1,500	55,462,221
ZignSec Asia Pte. Ltd.	100%	100%	100,000	10,211
				348,073,501

	Company registration number	Registered office	Equity	Profit/loss for the period
Data Depot Asia Pte. Ltd.	201713091C	Singapore	719,100	-819,778
Data Depot Engineering Pte. Ltd.	201808993C	Singapore	263,493	-52,510
Datadepot OÜ	14078299	Narva	102,279	-4,775,782
Web Shield Ltd	07893072	London	-3,531,794	-1,690,660
Wyzer Limited	C83596	Naxxar	3,554,959	1,469,640
ZignSec Asia Pte. Ltd.	20204913G	Singapore	90,995	87,222

Equity and profit/loss for the year have been reported in their entirety regardless of share of equity.
Profit/loss for the year refers to profit/loss after financial items.

Indirectly owned	Share of equity	Share of voting power
Caledo Tech Limited	100%	100%
Web Shield Services GmbH	100%	100%
Web Shield Services Polska sp. z. o. o.	100%	100%

	Company registration number	Registered office
Caledo Tech Limited	C89758	Naxxar
Web Shield Services GmbH	231/122/07376	Leipzig
Web Shield Services Polska sp. z. o. o.	5272752521	Warszawa

Note 26 | Receivables from group companies

	Parent	
	2021-12-31	2020-12-31
Opening accumulated acquisition cost	61,788	0
Receivables for the year	4,586,110	61,788
Closing accumulated acquisition cost	4,647,898	61,788
Carrying amount	4,647,898	61,788



Note 27 | Other current liabilities

	Group		Parent	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Deferred consideration	40,907,600	0	40,907,600	0
Earn-Out	8,678,305	0	8,678,305	0
Social security costs	678,543	219,331	326,624	219,331
VAT	752,870	0	0	0
Other current liabilities	1,465,993	214,417	176,286	209,774
	52,483,311	433,748	50,088,815	429,105

Note 28 | Related party transactions

Slagkryssaren AB (wholly-owned company to Board member Markus Pihl) has in connection to the acquisition of Web Shield performed a technical due diligence, for the amount of 100 tkr.

Gefwert Development AB (wholly-owned company to Board member Marie-Louise Gefwert) have sent invoices for an amount of 0,5 tkr, regarding disbursement.

Note 29 | Significant events after the end of the balance sheet date

ZignSec AB has acquired the remaining 30 percent of Data Depot Engineering Pte Ltd, DataDepot OÜ and Data Depot Asia Pte Ltd, which together form Basis ID Group, as part of ZignSec's long-term strategy to fully integrate Basis ID Group's operations into ZignSec's business and platform. The purchase price for 30 percent of the shares amounted to EUR 150,000, corresponding to approximately SEK 1,580,000.

The Board of ZignSec AB has appointed Alex Noton as the new CEO of ZignSec. Alex Noton has previously been CEO of Web Shield, ZignSec's largest subsidiary. Alex has a solid background in ID verification, M&A and strategic work and has been part of Web Shield since 2019. The reason for the change of CEO is to intensify the work of integrating the various companies within the ZignSec Group and accelerate ZignSec's acquisition strategy.

The Board of Directors of ZignSec AB has, based on the authorization given by the shareholders on the extraordinary general meeting on 28 June 2021, decided to carry out a rights issue with preferential rights for existing shareholders of approximately SEK 59.2 million.

Recent events in the Ukraine have at the time of publication of this report had very little or no impact on the Group's operations. But the situation can rapidly change and we are closely following the developments in Ukraine as well as the restrictions that have been decided in connection with the ongoing conflict.



Note 30 | Proposed appropriations of profit and loss

The following funds are available to the Annual General Meeting:

	2021-12-31	2020-12-31
Share premium reserve	358,008,906	77,084,994
Retained profit/loss	-14,853,135	-3,020,228
Loss for the year	-37,169,555	-12,032,593
	305,986,216	62,032,174
Carried forward	305,986,216	62,032,174
	305,986,216	62,032,174

Note 31 | Definitions of key ratios

Profit margin

Result before tax as a percentage of net turnover.

Operating margin

Operating result - EBIT as a percentage of net turnover.

Earnings per share

Net income attributable to Parent company's shareholders divided by weighted average number of outstanding shares.

Equity/assets ratio

Shareholder's equity divided by total assets.

Average number of employees (FTE)

The number of employees converted to full-time positions and calculated as an average during the period.

Net revenue

Net revenue refers to income from the sale of goods and services, excluding discounts and returns.

Net revenue growth

Change in net revenue compared with the same period previous year.

Revenue

Revenue refers to total sales, activated development work and other operating income

EBIT

Earnings before interest and taxes.



Signatures

Stockholm the day indicated by the digital signature

Alexander Albedj
Chairman of the Board

Eric Wallin
Board Member

Marie-Louise Gefwert
Board Member

Markus Pihl
Board Member

Pär Kastengren
Board Member

Alex Noton
CEO

Our Audit Report was submitted on:

/ 2022

Ernst & Young AB

Beata Lihammar
Authorised public accountant



ZignSec

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