Cyber Security 1 AB (Publ) 556135-4811
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Third Quarter Report ending 30 September 2019 **31 October 2019**

CYBER 1 Q3 2019

CYBER 1 records €45.53m in year to date revenue, surpassing 2018 annual revenue figure with largest quarter still to close

- Q3 2019 year to date revenues were 92.7% higher than Q3 year to date revenues in 2018, recording 44.53m EUR vs. 23.11m EUR.
- Q3 2019 revenue of 11.4m EUR, compared to 14.04m EUR closed in Q3 2018. Q3 2018 revenue included a three-year deal recorded for that period.
- Credence Security Middle East & India increased revenue by 20.64%, from 2.18m EUR in Q3 2018, to 2.63m EUR in Q3 2019.
- Cognosec Kenya increased revenue by 12% (41k EUR), from 342k EUR in Q3 2018, to 383k EUR closed in Q3 2019.
- Group Q3 2019 EBITDA of -688k EUR, compared to 566k EUR in Q3 of 2018. The CYBER 1 Group continues to look at commercial collaboration between clients and vendors, to ensure the best possible margins are met by engaging with our newly acquired clients in 2019 for further partnerships and solution delivery.
- CYBER 1 announced a new multi-year partnership with Armada Maritime, to extend our industry specific cyber security offerings together in Greece and Cyprus; with CYBER 1 continuing to deliver strong results for Formula 1 and its other enterprise customers and prospects.

Performance Overview

The third quarter results detailed in this report, have demonstrated the continued and sizable year over year growth within the business to date in 2019. Our subsidiaries are able to develop long lasting relationships with clients, understanding their business needs and provide solutions that cater for all areas of their security posture.

Sourcing new enterprise business through lead generation, combined with cross collaboration with vendors and other subsidiaries continues to be a source for new revenue streams. In the long term this deepens our relationships with clients and improves overall margins. Often, new customers are acquired through demonstrating the long term partnership examples achieved to date. Our wide range of vendor relationships and highly skilled consultants provide a comprehensive delivery of cyber security provisions.

In the quarter, the company's leadership participated in its second annual strategic offsite, which was a huge success in driving internal collaboration and setting our direction of the company as we move into 2020. A number of important topics were discussed; including branding identity, operational alignment and our commercial strategy. Importantly, we discussed how we are able to utilise our existing capabilities in an international context for cross-subsidiary and upselling opportunities. All initiatives will provide further robust internal governance and reporting lines, as well as importantly realising the growth opportunities within our 5,500-plus customer base.

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RESULTS IN DETAIL

CYBER1 recorded 11.4m EUR for Q3 2019 in line with budget and without any impact of pending acquisitions. The business units have recorded an impressive quarter, given a large three-year deal was booked in Q3 of 2018. Q3 year to date 2019 revenues across the Group have increased 92.7% (22.42m EUR), recording 45.53m EUR, versus 23.11m EUR for the same period in 2018.

The ability to engage with new enterprise clients in providing our unique offering, has increased our market presence within EMEA, coupled with the further opportunity to penetrate existing enterprise customers and provide a number of additional products and services to them.

Quarter over quarter operating expenditure has increased slightly by 204k EUR, primarily through additional acquisitions into the business being recognised for the full quarter in 2019, compared to a partial recording from Q3 2018. In addition, there has been a planned increased in marketing initiatives and investment in key staff personnel across the Group. Streamlining of operations has improved from the last quarter however, reducing the gap from increased operating expense from 795k EUR in Q2 2019, to 204k EUR for Q3 2019. The Group continues to further harmonise the administrative costs in the coming quarters.

A planned shortfall in margins stretched the Group’s cash position, pending debtor collections and the unwinding of deposits however all within managed parameters set by the business at the beginning of 2019.

HIGHLIGHTS

- Total year to date revenue growth increased by 92.7%, from 23.11m EUR by Q3 YTD 2018, to 45.53m EUR by Q3 2019.
- Q3 2019 revenue of 11.4m EUR, compared to 14.04m EUR in Q3 2018, due to a significant three-year deal booked. The business units continue to drive a positive pipeline for Q4, which is historically strong for the business.
- Gross Margin equated to 3.18m EUR for Q3 2019, with Q3 2018 Gross Margin recorded as 4.28m EUR, due to the reduction in revenue outlined above. Our professional services division continues to grow, driving higher margin business into CYBER 1.
- Group Gross Margin for Q3 2019 was 28% (Q3 2018 Gross Margin: 30%), underpinned by the integration of the Itway Turkey and Greece acquisitions in the product space. CYBER1 continues to harness cross collaboration opportunities for future margin growth also.
- Group Q3 2019 loss of EBITDA -688k EUR, (Q3 2018 EBITDA 565k EUR), with our historically strongest quarter to close to facilitate positive EBITDA growth.
- Cognosec Middle East increased revenue by 73.7%, from 195k EUR in Q3 2018, to 339.6k EUR in Q3 2018.
- Credence Security Middle East and India increased revenue by 20.64%, from 2.18m EUR in Q3 2018, to 2.63m EUR closed in Q3 2019.
- CYBER 1 announced a new multi-year Partnership with Armada Maritime, to extend our offering to Greece and Cyprus.

CYBER1 GROUP: Financial key-ratios	Jul-Sept Q3 2019	Jul-Sept Q3 2018	Jan-Sept 2019	Jan-Sept Q3 2018
Total Group Income €('000s)	11,395	14,041	44,525	23,110
Total Group Gross Margin € ('000)	3,179	4,278	10,106	7,983
Total Group Gross Margin (percent)	28%	30%	23%	35%
Cash Flow in the Period €('000s)	430	2,255	-3,218	2,399
Operating Margin €('000s)	-847	457	-1,916	-1,486
Operating Margin (percent)	-7%	3%	-4%	-6%
Result after Taxes €('000s)	-734	-1,797	-1,680	-3,706
Earnings per share €*	-0.0018	-0.0068	-0.0042	-0.0139

Basic earnings per share, EURO				
.- of which continuing operations	-0.0018	-0.0068	-0.0042	-0.0139
Diluted earnings per share, EURO	-0.0018	-0.0068	-0.0042	-0.0139
Basic weighted average number				
of outstanding millions	**293.9**	259.7	**293.9**	259.7
Diluted weighted average number				
of outstanding millions	293.86	259.74	293.86	259.74

*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 2019 (Q3 2019) were 295,486,482 (Q3 2018 number of shares outstanding (278,958,409). The new share issue relates to the three offset share issues (1,860,465 & 1,777,778 & 13,277,097) 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.
For additional information, please contact: Matt Glover or Najim Mostamand, CFA, Liolios Group.
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About CYBER1 (Nasdaq First North Growth Market: CYB1.ST) (ADR program OTCQX: CYBNY)

CYBER1 is engaged in providing cyber resilience solutions and conducts its operations through physical presences in UK, Greece, Italy, Sweden, Kenya, Austria, South Africa, Turkey, Ukraine, United Arab Emirates and the United States. Listed on Nasdaq First North Growth Market (Nasdaq: CYB1.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 43.95m EUR in 2018. For further information, please visit www.cyber1.com/investors.

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Comments by Nick Viney, CEO of CYBER1

Dear Shareholders,

As we build into the critical time of the year for CYBER 1, it gives me great pleasure to present the third quarter report to our shareholders and the wider investor community. During the quarter, we reached a milestone of surpassing our 2018 total revenue figure (43.95m EUR), recording 45.53m EUR in 2019 with three months still to close. This is a significant achievement in the company's history and is a testament to the performance of all CYBER1 staff across our subsidiaries, in working ever closer with our clients as their trusted cyber security advisors.

This year to date growth has been underpinned by providing a holistic cyber security approach, to the vast and varying problems we see in the market today. Our diverse and ranging product offering, twinned with our industry leading professional services, ensures that our partnerships are long lasting and vested in our client's overall objectives.

Specific mention must go to a number of subsidiaries, who have demonstrated an impressive performance this quarter. Our professional service offering in the middle east (Cognosec Dubai), has grown year over year by 73.7%, highlighting our important complementary provision to the wide range of vendor relationships we provide in the region. In Africa, we continue to acquire fantastic new clients and partnerships, as well as further entrenching our European presence with our latest acquisitions in Turkey and Greece.

In September, we had the second annual strategic offsite and my first in the company. I was enthused by the passion and vision that our business heads share in driving CYBER1 into a new chapter. They have been integral to our success and I look forward to working with them into the end of the year, with preparations already starting for setting and benchmarking our 2020 objectives.

I was delighted to announce the new partnership with Armada Maritime. This collaboration could not have come at a better time in the market, given the upcoming International Maritime Organisation (IMO) regulation changes that will come into effect from the 1st of January 2021. I look forward to working closely with them, in realising the opportunities in this key vertical for CYBER1.

As we move to the traditionally busiest quarter in the year, I would like to pause and thank the CYBER1 staff members, who continue to drive and forge strong relationships with our clients. Their commitment and duty of care when tackling real threats and challenges in today's cyber security climate, is integral to our future performance. To our customers, thank you for your faith in trusting us with your most important assets, I look forward to developing those relationships right through 2019 and into the future.

Finally, my thanks to the shareholders, who believe in our company trajectory and the vision of realising our potential in this exciting market. We are committed as ever to realise 2019 as the most successful year in the company's history and to put in place the fundamental building blocks for an exciting 2020 and decade beyond.

Nick Viney, CEO CYBER1

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BUSINESS OVERVIEW

MARKETS

A number of significant developments within the cyber security world continue to highlight its importance within the public and private spheres.

During the quarter Huawei Chief Executive Ren Zhengfei, has extended an olive branch of openness and transparency by offering to sell their intellectual property relating to its 5G innovations. The company is attempting to alleviate security concerns that have been raised previously over its relationship with the Chinese government and allegations of spying on national telecommunications systems. Currently the United States and Australia have banned their networks to date, with the United Kingdom currently still to declare its position on the matter.

Earlier in the quarter, NATO Secretary General Jens Stoltenberg stated that cyber security attacks against its members falls well within the 'collective defence commitment' within its founding treaty. Speaking openly about his opinions on potential attacks: "We have designated cyber-space a domain in which NATO will operate and defend itself as effectively as it does in the air, on land, and at sea." Recently, the United States conducted online operations against an Iranian intelligence groups believed to have been complicit in the oil tanker attacks in June 2019.

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	*Jul-Sept*	Share	*Jul-Sep*	Share	*Jan-Sept*	Share	Jan-Sept	Share	*Jan-Dec*	Share
Overview Sales	**Q3 2019**	**%**	**Q3 2018**	**%**	**2,019**	**%**	**2018**	**%**	**FY 2018**	**%**
Credence Security (UAE)*	2,626	23%	2,184	16%	8,489	19%	4,290	19%	6,489	15%
Credence Security (South Africa) **	482	4%	667	5%	1,673	4%	1,636	7%	2,034	5%
Cognosec (South Africa)	2,187	19%	7,402	54%	13,190	30%	12,155	54%	19,265	45%
Cognosec (Kenya)	383	3%	342	2%	1,110	2%	682	3%	777	2%
Credence Security (Europe)****	5,216	47%	2,908	21%	18,491	43%	2,964	13%	13,686	31%
Cognosec (Europe)***	501	4%	536	4%	1,572	4%	1,383	6%	1,700	4%
Total	**11,395**	**100%**	***14,040***	**100%**	**44,525**	**100%**	***23,110***	**100%**	**43,951**	**100%**

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

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

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

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

Outlook and financial information

The third quarter proves that CYBER1 has what it takes to deliver solutions to our clients, with most of our regional segments showing a higher activity level and good pace in their business. Sales to the quarter increased on a good level, amounting to 45.5 million EUR to date, with a growth of 93% YOY. With sales in January to September of 2018 amounting to 23 million EUR, this years closed to date is a considerable achievement; driven by advisory and MSSP investments. Further improvements were also realised in the product offering, through increased volumes relating to strategic contracts. Whist strategic contracts will be margin accretive in the long term, the impact on near-term profitability is progressive. In the quarter we had an encouraging impact on gross margin, with an expectation this will continue to improve during the second half of the year. Our strategy is to work with lead customers in prime markets, generating product, advisory business and rollout of our managed service commercialisation.

To date, we have publicly announced the Formula 1 five-year partnership, as well as large orders obtained from major named business customers. This change of approach in providing more of our solutions to our existing clients has generated a strong strategic advantage for the company.Adjusted EBITA amounted to -1.45 million EUR (-1.34), was impacted by the recognition of a good activity level in most of the countries where CYBER1 operates. Net finance for the period amounted to EUR 36k (208) and tax expense for the period amounted to EUR 129k (181).

Within the product segment, CYBER1 achieved a strong quarter with an organic sales growth of 181% QoQ, driven by increased investments in Africa and Europe. Product gross margin improved to 6.107m EUR (2.803m EUR) QoQ, mainly due to higher sales' activities and revenues from cross selling. As previously announced, our intent is to acquire the Turkish company INFONET's product and advisory business. This will further expand our capabilities offering in both product and professional services in Central Europe.

Organic sales in Advisory and Managed Services were stable YoY. We continue to see strong business momentum for the new portfolio in our managed services and advisory-native services, with many important contracts wins recognised in the quarter. Gross margin was stable QoQ and operating income improved YoY, driven by reductions in operating expenses. We continue to execute on our plan to position our "Professional Services" as an opportunity to acquire new enterprise customers and further cross selling opportunities. Organic sales growth has generated an operating gross profit of EUR 3.982m (EUR 3.737m). Our aim is to scale and help create future business for CYBER 1.

Driven by improved earnings, free cash flow excluding M&A amounted to EUR 2.3m (2.4m) in the quarter. With an improved cash position, we are well positioned to grow the company in a profitable way; continuing to take strategic contracts and capture new opportunities in the process. We will continue to make substantial investments in M&A, especially in Advisory, and Managed services. This is a key part of our focused strategy to strengthen our long-term business and path to reaching our targets for 2020 through to 2022.

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 has resulted in quarter–on-quarter revenue growth. We also see evidence of this in the fact that our measurements of customer satisfaction, are moving in the right direction. We are broadening our service scope by adding manage services through the acquisitions during 2019. We are confident that our customers will appreciate this move, which will give us a basis for growth in our sectors. Looking back over the year, we see sales significant growth and similar EBIT deficiency down. Nevertheless, our P&L and EBIT margin yet to be improved. We are on the way to restoring profitability in the affected countries. In general, the acquisitions carried out in 2018 have developed according to expectations and contributed significant sales growth for the full year.

Our assessment of the market is largely unchanged compared with the previous quarters. The industrial climate is strong, which is reflected in the performance of our Product and System Integration, Advisory and Managed Services segments. Investments in cyber infrastructure continue to remain at a high level, whilst ongoing digitalisation is resulting in a good market for embedded security systems and IT providers. These positive effects on the market, combined with the growing needs of cyber security has positioned CYBER1 as the right company to deliver these solutions. Our 2019 strategy looked at reformulating financial targets, acquiring new multinational businesses to deliver multiple services in line with the new direction. The strategy entails a clarified international expansion, with a unique business model, in which CYBER 1 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.

Overall, CYBER 1 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 Board and management intends to return to generating EBIT margins of at least 10% while achieving a significant improvement in ROCE.

Risks and uncertainties

CYBER 1 divides risk into circumstantial risk (the future of our products/services and business cycle sensitivity), financial risk (currency, interest, financing and credit risks) as well as business risk (customer concentration, operational risks, risks in operating expenses as well as contracts and disputes). These risks, together with a sensitivity analysis, are described in detail in the Annual Report 2018. Circumstances in the world around us since the Annual Report was published are not believed to have caused any significant risks or influenced the way in which the Group works with these, compared to the description in the Annual Report 2018.

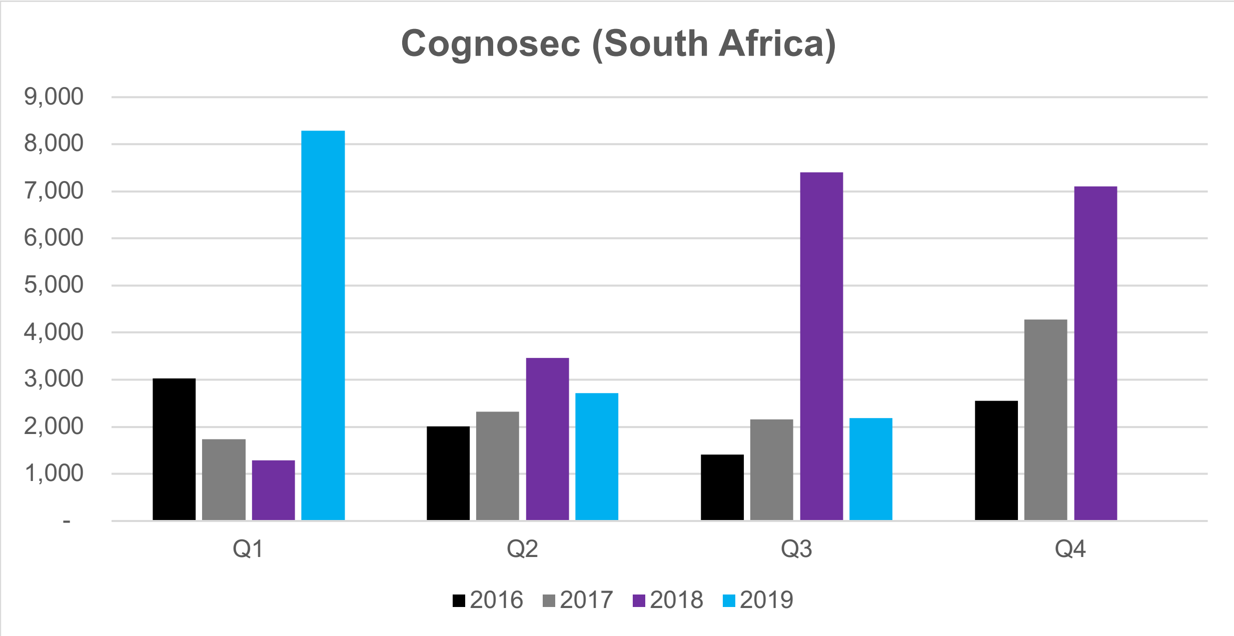
Goal and strategy

CYBER 1's overall goal is to be a leader in global solutions in supply chain management with a world class integrated offering. Our strategy is to work in niches in each business areas, where the company can attain a leading position in the market. We will achieve this goal by being best at meeting customers' demands for efficiency and delivery. Acquisitions play an important role in our company's development and provide competence, broader product and service offers, enlarging our customer base in the process.

Forward-looking statements

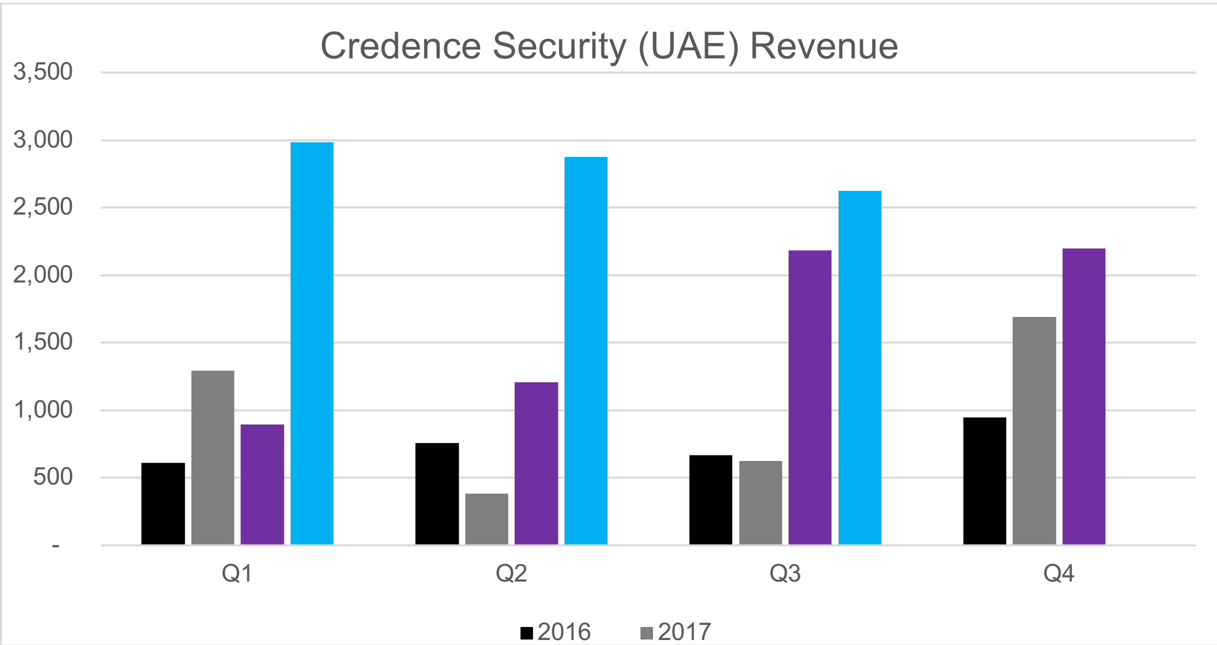
The 'Other Information' section includes forward-looking statements. Actual results may differ from those stated. Internal factors such as the successful management of research programmes and intellectual property rights may affect future results. There are also external conditions such as the economic 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 / DRS)



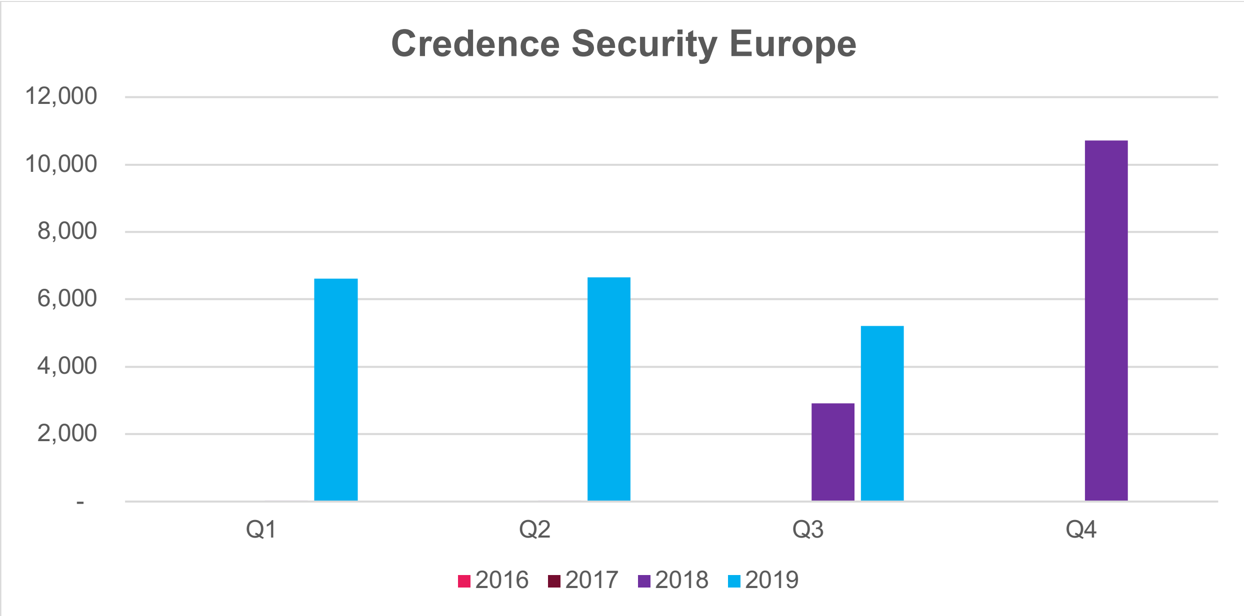
Cognosec South Africa continues the strong performance from Q1 and Q2, producing 2.19m EUR in revenue for Q3. Combined with the entities year to date performance, the entity has closed 13.19m EUR in revenue, almost 30% of CYBER1's 44.53m EUR revenue closed to date.

Credence Security (UAE)



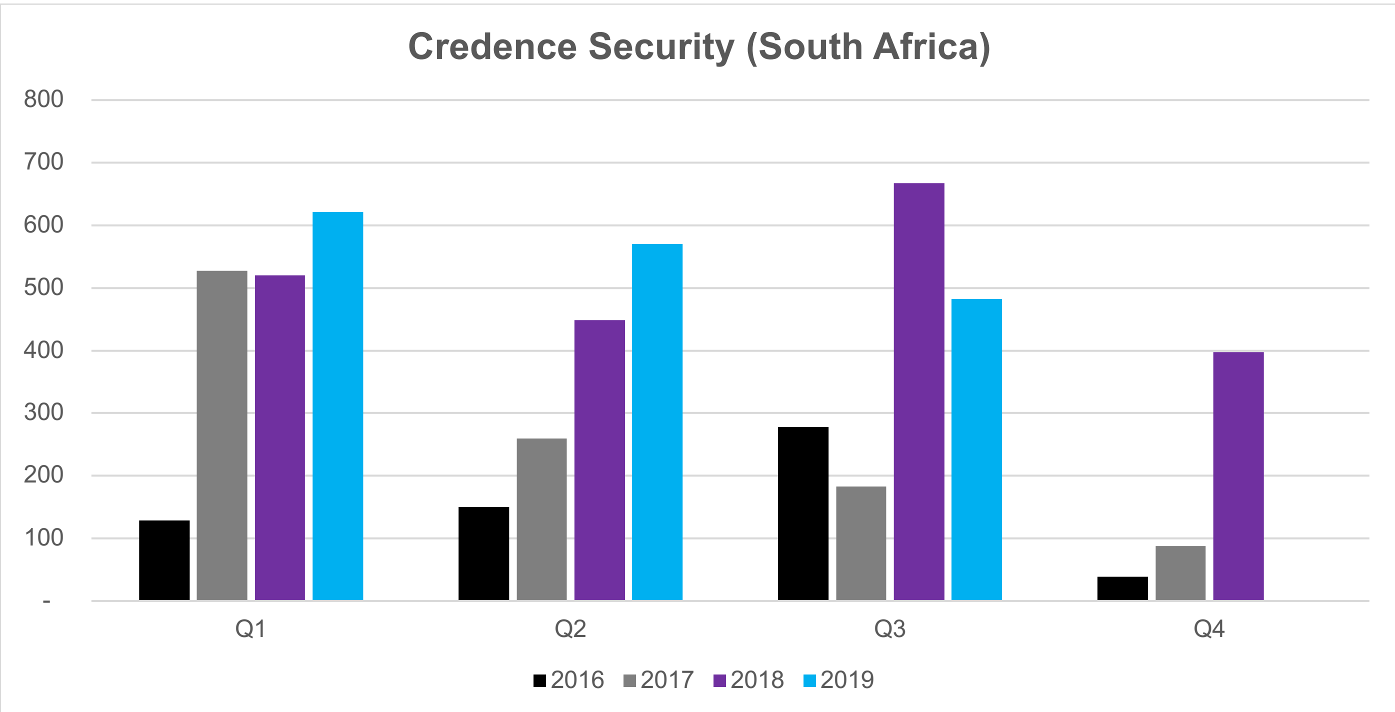
Credence Security Middle East and India recorded 2.63m EUR of revenue for the period, a 20.64% increase (442k EUR) versus the same period in 2018. Moving into the final quarter of the year, the entity has closed almost double the amount to date versus 2018, with a number of exciting enterprise deals in the pipeline for the final quarter of the year.

Credence Security (Europe)



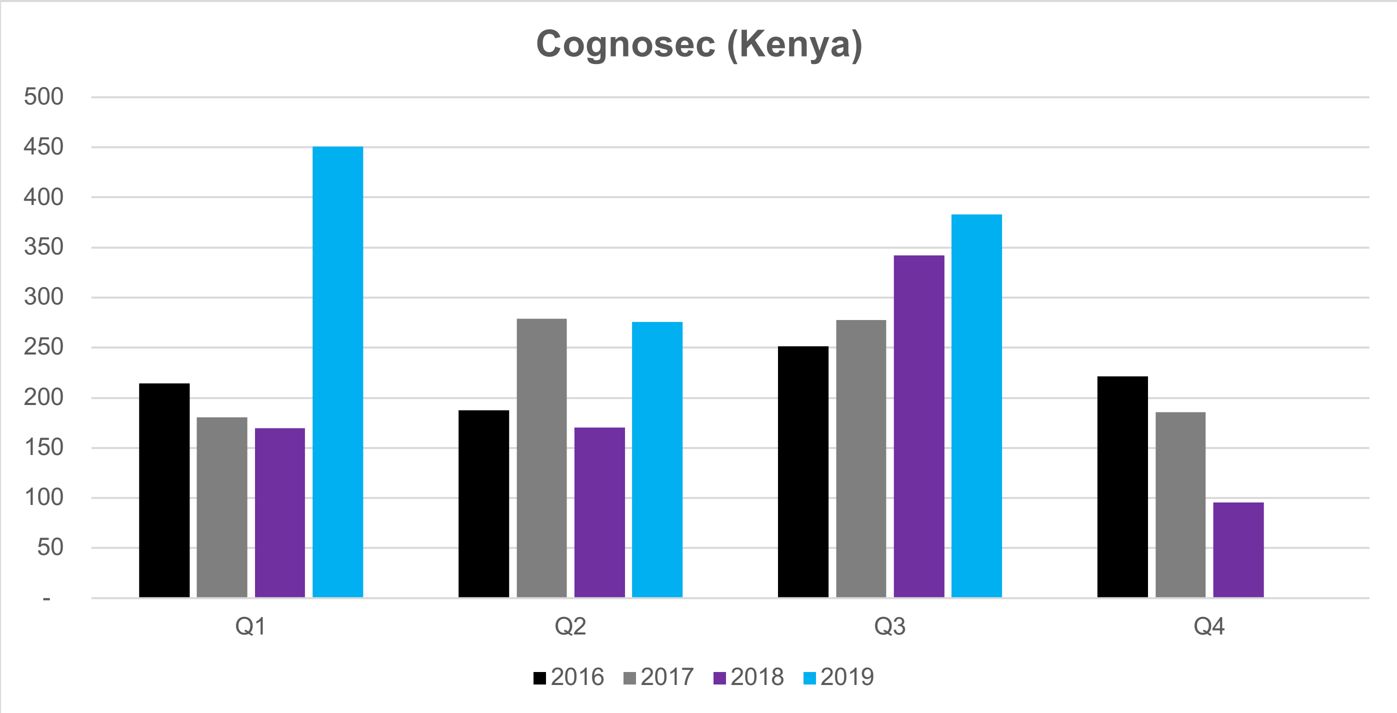
Credence Security Europe recorded 5.22m EUR in revenue for the Q3 period. A number of collaborative initiatives are being realised with our service providers within CYBER1, where the opportunity to leverage a number of vendor relationships across the group will have material benefit for all of our subsidiaries. With the vast and diverse client relationships already existing within Turkey and Greece, it is anticipated that further cross subsidiary alignment will improve organic growth for 2019 and beyond into 2020.

Credence Security (South Africa)

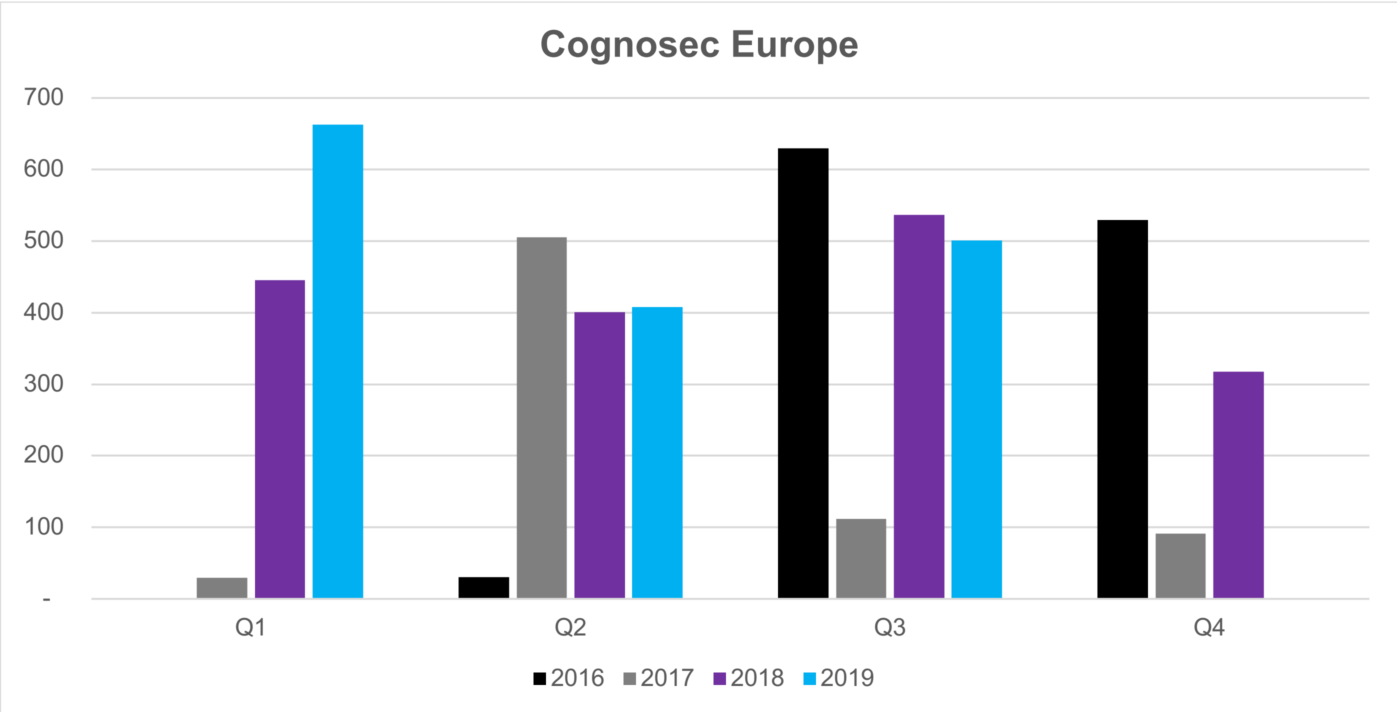


Credence Security South Africa, closed 482k EUR in the third quarter period. The subsidiary has been working closely with the Middle Eastern and Indian Office on its overall strategy, to provide closer alignment on its vendor offering.

Cognosec Kenya (Protec)



Cognosec Kenya finished the third quarter for 2019, closing 383k EUR in revenue for the period. Combined with the positive results from Q1 and Q2 the Kenyan subsidiary to date has achieved 1.11m EUR in revenue, 62.8% up versus the same period in 2018 (428k EUR), with the fourth quarter still to close.



Cognosec Europe closed 501k EUR for Q3 2019. The entity has been at the forefront of the recent maritime collaboration, as well providing professional services in association with a number of other subsidiary and group wide projects.

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 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, Cisco, Cyberark, Demisto, Digital Guardian, Everbridge, Fidelis, Galvanize, KnowBe4, Infocyte, McAfee, Popcorn Training, Pulse Secure, Rapid7, Redhat, Redseal, Solus, Thales, Trustwave amongst others.

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.

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 in July, 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 2019 report has not been reviewed by the Group's auditor.

PROFIT FOR THE PERIOD

Group

Third Quarter revenues amounted to 11.4m EUR (Q3 2018 Revenue: 14.04m EUR).

Total third quarter year to date results amounted to 44.53m EUR (Q3 year to date 2018 Revenues: 23.11m EUR) an increase of 92.7%.

Loss before tax for Q3 2019 amounted to -706k EUR (Q3 2018 loss of -1.62m EUR).

Loss after tax for Q3 2019 amounted to -734k EUR (Q3 2018 loss of -1.79m EUR).

Depreciation and amortisation for Q3 2019 amounted to 159k EUR, Q3 2018 Depreciation and Amortisation: 109k EUR.

There was a Net Cash Outflow for Q3 2019, which amounted to 3.22m EUR (Net Cash Outflow Q3 2018 2.4m EUR).

At the end of Q3 2019, the Group's cash balance amounted to 1.83m EUR (Q3 2018: 2.52m EUR).

Parent

The Parent Company's loss for Q3 2019 amounted to -653k EUR (Q3 2018: -308k EUR).

FINANCIAL POSITION

Group

The Group's equity for end of Q3 2019 amounted to 13.75m EUR (End of Q3 2018: 11.68m EUR).

CYBER1 did not pay any dividends to shareholders during Q3, Q2, Q1 2019, 2018, 2017, 2016 or 2015.

Parent

The equity for the parent company amounted to 13.88m EUR at the end of Q3 2019 (End of Q3 2018, 12.51m EUR) and 3k EUR cash or cash equivalent (End of Q3 2018, 3k EUR).

INVESTMENTS

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

The Company continues to identify a number of acquisition targets. The approach for CYBER1 is to assess various forms of companies that can complement and add to their overall offering in the Product and Professional and Managed Service space. The Company continues to identify acquisition targets in various jurisdictions, in collaboration with the CYBER1 Global Advisory Board, Chaired by Joseph J. Grano Jr.

TAXATION

Group

No provisional corporation tax was paid in Q3 2019.

Deferred Tax Credit has been recognised in the Group during 2019.

Parent

No current or deferred tax has been recognised in the Profit and Loss for the parent during 2018 or 2019 to date.

ALLOCATION OF PROFITS

As indicated in the Financial Position section no dividends were paid to shareholders, therefore no allocation of profit was required for the period of reporting.

TRANSACTIONS WITH RELATED PARTIES

There have been no significant changes in the relationships or transactions with related parties for the Group or Parent Company with the information given in the annual report 2018.

SHARE INFORMATION

Cyber Security 1 AB (Publ) (Trading as CYBER1) is a public company whose shares are traded on Nasdaq First North Growth Market (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 2019 are: 295,486,482.

FINANCIAL CALENDAR

Q4 Report 2019	February 20, 2020
First Quarter 2020	April 27, 2020
Annual General Meeting	June 25, 2020
Half Year Report	August 26, 2020
Nine Month Report	October 30, 2020
Expected publication of 2019 Annual Report	wb/ 1 June 2020

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 and Amsterdam, as part of our continued effort to establish an investor base in the US.

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

The 2019 AGM resolved to elect RSM Stockholm AB, with Malin Lanneborn as auditor-in-charge, for the time up until the next annual general meeting in the company.

ELECTION COMMITTEE AND ANNUAL GENERAL MEETING 2019

The Annual General Meeting of Cyber Security 1 AB (publ) (the "Company") was held on the 25th July 2019.

Elected to the Board of CYBER1 were Jacobus Paulsen, Neira Jones, Lord Anthony St John and Daryn Stilwell.

The AGM decided in accordance with the proposal, to authorise the Directors of the Board to issue, at one or more occasions, with or without deviation from shareholders preferential rights, up to 150,000,000 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 & Non-executive Board member
Daryn Stilwell, Executive Board member & Group General Counsel
Neira Jones, Non-executive Board member
Lord Anthony Tudor St John of Bletso, Non-executive Board member

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DETAILED FINANCIAL INFORMATION

GROUP PROFIT AND LOSS

(Thousand Euros)	**Jul-Sept 2019**	**Jul-Sept 2018**	**Jan-Sept 2019**	**Jan-Sept 2018**	**Jan-Dec 2018**
Net Revenue	11,395	14,041	44,525	23,110	43,950
Cost of Sold Goods	-8,217	-9,763	-34,419	-15,127	-32,511
Gross Profit	**3,179**	**4,278**	**10,106**	**7,983**	**11,440**
Sales Costs	-2,112	-2,555	-6,181	-6,371	-8,318
Administration Costs	-1,755	-1,157	-5,377	-2,955	-5,016
Depreciation	-159	-109	-464	-143	-253
Total Operating Cost	**-4,025**	**-3,821**	**-12,022**	**-9,469**	**-13,587**
Operating Result	**-847**	**457**	**-1,916**	**-1,486**	**-2,147**
EBITDA	**-688**	**566**	**-1,451**	**-1,343**	**-1,895**
Financial income and costs	-	-	-	-	-
Finance income	206	0	527	-	634
Finance costs	-65	-2,079	-162	-2,038	-426
Total Finance income and costs - net	**141**	**-2,078**	**365**	**-2,038**	**208**
Result before tax	**-706**	**-1,622**	**-1,551**	**-3,525**	**-1,939**
Tax (Period)	-28	-175	-129	-181	-342
Total result for period	**-734**	**-1,797**	**-1,680**	**-3,706**	**-2,281**
Attributable to Parent	-543	-1,852	-1,243	-3,761	-2,233
Minority interest	-191	*55*	-437	*55*	*-48*
Earnings per share (€/share) attributable to owners of the parent	*-0.0018*	*-0.0068*	*-0.0042*	*-0.0139*	*-0.0090*

PARENT COMPANY PROFIT AND LOSS

(Thousand Euros)	Jul-Sept 2019	Jul-Sept 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Net Revenue	401	-	1,176	-	-
Cost of Sales	-	-	-	-	-
Gross profit	**401**	**-**	**1,176**	**-**	**-**
Depreciation	-3	-8	-8	-8	-10
Administration costs	-981	-298	-2,575	-647	-1,618
Total Costs	**-984**	**-306**	**-2,583**	**-655**	**-1,628**
Operating result	**-583**	**-306**	**-1,407**	**-655**	**-1,628**
Finance costs	-71	-1	-43	-28	-47
Result before tax	***-653***	***-308***	***-1,451***	***-683***	***-1,676***
Tax	-	-	-	-	-
Result for the period	***-653***	***-308***	***-1,451***	***-683***	***-1,676***

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BALANCE SHEET	Group			Parent		
(Thousand Euros)	30 Sept 2019	30 Sept 2018	31 Dec 2018	30 Sept 2019	30 Sept 2018	31 Dec 2018
ASSETS						
Non-current assets						
Property, plant and equipment	201	230	205	-	-	-
Right-of-use-Asset	547	-				
Intangible Assets	4,508	4,822	4,791	34	44	42
Investments in subsidiaries	-	-	-	14,610	13,585	14,258
Goodwill	7,609	7,609	7,609	-	-	-
Total Non-current assets	**12,865**	**12,662**	**12,606**	**14,644**	**13,629**	**14,300**
Current Assets						
Inventory	445	1,231	775	-	-	-
Deferred tax asset	14	3	3	-	-	-
Share issue receivable	-	-	-	-	-	-
Short term receivable	-	93	-	-	-	-
Trade receivable	21,786	17,988	17,849	4,514	3,106	3,294
Other Claims	271	1,192	197	-	-	-
Cash & Bank	1,834	2,520	5,924	3	3	3
Total Current Assets	**24,349**	**23,027**	**24,748**	**4,517**	**3,109**	**3,297**
TOTAL ASSETS	**37,214**	**35,689**	**37,354**	**19,161**	**16,738**	**17,597**
DEBT AND EQUITY CAPITAL						
Equity Capital						
Share Capital	87	127	76	87	127	171
Share premium	19,668	15,813	18,863	19,579	15,724	18,680
Ongoing share issue		-			-	
Period result	-1,680	-2,647	-2,427	-1,451	-683	-1,676
Other reserves	-4,500	-1,602	-1,839	-4,334	-2,655	-2,655
Total Equity	**13,575**	**11,690**	**14,673**	**13,882**	**12,512**	**14,520**
Capital and reserves attributable to owners	13,575	11,486	14,701	13,882	12,512	14,520
Non-controlling interests	172	*204*	*203*	-	-	-
Long-term Debt						
Interest-bearing liabilities	499	**-**	**-**	**-**	-	-
Short term debt						
Interim Debt	1,494	*2,542*	1,630	968	*2,542*	1,027
Lease liabilities	565	-	-	-	-	
Intragroup Debt	-	*848*	-	1,763	*678*	1,327
Suppliers	18,966	*18,101*	19,118	2,668	*947*	759
Tax Debt	1,556	*1,227*	1,524	-119	*15*	-56
Provisions	558	*1,281*	352	-	*45*	20
Total Liabilities	**23,639**	**23,999**	**22,624**	**5,279**	**4,226**	**3,077**
TOTAL DEBT AND EQUITY	**37,214**	**35,689**	**37,298**	**19,161**	**16,738**	**17,597**

CASH FLOW ANALYSIS (Thousand Euro)	**Group**				
	Jul- Sept 2019	**Jul- Sept 2018**	**Jan- Sept 2019**	**Jan- Sept 2018**	**Jan-Dec 2018**
Profit before income taxes	-706	-1,145	-1,551	-3,706	-2,085
Adjustments non C/F items	175	-1,334	1,185	-1,873	917
Operating Cash Flow	**-530**	**-2,479**	**-366**	**-5,579**	**-1,168**
Paid Taxes	28	45	-213	45	205
Received finance payments - net	-	-	-	-	
Changes in Working Capital	938	4,988	-4,097	8,132	7,259
Cash Flow from Operating Activities	**435**	**2,554**	**-4,676**	**2,598**	**6,296**
Acquisition of subsidiaries	-	-1,000	-	-1,091	-9,967
Acquisition of Fixed Assets	-	-140	-783	-814	-824
		-		-	
Cash Flow from Investment Activities	**-**	**-1,140**	**-783**	**-1,904**	**-10,791**
New share issues	-	-	-	-	-
Directly related costs to the listing	-	-	-	-	-
Proceeds from ongoing share issue	-	-	816	-	8,458
Dividend payment to minority	-	-	-	-	-
Lease liabilities	-		-46		
Short Term Financing	30	841	1,472	1,706	1,033
Cash Flow from Financing Activities	**30**	**841**	**2,241**	**1,706**	**9,491**
Cash Flow from the Period	**365**	**2,255**	**-3,218**	**2,400**	**4,996**
Opening Cash	1,320	461	5,924	265	265
Acquired cash	-	-		-	
FX-diff Period	49	-196	-872	-144	664
Closing Cash Position	**1,834**	**2,520**	**1,834**	**2,520**	**5,924**

CASH FLOW ANALYSIS

(Thousand Euro)	Parent Jul- Sept 2019	Jul- Sept 2018	Jan- Sept 2019	Jan- Sept 2018	Jan-Dec 2018
Profit before income taxes	-653	-308	-1,451	-683	-1,676
Adjustments non C/F items	5	7	8	6	8
Operating Cash Flow	**-648**	**-301**	**-1,443**	**-677**	**-1,668**
Paid Taxes	-	-	-	-	-
Changes in Working Capital	1,005	327	2,008	169	2,348
Cash Flow from Operating Activities	**357**	**26**	**565**	**-508**	**680**
Acquisition of Fixed Assets	-	-	-	-	-
Payments related to acquisition of subsidiaries	-352	-1,000	-352	-1,092	-1,765
Transfers to subsidiaries	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-
Cash Flow from Investment Activities	**-352**	**-1,000**	**-352**	**-1,092**	**-1,765**
New share issues	-		-	-	-
Directly related costs to the listing	-	-	-	-	-
Proceeds from ongoing share issue	-	-	813	-	-
Dividend payment to minority	-	-	-	-	-
Short Term Financing	-5	882	-1,027	1,542	1,027
Cash Flow from Financing Activities	**-5**	**882**	**-214**	**1,542**	**1,027**
Cash Flow from the Period	**-**	**-92**	**-**	**-58**	**-58**
Opening Cash	3	3	3	3	3
FX-diff Period	-	92	-	58	58
Closing Cash Position	**3**	**3**	**3**	**3**	**3**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CAPITAL

(Thousand Euros)	Jul- Sept 2019	Jul- Sept 2018	Jan-Sept 2019	Jan- Sept 2018	Jan-Dec 2018
Equity - Opening Balance	**14,116**	**5,644**	**14,904**	**4,649**	**4,649**
Adjustment from acquisition analysis	-		-		
Share Issues	-	8,000	816	10,018	13,018
Profit from the Period	-791	-1,712	-1,825	-3,580	-2,957
Tax impact from deductible costs for ongoing share issue	-				
Adjustment related to acquisition analysis	-0	-1,803	-464	-238	-1,130
Foreign Exchange-Differential	250	1,001	145	826	1,324
Changes in equity during the period	**-541**	**5,486**	**-1,328**	**7,026**	**10,255**
Equity - Closing Balance	**13,575**	**11,130**	**13,575**	**11,676**	**14,904**

PARENT COMPANY CHANGES IN EQUITY CAPITAL

(Thousand Euros)	Jul -Sept 2019	Jul- Sept 2018	Jan- Sept 2019	Jan- Sept 2018	Jan-Dec 2018
Equity - Opening Balance	**14,536**	**11,121**	**14,520**	**11,121**	**3,121**
Adjustment from acquisition analysis	-		-	57	-
Share Issue	-	1,929	813	2,018	13,074
Profit from the Period	-654	-538	-1,451	-683	-1,676
Foreign Exchange-Differential	-		-	-	-
Changes in equity during the period	**-654**	**1,392**	**-638**	**1,392**	**11,399**
Equity - Closing Balance	**13,882**	**12,512**	**13,882**	**12,512**	**14,520**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Corporate information

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: CYBER1, 1st Floor, Klarabergsgatan 29, 111 21 Stockholm, Sweden. The Group is principally engaged in the provision of cyber security application distribution (sale and implementation) advisory and managed services globally.

Accounting policies

CYBER 1 Group's consolidated financial statements as of and for the nine-month period ended September 30, 2019, have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act as well as standard RFR 2 Accounting for Legal Entities and other statements issued by the Swedish Financial Reporting Board. For the group this Interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and for the Parent Company in accordance with the Swedish Annual Accounts Act. The accounting policies adopted, and computation methods used are consistent with those followed in the Annual Report 2018, except as described below. All amounts in this report are presented in Euro thousands, unless otherwise stated. Rounding differences may occur.

New standards as from January 1, 2019

One new IFRS standard IFRS 16 "Leases" and one new interpretation IFRIC 23 "Uncertainty over income tax treatments" are effective as from January 1, 2019. IFRIC 23, has not had a material impact on the Group's financial statements.

IFRS 16 – Leases

Presentation in the financial statements

The Group has implemented this standard using the cumulative catch-up method, which means that the prior periods financial statements and key ratios presented in this quarterly report have not been restated to reflect adoption of this new standard.

Based on the new requirements under IFRS 16, right-of-use assets and lease liabilities have been added as new lines in the consolidated balance sheet and lease liabilities as a new line in the statement of cash flows. The right-of-use assets and liabilities were previously reported as off-balance and repayment to lessors was reported as a part of cash flow from operating activities. Now the amortization of lease liabilities is reported as cash flow from financing activities.

Transition

The standard is effective for annual periods beginning on or after January 1, 2019. The Group has applied the new standard as from January 1, 2019. At transition, the Group has applied the practical expedient under IFRS 16 to not reassess whether a contract is, or contains, a lease. Therefore, the Group has applied the standard to contracts previously identified as leases, or as containing a lease under IAS 17 and IFRIC 4. The Group has also applied the following practical expedients when applying IFRS 16 at transition date:

- The IAS 37 onerous lease contract measurement for the operating leases existing as per the transition date. This expedient has been applied as a substitute for the measurement of impairment for the related right-of-use assets. Impairment testing will be applied going-forward.
- Exclusion of initial direct costs from the measurement of the right-to-use asset at the date of initial recognition.

The Group has implemented the standard using the cumulative catch-up method, with the cumulative effect being adjusted to the opening retained earnings balance in equity at transition date. No restated information has been presented for previous years.

The Group has, as a lessee, recognised lease liabilities for leases previously classified as operating leases. The weighted average incremental borrowing rate applied to lease liabilities recognized in the balance sheet at the transition date was 6.3%. Right-of-use assets have for most contracts been recognized based on the amount equal to the related lease liability. For some larger real estate contracts right-of-use assets have been recognized as if IFRS 16 had been applied since the commencement date, however, using the incremental borrowing rate as per the effective date. The asset value for these contracts is EUR 14 thousand lower than the related liabilities.

This difference causes the reduction of equity as per transition date. Under IAS 17 operating leases were not recognized in the balance sheet of a lessee. Future undiscounted minimum lease payments obligations were however disclosed in 2018, amounting to EUR 454 thousand. The lease liabilities were as per January 1st, 2019 recognized in the balance sheet with EUR 673 thousand. The difference is mainly related to the discounting effect of the liability. The liability is calculated as the net present value of the future payments, while the numbers disclosed according to IAS 17 was not discounted – as prescribed in IAS 17. And also, the exclusion of lease payments related to low-value assets from the balance sheet, they are instead expensed straight-line in the income statement.

Opening balance sheet impact of IFRS 16 TEUR adjustment Right-of-use assets 659 TEUR Lease liabilities, current 135 TEUR Lease liabilities, non-current 538 TEUR Equity 14 TEUR.
In the transition the following items have been considered: Onerous contracts, straight-lining, periodisation of lease costs and other net adjustments. The tax effect on the equity posting is deemed to be immaterial. There is no impact on the income statement.

Reconciliation of operating lease obligations (TEUR)

Assumptions for operating leases, 31 December 2018	**514**
Discounting using the Group's incremental borrowing rate	(30)
Liabilities for finance leases, 31 December 2018	31
Contracts pertaining to short-term leases that are expensed	(6)
Contracts pertaining to leases of assets with a low value that are expensed	5
Adjustment for extension options or termination clauses	159
Lease liability on 1 January 2019	**673**

Summary of the effects from the adoption of IFRS 16 on the opening balance at January 1, 2019

Condensed consolidated balance sheet

TEUR	Dec 31, 2018	IFRS 16 transition effects adjustments: Recognition opening balance right-of-use assets and lease liabilities	IFRS 16 transition effects adjustments: Reclassification prepaid lease expense included in right-of-use assets	Adjusted Jan 1, 2019
Total non-current assets	12,606	659	-	13,265
Total current assets	24,691	-	(14)	24,677
Total assets	37,298	659	(14)	37,942
Equity attributable to equity holders of the Parent	14,476	14	(14)	14,476
Non-controlling interests	197	-		197
Total equity	14,673	14	(14)	14,672
Total non-current liabilities	-	511	-	511
Total current liabilities	22,624	135	-	22,759
Total liabilities	22,624	646	-	23,270
Total equity and liabilities	37,298	659	-14	37,942

The impact of right-of-use assets increased the total asset value by approximately 2%.

Accounting policy - IFRS 16 Leases

The main types of assets leased by the Group are, in the order of materiality, real estate, IT-equipment and vehicles. Vehicles are mainly used under service contracts. The Group recognizes right-of-use assets and lease liabilities arising from all leases in the balance sheet, with some exceptions. This model reflects that, at the start of a lease, the lessee always obtains the right to use an asset for a period of time and has an obligation to pay for that right.

In the assessment of a lease contract the lease components are separated from non-lease components and the lease term is defined considering any extension or termination options. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted normally using the Company's incremental borrowing rate. Lease payments included in the liability are fixed payments, variable payments depending on an index or rate, residual values and penalties for termination of contracts.

The right-of-use asset is initially measured at cost, which equals the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received plus any initial direct costs, and restoration costs.

The Group applies the recognition exemption for short-term leases and leases for which the underlying asset is of low-value recognizing the lease payments for those leases as an expense on a straight-line basis over the lease term.

Risks and factors of uncertainty

Market risks

The demand for CYBER 1's products and services are affected by changes in the customers' investment and service delivery levels. A general economic downturn, geopolitical tensions, changes in trade agreements, a widespread financial crisis and other macroeconomic disturbances may, directly or indirectly, affect the Group negatively both in terms of revenues and profitability. However, the Group's sales are well diversified with customers in many industries and countries around the world, which mitigates the risk

Financial risks

CYBER 1 is subject to currency risks, interest rate risks, tax risks, and other financial risks. In line with the overall goals with respect to growth, return on capital, and protecting creditors, CYBER 1 has adopted a policy to control the financial risks to which the Group is exposed. A financial risk management committee meets regularly to manage and follow up financial risks, in line with the policy

Product/solution risks

Many products are sourced from various vendors. The availability is dependent on the vendors' product compatibility and resilient, this may adversely affect product. To minimize these risks, CYBER 1 has established a global network of vendors, which means that in most cases there are more than one vendor that can supply a number of cyber resilient suite.

CYBER 1 is also directly and indirectly exposed to product prices. Cost increases for products and solutions often coincide with strong end-customer demand and can partly be compensated for by increased sales prices.

Acquisitions

CYBER 1 has the ambition to grow all its business areas, primarily through organic growth, complemented by selected acquisitions. The integration of acquired businesses is a difficult process and it is not certain that every integration will be successful. Therefore, costs related to acquisitions can be higher and/or synergies can take longer to materialise than anticipated.

For further information, see the annual report 2018.

Note 2 – Disaggregation of revenue

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

Revenue for the sale of VAD (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.

Revenue from contracts with customers

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

For the three months ended 30 September

	2019			**2018**		
Primary geographical markets	**VAD (Value Added Distribution)**	**Advisory & Managed Services**	**Jan - Sep 2019 Total Segments**	**VAR**	**Advisory & Managed Services**	**Jan Sep 2018 Total Segments**
Revenue	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Africa	6,596	9,377	15,993	4,766	9,615	14,381
UAE	8,149	340	8,489	4,080	196	4,276
Europe	18,491	1,572	20,063	2,988	1,466	4,453
External customer sales	**33,236**	**11,289**	**44,525**	**11,834**	**11,276**	**23,110**
Timing of revenue recognition						
Goods and services transferred at a point in time	33,236	11,289	45,525	11,834	11,276	23,110
Total revenue from contracts with customers	**33,236**	**11,289**	**45,525**	**11,834**	**11,276**	**23,110**

Segment information

The following tables present revenue and profit information for the Group's operating segments for the months ended 30 September 2019 and 2018, respectively:

For the six months ended 30 September 2019

	VAD	Advisory & Managed services	Total segments	Adjustments and eliminations	Consolidated
Revenue	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
External customer	33,839	11,366	**33,483**	(681)	33,130
Inter-segment	(603)	(78)	**(681)**	681	-
Total revenue	**33,236**	**8,915**	**33,130**	**-**	**33,130**
Results					
Segment gross margin	**6,107**	**3,982**	**10,089**	**17**	**10,106**

For the three months ended 30 September 2018

Segments	VAD	Advisory & Managed services	Total segments	Adjustments and eliminations	Consolidated
Revenue	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
External customer	12,225	11,302	**23,527**	(417)	23,110
Inter-segment	(392)	(26)	**(417)**	417	-
Total revenue	**11,833**	**11,276**	**23,110**	**-**	**23,110**
Results					
Segment gross margin	**2,803**	**3,737**	**6,540**	**20**	**6,560**

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.

	For the three months ended 30 September	
Reconciliation of profit	**2019**	**2018**
	€'000	**€'000**
Segment profit	10,106	6,560
Administrative expenses	(11,788)	(9,825)
Finance income	148	17
Finance costs	(162)	(404)
Inter-segment profit/(elimination)	145	126
Loss before tax	**(1,551)**	**(3,525)**

Seasonality of operations
Management has concluded that the business is not "highly seasonal" in accordance with IAS 34.

Note 3 - Financial instruments

CYBER1 is exposed to a number of financial market risks that the Group is responsible for managing under the finance policy approved by the Board of Directors. The overall objective is to have cost-effective funding in the Group companies. The financial risks in the Group are managed, to a limited extent, through the use of financial instruments. The main exposures for the Group are liquidity risk, interest rate risk and currency risk.

Derivatives for currency hedging are measured at fair value, according to level 2, in compliance with IFRS 13. Other financial instruments are measured at their carrying amounts.

The significant financial assets and liabilities are shown below. According to CYBER1's assessment, there is no significant difference between the carrying amounts and fair values

	30-Sep-19		30-Sep-18		31-Dec-18	
EUR thousands	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Assets						
Trade receivables	21,786	21,786	17,988	17,988	17,849	17,849
Other current assets	729	729	2,519	2,519	975	975
Cash and cash equivalents	1,834	1,834	2,520	2,520	5,924	5,924
Total	**24,349**	**24,349**	**23,027**	**23,027**	**24,748**	**24,748**
Liabilities						
Non-current interest-bearing liabilities	499	529	-	-	-	-
Other interest-bearing liabilities	1,494	1,523	2,542	2,618	1,630	1,679
Non-current lease liability	452	452	-	-	-	-
Current lease liability	113	113	-	-	-	-
Trade payables	18,966	18,966	18,101	18,101	19,118	19,118
Other current liabilities	1,556	1,556	2,075	2,075	1,524	1,524
Accrued expenses	558	558	1,281	1,281	352	352
Total	**23,639**	**23,698**	**23,999**	**24,075**	**22,624**	**22,673**
Derivatives for hedging purposes						
Currency hedging derivatives	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	-

Carrying value and fair value

CYBER 1 applies IFRS 9 to classify and measure financial instruments.

Cyber Security 1 AB uses the following valuation techniques of the fair value hierarchy in determining the fair values of the financial instruments:

Level 1 - Quoted prices (unadjusted) in active markets

Level 2 - Inputs other than quoted prices that are observable, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

The accounting principles related to financial liabilities are essentially unchanged compared with previous years. CYBER 1 has updated its accounting principles related to expected credit losses and has, in accordance with the standard, implemented the "expected loss model."

The following table shows carrying value and fair value for financial instruments applying IFRS 9 per September 30, 2019

Carrying value and fair value

TEUR (€'000)	Financial instruments measured at FVTPL	Financial assets measured at amortized cost	Other financial liabilities	Cash flow hedges measured at FVOCI	Other receivables and liabilities	Total carrying value	Estimated fair value
Trade receivables	-	21,786				21,786	21,786
Other non-current financial receivables	-	-	-	-	-	-	-
Other current assets and financial receivables	-	-	-	-	271	271	271
Prepaid expenses and accrued income	-	-	-	-	-	-	-
Cash and cash equivalents	-	1,834	-	-	-	1,834	1,834
Total assets	**-**	**23,620**	**-**	**-**	**271**	**23,891**	**23,891**
Loans and borrowings			1,467		527	1,994	2,053
Other non-current financial liabilities	-	-	-	-	452	452	452
Other current liabilities	-	-	-	-	1,669	1,669	1,669
Accrued expenses and deferred income	-	-	-	-	558	558	558
Trade payables	-	-	18,966	-	-	18,966	18,966
Total liabilities	**-**	**-**	**20,433**	**-**	**3,206**	**23,639**	**23,698**

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The following table shows carrying value and fair value for financial instruments applying IFRS 9 per September 30, 2018

Carrying value and fair value

TEUR (€'000)	Financial instruments measured at FVTPL	Financial assets measured at amortized cost	Other financial liabilities	Cash flow hedges measured at FVOCI	Other receivables and liabilities	Total carrying value	Estimated fair value
Trade receivables	-	17,988				17,988	17,988
Other non-current financial receivables	-	-	-	-	-	-	-
Other current assets and financial receivables	-	-	-	-	1,192	1,192	1,192
Prepaid expenses and accrued income	-	-	-	-	-	-	-
Cash and cash equivalents	-	2,520	-	-	-	2,520	2,520
Total assets	**-**	**20,509**	**-**	**-**	**1,192**	**21,701**	**21,701**
Loans and borrowings			2,542		848	3,390	3,466
Other non-current financial liabilities	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	1,227	1,227	1,227
Accrued expenses and deferred income	-	-	-	-	1,281	1,281	1,281
Trade payables	-	-	18,101	-	-	18,101	18,101
Total liabilities	**-**	**-**	**20,643**	**-**	**3,356**	**23,999**	**24,075**

Financial instruments, level *2*

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

DISTRIBUTION BY LEVEL WHEN MEASURED AT FAIR VALUE								
TEUR (€'000)	**September 30, 2019**				**September 30, 2018**			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
FINANCIAL ASSETS								
Financial assets measured at fair value through profit or loss:								
Derivative financial instruments – non-hedge accounting	-	-	-	-	-	-		-
Derivatives used for hedging purposes:								
Derivative financial instruments – hedge accounting	-	-	-	-	-	-		-
Total financial assets	**-**	**-**	**-**	**-**	**-**	**-**		**-**
FINANCIAL LIABILITIES								
Financial liabilities at fair value through profit or loss:								
Derivative financial instruments – non-hedge accounting	-	-	-	-	-	-		-
Contingent considerations			59	59			76	76
Derivatives used for hedging purposes:								
Derivative financial instruments – hedge accounting	-	-	-	-	-	-		-
Total financial liabilities	**-**	**-**	**59**	**59**	-	-	**76**	**76**

Financial instruments, level 3

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

MOVEMENTS FINANCIAL INSTRUMENTS LEVEL 3		
Contingent considerations	**Q3 2019**	**Q3 2018**
Opening balance July 1	**48**	20
Payments	-48	-20
Reversals	-	-
Revaluations	56	76
Translation differences	-	-
Closing balance September 30	**56**	**76**

No transfer in or out of level 3 or level 2 has been made during the quarter to September 2019. The recognised amounts are regarded as reasonable estimates for all items measured at carrying value in the balance sheet, except for loans and borrowings, as these amounts have a long time to maturity. The fair value of loans and borrowings differ from their carrying value as a consequence of changes in the market interest rates. Items not valued at fair value in the balance sheet are measured at amortised cost.

Note 4 - Translation of financial statements of foreign subsidiaries

Subsidiaries with a functional currency other than EUR are translated to EUR, since this is the presentation currency of the Group and the functional currency of Cyber Security 1 AB. Income statement items are translated at the average exchange rate and balance sheet items are translated at the closing day rate. All surplus values recognised in connection with the acquisition of a foreign subsidiary, such as goodwill and other previously unrecognised intangible assets, are regarded as belonging to the respective unit and are therefore translated at the closing day rate. Translation differences are recognised in other comprehensive income. On the divestment of a subsidiary, the accumulated translation differences are reversed to profit or loss.

The exchange rates applied for foreign currency translation are as follows:

Currency		Closing day rate	Average rate	Closing day rate	Average rate
EUR		30-Sept-19		30-Sept-18	
AED	Middle East	4.0689	4.1144	4.2609	4.4130
GBP	Great Britain	0.8876	0.8795	0.8900	0.8816
KES	Kenya	112.1835	113.0935	116.1511	120.4443
ZAR	South Africa	16.5423	16.0880	16.3653	14.9651
USD	USA	1.0916	1.1203	1.1602	1.2019
SEK	Sweden	10.7163	10.5851	10.3002	10.2336
TRY	Turkey	6.1694	6.3113	6.0142	5.5098

The above following table contains the key exchange rates used in the translation into euro of the separate financial statements denominated in foreign currencies.

Note 5 – Earning per share

Earnings per share	January - September	
TEUR	**2018**	**2019**
Profit for the period	-2,705.9	**-1,679.8**
Non-controlling interests	55.0	**-436.7**
Group share of profit	-3,760.9	**-1,243.0**
Number of shares in '000s (weighted average)	259,736	**293,861**
Earnings per share in €	-14.48	**-4.23**
Net income from continuing operations – attributable to the parent entity	-3,760.9	**-1,243.0**

Note 6 – Business combination

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

If the consideration paid by the Group is greater than the fair value of the identified net assets, the difference is recognised as consolidated goodwill.

Goodwill

An impairment test on goodwill in accordance with IAS 36 (Impairment of Assets) is generally performed annually within the CYBER 1 Group, in the fourth quarter once the operational three-year plan has been prepared or if there are indications for impairment. In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs. On 30 June 2019, the management carried out an impairment review, which indicated that no impairment loss needed to be recognised.

Note 7- Significant risks and uncertainties

As a decentralised company with operations across the Global, CYBER 1 faces internal and external risks that may impact its ability to achieve strategic objectives and financial targets. The Group is active in the design, implements and manages solutions that protect critical IT infrastructure, data assets, independent product advice and professional services across all cybersecurity application spaces. The general identified risks are mainly within the following categories: financial, operational, contract and assignment, IT, sustainability, governance and branding. CYBER 1 has a risk management process in place which is part of the CYBER 1 Model. Successful risk mitigation creates opportunities and competitive advantages.

CYBER 1 Group operates in a broad range of geographical product and service markets in the highly competitive and regulated cybersecurity industry. CYBER 1 has defined risk as anything that could have a material adverse effect on the achievement of CYBER 1 Group's goals. Risks can be threats, uncertainties or lost opportunities relating to CYBER 1's current or future operations or activities. CYBER 1 has an established risk management framework in place to regularly identify, analyse, assess and report business, financial as well as ethics and sustainability risks and uncertainties, and to mitigate such risks when appropriate. CYBER 1 Group's risk universe consists of four categories and over thirty risk areas used to aggregate and categorise risks identified across the business within the risk management framework, see below.

CYBER 1 Group's risk universe

Strategic & emerging risks	Financial risks	Operational & societal risks	Legal & regulatory risks
Risks that can have a material impact on the strategic objectives arising from internal or external factors	Risks that can cause unexpected variability or volatility in net sales, margins, earnings per share, returns or market capitalization	Risks that may affect or compromise execution of business functions or have an impact on society	Risks related to legal or governmental actions that can have a material impact on the achievement of business objectives

For further information regarding details on risk exposure and risk management, see the Annual and Sustainability Report 2018, Directors Report, section Risk and uncertainties.

Note 8 - Related parties Related party transactions

There have been no significant changes in the relationships or transactions with related parties for the Group or Parent Company with the information given in the annual report 2018.

Other- Parent Company

The consolidated figures in this report are presented at the consolidated level for Cyber1 AB. The Parent Company, Cyber1 AB (corporate identity number 556135-4811), directly and indirectly holds 100% of the shares in all subsidiaries in the Group, except for the companies in South Africa, in which the non-controlling interest is 26%. The net result for Cyber1 AB for the third quarter amounted to EUR -0.7 million (-1.8) and for the period January-September 2019 to EUR -1.7 million (-3.7).