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Third Quarter Report Ending 30 September 2018 **31 October 2018**

CYBER1 Q3 2018

CYBER1 records highest quarterly revenue result of 14.04m EUR, with total year to date revenue growth of 113% and strong organic revenue growth of 69%

- Total revenue growth increased by 113%, from 10.9m EUR YTD Q3 2017, to 23.11m EUR YTD Q3 2018.
- Organic revenue increased by 69%, from 10.9m EUR YTD Q3 2017, to 18.43m EUR YTD Q3 2018.
- Group Q3 2018 EBITDA of 566k EUR, (Q3 2017 EBITDA -734k EUR).
- Credence Security UAE increased revenue by 88.99%, from 2.27m EUR YTD Q3 2017, to 4.29m EUR YTD Q3 2018.
- Cognosec South Africa increased revenue by 95.81%, from 6.21m EUR YTD Q3 2017, to 12.16m EUR YTD Q3 2018.

Performance Overview

The third quarter results detailed in this report, demonstrates a significant milestone in the history of CYBER1. We have surpassed our 2017 annual revenue of 17.19m EUR by the end of Q3, recording a year to date (YTD) total of 23.11m EUR in revenue (with our historically largest revenue generating quarter still to come). Total YTD growth at the end of Q3 equates to 113% (12.21m EUR), when comparing the same period in 2017. More importantly, year-on-year improvements have been realised organically. When excluding all acquisitions since 2017, the strategic initiatives within the subsidiaries have yielded a 69% increase in revenue growth (7.53m EUR) when compared to YTD Q3 2017. The process of harmonising the initial acquisitions since CYBER1 became a public listed company, has begun to bear significant opportunities across all regions. Each subsidiary in CYBER1 possesses unique and long established relationships with their clients. Cross selling opportunities are materialising, as our professional services offering and wide ranging vendor portfolio continues to expand. A number of clients utilise CYBER1 as their sole provider of cyber security solutions and services, enabling primary focus on their core businesses, safe in the knowledge that their resilience against security threats remains apparent. Combined with our retention of annual and multi-year contracts with our longstanding clients, CYBER1 has created a successful environment for Group companies to evolve as a single, cohesive entity.

An example of our growing capability in servicing large-scale clients, CYBER1 recorded its best ever individual multi-million EUR deal, with a long established financial services institution. The trust and ability of CYBER1 to implement and produce contract values in this manner, demonstrates our ability as an organisation to provide all entities, regardless of scope and presence with affordable and tangible services, that fundamentally safeguards their reputational value. In addition, our largest customers are seeking multiple products and solutions within our portfolio, catalysed by our deepening relationships with key stakeholders. Our new acquisitions, combined with the upscaling opportunities with already established markets and industries, becomes the biggest strategic opportunity for CYBER1. With a breadth of customers that already experience our value added services within their organisations, we have the ability to provide a unique platform against competitors in the market, who do not have these relationships.

This quarter’s results comprise our Itway acquisition for the first time, which has completed the formal process for inclusion. Strong performance of revenue, generating 1.46m EUR within the Turkish subsidiary and 1.42m EUR in the Greek subsidiary, reveals the potential new opportunities available in these regions. This acquisition contributes 23.5% of the year to date growth, with a traditionally back end loaded pipeline in Q4.

More importantly, as a people driven organisation, the staff and leadership will be facilitated through CYBER1, to maximise their proven performance moving into 2019.

As we approach the final quarter for the year, CYBER1 is committed to building on this successful nine-month period to realise 2018 as a defining year for the organisation. With more people connecting online and new technologies emerging, the vulnerabilities that we are able to eradicate and reduce becomes more paramount to all organisations. As a complete provider for all cyber security needs, CYBER1 continues its vision in becoming the sole partner for the biggest and most influential participants/companies around the globe.

RESULTS IN DETAIL

Q3 revenues across the Group have increased 113% (12.25m EUR), recording 23.11m EUR between 1 January and 30 September of 2018, when comparing the same period in 2017. Organic Growth (without factoring the newly acquired companies in Itway, Intact, A-Tek and Cognosec GmbH) has increased by 69% (7.53m EUR) through key renewal agreements being secured, combined with new enterprise business and upselling existing renewals from our strong client partnerships.

An increase in operating expenditure for Q3 is due to the inclusion of two new subsidiaries, the Greek and Turkish entities formerly owned by Itway. Prior to these inclusions, operating expenditure was down as a Group by 11% YTD Q3 2018. It is anticipated that further integration and streamlining of operations will result in a further reduction of operating expenditure for the remainder of the year.

A planned shortfall in margins stretched the Group's cash position, pending debtor collections and unwinding of deposits.

The total results for YTD Q3 2018 was a Group loss of -3.71m EUR (YTD Q3 2017: -2.824m EUR).

HIGHLIGHTS

- Credence Security UAE increased revenue by 88.99%, from 2.27m EUR YTD Q3 2017, to 4.29m EUR YTD Q3 2018.
- Cognosec South Africa increased revenue by 95.81%, from 6.21m EUR YTD Q3 2017, to 12.16m EUR YTD Q3 2018.
- Organic revenue increased by 69%, from 10.9m EUR YTD Q3 2017, to 18.43m EUR YTD Q3 2018.
- Total revenue growth increased by 113%, from 10.9m EUR YTD Q3 2017, to 23.11m EUR YTD Q3 2018.
- Group Gross Margin increased 78.9%, from 4.46m EUR Q3 YTD 2017, to 7.98m EUR in YTD Q3 2018.
- Group Gross Margin for Q3 2018 was 29% (Q3 2017 Gross Margin: 39%).
- Newly acquired former Itway subsdiaries record revenues of 2.88m EUR for Q3.
- Group Q3 2018 EBITDA of 566k EUR, (Q3 2017 EBITDA -734k EUR).
- CYBER1 entered into an Exclusive Agreement to acquire 100% of InfoNet (Infonet Bilgi Teknolojileri Ticaret Limited) a leading Cyber business, with 2017 audited revenues of 20m EUR and EBITDA of 1m EUR.

CYBER1 GROUP: Financial key-ratios	**Jul-Sept**	**Jul-Sept**	**Jan-Sept**	**Jan-Sept**	**Jan-Dec**	**Jan-Dec**
	Q3 2018	**Q3 2017**	**Q3 2018**	**Q3 2017**	**FY 2017**	**FY 2016**
Total Group Income €('000s)	14,041	3,348	23,110	10,854	17,193	14,636
Total Group Gross Margin €('000)	4,278	1,309	7,983	4,457	6,626	5,785
Total Group Gross Margin (percent)	30%	39%	35%	41%	39%	40%
Cash Flow in the Period €('000s)	2,255	992	2,399	-514	-1,687	-1,869
Operating Margin €('000s)	457	-757	-1,486	-2,923	-3,184	-3,022
Operating Margin (percent)	3%	-23%	-6%	-27%	-22%	-21%
Result after Taxes €('000s)	-1,797	-495	-3,706	-2,712	-3,068	-3,668
Earnings per share €*	-0.0068	-0.0017	-0.0139	-0.0100	-0.0120	-0.0148

*Result per share refers to result per share attributable to equity owners of the parent company. There is no dilution of earnings per share. This report is published in English. Average number of shares outstanding for the period 30 September 2018 (Q3 2018) were 278,958,409 (Q3 2017 number of shares outstanding 257,179,500). The new share issue relates to the two offset share issues (1,860,465 & 1,777,778) and the payment of shares for the completion of the two Itway subsidiaries (16,666,666), A-tek Ltd. (924,000) and Intact Ltd. (550,000).

Contacts

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Liolios, based in California, United States, act as CYBER1's North American investor relations advisor.
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About CYBER1 (Nasdaq First North: CYB1.ST) (ADR program OTCQX: CYBNY)

CYBER1 is engaged in providing cyber resilience solutions and conducts its operations through physical presences in Sweden, South Africa, UK, Kenya, Germany, Austria, Turkey, Greece, Italy, Ukraine and the United Arab Emirates. Listed on Nasdaq First North (Nasdaq: CYB1.ST, formerly as Nasdaq: COGS.ST) and as an American Depositary Receipt (OTCQX: CYBNY), the Group delivers services and technology licenses to enhance clients' protections against unwanted intrusions, to provide and enhance cyber resilience and to prevent various forms of information theft. CYBER1 had revenues of 17.2m EUR in 2017 and 239 personnel at the end of Q3 2018. For further information, please visit www.cyber1.com/investors.

Comments by Robert Brown, CEO of CYBER1

Dear Shareholders,

I am pleased to present the third quarter results for 2018.

I am delighted to report our most successful quarter since CYBER1 became a public listed company. The specialist cyber security solutions we deliver have been underpinned by the deep understanding and relationships we have fostered with our clients. This can be found in a number of instances where customers start with perhaps one service or product, evolving into a suite of solutions that covers all of their needs. It is this notion of cyber resilience that we can offer to our clients, where threats and vulnerabilities exist in a number of different parameters and we are there to help customers of all sizes and scope, on their journey to becoming resilient.

We have achieved significant organic growth within CYBER1, which has been crucial for the success of the company now and moving forward. This also demonstrates the ability of newly acquired companies to understand the many opportunities that our geographical reach, accreditations and deep vendor relationships bring. Most importantly, it is our staff that continues to make CYBER1 an innovative, inspiring and progressive place to be.

In addition, we have formally welcomed Itway into the CYBER1 family, the two entities in Turkey and Greece have an extensive and proven track record within their jurisdictions, with key vendor relationships that will strengthen the Groups position within Europe. With a number of synergies being realised, we look forward to facilitating their success and provide upscaling opportunities moving forward.

As we approach the last quarter of 2018, we are focused on building a platform for CYBER1 to thrive in 2019 and beyond. Our business heads are collaborating to utilise the exceptional talent that we are developing within the business and ensuring those coming into the CYBER1 family through acquisitions are provided the resources and capabilities to succeed, ensuring continued growth and profitability.

I would like to thank the staff for their continued work during the third quarter, as we work tirelessly to ensure that 2018 will be the most successful year in the company’s history. To the Board, for their continued work in driving standards throughout the company and representing the company on an international scale. CYBER1 is at the cutting edge of cyber resilience and we will continue to advise and facilitate our clients cyber security needs swiftly and effectively.

Robert Brown, CEO CYBER1

BUSINESS OVERVIEW

MARKETS

British Airways revealed in September that 380,000 sets of payment details were stolen. It was confirmed that the hack was present for nearly two weeks and advised that customers who made bookings with the provider to urgently contact credit card providers and banks. Despite reporting the breach within a day of discovering the attack many are considering this case to be potential test case since GDPR became active, as no large firms have yet experienced the full breadth of the potential 4% of global turnover.

IBM conducted its annual research in the cost of data breaches to organisations, highlighting that the average cost of a data breach globally is up 6.4%, to 3.86m USD. In addition, it concluded that companies who experience a ‘mega breach’ (more than 1m lost records) experience a third of overall costs from loss of business. Breaches of this magnitude highlight the importance of reputational risk and the longer term hindrance this can place on businesses, who do not have the necessary post breach capabilities in place.

In September 2018, Uber paid a record 148m USD settlement for the 2016 data breach it experienced. Covering fifty states, the company will additionally change its security practices and hire an independent third party to evaluate these internal changes.

CYBER1 offers an array of assurance and advisory services to clients. Our ability to provide a detailed and well performing managed service whilst being able to distribute vendor products, sets us apart from our competitors by offering global cyber technology architectures.

REVENUE PERFORMANCE BY SUBSIDIARY

€ '000s	*Jan-Sep*	Share	*Jul-Sep*	Share	*Jul-Sep*	Share	*Jan-Sep*	Share	*Jan-Dec*	Share
Overview Sales	2017 to Q3	%	Q3 2017	%	Q3 2018	%	Q3 2018	%	FY 2017	%
Credence (UAE)*	2,296	21%	623	19%	2,184	16%	4,290	31%	3,986	23%
Credence Security (South Africa) **	968	9%	182	5%	667	5%	1,636	12%	1,056	6%
Cognosec (South Africa)	6,205	57%	2,154	64%	7,402	53%	12,155	87%	10,490	61%
Cognosec (Kenya)	738	7%	278	8%	342	2%	682	5%	923	5%
Credence (Europe)***			-	0%	2,908	21%	2,964	21%		
Cognosec (Europe)****	647	6%	112	3%	536	4%	1,383	10%	738	4%
Total	***10,854***	**100%**	***3,349***	**100%**	**14,040**	**100%**	**23,110**	**100%**	**17,193**	**100%**

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

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

*** Credence Security Europe, consists of Credence ltd (UK) and Itway Turkey and Greece

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

Other information

Third quarter 2018.The acquisition of Itway's Turkish and Greek subsidiaries (Itway Hellas S.L. S.A and Itway Turkyie Ltd) were implemented on July 13, 2018. Accordingly, they are included in the consolidated income statement and balance sheet for the entire third quarter of 2018. The quarter recorded a significant year–on-year revenue growth in all sectors; both revenue and earnings before interest and taxes (EBIT) reached their highest level in the current period January to September, with recorded revenue of 24m EUR, up by 113% year-on-year. Organic revenue totalled 18.4m EUR in the quarter July to September, up 69% on the same period of the previous year (10.9m EUR).

Overall assessment of the Group's economic situation
The Group's economic situation has improved as a result of the restructuring and rising revenue. Sales volume activities have increased significantly compared with prior years, while job orders and projects on hand are also significantly higher together with the year–on-year revenue growth. The earnings situation in the reporting period improved substantially but is not yet satisfactory overall. However, the Group is anticipating above-average EBIT improvement in all segments at the end of the financial year after an upturn in revenue is also planned in 2018. With a positive free cash flow, the Group's cash and cash equivalents are slightly higher than forecast. However, projected business in the fourth quarter will require a higher level of cash, meaning that this figure is likely to lower at year-end. Based on current expectations of business, the fourth quarter is expected to see significantly improved revenue and earnings.

We continue to research the possibilities of financial support and liquidity from Trade Finance facilities and have a number of initiatives nearing completion.

Our assessment of the market is largely unchanged compared with the previous quarter. The industrial climate is strong, which is reflected in the performance of our VAD (Valued Added Distributing & System Integrator), Consulting, Advisory, and Managed Services segments. Investments in cyber infrastructure continue to remain at a high level, while ongoing digitalisation is resulting in a good market for embedded security systems and IT providers. Therefore, coping with these positive effects on the market and, the growing needs of cyber security; CYBER1 presented a new strategy in Q2, reformulated financial targets and acquired new multinational businesses to delivering in line with the new direction. The strategy entails a clarified international expansion, with a unique business model, in which CYBER1 will offer clients more packaged solutions and concepts; with an adjustment to financial management to achieve sharper client focus, more end-to-end solutions and internationalisation.

In terms of earnings**,** CYBER1 regained considerable ground in the third quarter. The negative EBIT of 1.9m EUR recorded in the first half of the year was slightly offset in the third quarter, resulting in a progressive figure of 1.48m EUR for the first nine months. This was mainly attributable to the extremely strong quarterly revenue accompanied by modest cost improvement.

Performance among the divisions

The **VAD Division** reports continued good growth, in line with its target rolling twelve months projected sales portfolio and, the Group's operating deficit before amortization of acquisition-related intangible assets (EBITA) down by 47% to 1.34m EUR (2.82m EUR). The momentum picked even further in this third quarter; we have seen an improved market share activity, as well as gross profit margin.

The **Advisory Division** also continues to grow with a healthy profitability on an expanding digitalisation and embedded security threats market. Demand for the division's services is strong, and we have seen a positive trend with swiftly increasing demand for advisory and consulting project assignments in the current nine months to-date.
In June 2018, CYBER1 also acquired Advantio; a design, consulting and technical advisory business. The company has strong technical expert advisory personnel with annual sales revenue of approximately 3.1m EUR. This acquisition will make CYBER1 a leading provider of advisory, cyber testing and assurance service designer. The acquire company would also allow CYBER1 to capture the upside of the business while at the same time taking an active part in the expected consolidation of the industry. Activities are ongoing to complete the transaction around the year-end.

Third quarter underlying total revenue rose by 69%, of which advisory sales revenue accounted for 54% The acquisition of Advantio will increase net sales by 9.2%.

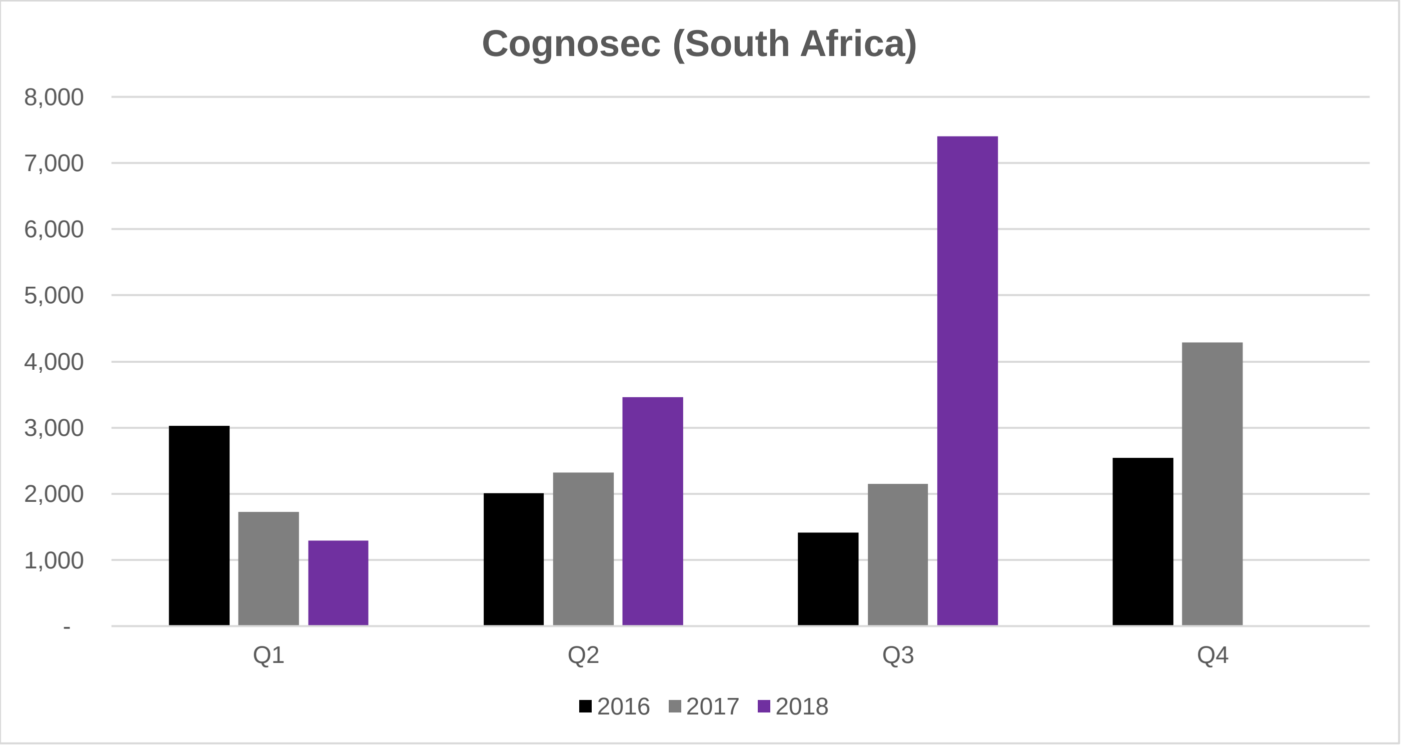
For **Managed Service Division**, the target is to achieve a sustainable profitable business by continuing to develop and manage this sector as an independent and focussed division within CYBER1. The operations and services propositions will be further developed, in line with the CYBER1 tactical and transformational strategic execution plans.

Overall, CYBER1's growth is good, and we see opportunities to further improve profitability. We are now entering a new phase where we are increasingly utilising our breadth and strength by providing clients with tailored solutions in our core markets and in several selected niche areas internationally. The Group is aiming to continue increasing its revenue and earnings in the coming years. In the medium term, the Management and Board intends to return to generating EBIT margins of at least 10% while achieving a significant improvement in ROCE.

Forward-looking statements

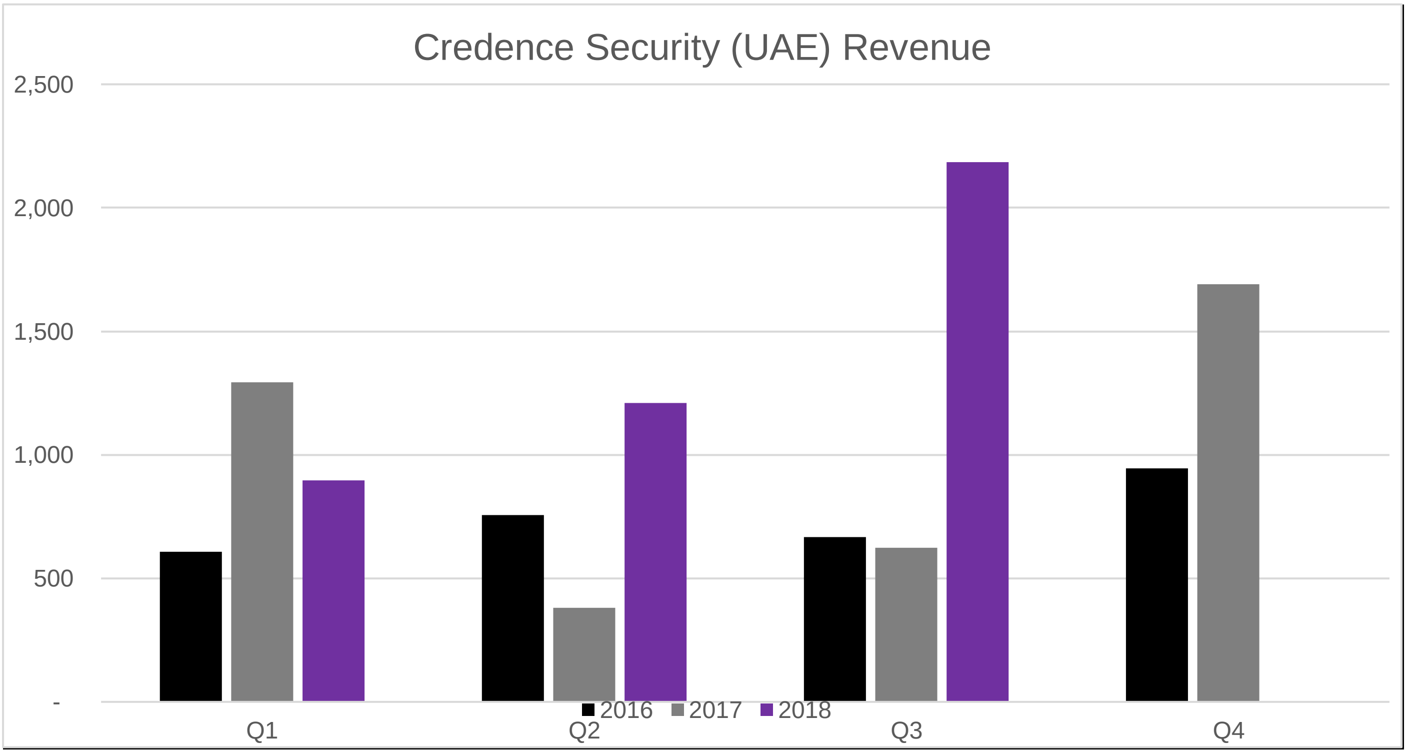
The 'Other Information' section includes forward-looking statements. Actual results may differ from those stated. Internal factors such as the successful management of research programmes and intellectual property rights may affect future results. There are also external conditions such as the economic climate, political changes and competing research programmes that may affect CYBER 1's results. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, CYBER1 Company undertakes no obligation to update any of them in light of new information or future events.

Cognosec (South Africa)



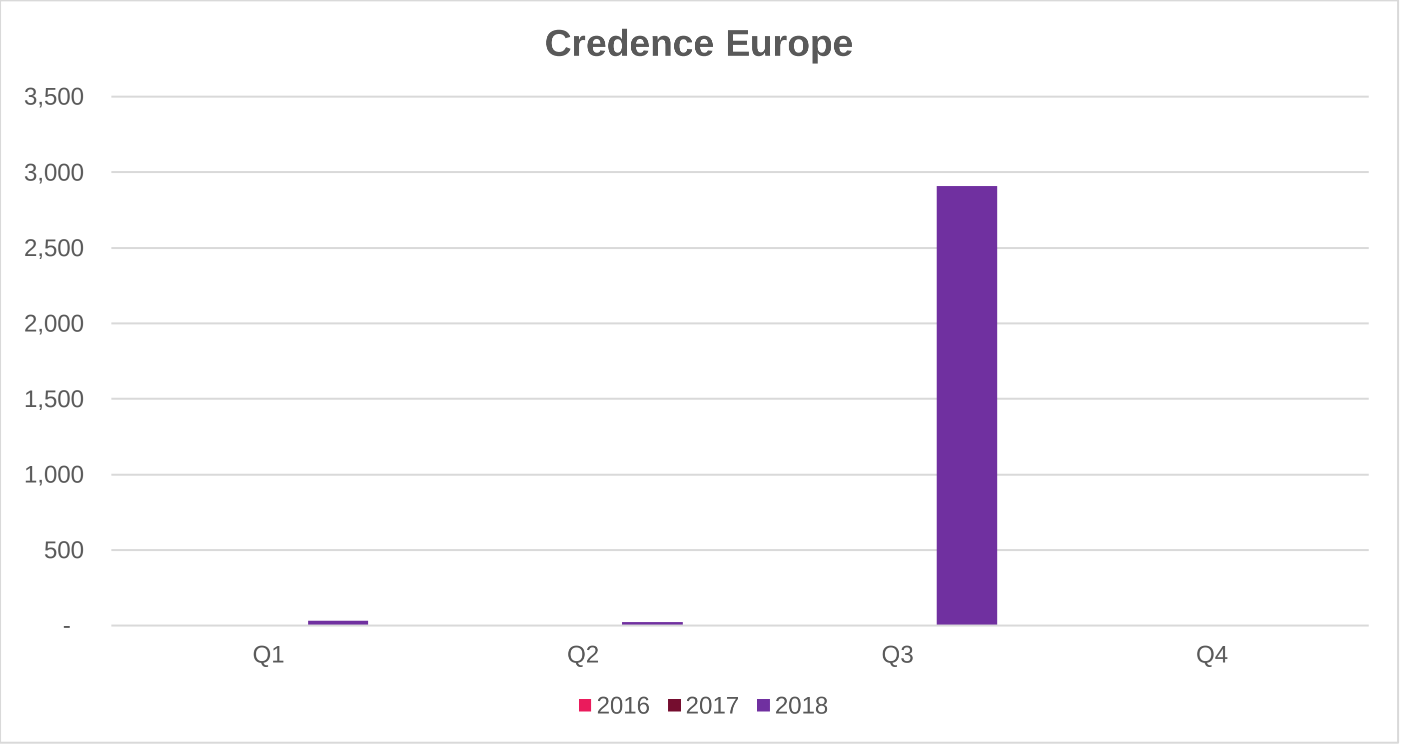
Cognosec South Africa has recorded it most successful quarter as a company, following an already impressive start to 2018. Closing 7.4m EUR for Q3, combined with the rest of the 2018 demonstrates year to date growth of 95.81% compared with the same period in 2017. The strong partnerships cultivated over twenty plus years with the main financial services in Africa continues to be a significant strength for the subsidiary, with the trust and entrenched understanding of how their business operates resulting in numerous annual deals that provides the total delivery of their cyber security needs. Other notable clients for Q3 included a national entertainment company, a Government conduct authority in southern Africa and a National Revenue Authority in central Africa.

Credence Security (UAE)



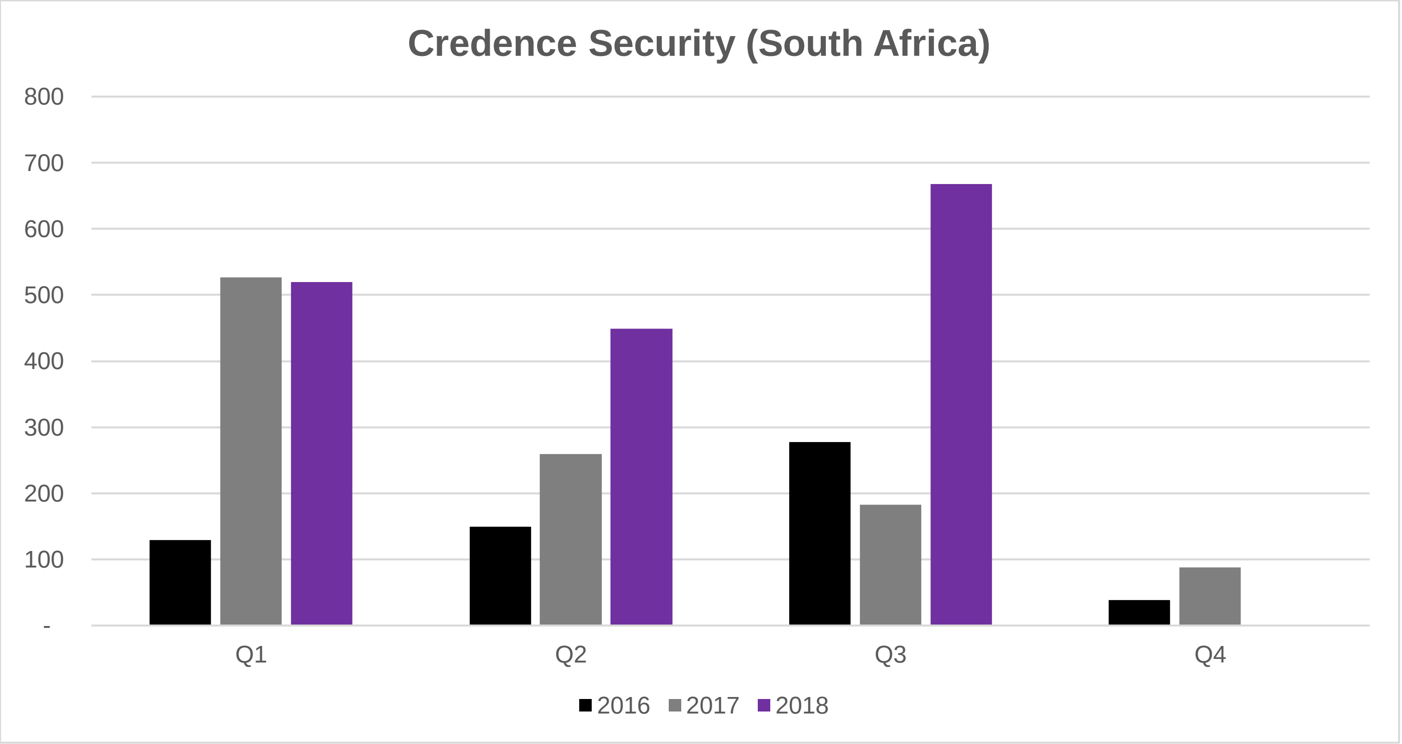
Credence Security UAE produced its best Q3 results to date, recording 2.18m EUR for the quarter.
The significant increase for 2018 has been developed through strategic partnerships with vendors in the Middle East, combined with a focus on longer term relationships with key industry clients in 2017 and 2016 that have begun to bear significant reward. Notable deals included a billion dollar telecommunications company in the Middle East, a multi-vendor solution for a government department and a financial services institution with thirty billion USD under management.

Credence Security (Europe)



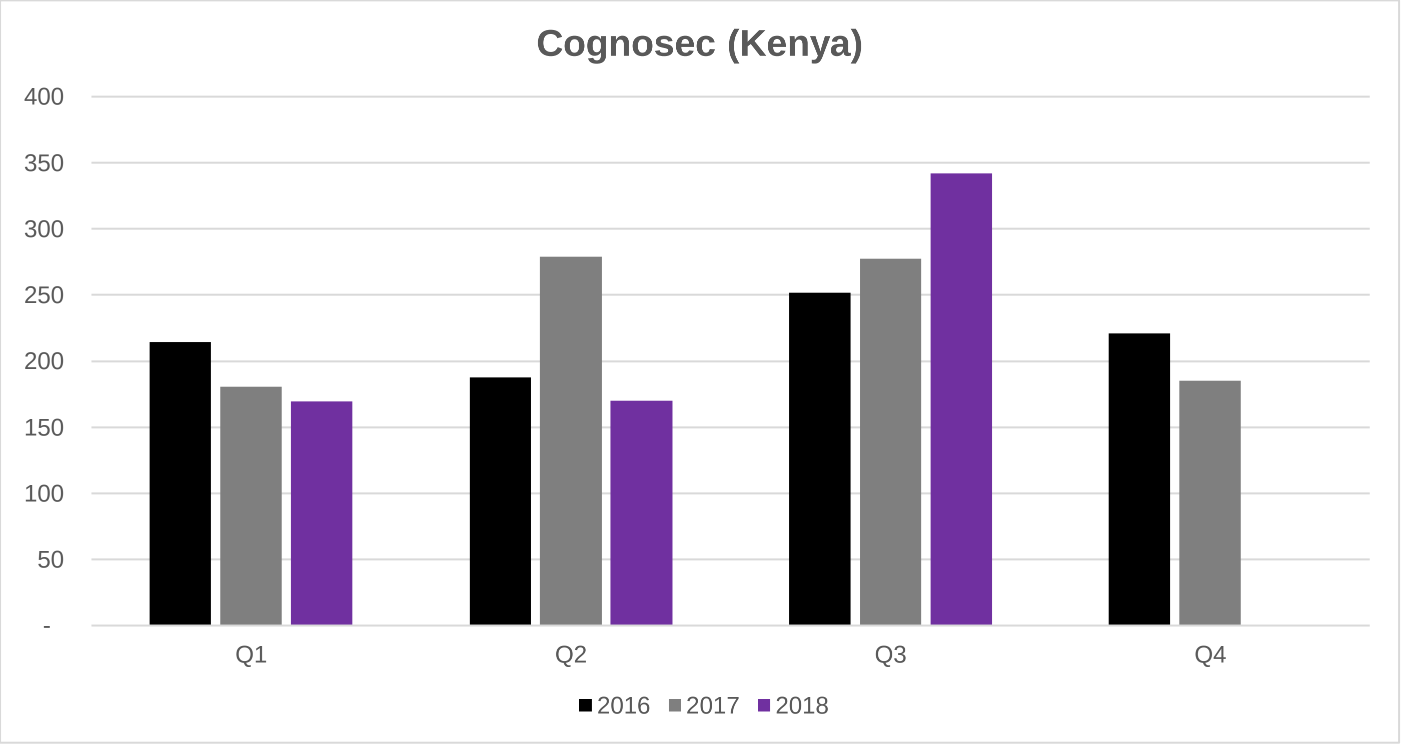
Credence Security Europe recorded 2.9m EUR in revenue for the Q3 period. The acquisition of the Turkish and Greek subsidiaries of Itway will rapidly expand our distribution coverage within the European region. A strong pipeline has been generated from the start of the year and with a historically back end load sales cycle we are looking forward to realising strong revenue in this region for the coming quarters.

Credence Security (South Africa)



Credence Security South Africa, has produced its best ever Q3 results, closing 667k EUR revenue for the quarter and 1.64m EUR revenue for year to date. The strategic focus on generating a new business pipeline and cross selling opportunities with partners from other subsidiaries within CYBER1, has created successful opportunities for the subsidiary. Furthermore, Credence Security S.A continues to work with our division in Kenya, introducing key vendor relationships that target solution gaps within the region. Notable clients for the quarter included a large telecommunications company in Africa, an Airport management company operating a dozen airports across Africa and a multi-product solution with a 'big four' South African financial services institution.

Cognosec (Kenya)

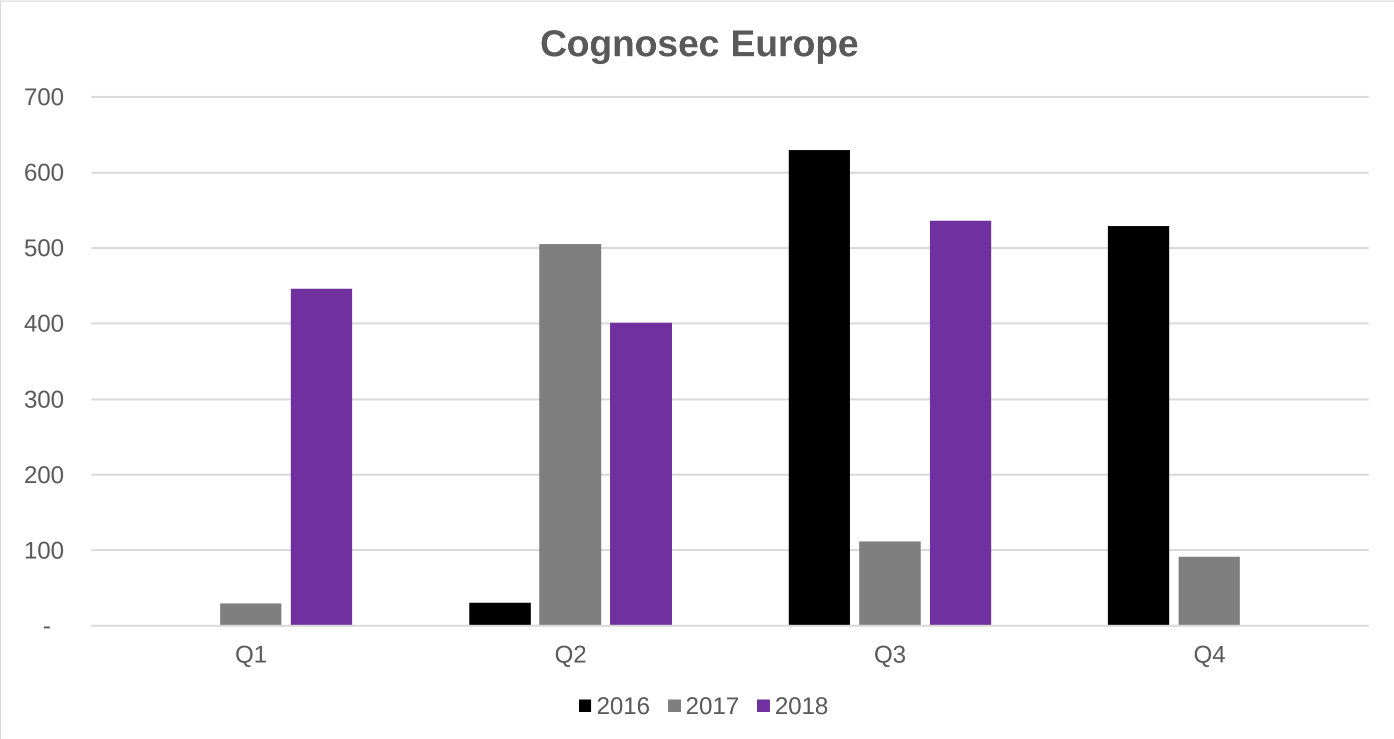


Cognosec Kenya finished the third quarter for 2018, closing 342k EUR of revenue and its highest quarterly revenue since joining CYBER1 in 2016. A number of clients that have benefitted from our cyber security services, include a multi-national hotel, a large banking group in eastern Africa and a global manufacturer of consumer goods across EMEA.

Cognosec (Europe)

Cognosec Europe closed Q3 with 536k EUR, with a year to date revenue of 1.38m EUR, moving into a strong Q4 period. The professional service arm continues to provide key advisory solutions to its clients. During the quarter, Cognosec Europe has partnered with a global software provider, to provide a comprehensive managed service solution.

Cognosec Europe continues to provide assurance services for blockchain-based projects; ICO consultancy, including auditing of smart contracts, as well as utilising expert advice in relation to legal and regulatory obligations. In addition, Cognosec Europe provides overall security around cryptocurrency storage and transfer for companies and cryptocurrency exchanges.



CUSTOMERS

CYBER1's customers range from government departments, large-scale industrial organisations, financial institutions, companies operating across the TMT sectors, national global communications carriers as well as smaller SME sector businesses. Long-term exclusive relationships are the norm, especially when it comes to the technology that they are using. Potential new clients are eager to learn about the services and successes that the Group have achieved and continue to implement. A number of partnerships are being established with Government entities, globally.

TECHNOLOGY PARTNERS

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

CYBER1 has added AlienVault, an award-winning threat detection & incident response solution to our specialist portfolio. The vendor offers an array of forensics and compliance tools, as well as being a complete managed service security provider.

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

CASH FLOW

Continued expansion of the European region through acquisitions has affected the Q3 Operational Cash Flow negatively. Whilst working capital remains tight, the directors are confident that the business forecast will support continued liquidity.

Beyond the quarter period, CYBER1 has secured a private placement of 3m EUR. Please see the 'Investments' section for more information.

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

FINANCIAL INFORMATION

INTERIM REPORT: COMPARATIVE FIGURES

The Q3 2018 report has not been reviewed by the Group's auditor.

PROFIT FOR THE PERIOD

Group

Third Quarter revenues amounted to 14.04m EUR (Q3 2017 Revenue: 3.35m EUR) an increase of 342.99%

Loss after tax for Q3 2018 amounted to -3.69m EUR (Q3 2017 loss: -2.7m EUR)

Depreciation and amortisation for Q3 2018 amounted to xxk EUR, Q3 2017 Depreciation and Amortisation: 58k EUR.

There was a Net Cash Outflow for Q3 2018, which amounted to 2.34m EUR (Net Cash Outflow Q3 2017 -514k EUR).

At the end of Q3 2018, the Group’s cash balance amounted to 2.52m EUR (Q3 2017: 848k EUR).

Parent

The Parent Company's loss for Q3 2018 amounted to -683k EUR (Q3 2017: -415k EUR).

FINANCIAL POSITION

Group

The Group’s equity for end of Q3 2018 amounted to 11.68m EUR (End of Q3 2017: 3.95m EUR).

CYBER1 did not pay any dividends to shareholders during Q3,Q2, Q1 2018, 2017, 2016 or 2015.

Parent

The equity for the parent company amounted to 4.51m EUR at the end of Q3 2018 (End of Q3 2017, 3.28m EUR) and 3k EUR cash or cash equivalent (End of Q3 2017, 1k EUR).

INVESTMENTS

The Group seeks to expand by way of profitable M&A activity in what remains a highly fragmented market.

CYBER1 entered into an exclusive agreement with InfoNet Bilgi Teknolojileri Ticaret Limited (“InfoNet”) in Turkey, on a cash free, debt free basis, which is expected to close in Q4, 2018 subject to legal, financial and technology due diligence exercises.

CYBER1 continues to identify not for sale and niche companies, to expand and consolidate its global presence. North America has been highlighted as a key area of expansion moving into 2019, with a number of targets being identified in collaboration with our Mergers and Acquisition advisors, UC Capital.

Beyond the close, CYBER1 announced a private placement of 13,277,097 new shares through a directed new share issue to a qualified investor. The issue of the 13,277,097 new shares at a share price of 0.226 EUR results in the Company having 292,235,506 issued shares from 278,958,409 previously, a dilution of 4.54% and an increase in Share Capital of €3,474.770380 to a share capital at today’s date of €76,481.423632.

TAXATION

Group

No provisional corporation tax was paid in Q3 2018.

Deferred Tax Credit has been recognised in the Group during 2018.

Parent

No current or deferred tax has been recognised in the Profit and Loss for the parent during 2018.

TRANSACTIONS WITH RELATED PARTIES

The Groups subsidiaries in South Africa paid office premises rented via a company that is controlled by the Group’s CEO. The Board of Directors considers that the rental charge is in line with market conditions.

SHARE INFORMATION

Cyber Security 1 AB (Publ) (Trading as CYBER1) is a public company whose shares are traded on Nasdaq First North (CYB1.ST) and as an American Depositary Receipt on the OTC market (OTCQX:CYBNY).

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

Total number of registered shares at 30 September 2018 are: 278,958,409.

FINANCIAL CALENDAR

Q4 Report 2018	February 28, 2019
First Quarter 2019	April 26, 2019
Annual General Meeting	June 27, 2019
Half Year Report	August 30, 2019
Nine Month Report	October 31, 2019
Expected publication of 2018 Annual Report	w/b 3rd June, 2019

ACCOUNTING PRINCIPLES

The interim report has been issued in accordance with International Financial Reporting Standards requirements (“IFRS”).

RISKS AND UNCERTAINTIES

Inherent risks and uncertainties for CYBER1 consist primarily of:

Business risks concerning the delivery of contracted projects and payment.

Financial risks (such as risks related to currency, interest rates, counter-parties, future capital), market risks (e.g. competition, changes in demand) and risks related to the local conditions in the countries in which the Group conducts its business infrastructure. There are also risks of delays due to various disturbances in the delivery of contracted projects.

Liquidity risk is managed through liquidity forecasting, which ensures sufficient funds are in place to meet the Group’s obligations and the overall strategy for the Group.

INVESTOR EVENTS

CYBER1 participated in a number of non-deal roadshows in New York as part of our launch of the American Depositary Receipt on the OTC Markets (OTCQX: CYBNY).

In addition, CYBER1 Chairman, Kobus Paulsen presented at the 7th Annual Liolios Gateway Conference, on September 6th. The event featured approximately 100 companies from a number of growth industries, including technology, business and financial services, consumer, digital media, clean technology and life sciences. You can watch the presentation by clicking here.

CERTIFIED ADVISORS

Mangold Fondkommission AB is appointed as the Certified Advisor for CYBER1.

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INVESTOR RELATIONS ADVISORS

IFC act as CYBER1's European investor relations advisor.

For additional information, please contact: Tim Metcalfe or Miles Nolan, Investor Relations, IFC Advisory, CYBER1 Telephone: +44 203 934 6630.
E-mail: cyber1@investor-focus.co.uk

Liolios, based in California, United States, act as CYBER1's North American investor relations advisor.
For additional information, please contact: Matt Glover or Najim Mostamand, CFA, Liolios Group.
E-mail: cyber1@liolios.com

AUDITORS

PwC (Sweden) represented by Martin Johansson act as auditor for CYBER1 and the Group. This report has not been reviewed by the Company's Auditor.

ELECTION COMMITTEE AND ANNUAL GENERAL MEETING

The Annual General Meeting took place on 28 June 2018.

Re-elected to the Board of CYBER1 were Jacobus Paulsen, Lord David Blunkett, Patrick Boylan, Neira Jones and Lord Anthony St John.

We announced that Daryn Stilwell has also joined the Board as a Director. Mr Stilwell, with extensive legal experience within financial services and ecommerce industries serves as Group General Counsel for CYBER1.

The AGM decided in accordance with the proposal, to authorize the Directors of the Board to issue, at one or more occasions, with or without deviation from shareholders preferential rights, up to 50,000,000 new shares, convertible bonds and / or warrants.

CERTIFICATION AND SIGNATURES

The Board of Directors and the CEO certifies that the summarised interim report gives a true and fair view of the financial information in this report.

The Board of Cyber Security 1 AB (Publ), corporate identity number 556135-4811

Jacobus Paulsen, Chairman
Patrick Boylan, Deputy Chairman & Ordinary Board member
Daryn Stilwell, Ordinary Board member & Group General Counsel
Lord David Blunkett, Ordinary Board member
Neira Jones, Ordinary Board member
Lord Anthony Tudor St John of Bletso, Ordinary Board member

DETAILED FINANCIAL INFORMATION

GROUP PROFIT AND LOSS

(Thousand Euros)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017	Jan-Dec 2016
Net Revenue	14,041	3,348	23,110	10,854	17,193	14,636
Cost of Sold Goods	-9,763	-2,039	-15,127	-6,397	-10,567	-8,851
Gross Profit	**4,278**	**1,309**	**7,983**	**4,457**	**6,626**	**5,785**
Sales Costs	-2,555	-1,646	-6,371	-4,779	-6,409	-4,810
Administration Costs	-1,157	-397	-2,955	-2,503	-3,135	-3,764
Depreciation	-109	-24	-143	-58	-266	-234
Total Operating Cost	**-3,821**	**-2,066**	**-9,469**	**-7,340**	**-9,810**	**-8,808**
Operating Result	**457**	**-757**	**-1,486**	**-2,882**	**-3,184**	**-3,022**
EBITDA	**566**	**-734**	**-1,343**	**-2,824**	**-2,918**	**-2,788**
Financial income and costs	-	-	-	-	-	-
Finance income	-	-	-		16	-
Finance costs	-2,079	3	-2,038	-48	-37	-634
Total Finance income and costs - net	**-2,079**	**3**	**-2,038**	**-48**	**-21**	**-634**
Result before tax	**-1,622**	**-754**	**-3,524**	**-2,930**	**-3,205**	**-3,656**
Tax (Period)	-175	259	-181	259	137	-12
Total result for period	**-1,797**	**-495**	**-3,706**	**-2,671**	**-3,068**	**-3,668**
Attributable to Parent	-1,852	-450	-3,761	-2,567	-3,071	-3,737
Minority interest	*55*	*-45*	*55*	*-104*	*2*	*69*
Earnings per share (€/share) attributable to owners of the parent	*-0.0068*	*-0.0017*	*-0.0139*	*-0.0100*	*-0.0119*	*-0.0145*

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PARENT COMPANY PROFIT AND LOSS

(Thousand Euros)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017	Jan-Dec 2016
Net Revenue	-	-	-	-	-	-
Cost of Sales	-	-	-	-	-	-
Gross profit	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation	-8	-	-8	-	-183	-72
Administration costs	-298	43	-647	-415	-663	-1,021
Total Costs	**-306**	**43**	**-655**	**-415**	**-846**	**-1,093**
Operating result	**-306**	**43**	**-655**	**-415**	**-846**	**-1,093**
Finance costs	-1	-	-28	-	-10	-624
Result before tax	***-308***	***43***	***-683***	***-415***	***-856***	***-1,717***
Tax	-	-	-	-	-	-
Result for the period	***-308***	***43***	***-683***	***-415***	***-856***	***-1,717***

CASH FLOW ANALYSIS (Thousand Euro)	**Group**				
	Jul-Sept 2018	**Jul-Sept 2017**	**Jan-Sept 2018**	**Jan-Sept 2017**	**Jan-Dec 2017**
Operating Profit	-1,145	-757	-3,706	-2,882	-3,068
Adjustments non C/F items	-1,334	24	-1,873	58	371
Operating Cash Flow	**-2,479**	**-733**	**-5,579**	**-2,824**	**-2,697**
Paid Taxes	45	24	45	264	-274
Recieved finance payments - net		-		-	
Changes in Working Capital	4,988	795	8,132	2,522	-755
Cash Flow from Operating Activities	**2,554**	**85**	**2,598**	**-38**	**-3,727**
Acqusition of subsidiaries	-1,000	-	-1,091	-	-
Acqusition of Fixed Assets	-140	-85	-814	39	-202
Payments related to aquisition of subsidiaries		-		-	
Cash Flow from Investment Activities	**-1,140**	**-85**	**-1,904**	**39**	**-202**
New share issues	-	-	-	-	-
Directly related costs to the listing	-	-	-	-	-
Proceeds from ongoing share issue	-	-	-	-	-
Dividend payment to minority	-	-	-	-	-
Short Term Financing	841	992	1,706	-514	2,243
Cash Flow from Financing Activities	**841**	**992**	**1,706**	**-514**	**2,243**
Cash Flow from the Period	**2,255**	**992**	**2,399**	**-514**	**-1,687**
Opening Cash	461	-144	265	1,362	1,363
Aquired cash		-			
FX-diff Period	-196	-	-144	-	589
Closing Cash Position	**2,520**	**848**	**2,520**	**848**	**265**

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CASH FLOW ANALYSIS (Thousand Euro)	Parent		
	Jan-Sept 2018	**Jan-Sept 2017**	**Jan-Dec 2017**
Operating Profit	-683	43	-856
Adjustments non C/F items	6		183
Operating Cash Flow	**-677**	**43**	**-673**
Paid Taxes	-		-274
Changes in Working Capital	169	-42	-411
Cash Flow from Operating Activities	**-508**	**1**	**-1,358**
Acqusition of Fixed Assets	-	-	-52
Payments related to aquisition of subsidiaries	-1,092	-	-459
Transfers to subsidiaries	-	-	-
Sale of Fixed Assets	**-**	**-**	**-**
Cash Flow from Investment Activities	**-1,092**	**-**	**-511**
New share issues	-	-	-
Directly related costs to the listing	-	-	-
Proceeds from ongoing share issue	-	-	-
Dividend payment to minority	-	-	-
Short Term Financing	1,542	-	1,559
Cash Flow from Financing Activities	**1,542**	**-**	**1,559**
Cash Flow from the Period	**-58**	**1**	**-310**
Opening Cash	3	-	12
FX-diff Period	58	-	302
Closing Cash Position	**3**	**1**	**3**

BALANCE SHEET	Group			Parent		
(Thousand Euros)	**30 Sep 2018**	**30 Sep 2017**	**31 Dec 2017**	**30 Sep 2018**	**30 Sep 2017**	**31 Dec 2017**
ASSETS						
Non-current assets						
Property, plant and equipment	230	95	133	-	-	-
Intangible Assets	4,822	-	52	44	-	52
Investments in subsidiaries	-	-	-	13,585	3,799	4,075
Goodwill	7,609	6,152	6,152	-	-	-
Other Long Term Claims		-	-		-	-
Total Non-current assets	**12,662**	**6,247**	**6,337**	**13,629**	**3,799**	**4,127**
Current Assets						
Inventory (PIP)	1,231	264	240	-	-	-
Deferred tax asset	3	369	152	-	-	-
Share issue receivable	-	-	-	-	-	-
Short term receivable	93	-	-	-	46	-
Trade receivable	17,988	3,071	7,102	3,106	-	82
Other Claims	1,192	131	84	-	37	1,556
Cash & Bank	2,520	848	265	3	1	3
Total Current Assets	**23,027**	**4,684**	**7,843**	**3,109**	**84**	**1,642**
TOTAL ASSETS	**35,689**	**10,931**	**14,180**	**16,738**	**3,883**	**5,769**
DEBT AND EQUITY CAPITAL						
Equity Capital						
Share Capital	127	70	70	127	70	70
Share premium	15,813	5,852	5,852	15,724	2,978	5,763
Ongoing share issue		-	-		-	-
Period result	-2,647	-2,671	-763	-683	-	-838
Other reserves	-1,602	695	-510	-2,655	-	-1,874
Total Equity	**11,690**	**3,946**	**4,649**	**12,513**	**3,048**	**3,121**
Capital and reserves attributable to owners	11,486	3,903	4,500	12,513	3,048	3,121
Non-controlling interests	204	*43*	*149*	-	-	-
Long-term Debt						
Short term debt						
Interim Debt	2,542	-	2,252	2,542	-	1,569
Short term credit facility		-	-		-	-
Intragroup Debt	848	-	-0	678	*66*	460
Suppliers	18,101	*6,095*	6,777	947	*770*	572
Tax Debt	1,227	*395*	207	15	-	47
Provisions	1,281	*495*	294	45	-	-
Total Short Term Debt	**23,999**	**6,985**	**9,531**	**4,226**	**836**	**2,648**
TOTAL DEBT AND EQUITY	**35,689**	**10,931**	**14,180**	**16,738**	**3,884**	**5,769**

CHANGES IN EQUITY CAPITAL
(Thousand Euros)

	Jul-Sept 2018	Jul-Sept 2017	Jan-Sept 2018	Jan-Sept 2017	Jan-Dec 2017
Equity - Opening Balance	**5,644**	**3,311**	**4,649**	**5,413**	**5,412**
Adjustment from acquisition analysis					-
Share Issues	8,000	-	10,018		-
Profit from the Period	-1,712	-495	-3,580	-2,671	-763
Tax impact from deductible costs for ongoing share issue					-
Adjustment related to acquisition analysis	-1,803		-238		-
					-
Foreign Exchange-Differential	1,001	1,129	826	1,204	-
Changes in equity during the period	**5,486**	**635**	**7,026**	**-1,467**	**-763**
Equity - Closing Balance	**11,130**	**3,945**	**11,676**	**3,946**	**4,649**

CHANGES IN EQUITY CAPITAL

(Thousand Euros)

	Jan-Sept 2018	Jan-Sept 2017	Jan-Dec 2017
Equity - Opening Balance	**3,121**	**3,959**	**3,959**
Adjustment from acquisition analysis	57	-	-
Share Issue	2,018	-	-
Profit from the Period	-683	-458	-838
Foreign Exchange-Differential	-0	-223	-
Changes in equity during the period	**1,391**	**-681**	**-838**
Equity - Closing Balance	**4,513**	**3,278**	**3,121**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Corporate information

The interim condensed consolidated financial statements of Cyber Security 1 AB (Plc) and its subsidiaries (collectively, the Group) for the six months ended 30 September 2018 were authorised for issue in accordance with a resolution of the directors on 31 October 2018.

Cyber Security 1 AB (Plc) (the Company) is public company, incorporated and domiciled in Sweden, whose shares are publicly traded. The registered office is located at :CYBER 1, 1st Floor, Klarabergsgatan 29, 111 21 Stockholm, Sweden. The Group is principally engaged in the provision of cybersecurity application distribution (sale and implementation) advisory and managed services globally.

1. Accounting principles

This interim report for the group is prepared in accordance with the Accounting Standard IAS 34. The term "IFRS" used in this document refers to the application of IAS and IFRS as well as interpretations of these standards as issued by IASB's Standards Interpretation Committee (SIC) and IFRS Interpretations Committee (IFRIC). The accounting policies adopted are consistent with those of the annual report for the year ended December 31, 2017 and should be read in conjunction with that annual report, with exception for the accounting policies described below.

New standards as from January 1, 2018
Two new IFRS standards are effective as from January 1, 2018, IFRS 9 "Financial instruments" and IFRS 15 "Revenue from Customer Contracts".

On January 1, 2018 CYBER 1 changed the accounting principles for revenues from contracts with customers, by applying IFRS 15, with full retrospective application. Description of the changes, as a result of applying IFRS 15, and the effects on the nine month period and three month period ended September 30, 2017 are stated in Note 2.

On January 1, 2018 CYPER 1 changed the accounting principles for financial instruments, by applying IFRS 9. The accounting policies related to Financial Assets and Liabilities remain consistent with those described in Note 1 of the 2017 Annual Report except for accounts receivables and other receivables, which have been updated as follows in accordance with the adoption of IFRS 9:

Accounting policy – IFRS 9 "Financial instruments"
Financial assets
The Group classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income (FVOCI), and at fair value through profit or loss (FVTPL). The classification depends on the characteristics of the asset and the business model in which it is held.

Financial assets at amortized cost
Financial assets are classified as amortized cost if the contractual terms give rise to payments that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows. These assets are subsequently measured at amortized cost using the effective interest method, minus impairment allowances.

Financial assets at fair value through other comprehensive income (FVOCI)
Assets are classified as FVOCI if the contractual terms give rise to payments that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. These assets are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (OCI), except for effective interest, impairment gains and losses and foreign exchange gains and losses recognized in the income statement. Upon derecognition, the cumulative gain or loss in OCI is reclassified to the income statement.

Financial assets at fair value through profit or loss (FVTPL)
All financial assets that are not classified as either amortized cost or FVOCI are classified as FVTPL. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near term. Derivatives are classified as held for trading, unless they are designated as hedging instruments for the purpose of hedge accounting.

Assets held for trading are classified as current assets. Debt instruments classified as FVTPL, but not held for trading, are classified on the balance sheet based on their maturity date (i.e. those with a maturity longer than one year are classified as non-current). Investments in shares and participations are classified as FVTPL and classified as non-current financial assets. Gains or losses arising from changes in the fair values of the “Financial assets at fair value through profit or loss” category (excluding derivatives and customer financing) are presented in the income statement within Financial income in the period in which they arise. Gains and losses on derivatives are presented in the income statement either as Cost of sales, Other operating income, Financial income or Financial expense, depending on the intent with the transaction. Gains and losses on customer financing are presented in the income statement as Selling expenses.

Impairment in relation to financial assets

At each balance sheet date, financial assets classified as either amortized cost or FVOCI and contract assets are assessed for impairment based on Expected Credit Losses (ECL). Allowances for trade receivables and contract assets are always equal to lifetime ECL. The loss is recognized in the income statement. When there is no reasonable expectation of collection, the asset is written off.

Borrowings

Borrowings by the Parent Company are designated FVTPL because they are managed and evaluated on a fair value basis. Changes in fair value are recognized in the income statement, except for changes in fair value due to change in credit risk which are recognized in Other comprehensive income.

Summary of changes to classification of financial assets and financial liabilities

Type of asset	IAS 39 classification	IFRS 9 classification	Reason for IFRS 9 classification
Cash equivalents, interest-bearing securities, and derivatives (held for trading)	FVTPL	FVTPL	Held for trading portfolios are classified as FVTPL (no change).
Cash equivalents (not held for trading)	Loans and receivables	Amortized cost	These assets are held to collect contractual cash flows
Interest-bearing securities (not held for trading)	Available-for-sale	FVTPL	These assets are not held for trading but are managed and evaluated on a fair value basis.
Trade receivables	Loans and receivables	FVOCI	Trade receivables are managed in a business model whose objective is achieved through both collection of contractual cash flows and selling of assets
Customer financing	Loans and receivables	FVTPL	Customer finance assets are managed in a business model with the objective to realize cash flows through the sale of assets.
Investments in shares and participations (equity instruments)	Available-for-sale	FVTPL	This is an accounting policy choice under IFRS 9
Borrowings by parent company	Amortized cost	Designated FVTPL	These borrowings are managed and evaluated on a fair value basis

Fair value hedging and fair value hedge accounting

Fair value hedge accounting is no longer applied as of January 1, 2018.

Financial guarantees

Financial guarantee contracts are initially recognized at fair value (i.e., usually the fee received). Subsequently, these contracts are measured at the higher of:

– The expected credit losses.

– The recognized contractual fee less cumulative amortization when amortized over the guarantee period, using the straight-line method.

New IFRSs and interpretations which have not yet been applied

Accounting policy – IFRS 15 “Revenue from Contracts with Customers”

IFRS 15, "Revenue from Contracts with Customers" establishes a new principle-based model of recognising revenue from customer contracts. It introduces a five-step model that requires revenue to be recognized when control over goods and services are transferred to the customer.

The nature and effect of the change from the adoption of IFRS 15

IFRS 15 Revenue from Contracts with Customers:

The standard regulates revenue recognition and disclosure requirements relating to commercial agreements (contracts) in which the delivery of goods/services is divided up into separate identifiable performance obligations that are reported independently. The standard came into effect on January 1, 2018. A project has been carried out that has examined the following areas: sales of services, variable and fixed discounts, inspection of agreements and when control has been transferred to the customer. In summary, the conclusion was drawn that the new standard will not have any material impact on the CYBER1 Group's revenue recognition. Due to the non-material effects of the new standard, previous periods have not been restated.

IFRS 16 Leases, which will become effective in 2019 and replace IAS 17 Leases and the related Interpretations, is not expected to have a material impact on the Group's financial statements. Under IFRS 16, almost all lease contracts shall be recognised as a right-of-use asset and a lease liability measured at the present value of future lease payments. In the income statement, depreciation on the right-of-use asset and interest expense on the lease liability will be recognised instead of the lease payments recognised as cost when incurred. Lease contracts within the Group mainly pertain to real estate leases, such as office premises, warehouses and storages, which currently are reported as operating leases under the rules of IAS 17.

Other IFRS standards, amendments and interpretations to existing standards applicable as of January 1, 2019 or later are not expected to have a significant impact on the Group's financial result or position.

2. Disaggregation of revenue

The main revenue streams for the CYBER1 Group arise from rendering 'Professional services' (Advisory and Managed services) and Distribution & System Integration (DSI). The professional services of Advisory and Manged services are sold on their own in separately identified contracts with customers and the DSI are sold together as a bundled package of resale of software/or implementation services.

Revenue for the sale of Distribution & System Integration, Advisory and Managed services **are recognised at a point in time** when the control of the promised good or service is transferred to the customer at the expected consideration to be received for such delivery. The expected consideration recognised reflects estimates of potential outcome of variable considerations as well as expected reimbursements for product returns

Primary geographical markets analyses:

A **wide geographic** reach in Europe, Africa and the Middle East.

Operational Structure

The group has three key activities:

- Distribution & System Integration (DSI)
- Advisory/Consulting Services
- Managed Services

Revenue from cntract with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

FOR THE NINE MONTHS END 30 SEPTEMBER

	2018			2017		
Primary geographical markets	Distribution & System Integration	**Advisory & Managed Services**	**Jan –Sep 2018 Total segments**	Distribution & System Integration	**Advisory & Managed Services**	**Jan –Sep 2017 Total segments**
Revenue	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Africa	4,766	9,544	14,310	3,005	5,052	8,057
UAE	4,080	196	4,276	1,736	460	2,195
Europe	2,988	1,536	4,524	210	391	602
External customer sales	***11,833***	**11,276**	**23,110**	**4,613**	**5,903**	**10,854**

Timing of revenue recognition

Goods and services transferred at a point in time	11,833	11,276	23,110	4,951	5,903	10,854
Total revenue from contract with customers	***11,833***	**11,276**	**23,110**	**4,951**	**5,903**	**10,854**

Segment information

The following tables present revenue and profit information for the Group's operating segments for the nine months ended 30 September 2018 and 2017, respectively:

FOR THE NINE MONTHS END 30 SEPTEMBER 2018

Segments	Distribution & System Integration	**Advisory & Managed Services**	**Total segments**	**Adjustments and elimination**	**Consolidated**
Revenue	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
External customer	12,083	11,444	23,527	(417)	23,110
Inter-segment	(250)	(167)	(417)	417	-
Total revenue	***11,833***	**11,276**	**23,110**	**-**	**23,110**
Results					
Segment gross margin	**4,862**	**3,100**	**7,962**	**21**	**7,983**

FOR THE NINE MONTHS END 30 SEPTEMBER 2017

Segments	Distribution & System Integration	**Advisory & Managed Services**	**Total segments**	**Adjustments and elimination**	**Consolidated**
Revenue	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
External customer	5,203	6,377	11,580	(726)	10,854
Inter-segment	(252)	(474)	(726)	(726)	-
Total revenue	***4,951***	**5,903**	**10,854**	**-**	**10,854**
Results					
Segment gross margin	**2,554**	**2,630**	**5,184**	**0**	**5,184**

Adjustments and eliminations

Finance income, finance costs, taxes and fair value gains and losses on certain financial assets and liabilities are not allocated to individual segments as these are managed on an overall group basis. These are included in adjustments and eliminations in the segment disclosures.

	Months ended	
Reconciliation of profit	**2018**	**2017**
	€'000	**€'000**
Segment profit	7,983	5,148
Administrative expenses	(9,469)	(7,340)
Finance (net)	(602)	(48)
Inter-segment profit/(elimination)	(1,435)	(726)
Loss before tax	**(3,524)**	**(2,930)**

Seasonality of operations

Management has concluded that the business is not 'highly seasonal' in accordance with IAS 34.

3. Acquisition and Business combinations

On June13, 2018, it was announced that an agreement to acquire ITWAYS, a leading VAD solutions company, had been concluded. ITWAYS market and sells VAD (Value Added Distribution /System Integartion) products and services. The purchase price for the shares was EUR 10m, and takeover of net debt amounted to approximately EUR 5,44m. The acquisition is fully debt free-funded. The transaction, which was subject to customary regulatory approvals, was closed on July 13, 2018.

Effect of acquisition

The table below presents the acquired assets and liabilities at fair values recognized in the Group's balance sheet at the acquisition date, including goodwill, and the effect from the acquisition on the Group's cash flow:

	Fair value reported in the Group
Reconciliation of profit	**€'000**
(Thousand Euro)	
Property, plant and equipment	46
Intangible	431
Long-term receivables and other non-current assets	-
Inventory	589
Trade receivables and current assets	7,965
Total liquid funds	1,508
Trade liabilities and other current liabilities	4,887
Deferred tax liability	1,096
Net identifiable assets and liabilities	**4,556**
Group Intangible and goodwill	5,444
Total consideration paid	10,000
Less acquired liquid funds	1,508
Net effects on Group's liquid funds from acquisition	**8,492**

The goodwill associated to the acquisition represents the opportunity for CYBER1 to broaden our product offer in line with our vision. No part of the goodwill value is expected to be deductible for tax purposes.

Acquisition costs are mainly pertaining to consultancy fees relating to the due diligence process. Acquisition costs are recognised in profit and loss as administration costs.

No contingent liabilities arising from the acquisition have been identified.