



ZignSec

Annual Report 2023

ZignSec AB (Publ) Org. Nr. 559016-5261

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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"

	2023	2022
Revenue, kSEK	86,242	91,372
Net revenue, kSEK	84,715	89,917
Net revenue growth	-6%	70%
Equity/assets ratio	77%	76%

Definitions of key ratios, see note 33



Important events 2023

The board of directors of ZignSec AB appointed Glenn Mac Donald as the new CEO of ZignSec. Glenn, previously the CSO of the ZignSec group and with a solid track record in the finance and fintech industry, was appointed as CEO to enable increased focus on our core products as well as sales and growth for the group.

In May 2023, ZignSec, as the sole provider of KYC services, was granted a Limited Use Authorization as a FinTech Entity by India's International Financial Services Centers Authority (IFSCA). IFSCA is a unified authority for the development and regulation of financial products, financial services, and financial institutions in India. This collaboration provides ZignSec with an advantage by facilitating the process of navigating and establishing networks in the complex Indian market.

The company's expansion into new high-growth geographical markets continued with the signing of Absa Bank in Africa and several new clients in the CIS region.

ZignSec's position as a provider of customer due diligence solutions to companies in the digital healthcare industry was further strengthened by the agreement with MedHelp Care (publ), Sweden's leading company in digital corporate healthcare.

A cost-savings program was implemented in 2023 for the purpose of improving profitability and creating a positive operational cash flow. These cost-savings and efficiency measures primarily consist of reducing the workforce among both employees and consultants and will be in full effect during 2024.

Daniel Grech was appointed as CTO in 2023. Daniel, an experienced specialist in artificial intelligence, FinTech, and business process automation, leads the Group's development efforts and technology strategies to keep the company at the forefront of the industry.

ZignSec's subsidiary Web Shield launched CompliancePass, a new platform for regulatory monitoring for cryptocurrency merchants, which will expand further in 2024 to also cover acquiring banks and their customer portfolios.

Malta Business Registry (MBR), one of the large platform projects developed under the leadership of ZignSec's subsidiary Wyzer, launched in September 2023 and is fully operational. This innovative platform is designed to facilitate frictionless digital interactions between businesses and government authorities.

In 2023, a rights issue was conducted, raising SEK 19.6 million for ZignSec before issuance costs, along with a directed share issue and warrants totalling SEK 8.6 million.



CEO comment

As we conclude 2023, it is vital to share the journey, challenges, and achievements ZignSec Group has faced and embraced this past year. My tenure as CEO has been exciting so far, but also presented some challenges, yet our progress in the face of adversity highlights our commitment to innovation, growth, and enhancing shareholder value.

2023 was a year of continued geopolitical unrest, with the ongoing Ukrainian conflict impacting our financial results. Our net revenue decreased by 6% compared to the year before mainly due to the slowdown in customized platform projects and the delayed launch of our new solution for regulatory monitoring. Even though project delays, and geopolitical factors impacted our business, our core KYC and KYB products showed continued growth during 2023, which reflects the increasing demand for the solutions we provide to the market.

A strategic re-organization program was successfully implemented to enhance our profitability and cash flow going forward. By centralizing several key functions, we are able to allocate resources more efficiently across the Group and enhance our overall productivity. The positive effects on our operative result and cash flow from this re-organization started to materialize during the end of 2023 and will be in full effect under 2024.

The technological advancements achieved during the year are significant for reinforcing our commitment to sustainable growth. We made notable enhancements to several solutions, particularly ID scan technology, and introduced solutions such as CompliancePass and the innovative Proof of Address product. These developments are pivotal for us in our role as a key player in the Regtech space, leading the way businesses handle digital identity verification and combat fraud.

Broadening our geographic reach is an important strategic initiative for our future business growth. Our establishment as a recognized Know Your Customer (KYC) provider in India, alongside strategic partnerships and entries into the growing African and APAC regions, has significantly widened our global footprint. The successful launch of the Malta Business Registry (MBR) platform marks a milestone in creating new sources of recurring revenue, highlighting our growing influence and potential in new markets.

Despite facing declines in net revenue due to delays in external platform projects, we achieved robust growth in our core Know Your Business (KYB) products and penetrated new market segments. The latter part of the year showed a complex but promising financial landscape, indicative of a trajectory toward strategic growth followed by further operational refinement.

Reflecting on 2023, it has been a year of strategic realignment, innovation, and market expansion. Despite initial setbacks, our focus on operational efficiency, product excellence, and global outreach positions us well for sustainable growth and enhanced shareholder value.

I am deeply grateful for your continued trust and support. Together, we are laying the foundation for a prosperous future, driving forward with innovation, strategic expansion, and a firm focus to creating long-term value for all our stakeholders.

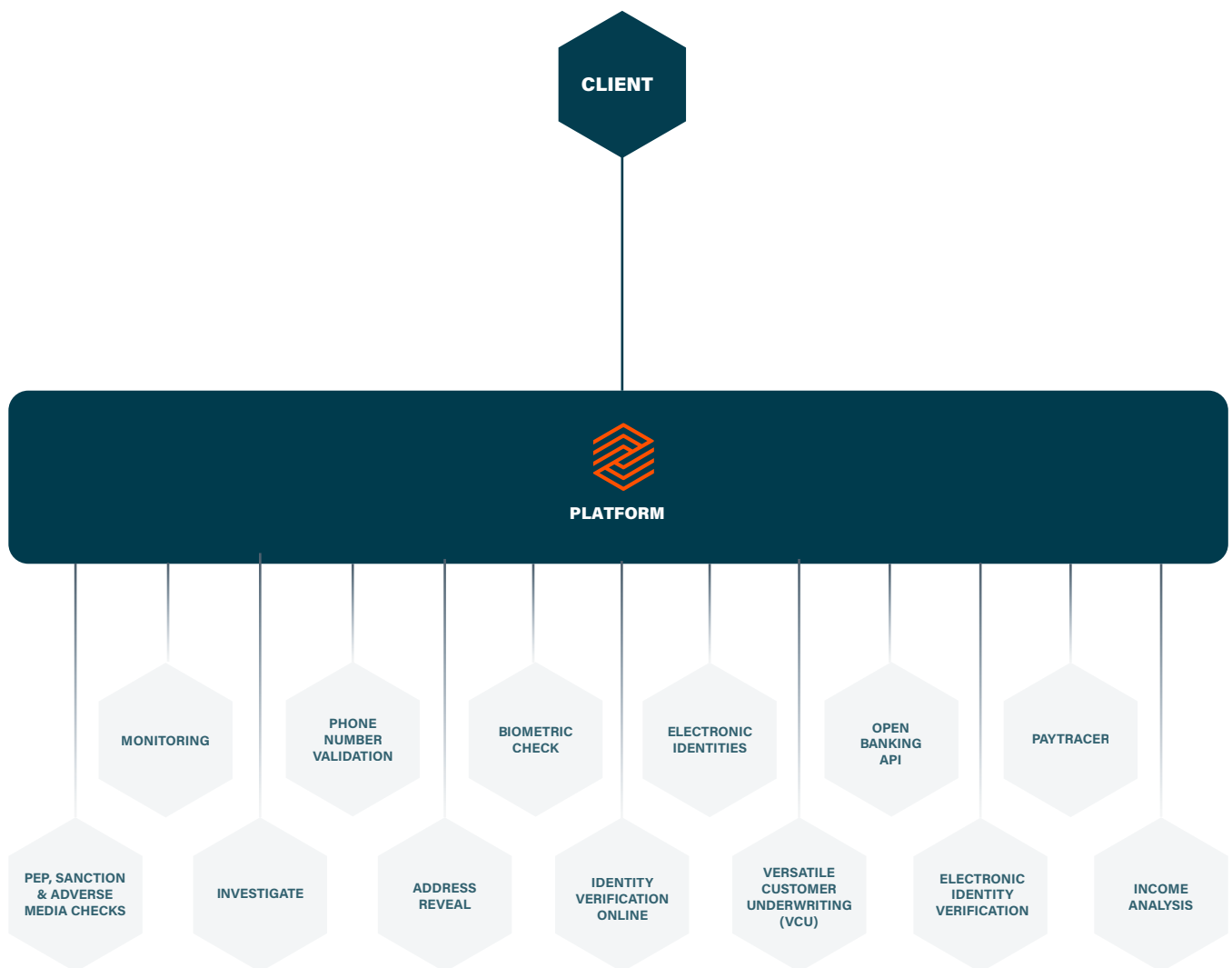
Glenn Mac Donald,
CEO, ZignSec AB (publ)



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.



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, 559016-5261, based in Stockholm, hereby submit the annual report and consolidated accounts for 2023. 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, 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) are being reinforced.

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 decreased by 6% in 2023 compared with the previous year mainly as a result of delays in product deliveries and customized platform projects. The Group's operating profit (EBIT) for 2023 was SEK -98.4 million compared with SEK -149.7 million for the previous year, the change is mainly due to lower amortization of acquired intangible assets. The Parent Company's operating profit (EBIT) for 2023 was SEK -10.4 million, compared with SEK -16.3 million the previous year.

Continued operations

The Board has decided to carry out a rights issue in the form of a set-off and new rights issue, and in connection with the rights issue take a bridge loan of SEK 4 million to generate a capital injection and thereby secure the financing. This is planned to take place during the period Q2 2024.

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

ZignSec appointed Daniel Grech as the Group's new Chief Technology Officer (CTO). In his new role, Daniel will lead the Group's technology strategy and development efforts.

The board has appointed Glenn Mac Donald as the new CEO of the ZignSec group. The CEO change is made to enable increased focus on sales and growth within the group, with the company's best interests in mind.

ZignSec has been granted a Limited Use Authorization as a FinTech Entity by India's International Financial Services Centers Authority (IFSCA). IFSCA is a coordinating authority for the development and regulation of financial products, financial services, and financial institutions in India. This close collaboration gives ZignSec a significant advantage in connecting with local players and establishing itself in the Indian market.

According to the board's decision, a rights issue of shares was conducted, raising SEK 19.6 million for the company before issuance costs. The rights issue was carried out with the intention of financing the payment of additional consideration related to the acquisition of Wyzer Limited, as well as investing in product development and the sales organization.

To improve the Group's profitability and create a positive operating cash flow, ZignSec has decided to implement cost-savings and other organizational efficiency measures. The measures, expected to save SEK 14 million annually, mainly consist of a reduction in the workforce. All expenses related to cost-saving and efficiency measures have been accounted for and regulated during 2023.

ZignSec entered into an agreement with MedHelp Care (publ), Sweden's leading company in digital corporate healthcare, to provide identity solutions that will streamline and simplify MedHelp's customer due diligence processes in Sweden and Denmark.

Malta's new Business Registry (MBR), a platform developed by ZignSec's subsidiary Wyzer, was successfully launched and operationalized in 2023. The innovative platform is designed to facilitate seamless digital interactions between companies and government authorities simplifying their operations.

Through its subsidiary Web Shield, ZignSec launched CompliancePass, a platform for regulatory monitoring for cryptocurrency merchants, enabling them to request detailed legal opinions on whether their operations comply with laws in selected jurisdictions and industry standards.

ZignSec conducted a directed issue of shares and warrants, raising SEK 8.6 million for the company before issuance costs, with the aim of financing the company's growth outside of Europe.



Significant risks and uncertainties

ZignSec operates in a dynamic environment with an increasing presence of larger international players. To address this challenge, the company emphasizes making data-driven decisions regarding innovation and product development to continuously attract and retain new and existing customers. ZignSec's strategy involves constantly monitoring trends and customer behaviours to anticipate their needs and ensure that our existing product portfolio remains relevant and competitive.

The company also relies on a stable and uninterrupted operation of its platform and services from its third-party suppliers. Disruptions, both internal and external, can affect the ability to conduct business and provide full functionality of our services. ZignSec is highly focused on developing features for monitoring the performance of the services to be able to act immediately in case of any operational disruptions and thereby minimizing any unwanted consequences for our customers.



Shareholders

Shareholders as of 2023-12-31

Name	Share capital (%)	Share of voting power (%)	Totalt shares
ALBEDJ, ALEXANDER	10.7	10.7	9,592,630
COMMERZBANK AG	9.1	9.1	8,092,028
NORDNET PENSIONS FÖRSÄKRING AB	7.4	7.4	6,574,137
CREDIT SUISSE (SWITZERLAND) LTD	6.1	6.1	5,473,213
ALANDSBANKEN ABP	4.1	4.1	3,654,132
AVANZA PENSION	4.1	4.1	3,636,536
NFT VENTURES 1 KOMMANDITBOLAG	3.0	3.0	2,676,293
CLEARSTREAM BANKING	2.6	2.6	2,291,327
SANDANTE INVEST AB	2.1	2.1	1,900,000
OTHERS	50.9	50.9	45,489,685
Total	100	100	89,379,981



Group Multiple-year comparison	2023	2022	2021	2020	2019
Net turnover (kSEK)	84,715	89,917	52,945	13,989	6,573
Operating profit/loss (EBIT) (kSEK)	-98,408	-149,661	-78,889	-14,177	-10,359
Operating margin % (EBIT)	-116	-166	-149	-101	-158
Balance sheet total (kSEK)	194,226	280,413	388,790	74,496	35,829
Solidity %	77	76	73	91	91
Average number of employees (pcs)	63	75	58	13	7

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

Parent Multiple-year comparison	2023	2022	2021	2020	2019
Net turnover (kSEK)	33,443	26,357	16,685	13,503	6,573
Operating profit/loss (EBIT) (kSEK)	-10,375	-16,349	-22,705	-11,974	-10,359
Operating margin % (EBIT)	-31	-62	-136	-89	-158
Balance sheet total (kSEK)	182,674	273,958	384,546	71,031	35,829
Solidity %	87	87	81	92	91
Average number of employees (pcs)	12	12	12	9	7

Definitions of key ratios, see note 33.

Proposed appropriations of profit and loss

The following funds are available to the Annual General Meeting:

Share premium reserve	438,712,550
Retained profit/loss	-182,251,623
Loss for the year	-102,425,087
	154,035,841
The Board proposes the funds be distributed as follows:	
Carried forward	154,035,841
	154,035,841



Group Profit and Loss

(SEK)	Note	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Net turnover	2	84,715,257	89,916,983
Other operating income		1,526,751	1,455,381
		86,242,008	91,372,364
Cost of sales		-20,892,635	-23,208,690
Other external costs	3,4	-35,990,771	-37,794,183
Personnel costs	5	-50,694,779	-53,869,210
Depreciation, amortization and impairment		-76,192,043	-125,850,677
Other operating costs		-880,128	-310,478
Operating profit/loss (EBIT)		-98,408,347	-149,660,873
Result from financial items			
Profit/loss from shares in associated companies	6	-388,434	298,854
Interest income	7	6,096,850	9,212,698
Interest costs and similar items	8	-3,947,695	-2,761,148
Total result from financial items		1,760,721	6,750,403
Profit/loss before tax (EBT)		-96,647,626	-142,910,470
Tax	9	3,096,013	3,339,719
Profit/loss for the period		-93,551,613	-139,570,750

Group Balance sheet

(SEK)	Note	2023-12-31	2022-12-31
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development expenditure	10	1,608,565	1,829,004
Customer relationships	11	32,615,925	45,714,073
Technology	12	4,424,659	13,409,679
Goodwill	13	114,883,305	162,026,619
Patent, trademarks, licenses	14	97,626	266,552
Total intangible assets		153,630,081	223,245,927
Tangible assets			
Property, plant and equipment	15	875,810	1,267,167
Total tangible assets		875,810	1,267,167
Financial assets			
Shares in associated companies	16,17	1,174,719	1,464,087
Total financial assets		1,174,719	1,464,087
Total non-current assets		155,680,610	225,977,182
Current assets			
Accounts receivable		8,423,432	9,824,035
Tax receivables		36,850	36,850
Other receivables	32	7,655,236	6,728,176
Prepaid expenses and accrued income	18	8,090,659	11,634,932
Total current assets		24,206,176	28,223,994
Cash and cash equivalents	32	14,338,868	26,211,955
Total current assets		38,545,044	54,435,949
TOTAL ASSETS		194,225,654	280,413,131

Group Balance sheet

(SEK)	Note	2023-12-31	2022-12-31
EQUITY, PROVISIONS AND LIABILITIES			
EQUITY			
Share capital		3,542,136	2,122,585
Equity method reserve		662,013	662,013
Reserves (translation difference)		26,765,470	21,435,001
Share premium reserve		438,712,541	415,978,600
Retained earnings incl. profit/loss of the period		-320,060,128	-226,508,516
TOTAL EQUITY		149,622,032	213,689,683
PROVISIONS			
	19		
Provisions for deferred tax		4,184,542	7,122,491
Other provisions		0	0
TOTAL PROVISIONS		4,184,542	7,122,491
LIABILITIES			
Non-current liabilities			
	20		
Liabilities to credit institutions		8,688,889	15,269,841
Total non-current liabilities		8,688,889	15,269,841
Current liabilities			
Liabilities to credit institutions		6,666,667	6,236,201
Prepayments from customers		212,642	322,017
Accounts payable		3,609,432	3,132,798
Liabilities to associated companies		898,248	235,364
Tax liabilities		20,686	35,447
Other liabilities	21	5,429,406	15,739,911
Accrued expenses and prepaid income	22	14,893,110	18,629,378
Total current liabilities		31,730,190	44,331,115
TOTAL LIABILITIES		40,419,079	59,600,957
TOTAL EQUITY AND LIABILITIES		194,225,654	280,413,131

Group Statement of changes in equity

Statement of changes in equity 2022	Share capital	Equity method reserve	Reserves	Share premium reserve	Retained earnings incl. profit/loss of the period	Total	Non-controlling interests	Total equity
Balance at 2022-01-01	1,340,735	662,013	9,142,641	358,008,906	-87,721,978	281,432,318	2,323,162	283,755,480
Profit/Loss for the period					-139,570,750	-139,570,750		-139,570,750
New share issue	781,850			62,878,367		63,660,217		63,660,217
- issue expenses				-4,908,673		-4,908,673		-4,908,673
Transactions with non-controlling interests					784,212	784,212	-2,323,162	-1,538,950
Translation difference			12,292,359			12,292,359		12,292,359
Balance at 2022-12-31	2,122,585	662,013	21,435,001	415,978,600	-226,508,516	213,689,683	0	213,689,683

(SEK)

Statement of changes in equity 2023	Share capital	Equity method reserve	Reserves	Share premium reserve	Retained earnings incl. profit/loss of the period	Total	Non-controlling interests	Total equity
Balance at 2023-01-01	2,122,585	662,013	21,435,001	415,978,600	-226,508,516	213,689,683	0	213,689,683
Profit/Loss for the period					-93,551,613	-93,551,613		-93,551,613
New share issue	1,419,551			26,925,345		28,344,896		28,344,896
- issue expenses				-4,191,404		-4,191,404		-4,191,404
Translation difference			5,330,469			5,330,469		5,330,469
Balance at 2023-12-31	3,542,136	662,013	26,765,470	438,712,541	-320,060,129	149,622,032	0	149,622,032



ZignSec

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Group Statement of cash flow

(SEK)	Note	Jan 1 - Dec 31 2023	Jan 1 - Dec 31 2022
Operating activities			
Operating profit/loss		-98,408,347	-149,660,873
Adjustments for:			
Depreciation		76,192,043	125,850,677
Interest received	7	78,397	32,910
Interest and other liability related costs paid	8	-2,619,892	-531,157
Income tax paid		-53,485	-153,335
Cash flow from operating activities before changes in working capital		-24,811,285	-24,461,777
Changes in working capital			
Change in receivables		4,845,952	220,971
Change in short-term debts		-5,134,909	-2,602,881
Cash flow from operating activities		-25,100,241	-26,843,688
Investing activities			
Investment in subsidiaries		0	-28,606,070
Investment in intangible assets	10,14	-970,823	-1,093,807
Investment in tangible assets	15	-96,786	-271,953
Cash flow from investing activities		-1,067,609	-29,971,830
Financing activities			
Loan		-4,358,730	19,714,286
New share issue		18,653,493	37,386,496
Cash flow from financing activities		14,294,762	57,100,781
Total cash flow for the period		-11,873,088	285,264
Cash and cash equivalents at beginning of period		26,211,955	25,926,691
Cash and cash equivalents at end of period		14,338,868	26,211,955

Parent Profit and Loss

(SEK)	Note	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Net turnover	2	33,442,671	26,357,408
Other operating income		976,623	243,903
		34,419,294	26,601,312
Cost of sales		-11,957,350	-9,600,010
Other external costs	3,4	-17,778,551	-19,802,102
Personnel costs	5	-12,860,207	-11,805,017
Depreciation, amortization and impairment		-1,306,762	-1,555,131
Other operating costs		-890,973	-188,449
Operating profit/loss (EBIT)	24	-10,374,549	-16,349,397
Result from financial items			
Result from shares in subsidiaries	25	-94,372,062	-121,398,832
Interest income	7	5,751,813	9,635,897
Interest costs and similar items	8	-3,430,289	-2,745,967
Total result from financial items		-92,050,539	-114,508,903
Profit/loss before tax (EBT)		-102,425,087	-130,858,300
Tax	9	0	0
Profit/loss for the period		-102,425,087	-130,858,300



Parent Balance sheet

(SEK)	Note	2023-12-31	2022-12-31
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development expenditure	10	1,608,565	1,829,004
Patent, trademarks, licenses	14	97,626	131,426
Total intangible assets		1,706,191	1,960,430
Tangible assets			
Property, plant and equipment	15	186,074	237,727
Total tangible assets		186,074	237,727
Financial assets			
Shares in subsidiaries	26,27	136,322,990	230,695,052
Receivables from subsidiaries	28	0	337,816
Total financial assets		136,322,990	231,032,868
Total non-current assets		138,215,255	233,231,025
Current assets			
Accounts receivable		3,339,196	3,881,511
Receivables from subsidiaries	28	29,857,215	14,679,126
Tax receivables		36,850	36,850
Other receivables		434,539	304,456
Prepaid expenses and accrued income	18	2,161,946	1,964,226
Total current assets		35,829,746	20,866,169
Cash and cash equivalents		8,628,918	19,861,223
Total current assets		44,458,665	40,727,392
TOTAL ASSETS		182,673,920	273,958,417

Parent Balance sheet

(SEK)	Note	2023-12-31	2022-12-31
EQUITY, PROVISIONS AND LIABILITIES			
EQUITY			
Share capital		3,542,136	2,122,585
Fund for development expenditure		1,608,565	1,829,004
Share premium reserve	31	438,712,550	415,978,609
Retained earnings incl. profit/loss for the period	31	-284,676,709	-182,472,062
TOTAL EQUITY		159,186,542	237,458,137
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	20	8,688,889	15,269,841
Total non-current liabilities		8,688,889	15,269,841
Current liabilities			
Liabilities to credit institutions		6,666,667	4,444,445
Accounts payable		1,910,668	1,774,012
Liabilities to subsidiaries		728,041	854,548
Other liabilities	21	563,482	9,502,846
Accrued expenses and prepaid income	22	4,929,631	4,654,588
Total current liabilities		14,798,489	21,230,439
TOTAL LIABILITIES		23,487,377	36,500,280
TOTAL EQUITY AND LIABILITIES		182,673,920	273,958,417

Parent Statement of changes in equity

(SEK) Statement of changes in equity 2022	Share capital	Fund for development expenditure	Share premium reserve	Retained earnings	Profit/loss of the period	Total equity
Balance at 2022-01-01	1,340,735	2,237,934	358,008,906	-14,853,135	-37,169,555	309,564,884
Allocation according to AGM				-37,169,555	37,169,555	0
New share issue	781,850		62,878,376			63,660,226
- issue expenses			-4,908,673			-4,908,673
Provision for development fund		1,038,037		-1,038,037		0
Reversal of development fund		-1,446,966		1,446,966		0
Profit/loss for the period					-130,858,300	-130,858,300
Balance at 2022-12-31	2,122,585	1,829,004	415,978,609	-51,613,761	-130,858,300	237,458,137

(SEK) Statement of changes in equity 2023	Share capital	Fund for development expenditure	Share premium reserve	Retained earnings	Profit/loss of the period	Total equity
Balance at 2023-01-01	2,122,585	1,829,004	415,978,609	-51,613,761	-130,858,300	237,458,137
Allocation according to AGM				-130,858,300	130,858,300	0
New share issue	1,419,551		26,925,345			28,344,896
- issue expenses			-4,191,404			-4,191,404
Provision for development fund		970,823		-970,823		0
Reversal of development fund		-1,191,262		1,191,262		0
Profit/loss for the period					-102,425,087	-102,425,087
Balance at 2023-12-31	3,542,136	1,608,565	438,712,550	-182,251,622	-102,425,087	159,186,543



Parent Statement of Cash flow

(SEK)	Note	Jan 1 - Dec 31 2022	Jan 1 - Dec 31 2021
Operating activities			
Operating profit/loss		-10,374,549	-16,349,397
Adjustments for:			
Depreciation		1,306,762	1,555,131
Interest received	7	1,707,955	578,194
Interest and other liability related costs paid	8	-2,532,419	-551,455
Cash flow from operating activities before changes in working capital		-9,892,251	-14,767,528
Changes in working capital			
Change in receivables		-6,141,002	-9,631,019
Change in short-term debts		811,789	-4,211,021
Cash flow from operating activities		-15,221,464	-28,609,568
Investing activities			
Investment in subsidiaries		0	-28,429,096
Investment in intangible assets	10,14	-970,823	-1,093,807
Investment in tangible assets	15	-30,047	-64,837
Shareholders' contribution		0	-2,468,903
Loans to subsidiaries		-9,304,733	1,451,892
Cash flow from investing activities		-10,305,603	-30,604,750
Financing activities			
Loan		-4,358,730	19,714,286
New share issue		18,653,493	37,386,496
Cash flow from financing activities		14,294,762	57,100,781
Total cash flow for the period		-11,232,304	-2,113,537
Cash and cash equivalents at beginning of period		19,861,223	21,974,760
Cash and cash equivalents at end of period		8,628,918	19,861,223



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.

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 more than 20 but less than 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.

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.

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.

For the accounting of fixed-price contracts, the progressive recognition of income is applied, which means that revenues are recognized as the contract progresses. The group calculates the degree of completion as of the balance sheet date and recognizes the accrued revenue that is expected to be invoiced in the item "Accrued expenses and prepaid income".

Other operating income consist of currency gains on operating receivables and liabilities as well as various statutory compensations.

Leasing

The Group as a lessee, though 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). All of the Group's pension commitments are predefined and 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.

A deferred tax asset is valued at 0 SEK due to precautionary measures.

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.

Depreciation of internally generated intangible assets begins when the asset is ready to use or to be sold.

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.

The fund for development expenditure is quarterly increased by the amount capitalized regarding the company's expenses for development work. The fund is quarterly decreased by depreciations on the capitalized development work.

Goodwill

Goodwill is carried in the balance sheet at the acquisition cost, less depreciation and any accumulated impairment losses. Goodwill is subject to an impairment testing when there is an indication of impairment need. 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. Fully depreciated assets still in use are retained in the financial statements and no further charge for depreciation is made in respect of these assets.

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
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Acquired intangible assets

Trademarks	5 years
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Goodwill	5 years
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Customer relationships	5 years
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Technology	3 years
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Patent and licenses	5 years
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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.

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.

Assumptions and assessments

In the impairment testing of shares in group companies, several significant assumptions and assessments must be considered to calculate a recoverable amount. These assumptions and assessments relate to, among other things, sales development, margin, and discount rate. The assumptions are prepared by management and verified by the board.

Note 2 | Net turnover by geographical market and product group

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Sales by geographical market				
Sweden	7,296,863	7,958,553	6,354,108	6,752,948
Other Nordic countries	2,490,704	2,497,844	1,337,707	1,170,644
Other Europe	57,086,606	63,272,920	22,741,017	16,196,197
Rest of the world	17,841,084	16,187,666	3,009,840	2,237,619
	84,715,257	89,916,983	33,442,671	26,357,408

	2023-12-31	2022-12-31	2023-12-31	2022-01-01
	Sales by product group			
KYC	28,646,082	24,601,957	28,322,216	23,384,042
KYB	51,593,534	55,804,128	0	0
Customized platform	4,475,641	9,510,897	0	0
Other services	0	0	5,120,456	2,973,366
	84,715,257	89,916,983	33,442,671	26,357,408

Note 3 | Lease agreements - lessee

<i>Operating lease</i>	Group		Parent	
	2023	2022	2023	2022
Leasing costs during the reporting period:	6,035,676	3,699,139	1,311,370	985,516
Future minimum lease payments to be paid in respect of non-cancellable leases:				
Falling due for payment within one year	2,869,121	3,658,911	721,798	1,082,696
Falling due for payment after one year but within five years	7,238,861	11,308,929	0	1,804,493
Falling due for payment after more than five years	219,316	490,126	0.00	0
	10,327,298	15,457,966	721,798	2,887,189

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

Note 4 | Auditor's fees

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Ernst & Young AB				
Audit assignment	1,707,900	1,629,993	1,707,900	1,629,993
Tax advise	0	0	0	0
Other audit services	0	256,300	0	256,300
Other services	45,980	0	45,980	0
	1,753,880	1,886,293	1,753,880	1,886,293
Charles Scierri and Associates				
Audit assignment	104,418	29,748	0	0
Tax advise	0	0	0	0
Other services	0	574,410	0	0
	104,418	604,158	0	0

Note 5 | Employees

Average number of employees

	2022		2021	
	Average number of employees	of which men	Average number of employees	of which men
<i>Parent company</i>				
Sweden	12	77%	12	73%
	12	77%	12	73%
<i>Subsidiary</i>				
United Kingdom	1	100%	1	100%
Estonia	1	100%	7	73%
Malta	14	86%	15	83%
Poland	13	85%	10	79%
Singapore	0	100%	0	100%
Germany	22	0%	30	54%
	51	74%	63	66%
Group total	63	75%	75	67%

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 2023</i>	Salaries	Pension costs	Social security costs
Parent	9,977,940	88,872	2,520,679
Group	30,861,682	523,808	6,219,142
	40,839,621	612,680	8,739,822

<i>Salaries, other remuneration and social costs for the Group 2022</i>	Salaries	Pension costs	Social security costs
Parent	8,374,265	88,872	2,443,423
Group	34,913,878	372,316	6,532,312
	43,288,143	461,188	8,975,734

<i>Salaries, other remuneration and pension costs for the Board of Directors and senior executives 2023</i>	Salaries	Other remuneration	Pension costs
Marie-Louise Gefwert, Chairman of the Board	118,125	0	0
Abdalla Kablan	40,833	0	0
Pär Kastengren	77,292	0	0
Alex Noton	1,148,860	0	427,292
Alexander Albedj	64,167	0	0
Eric Wallin	36,458	0	0
Other senior executives	2,040,901	0	88,872
	3,526,636	0	516,164

<i>Salaries, other remuneration and pension costs for the Board of Directors and senior executives 2022</i>	Salaries	Other remuneration	Pension costs
Alexander Albedj, Chairman of the Board	154,000	0	0
Markus Pihl	43,750	0	0
Pär Kastengren	87,500	0	0
Alex Noton	1,995,459	0	247,041
Marie-Louise Gefwert	87,500	0	0
Eric Wallin	87,500	0	0
Other senior executives	910,092	0	84,000
	3,365,801	0	331,041

<i>Gender distribution on the Board of Directors and company management</i>	Group		Parent	
	2023	2022	2023	2022
Share of women on the Board of Directors	25%	20%	25%	20%
Share of men on the Board of Directors	75%	80%	75%	80%
Share of women among other senior executives incl CEO	0%	0%	0%	0%
Share of men among other senior executives incl CEO	100%	100%	100%	100%

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



Note 6 | Share of earnings in associated companies

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Share of current year earnings	-388,434	298,854	0	0
	-388,434	298,854	0	0

Note 7 | Financial income

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Intra-Group interest income	0	0	1,637,690	578,142
External interest income and similar items	78,396	32,910	70,265	52
Exchange rate differences on financial items	18,767	871,302	0	798,754
Gains and losses on disposals	0	49,485	0	0
Other financial income	5,999,686	8,259,001	4,043,858	8,258,949
	6,096,850	9,212,698	5,751,813	9,635,897

Note 8 | Financial expenses

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
External interest expenses and similar items	-2,534,177	-531,157	-2,532,419	-336,600
Exchange rate differences on financial items	-1,327,803	-2,229,992	-812,156	-2,194,512
Other financial expenses	-85,714	0	-85,714	-214,856
	-3,947,695	-2,761,148	-3,430,289	-2,745,967

Note 9 | Tax on income

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Current tax	-38,701	59,738	0	0
Deferred tax	3,134,714	3,279,981	0	0
Total tax	3,339,719	1,009,746	0	0
Average effective tax rate	-3%	-2%	0%	0%
<i>Explanation of effective tax rate</i>				
Result before tax	-96,647,626	-142,910,470	-102,425,087	-130,858,300
Tax according to applicable tax rate 20,6% (21,4%)	19,909,411	29,439,557	21,099,568	26,956,810
Effect of foreign tax rates	-38,701	59,738	0	0
Tax effect of:	0	0	0	0
Non-deductible expenses	-19,459,715	-25,037,531	-19,459,715	-25,037,531
Exercised/new, not yet measured tax loss carryforwards	-1,338,554	-5,413,211	-2,528,710	-2,930,464
Deferred tax applicable to acquired customer relationships	1,867,742	1,762,011	0	0
Deferred tax applicable to acquired technology	1,266,972	1,517,970	0	0
Tax-free income	0	0	0	0
Other	888,857	1,011,186	888,857	1,011,186
Total	3,339,719	1,009,746	0	0
	0	0	0	0
Effective tax rate	-3%	-2%	0%	0%

Disclosures on deferred tax assets and deferred tax liabilities

For the change in deferred tax liabilities, see note 19 Provisions. The Parent's total tax loss carryforward amounts to 89,570 kSEK (77,295 kSEK), the deferred tax asset is measured to 0 SEK due to precautionary measures.

Note 10 | Capitalized development expenditure

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Opening accumulated acquisition cost	5,469,676	4,431,639	5,469,676	4,431,639
Acquisitions for the year	970,823	1,038,037	970,823	1,038,037
Closing accumulated acquisition cost	6,440,499	5,469,676	6,440,499	5,469,676
Opening accumulated depreciation	-3,640,672	-2,193,706	-3,640,672	-2,193,706
Depreciation for the year	-1,191,262	-1,446,966	-1,191,262	-1,446,966
Closing accumulated depreciation	-4,831,934	-3,640,672	-4,831,934	-3,640,672
Carrying amount	1,608,565	1,829,004	1,608,565	1,829,004

Note 11 | Customer relationships

	Group		Parent	
	2023-12-31	2022-12-31	2022-12-31	2021-12-31
Opening accumulated acquisition cost	67,274,945	64,321,231	0	0
Acquisitions for the year	0	-7,700	0	0
Exchange rate differences	705,679	2,961,415	0	0
Closing accumulated acquisition cost	67,980,625	67,274,945	0	0
Opening accumulated depreciation	-21,560,873	-7,698,862	0	0
Depreciation for the year	-14,047,761	-13,211,690	0	0
Exchange rate differences	243,934	-650,321	0	0
Closing accumulated depreciation	-35,364,700	-21,560,873	0	0
Carrying amount	32,615,925	45,714,073	0	0

Note 12 | Technology

	Group		Parent	
	2023-12-31	2022-12-31	2022-12-31	2021-12-31
Opening accumulated acquisition cost	29,990,367	28,834,492	0	0
Acquisitions for the year	0	0	0	0
Exchange rate differences	374,057	1,155,875	0	0
Closing accumulated acquisition cost	30,364,424	29,990,367	0	0
Opening accumulated depreciation	-16,580,688	-5,609,711	0	0
Depreciation for the year	-9,480,142	-10,582,107	0	0
Exchange rate differences	121,065	-388,871	0	0
Closing accumulated depreciation	-25,939,765	-16,580,688	0	0
Carrying amount	4,424,659	13,409,679	0	0

Note 13 | Goodwill

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Opening accumulated acquisition cost	307,028,682	293,082,231	0	0
Acquisitions for the year	0	234,330	0	0
Exchange rate differences	3,470,023	13,712,121	0	0
Closing accumulated acquisition cost	310,498,705	307,028,682	0	0
Opening accumulated depreciation	-96,478,060	-34,814,989	0	0
Depreciation for the year	-49,448,788	-58,654,519	0	0
Exchange rate differences	528,286	-3,008,553	0	0
Closing accumulated depreciation	145,398,563	-96,478,060	0	0
Opening accumulated impairment	-48,524,002	-6,041,677	0	0
Impairment for the year	-1,410,560	-41,366,116	0	0
Exchange rate differences	-282,275	-1,116,209	0	0
Closing accumulated impairment	-50,216,837	-48,524,002	0	0
Carrying amount	114,883,305	162,026,619	0	0

Note 14 | Patent, trademarks, licenses

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Opening accumulated acquisition cost	780,010	648,241	240,000	184,230
Acquisitions for the year	0	55,770	0	55,770
Exchange rate differences	-11,815	75,999	0	0
Closing accumulated acquisition cost	768,195	780,010	240,000	240,000
Opening accumulated depreciation	-513,458	-268,006	-108,574	-74,774
Depreciation for the year	-171,068	-203,517	-33,800	-33,800
Exchange rate differences	13,957	-41,935	0	0
Closing accumulated depreciation	-670,569	-513,458	-142,374	-108,574
Carrying amount	97,626	266,552	97,626	131,426

Note 15 | Property, plant and equipment

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Opening accumulated acquisition cost	2,950,216	2,358,796	416,921	352,084
Acquisitions for the year	96,786	272,330	30,047	64,837
Sales and disposals	-5,709,231	0	0	0
Exchange rate differences	198,249	319,091	0	0
Closing accumulated acquisition cost	-2,463,980	2,950,216	446,968	416,921
Opening accumulated depreciation	-1,683,049	-994,734	-179,194	-104,829
Depreciation for the year	-498,100	-442,643	-81,700	-74,365
Sales and disposals	5,709,231	0	0	0
Exchange rate differences	-188,291	-245,672	0	0
Closing accumulated depreciation	3,339,790	-1,683,049	-260,894	-179,194
Carrying amount	875,810	1,267,167	186,074	237,727

Note 16 | Investments in associated companies

	Parent	
	2023-12-31	2022-12-31
Opening accumulated acquisition cost	1,464,087	1,059,677
Acquisitions for the year	-388,434	298,854
Exchange rate differences	99,066	105,556
Closing accumulated acquisition cost	1,174,719	1,464,087

Note 17 | 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 18 | Prepaid expenses and accrued income

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Accrued income	4,603,076	5,120,618	0	0
Prepaid rent	449,030	296,284	293,442	296,284
Prepaid insurance	52,000	4,365	52,000	4,365
Prepaid service fees	2,109,311	0	1,570,206	0
Other prepaid expenses	877,241	6,213,664	246,298	1,663,576
	8,090,659	11,634,932	2,161,946	1,964,226



Note 19 | Provisions

Specification of deferred tax assets and deferred tax liabilities

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
<i>Deferred tax liabilities</i>				
Deferred tax applicable to acquired technology	1,695,129	2,880,264	0	0
Deferred tax applicable to acquired customer relationships	2,489,413	4,242,227	0	0
Total deferred tax liabilities	4,184,542	7,122,491	0	0

The Parent's total tax loss carryforward amounts to 89,570 kSEK (77,295 kSEK), the deferred tax asset is measured to 0 SEK due to precautionary measures.

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
<i>Other provisions</i>				
Opening accumulated other provisions	0	17,265,871	0	17,265,871
Reversal of provisions	0	-8,258,949	0	-8,258,949
Reclassification of provisions	0	-9,006,922	0	-9,006,922
Provisions of the year	0	0	0	0
	0	0	0	0

Note 20 | Long-term liabilities

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Payment due after one year but within five years				
Liabilities to credit institutions	8,688,889	15,269,841	8,688,889	15,269,841
	8,688,889	15,269,841	8,688,889	15,269,841

Note 21 | Other current liabilities

	Group		Parent	
	2023-12-31	2022-12-31	2022-12-31	2021-12-31
Deferred consideration	0	0	0	0
Earn-Out	0	9,006,922	0	9,006,922
Social security costs	354,109	379,847	244,517	291,639
VAT	2,776,817	1,907,247	0	0
Income tax	758,604	829,099	300,617	192,226
Liabilities to personnel	955,931	2,088,315	0	0
Other current liabilities	583,944	1,528,481	18,348	12,059
	5,429,406	15,739,911	563,482	9,502,846



Note 22 | Accrued expenses and deferred income

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Accrued salaries	1,210,949	1,243,774	153,500	84,464
Accrued vacation pay	1,907,102	2,209,638	1,315,014	1,152,877
Accrued social security costs	464,938	395,318	464,938	395,318
Accrued system development	198,162	239,798	198,162	239,798
Accrued transaction fees	2,296,521	987,679	609,929	987,679
Accrued board fees	291,667	420,000	291,667	420,000
Accrued auditing fees	914,843	716,620	800,000	716,620
Accrued consultancy fees	113,829	38,986	113,829	38,986
Other accrued expenses	1,938,568	3,384,051	768,302	375,175
Other prepaid income	5,556,530	8,993,515	214,290	243,672
	14,893,110	18,629,378	4,929,631	4,654,588

Note 23 | Acquisitions

Acquisition of Wyzer

In July 2023, Zignsec AB settled the remaining consideration for the acquisition of Wyzer Limited from February 5, 2021, through a set-off issue.

Note 24 | Transactions between group companies

	Parent	
	2023-12-31	2022-12-31
Share of total purchases made from group companies	8%	7%
Share of total sales made to group companies	15%	14%

Note 25 | Impairment of financial fixed assets and short-term investments

	Parent	
	2022-12-31	2021-12-31
Impairment	-94,372,062	-121,398,832
	-94,372,062	-121,398,832

Note 26 | Shares in subsidiaries

	Parent	
	2023-12-31	2022-12-31
Opening accumulated acquisition cost	367,106,844	363,086,461
Acquisitions for the year	0	4,020,383
Closing accumulated acquisition cost	367,106,844	367,106,844
Opening accumulated impairment	-136,411,792	-15,012,960
Impairment for the year	-94,372,062	-121,398,832
Closing accumulated impairment	-230,783,854	-136,411,792
Carrying amount	136,322,990	230,695,052

Note 27 | Specification of shares in subsidiaries

Directly owned	Share of equity	Share of voting power	Parent	
			Number of shares	Carrying amount
Data Depot Asia Pte. Ltd.	100%	100%	1,282	178,136
Data Depot Engineering Pte. Ltd.	100%	100%	20	142,784
Datadepot OÜ	100%	100%	10,000	2,147,983
Web Shield Ltd	100%	100%	1	107,590,204
Wyzer Limited	100%	100%	1,500	26,253,672
ZignSec Asia Pte. Ltd.	100%	100%	100,000	10,211
				136,322,990
	Company registration number	Registered office	Equity	Profit/loss for the period
Data Depot Asia Pte. Ltd.	201713091C	Singapore	-394,971	-417,517
Data Depot Engineering Pte. Ltd.	201808993C	Singapore	122,220	-57,766
Datadepot OÜ	14078299	Narva	168,626	59,295
Web Shield Ltd	07893072	London	-9,487,039	-3,747,460
Wyzer Limited	C83596	Naxxar	-2,485,130	-6,827,476
ZignSec Asia Pte. Ltd.	20204913G	Singapore	250,859	127,497

Profit/loss for the year refers to profit/loss after financial item

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

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

Note 28 | Receivables from group companies

	Parent	
	2023-12-31	2022-12-31
Opening accumulated acquisition cost	15,016,942	4,647,898
Receivables for the year	14,840,274	10,369,044
Closing accumulated acquisition cost	29,857,215	15,016,942
Carrying amount	29,857,215	15,016,942

Note 29 | Related party transactions

No transactions with related parties that were not at market terms have occurred.

Note 30 | Significant events after the end of the balance sheet date

ZignSec has launched a new AI-enabled solution for analyzing, monitoring, and extracting data from merchant websites, which is an important part of compliant onboarding for acquiring banks and PSPs.

The MyConnect platform, our partnership with Schufa for compliant KYC processes under the Money Laundering Act in Germany, has launched several banks and a large credit comparison platform in production in January 2024.

The Board has initiated a process to evaluate ZignSec's potential strategic options to maximize shareholder value. As part of the process, the Board intends to consider a full range of strategic options, which may include a sale of the Company or other possible transactions.

The board has resolved to carry out a rights issue for a maximum of approximately SEK 33.5 million before issue costs. The net proceeds from the Rights Issue are primarily intended to be used for technology development, sales and marketing as well as working capital for new customer projects.

Note 31 | Proposed appropriations of profit and loss

The following funds are available to the Annual General Meeting:

	2023-12-31	2022-12-31
Share premium reserve	438,712,550	415,978,609
Retained profit/loss	-182,251,622	-51,613,761
Loss for the year	-102,425,087	-130,858,300
	154,035,841	233,506,547
The Board proposes the funds be distributed as follows:		
Carried forward	154,035,841	233,506,547
	154,035,841	233,506,547

Note 32 | Pledged securities and contingent liabilities

	Group		Parent	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Guarantees	3,806,608	3,816,233	500,000	500,000
Chattel mortgage	20,000,000	20,000,000	20,000,000	20,000,000
	23,806,608	23,816,233	20,500,000	20,500,000
Contingent liabilities				
Written-off loan to credit institutions	1,664,400	0	0	0
	1,664,400	0	0	0

Zignsec considers that it is highly unlikely that the written-off loan will have to be repaid as the credit issuer's company has been dissolved.



Note 33 | 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.

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.

EBT

Earnings before taxes.



Signatures

Stockholm the date indicated by the electronic signature.

Marie-Louise Gefwert
Chairman of the Board

Abdalla Kablan
Board Member

Pär Kastengren
Board Member

Alex Noton
Board Member

Glenn Mac Donald
CEO

Our audit report has been submitted on the date indicated by the electronic signature.

Ernst & Young AB

Charlotte Holmstrand
Authorised public accountant

