CYBER1 records 5% increase in Gross Margin for Q4 2020, laying a strong foundation for its growth strategy in 2021

Group Performance

- Total Group revenue delivered by CYBER1 group during Q4 2020 was €5.74m. The total gap from prior year has been minimised to 20%, on an organic basis, from an original 30% in Q1 2020. The company has taken further strategic steps to ensure 2021 is able to achieve strong sustainable growth across all of its operating regions.
- Total year to date revenue for the Group equated to €27.36m. This figure is subject to the Groups annual audit.
- Group Gross margin has increased year over year by 5%, from 17% in Q4 2019 to 22% in Q4 2020.
- Group operating expenditure has been reduced 36.7% on an organic basis, versus Q4 2019. Group initiatives implemented to boost the profitability of the company can be evidenced in Q4 2020, particularly due to a number of exceptional items incurred in Q1 2020 that will not be repeated in 2021.
- Group Q4 2020 EBITDA of -€744k EUR, compared to a profit of €942k in Q4 of 2019. This was primarily down to the reduction in revenue and a number of longer term deals being tracked that have not closed in time for the quarter end.
- The 2020 financial year has been a difficult one for the company, with significant financial pressures which brought a number of changes at a managerial level and the replacement of the Board. This was further exacerbated by the consequences of the global Covid-19 pandemic. However, the company has now brought the situation under control, resulting in a number of positive changes from the end of Q4 2020 that have been implemented for the start of the new financial year. A refocus towards our core offering, combined with the new personnel across a number of key business positions, will provide the company with a strong balance of commercial strategy and robust internal controls in 2021.
- ***Items affecting comparability***- CYBER1 reported items affecting comparability of €12.1m. This comprises of closure costs of -€3.88m and -€4.81m of goodwill impairment related to the divestment of Itway Greece and Turkey. In addition, a total of -€3.40m of costs related to the restructuring and impairment of investments in Cognosec Ltd. This has impacted the statement of income and comprehensive income.

Subsidiary Performance

- DRS recorded revenue of €2.91m in Q4 2020, versus €6.22m in Q4 2019. The year to date revenue of €17.26m (nett of intercompany revenue) is 11% lower than the prior year.
- Credence Security (Middle East & India) recorded revenue of €2.36m in Q4 2020, versus €3.95m in Q4 2019.
- Credence Security (South Africa) recorded Q4 revenue of €316k in Q4 2020, versus €1.52m in Q4 2019.
- Protec (Kenya) recorded Q4 2020 revenue of €110k, versus €159k in Q4 2019.

Beyond the Quarter & Other News

- During the quarter period, CYBER1 was granted an extension to the reconstruction and the appointment of a new Administrator. The Stockholm District Court's decision has confirmed that the reconstruction may continue until February 12, 2021. The district court may then decide that the reconstruction shall cease, if the company has not earlier applied for the period to be extended further. In addition, CYBER1's request to appoint Marcus Wenner of 180 Grader as the new administrator for the reconstruction proceedings has been approved by the Stockholm District Court.

- Beyond the quarter, CYBER 1 requested an additional extension to the Swedish Courts to complete the reconstruction. The company has made positive progress during the reconstruction, through the appointment of advisors in Stockholm, as well as through the appointment of Marcus Wenner (of 180 Grader) as administrator. As previously confirmed, a financial funding package to address the reconstruction is ongoing and continued dialogue with creditors and key stakeholders is taking place.

- The company currently expects an application for a composition negotiation to be made no later than in the middle of March 2021.

Cyber Security 1 AB (Publ) 556135-4811
www.cyber1.com
E-mail: info@cyber1.com

CEO Comments

Dear Shareholders,

As we reflect on the end of 2020, the company has been able to make a number of important strides in stabilising its subsidiary operations, whilst continuing to make significant progress at the parent company level in Sweden. The global pandemic has changed not only how we conduct our operations, but how our clients manage their risk exposure, naturally shifting the security landscape and potential attack vectors. CYBER1 has continually repositioned its offering, to ensure that we are able to meet the needs of our clients and this year has been no different.

Given the global nature of the Covid-19 pandemic, the challenges for 2020 affected the business across all of our subsidiaries but in many different ways. We embraced the changing landscape and have seen greater collaboration across our operating jurisdictions as a result.

CYBER1 has focussed on ensuring that our clients can continue to receive the high touch interaction, that is synonymous with our approach. In collaboration with our valued partners, we have been able to continue our services and guidance to our customers.

Our work on the reconstruction has been productive in the last quarter, where the company has made great strides in streamlining costs to the most essential services and operations for the Group. This has been underpinned through greater automation and efficiencies within the business, which will help transition focus onto external activities and additional services we can deliver to our clients. More work is required but I am hugely confident in the team we have brought onboard and empowered for the coming year.

Now with plans for 2021 well underway, it is worth briefly pausing to reflect and provide thanks to the CYBER1 staff. The previous year saw challenges that transcended across the corporate sphere and into all of our lives. The way the staff were able to adapt and continue their impact on our company was nothing short of inspiring. Our experienced staff members continue to be at the cutting edge of technical expertise in the industry, whilst new employees have added energy and excitement to the business. Despite being across many jurisdictions, there is a common connection in wanting to make a real and lasting change to the environments we help build and facilitate.

The company has a strong understanding of our client’s needs and how our solutions can help mitigate against the evolving threat vectors. Combined with our intent to collaborate further with our existing subsidiaries and strategic partners, CYBER1 will be able to demonstrate that is has the specialisms required and scale of technical ability to collaborate further with existing and new potential clients in 2021.

We have begun a number of new exciting partnerships during the last year, to ensure our offering is market leading. Combining established cyber security partners with new and innovative technologies ensures our offering continues to be delivering for the needs of our customers. I look forward to working with them in 2021 and beyond.

Finally, my thanks to the shareholders. I am excited to see the future growth potential of CYBER1 in 2021. Despite a challenging 2020, the company has used this period to position itself brightly for this new cycle and we have now in place a team that will enable the company to reach its vision. I look forward to updating our shareholders in the near future on our progress throughout 2021.

Stockholm, February 2021.

Robert Brown

CEO of CYBER1

KEY FINANCIAL RATIOS

CYBER1 GROUP: Financial key-ratios	Oct - Dec Q4 2020	Oct - Dec Q4 2019	Jan - Dec Q4 2020	Jan-Dec FY 2019
Total Group Income (€'000)	5 740	24 206	27 356	68 731
Total Group Gross Margin (€'000)	1 263	4 091	7 525	14 197
Total Group Gross Margin (%)	22%	17%	28%	21%
Cash Flow in the Period (€'000)	-315	490	764	-2 728
Operating Margin (€'000)	-852	759	-4 604	-1 156
Operating Margin (%)	-15%	3%	-17%	-2%
Result after Taxes (€'000)	-919	-115	-8 845	-1 795
Earnings per share €*	-0,0029	-0,0006	-0,0403	-0,0035

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 31 December 2020 amounted to 348,890,226 (prior year number of shares outstanding 295,486,482). The additional 53,403,744 allocation were new offset shares that were issued to existing CYBER1 shareholders (38,769,247 & 14,634,497 respectively).

Contacts

About CYBER1 (Nasdaq First North Growth Market: CYB1.ST)

CYBER1 is engaged in providing cyber resilience solutions and conducts its operations through presences in Sweden, Kenya, South Africa, United Arab Emirates and the UK. Listed on Nasdaq First North Growth Market (Nasdaq: CYB1.ST), 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. For further information, please visit www.cyber1.com/investors.

BUSINESS OVERVIEW

MARKETS

Q4 2020 saw a number of significant cyber security related events, highlighting the paramount importance of our industry and its ability to impact government and private sector spheres.

Before his departure from the White House, President Donald Trump signed into law the Internet of Things Cybersecurity Improvement Act. It is anticipated that there will be 41.6 billion Internet of Things (IoT) devices by 2025, with an estimated $1 trillion spent in purchasing them by 2023. The bill enables the National Institute of Standards and Technology (NIST) to "take specified steps to increase cybersecurity for Internet of Things (IoT) devices." The bill sets out government requirements for purchasing these types of devices but it is heavily anticipated that the private sector will align to these requirements needed, to ensure standardisation in security measures can be achieved.

Social Media company Twitter has been fined €450,000, for failing to report that some users with Android phones experienced a change from tweets being protected to being temporarily unprotected. The fine relates to the late reporting under GDPR rules, which normally must be submitted within the 72 hour-statutory notice period. The incident occurred on the 26th of December 2018 and follows the much larger $57 million dollar fine to Google over GDPR violations in France.

At the end of 2020, Lithuania experienced what was described by the Republic's Defence Minister Arvydas Anušauskas as the "most complex" cyber-attack on the nation in recent memory. On December the 9th, a number of content management systems were compromised, including government press release sites, where disinformation was published that included a fictitious arrest of a Polish Diplomat. The Lithuanian government has issued a number of recommendations to municipalities, aimed at providing a minimum level of security across their network infrastructure.

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

Revenue Overview by Subsidiary	Oct - Dec Q4 2020	% Share	Oct - Dec Q4 2019	% Share	Jan - Dec FY 2020	% Share	Jan - Dec FY 2019	% Share
	€ '000	%	€ '000	%	€ '000	%	€ '000	%
Credence (UAE)*	2 363	41%	3 948	16%	7 375	27%	12 436	18%
Credence Security (SA) **	316	6%	1 521	6%	1 019	4%	3 194	5%
Dynamic Recovery Services (SA)	2 907	50%	6 222	26%	17 265	62%	19 411	28%
Professional Services (Kenya)	110	2%	159	1%	962	4%	1 269	2%
Credence (Europe)***	11	0%	12 210	50%	234	1%	30 702	44%
Cognosec (Europe)****	33	1%	147	1%	501	2%	1 719	3%
Total	**5 740**	**100%**	**24 206**	**100%**	**27 356**	**100%**	**68 731**	**100%**

*Credence UAE consists of Credence Security DMCC (Dubai) and Cognosec DMCC (Dubai)
**Credence Security (South Africa) consists of Credence SA and Intact
***Credence Europe consists of Credence UK
****Cognosec Europe consists of Cognosec Ltd (UK)

OUTLOOK AND FINANCIAL INFORMATION

Reviewing the end of the fourth quarter for CYBER 1, the company has continued to assess its structure and enact positive changes in the Parent company and its subsidiaries. As expected, the business challenges, catalysed at the start of the year have shown a residual effect in the overall annual performance. The jurisdictions we operate in have begun to see positive signs of recovery from an economic and public health perspective. In addition, the company has taken steps to ensure that areas of expertise reflect the current and future trends that our customers, particularly around remote working and potential cloud security services and solutions. We expect to see the varying year on year performance stabilise, as our entities begin to see levels of normality return through the spread and proliferation of the various vaccines that have been established.

The financial results this quarter are positively impacted by a realignment of additional services and higher margin solutions that have been delivered to customers. This has equated to a combined growth in both our Value-Added Reseller (VAR) and Value-Added Distribution (VAD) gross margin by 5% year over year.

Business trend January to December 2020

CYBER1's revenue declined by significantly for the quarter compared to the same period last year, which was driven by a combination of a number of large multi-year deals closed in the previous year, as well as the ongoing recovery of the business. Overall, the company has reduced the year-on-year gap in performance by 10% from the height of the pandemic in Q1 2020. The company has previously demonstrated that in a normal business climate the fourth quarter is one of the strongest for the company, with work well underway in building a strong pipeline for the company for this particular period, as well as throughout 2021.

We anticipate the gradual recovery to continue, aided by the streamlining of costs central business operations. Full year 2020 operating costs were reduced by €3.25m, with an expectation of additional parent level costs to be reduced moving into 2021. This will ensure that the business is able to meet all of its obligations as a listed company on Nasdaq First North Grow Market, whilst ensuring appropriate cash flow within the business can be utilised for the benefit of commercial endeavours. Organic growth through further collaboration with other entities will be a significant focus for 2021. With the Board of Directors now in place (in tandem with the Executive Management), a number of key vendors and clients have been identified that will have a significant focus in our global offering

Development of revenue and results

All the major regions noted an improved pace of recovery for the period compared to the previous quarters in 2020. All segmental regions saw a decline from the prior year which was not unexpected given the global pandemic and lockdown restrictions across all regions within the group. Excluding of the consolidation of the Itway operations and exchange rate effects, had an overall negative impact on revenue and operating result. The result from current operations before depreciation and amortisation (EBIDTA) declined to -€4.2m (2019 : -€514k); was largely impacted by the €3.3m restructuring and impairment of UK operations, and drop in revenue related to COVID-19.

Earnings before interest and taxes (EBIT) declined to -€4.6m (2019 : -€1.1m). Due to the aforementioned charges in the additional ordinary result, the relatively stable result from current operations could not be maintained, leading to a decrease in EBIT. Net loss from discontinued operations amounts to €3.88 million and is attributable to operations of the Itways Group that were discontinued in first quarter. Overall, the result before tax for the period totalled -€8.8m (2019 : -€1.8 million).

Revaluation of the asset portfolio

During period to December 2020 and as a consequence of the coronavirus pandemic, CYBER1 carried out an extensive review of the business prospects of all of the Group's significant local business units. CYBER1 conducted an impairment test of its asset portfolio on this basis. The examination led to non-impairments of goodwill and of other intangible assets and property, plant and equipment.

Our strategy of growth, modernisation and responsible business has provided us with the ability to deliver critical services via a number of methods, whilst catering for the current demand and climate within the regions we operate in. As we look towards 2021, a number of exceptional costs items will not be recorded moving forward, as well as a number of operational efficiencies that have been achieved. These initiatives will enable greater financial investment, into areas that will yield business development and sales competencies across the group. Combine with a lean and efficient Parent Company will drive the company towards future profitability, which is a key performance indicator for the board and the executive management.

Outlook

Development in the cyber security industry remains highly dynamic. Further public health and economic challenges may occur at any time, which would have an impact on CYBER1's geographic regions. Against this backdrop, it is still not possible to estimate the full effect on the Company results for 2020. CYBER1 continues to look at its operational and strategic objectives, to ensure that the second half of the financial year is adaptable to the continuing changes in macroeconomic trends.

The development in the second half of the year will be a decisive indicator of how quickly and sustainably the business can return to pre-crisis levels. CYBER1 anticipates that business activity in individual core markets may benefit in the medium term from infrastructural and other economic stimulus programmes announced by governments.

Risk and opportunity report

CYBER1's risk policy is based on the business strategy, which focuses on safeguarding the Group's existence and sustainably increasing its value. Entrepreneurial activity is always forward-looking and therefore subject to certain risks. Identifying risks, understanding them, as well as assessing and reducing them systematically are the responsibility of the Managing Board and a key task for all managers. CYBER1 is subject to various risks on account of its international business activity. Provided that they are consistent with the legal and ethical principles of entrepreneurial activity and are well balanced by the opportunities they present; these risks are classified as acceptable. Opportunity and risk management at CYBER1 is closely linked by Group-wide planning and monitoring systems. Opportunities are recorded in the annual operational plan and followed up as part of monthly financial reporting. Operational management in each country and the central Group departments are directly responsible for identifying and observing opportunities at an early stage.

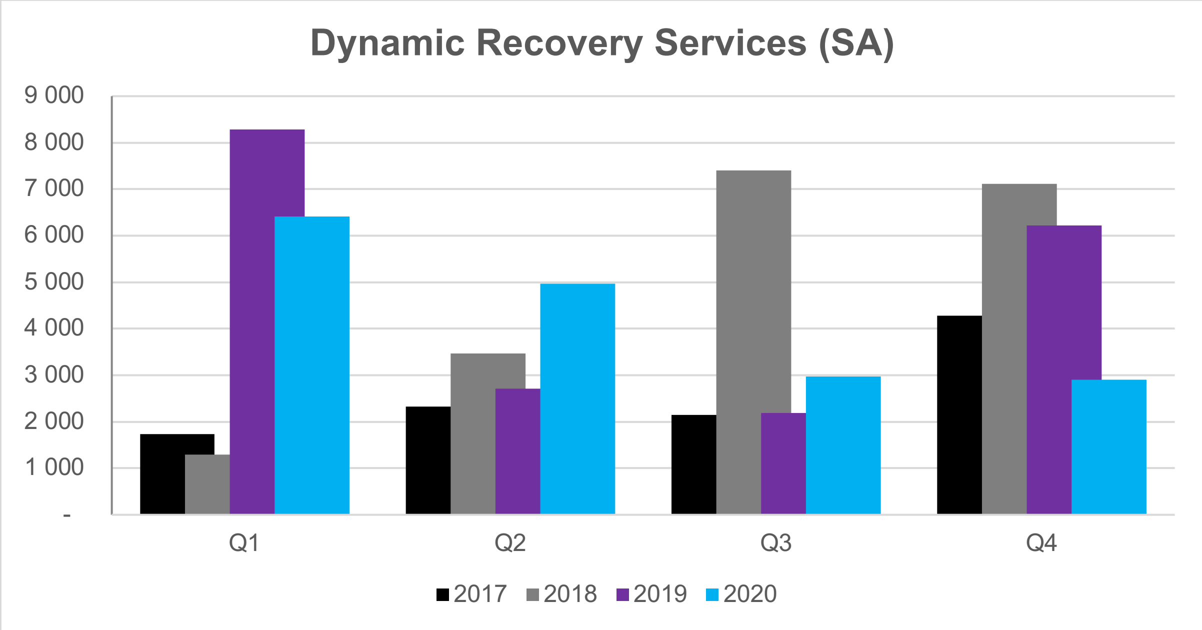
Risks and opportunities that may have a significant impact on our financial position and performance in the 2020 financial year and in the foreseeable future are described in detail in the 2019 Annual Report.

The COVID-19 pandemic has plunged the global economy into a deep crisis. Even though there are already initial signs of recovery in some countries, the risk of further economic disruption remains high due to a renewed rise in the number of infections. Nevertheless, in a holistic view of individual risks and the overall risk situation, the Company, from today's perspective, does not expect identifiable risks that could threaten the existence of the Group or any other apparent significant risks.

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 CYBER1'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

DRS (South Africa)



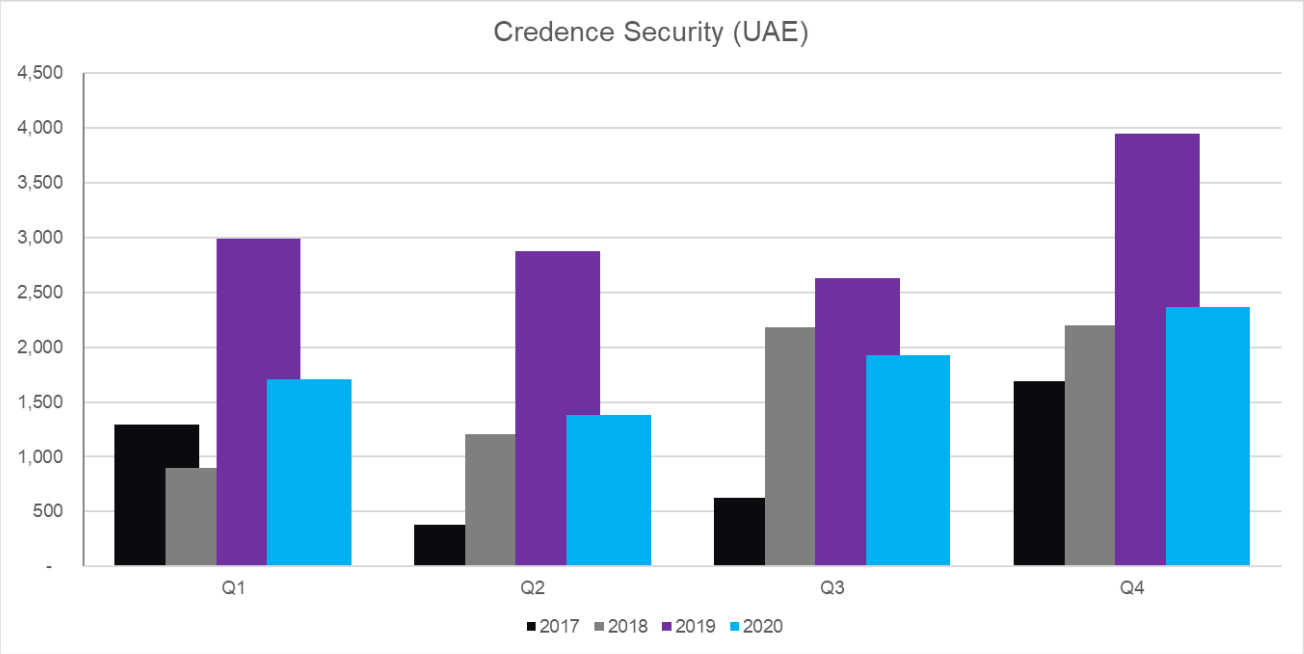
DRS closed off 2020, with Q4 revenue of €2.91m for the period. Whilst this was an annual reduction versus 2019, the business has engaged with an extensive pipeline for 2021, with a variety of new enterprise deals and additional solutions with our valued existing client base. A number of exciting government and large-scale tenders have been assessed and are currently being explored for 2021.

The company's technical expertise and scale of knowledge across a variety of products, ensures that DRS is able to work with the largest financial institutions and government departments within the region.

Moving towards 2021, the company is well underway in expanding its service delivery with existing clients, as well as identifying a number of new client opportunities.

Cyber Security 1 AB (Publ) 556135-4811
www.cyber1.com
E-mail: info@cyber1.com

Credence Security Middle East & India

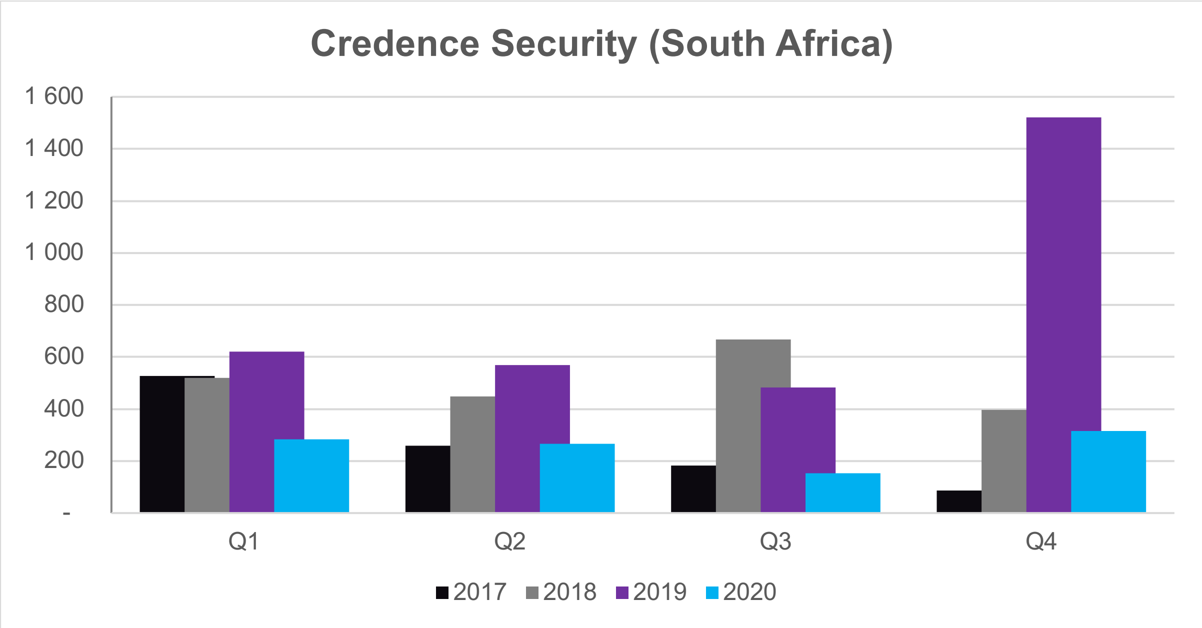


Credence Security Middle East and India recorded €2.36m of revenue for the period. The entity was able to close the quarter above Q4 2018 and is in a strong position to leverage the local changes, where the United Arab Emirates is one of the leading countries globally around overall vaccinations to its population.

Emerging markets such as India are still significant growth areas for the subsidiary and it is anticipated that the imminent acquisitions targets announced, will provide supporting vendors and capabilities to an already strong team in the wider region.

Moving into 2021, the business will be looking to emerge to near pre Covid-19 levels of performance, invigorated by an evolving vendor portfolio that is underpinned by market leading research across the respective solutions.

Credence Security (South Africa)

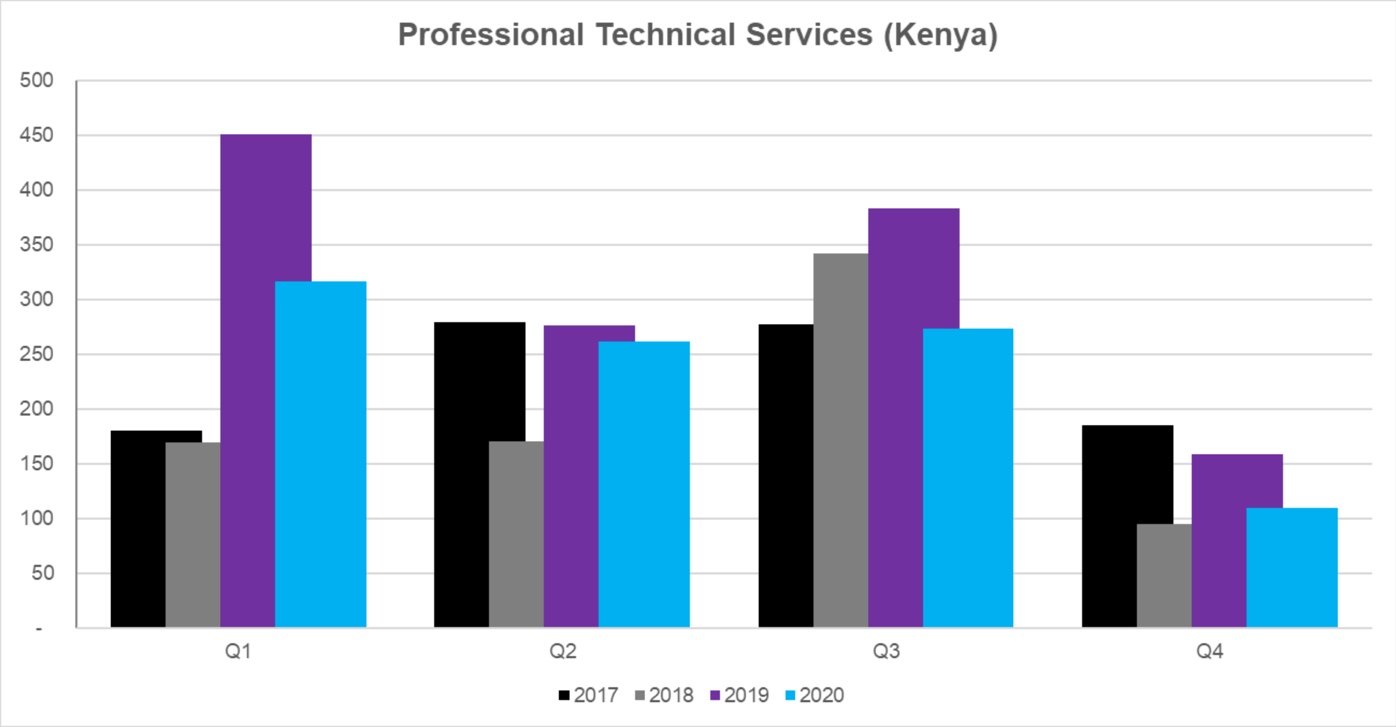


Credence Security South Africa closed €316k in revenue for the Q4 period. The company will work closely with the identified acquisition targets, to provide a wider range of solutions to the existing commercial areas. A number of internal adjustments will focus this entity on profitability in a way that leverages greater collaboration across the Group.

An example of this will be potential upselling to existing clients with solutions and services across the company. Having in-house capabilities in a number of areas will provide the subsidiary with an opportunity to look at larger scale projects than previously possible.

The acquisition targets will also provide scale to their offering, to ensure customers receive the best value from our services and solutions.

Protec (Kenya)



Protec has continued to support its diverse client base during Q4 2020, closing €110k of revenue for the period. Moving into 2021, the subsidiary has engaged in a number of partnership activities with DRS in South Africa, to leverage greater professional services delivery.

The closer alignment will ensure that Protec's knowledge of the region and its customer base will be well complemented by the scale of services that can be delivered in partnership with other Group entities.

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

CASH FLOW

The difficulty in the market environment and changes to the scope of consolidation due to divestment and restructured of the European regions have affected the Operational Cashflow negatively in the period.

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.

FINANCIAL INFORMATION

INTERIM REPORT: COMPARATIVE FIGURES

The Q4 2020 report has not been reviewed by the Group's auditor.

PROFIT FOR THE PERIOD

Group

Q4 year revenues amounted to €5.74m (Q4 2019 Revenue (Excl ITWay): €11.87m).

Profit before tax for Q4 2020 amounted to -€714k (Q4 2019 : €568k).

Profit after tax from continuing operations for Q4 2020 amounted to -€714k (Q4 2019 : €342k).

Depreciation and amortisation for Q4 2020 amounted to €89k (Q4 2019 : €162k).

There was a Net Cash Outflow for Q4 2020 of €315k (Q4 2019 : Net cash inflow €764k).

At the end of Q4 2020, the Group's cash balance amounted to -€739k (Q4 2019 : €2.4m).

Parent

The Parent Company's profit for Q4 2020 amounted to -€205k (Q4 2019: -€1.78m).

FINANCIAL POSITION

Group

The Group's equity for end of Q4 2020 amounted to -€514k (Q4 2019: €13.5m).

CYBER1 did not pay any dividends to shareholders during 2020, 2019 and prior to this period.

Parent

The equity for the parent company amounted to -€2.1m at the end of Q4 2020 (Q4 2019 : -€12.1m) and €2k cash or cash equivalent (Q4 2019 : €3k).

INVESTMENTS

During the previous quarter, the company signed a Letter of Intent to acquire Cyber Security South Africa and Cyber Security Africa Distribution.

Cyber Security South Africa has operations and headquarters in South Africa, while Cyber Security Africa Distribution has operations in Ghana, Kenya, Nigeria, Morocco, Egypt and Mauritius and is headquartered in Mauritius. A due diligence process is underway and has been initiated before a potential acquisition. As of June 30, the two companies had a combined turnover of around EUR 7 million at a rolling annual rate.

More information can be found by clicking on the press release here that was announced here.

TAXATION

Group

No provisional corporation tax was paid in Q4 2020.

Deferred Tax Credit has been recognised in the Group during 2019 and to date in 2020.

Parent

No current or deferred tax has been recognised in the Profit and Loss for the parent during 2018, 2019 or to date in 2020.

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

CYBER1 has announced a Letter of Intent to acquire two subsidiaries in Cyber Security South Africa and Cyber Security Africa Distribution. The Board have provided a confirmed separation of responsibilities, with Robert Brown focussing specifically on commercial activities at a subsidiary level of the business. The Board is working with two independent firms in South Africa on the financial and legal due diligence. The Board is confident that the CEO is able to exercise his duties whilst the due diligence process is underway and that a fair value for the company will be realised.

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)

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

Total number of registered shares by 31 December 2020 were: 348,890,226

2021 FINANCIAL CALENDAR

First Quarter Report 2021	28 April 2021
Publication of 2020 Annual Report	w/b 31 May 2021
Annual General Meeting	25 June 2021
Half Year Report	26 August 2021
Nine Month Report	29 October 2021

2020 Annual Report

The 2019 Annual Report was published during the second quarter of 2020 and is available at www.cyber1.com/investors under the "Financial Report" Section.

As indicated on the 2021 Financial Calendar, the publication of the 2020 Annual report is due on the week beginning the 31st of May 2021.

ACCOUNTING PRINCIPLES

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

PARENT COMPANY, CONTROL BALANCE SHEET

The Board of Directors have implemented a Control Balance Sheet, in accordance with the Swedish Companies Act. Following a review by the Company's Auditor RSM Stockholm AB without comments, the Company is able to demonstrate that its registered Share Capital is intact.

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, counterparties, 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.

CERTIFIED ADVISORS

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

Address:
Box 55691
102 15 Stockholm
CA@mangold.se
+46 8-503 015 50

INVESTOR RELATIONS ADVISORS

Please contact:

George Messum : george.messum@cyber1.com +4479 56589 186

AUDITORS

The 2020 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 EXTRAORDINARY/ ANNUAL GENERAL MEETING 2020

Extraordinary General Meeting took place on the 26th of November, by way of postal voting procedure.

The following resolutions were made at the EGM:

Election of new board members.

The EGM resolved to elect Pekka Honkanen and Zeth Nyström as new Board Members. The Board composition will now be: Johannes Bolsenbroek (Chairman) and Alan Goslar together with the newly elected Pekka Honkanen and Zeth Nyström.

Pekka Honkanen, born 1951, has extensive experience within the cybersecurity, payments and technology industries. Mr Honkanen is currently a Senior Advisor of Enfuce Financial Services, as well as Owner and Chairman of PHOY Solutions Ltd. Previous assignments include Board Member of Poplatek Oy (Now Part of the Nets Group), Monitoring Group Expert Member for the Finnish Financial Supervisory Authority surrounding PSD2, as well as Chairman of Silverskin Information Security Ltd and senior roles within Visa International. Mr Honkanen has demonstrated competency within the risk management and global regulatory spaces, in addition to his aptitude for corporate strategy and governance. Mr. Honkanen holds a M.Sc in computer science och economy from Turku University. Pekka Honkanen holds no shares in the Company and is independent of the Company, its management and the Company's larger shareholders.

Zeth Nyström, born 1946, has demonstrated strong competence in a number of executive management and board positions, specialising in strategy and management across a number of global enterprises. Mr Nyström is currently Chairman of Trosa Fibernät AB, the Trosa municipality broadband provider, as well as serving as Board Director for Clayster AB, an Internet of Things (IoT) company specializing in mobile billing and technology infrastructure. Mr Nyström also serves as a Lay Judge for Svea Hovrätt, as well as being a Member of the City Council of Trosa. Previous assignments include C.E.O, C.O.O and C.M.O of Speedy Tomato AB (Now Telia Communications), Tess Brazil (now Telia), Europolitan AB (now Telenor) and Hi3G AB (now 3/Three telecommunications). Zeth Nyström holds a bachelor's degree in economics from Gothenburg University. Zeth Nyström holds no shares in the Company and is independent from the Company, its management and the Company's larger shareholders.

All resolutions from the EGM are set out in the minutes from the meeting, which will be available for download at https://cyber1.com/corporate-governance/.

CERTIFICATION AND SIGNATURES

The Board of Directors 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

Johan Bolsenbroek, Chairman, Non-executive Board member
Alan Goslar, Non-executive Board member
Pekka Honkanen, Non-executive Board member
Zeth Nyström, Non-executive Board member

Cyber Security 1 AB (Publ) 556135-4811
www.cyber1.com
E-mail: info@cyber1.com

DETAILED FINANCIAL INFORMATION

Consolidated Income statement	Oct - Dec 2020	Oct - Dec 2019	Jan-Dec 2020	Jan-Dec 2019
	€ '000	€ '000	**€ '000**	**€ '000**
Continuing operations				
Net Revenue	5 740	24 206	27 356	68 731
Cost of Sold Goods	-4 478	-20 115	-19 832	-54 534
Gross Profit	**1 263**	**4 091**	**7 525**	**14 197**
Sales Costs	-1 181	-1 833	-6 088	-8 014
Administration Costs	-845	-1 315	-5 689	-6 697
Depreciation	-89	-162	-352	-643
Total Operating Cost	**-2 115**	**-3 310**	**-12 128**	**-15 354**
Operating Result	**-852**	**781**	**-4 604**	**-1 157**
EBITDA	**-763**	**942**	**-4 252**	**-514**
Financial income and costs				
Finance income	-	-125	6	49
Finance costs	-124	-89	-220	-281
Other financial items	57		-145	446
Total Finance income and costs - net	**-68**	**-214**	**-359**	**214**
Result before tax	**-920**	**568**	**-4 963**	**-943**
Tax (Period)	-	-225	-	-442
Net income for the period, continuing operations	**-920**	**342**	**-4 963**	**-1 385**
Discontinued operations				
Loss from discontinued operations	-	-321	-3 882	-410
Net income for the period, discontinued operations	**-**	**-321**	**-3 882**	**-410**
Net income	**-920**	**21**	**-8 845**	**-1 794**
Net income (loss) attributable to:				
Owners of the Parent Company	239	-91	-7 554	-1 435
Non-controlling interests	-239	112	-1 290	-360

Statement of comprehensive income (loss)	Oct - Dec 2020	Oct - Dec 2019	Jan-Dec 2020	Jan-Dec 2019
	€ '000	€ '000	€ '000	€ '000
Net income (loss)	**-920**	**21**	**-8 845**	**-1 794**
Other comprehensive income (loss)				
Items that will not be reclassified to profit or loss, including reclassification adjustments:				
revaluation of gains and loss relating to intangible assets	**-**	**-**	**-4 812**	**-**
Other items: impairement and restructuring and acquisition-related charges	**-**	**-**	**-1 705**	**-**
Total comprehensive income (loss)	**-920**	**21**	**-15 362**	**-1 794**
Total comprehensive income (loss) attributable to:				
Owners of the Parent Company	-1 340	694	-14 071	-1 435
Non-controlling interests	420	54	-1 290	-360

Parent Company income statement	Oct - Dec 2020	Oct - Dec 2019	Jan - Dec 2020	Jan - Dec 2019
	€ '000	€ '000	€ '000	€ '000
Net Revenue	33	397	894	1 573
Cost of Sales	-	-484	-	-484
Gross profit	**33**	**-87**	**894**	**1 089**
Sales Costs	1	-686	-29	-686
Depreciation	-1	-3	-10	-10
Administration costs	-270	-1 012	-4 164	-3 587
Total Costs	**-271**	**-1 701**	**-4 202**	**-4 284**
Operating result	**-238**	**-1 788**	**-3 308**	**-3 195**
Finance costs	33	3	141	-41
Result before tax	**-205**	**-1 785**	**-3 167**	**-3 236**
Tax	-	-	-	-
Result for the period	**-205**	**-1 785**	**-3 167**	**-3 236**

Parent Company statement of comprehensive income (loss)	Oct - Dec 2020	Oct - Dec 2019	Jan - Dec 2020	Jan - Dec 2019
	€ '000	€ '000	€ '000	€ '000
Net income (loss)	**-205**	**-1 785**	**-3 167**	**-3 236**
Tax on items that will not be reclassified to profit or loss	-	-	-12 306	-
Total comprehensive income (loss)	**-205**	**-1 785**	**-15 473**	**-3 236**

Cyber Security 1 AB (Publ) 556135-4811
www.cyber1.com
E-mail: info@cyber1.com

BALANCE SHEET	Group		Parent	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	€ '000	€ '000	€ '000	€ '000
ASSETS				
Non-current assets				
Property, plant and equipment	183	182	-	-
Right-of-use-Asset	273	450	-	
Intangible Assets	22	4 400	22	31
Investments in subsidiaries	0	-	2 301	14 357
Goodwill	6 630	7 609	-	-
Total Non-current assets	**7 108**	**12 641**	**2 323**	**14 389**
Current Assets				
Inventory	452	225	-	-
Deferred tax asset	18	14	-	-
Trade receivable	14 933	26 951	6 431	5 654
Other Claims	116	279	-	-
Cash & Bank	-739	2 438	2	3
Total Current Assets	**14 780**	**29 905**	**6 434**	**5 657**
TOTAL ASSETS	**21 888**	**42 547**	**8 756**	**20 046**
DEBT AND EQUITY CAPITAL				
Equity Capital				
Share Capital	91	77	91	77
Share premium	20 857	19 678	20 769	19 590
Period result	-8 845	-1 795	-3 167	-3 236
Other reserves	-12 617	-4 378	-19 884	-4 334
Total Equity	**-514**	**13 583**	**-2 191**	**12 097**
Capital and reserves attributable to owners	-514	13 583	-2 191	12 097
Non-controlling interests	113	240	-	-
Long-term Debt				
Interest-bearing liabilities	-	634	-	-
Short term debt				
Interim Debt	2 430	2 770	1 584	2 135
Lease liabilities	281	535	-	-
Intragroup Debt	178	-	2 523	2 346
Trade Payables	16 702	21 896	6 836	3 253
Tax Debt	614	2 043	-214	-132
Provisions	2 197	1 086	219	347
Total Liabilities	**22 402**	**28 964**	**10 947**	**7 949**
TOTAL DEBT AND EQUITY	**21 888**	**42 547**	**8 756**	**20 046**

Cyber Security 1 AB (Publ) 556135-4811
www.cyber1.com
E-mail: info@cyber1.com

CASH FLOW ANALYSIS	Group			
	Oct - Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
	€ '000	€ '000	€ '000	€ '000
Profit before income taxes	-920	656	-4 963	-895
Adjustments non C/F items	399	283	406	1 468
Operating Cash Flow	**-521**	**939**	**-4 557**	**573**
Paid Taxes	-1 429	225	-1 429	12
Recieved finance payments - net	-	-	-	-
Changes in Working Capital	3 138	1 696	6 954	-2 932
Cash Flow from Operating Activities	**1 189**	**1 921**	**968**	**-2 347**
Acqusition of Fixed Assets	-	-	-132	-772
Cash Flow from Investment Activities	**-**	**-**	**-132**	**-772**
Proceeds from ongoing share issue	-	-	1 193	816
Lease liabilities	-206	-	-253	-46
Short Term Financing	-1 298	-1 431	-1 012	-378
Cash Flow from Financing Activities	**-1 504**	**-1 431**	**-72**	**391**
Net change in cash, continuing operations	**-315**	**490**	**764**	**-2 728**
Net change in cash, discontinued operations	**-**	-409	**-3 882**	**-410**
Total net change in cash and cash equivalents	**-316**	**81**	**-3 118**	**-3 138**
Opening Cash	-424	1 834	2 438	5 924
Aquired cash	-	-		
FX-diff Period	1	523	-59	-349
Closing Cash Position	**-739**	**2 438**	**-739**	**2 438**

Cyber Security 1 AB (Publ) 556135-4811
www.cyber1.com
E-mail: info@cyber1.com

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Oct - Dec 2020	Oct - Dec 2019	Jan - Dec 2020	Jan - Dec 2019
	€ '000	€ '000	€ '000	€ '000
Equity - Opening Balance	**412**	**14 673**	**13 583**	**14 673**
Adjustment from acquisition analysis			-	
Share Issues	-	-1 234	1 193	816
Profit from the Period	-920	21	-8 786	-1 493
Tax impact from deductible costs for ongoing share issue	-	-	-	
Other comprehensive income for the period, net of tax	-	-	-6 445	-
Adjustment related to acquisition analysis	-		-	-111
Foreign Exchange-Differential	-6	123	-59	-302
Changes in equity during the period	**-926**	**-1 090**	**-14 097**	**-1 091**
Equity - Closing Balance	**-514**	**13 583**	**-514**	**13 583**

PARENT COMPANY CHANGES IN EQUITY CAPITAL	Oct - Dec 2020	Oct - Dec 2019	Jan - Dec 2020	Jan-Dec 2019
	€ '000	€ '000	€ '000	€ '000
Equity - Opening Balance	**-1 985**	**14 536**	**12 098**	**14 520**
Adjustment from acquisition analysis	-	-	-12 306	-
Share Issue	-	-	1 184	813
Profit from the Period	-206	-1 786	-3 167	-3 236
Foreign Exchange-Differential	-	-		-
Changes in equity during the period	**-206**	**-1 786**	**-14 289**	**-2 423**
Equity - Closing Balance	**-2 191**	**12 750**	**-2 191**	**12 098**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 1 – General accounting principles

CYBER1 (the Group) consists of Cyber Security 1 AB (the Company) and its subsidiaries. Cyber Security 1 AB is a public company, incorporated in Sweden. The consolidated interim financial statements consist of the Group and the Parent company and Group's subsidiary companies. As a result of rounding differences, numbers or percentages may not add up to the total. These interim condensed consolidated financial statements for the nine months ending 31 December 2020, have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities and other statements issued by the Swedish Financial Reporting Board. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for 2019 (Annual Report 2019). Key developments in risks and uncertainties, including COVID-19, are described in the section Risks and uncertainties.

IASB has published amendments of standards that are effective as of 1 January 2020 or later. The standards have not had any material impact on the financial reports.

On 28 May 2020, IASB issued Covid-19-Related Rent Concessions, which amended IFRS 16 Leases. The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors. On 12 October 2020, the European Union has published a Commission Regulation endorsing of the Amendment to IFRS 16 Leases Covid-19-Related Rent Concessions. The Amendments are effective for annual periods beginning on or after 1 June 2020.

IBOR transition

Where interest rate hedge accounting is applied CYBER1 is exposed to the STIBOR (Stockholm Interbank Offered Rate) reference rate for hedged instruments together with their hedging instruments. The change of reference rate due to the upcoming IBOR transition will, when implemented, affect future cash flows on interest income and interest expense but CYBER1 expects continued 100% effectiveness of the hedges and no net interest impact. The nominal value of outstanding exposures is EUR 1.58 million. CYBER1 will continue to monitor any changes to STIBOR as a reference rate and update, together with counterparties, the relevant financial contracts accordingly as and when these occur.

Items affecting comparability

CYBER1 reports an adjusted EBIT for comparison reasons. The result is adjusted for capital gains and losses from divestments and larger restructuring initiatives and impairments.

Loss of control of a wholly owned subsidiary with an interest retained

When the group disposes of a significant part of its interest, and therefore loses control, of a subsidiary, the group de-consolidates the subsidiary. If the retained interest in the entity fulfils the criteria of being an associate, it is accounted for at fair value at the disposal date, and subsequently accounted for using the equity method. The gain or loss of the transaction is the difference between the fair value of the consideration received as well as the fair value of the retained interest, and the carrying value of the former subsidiary's net assets (including any related goodwill) and is recorded in the income statement. Any portion of the gain or loss related to the re-measurement of the retained interest to fair value is disclosed separately.

Impact on the financial reporting due to COVID-19

Goodwill

During the reporting period to December 2020, CYBER1 has outlined the cash-generating units (CGUs) within the business area of CYBER1 Group The recoverable amount of all of the CGUs has been assessed based on estimates of value in use. Calculations of value in use are based on the estimated future cash flows using forecasts covering a five-year period, which are in turn based on the three-year plans prepared annually by each of the business areas and approved by CYBER1 Group Executive Management.

These plans are founded on the business areas' strategies and an analysis of the current and anticipated business climate, and the impact this is expected to have on the market in which the business area operates. A range of economic indicators, which differ for each market, and external and internal studies of these, are used in the analysis of the business situation. The forecasts form the basis for how the values of the material assumptions are established.

The assumptions mentioned below reflect past experience and are consistent with external information. The most material assumptions when determining the value in use include anticipated demand, growth rate, operating margin, working capital requirements and the discount rate.
The factor used to calculate growth in the terminal period after five years was 2% (in line with last year). Need of working capital beyond the five-year period is deemed to increase approximately as the expected growth in the terminal period. The discount rate consists of a weighted average cost of capital for borrowed capital and shareholders' equity. Since 2020 CYBER 1 calculates a pre-tax discount rate for each CGU. As of December, it varied between 9.3% and 13.5%. Last year all CGUs applied a pre-tax discount rate of 11% before tax. The specific risks of the CGUs have been adjusted for in the future cash flow forecasts.

Impairment tests have been performed in the second and the third quarter of 2020 in response to the Covid-19 pandemic. The testing of goodwill did not indicate any impairment requirement. Sensitivity in the calculations implies that the goodwill value would be maintained even if the discount rate was increased by 2 percentage points or if the long-term growth rate was lowered by 2 percentage points. The goodwill value would also be maintained, given an operating margin drop by 2 percentage points.

Inventory

As of 31 December 2020, there is no significant impact on the valuation of inventory related to the Covid-19 pandemic.

Expected credit losses

As of 31 December 2020, there are no indications on any significant impact related to the Covid-19 pandemic. Expected credit losses remain on a low level compared to twelve months rolling revenues.

Note 2 – Operating segment information

Revenue and Segments

CYBER1 is located in three regions in Africa, Europe, and the Middle East, with more than 190 employees. For management and reporting purposes, the Group is organised by these geographical areas. The performance of these geographical areas is evaluated on a regular basis by CYBER1's Executive Team, consisting of among others the Managing Directors of each geographical segment. In addition to the geographical areas, the Group operates Shared Services functions and central administration. These costs are reported separately as Group Shared Service and Group costs.

For management and reporting purposes, CYBER1 will be included in Group Shared Services from 1 January 2020. The corresponding information from earlier periods is restated. Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

Revenue per segment	Jan - Dec 2020	Jan - Dec 2019
	€ '000	€ '000
Continuing operations		
Africa	20 464	26 558
Middle East	7 375	12 436
Europe	735	32 420
Including internal sales	28 574	**71 415**
Internal sales, elimination	-1 218	(2 684)
Segment total	27 356	**68 731**

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

Disaggregation of revenue in the following table, revenue is disaggregated by major revenue streams divided into the reportable segments as shown below:

Revenue split per category	Value Added Reseller (VAR)	Advisory & Managed services (VAD)	Jan - Dec 2020
	€ '000	€ '000	€ '000
Continuing operations			
Jan - Dec 2020			
Africa	14 325	6 139	20 464
Middle East	6 706	669	7 375
Europe	234	501	735
Including internal sales	**21 265**	**7 309**	**28 574**
Internal sales	(1 218)	0	(1 218)
Total	**20 047**	**7 309**	**27 356**

Revenue split per category	Value Added Reseller (VAR)	Advisory & Managed services (VAD)	Jan - Dec 2019
	€ '000	€ '000	€ '000
Continuing operations			
Jan - Dec 2019			
Africa	14 601	9 424	24 025
Middle East	11 797	568	12 365
Europe	30 702	1 639	32 341
	57 100	**11 631**	**68 731**
Internal sales			0
Total	**57 100**	**11 631**	**68 731**

Geographical information

Georgraphical information	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
	€ '000	€ '000	€ '000	€ '000	€ '000
Jan - Dec 2020					
Africa	20 464	(23)	19	1	358
Middle East	7 375	(41)	(158)	(21)	115
Europe	735	(98)	(4 158)	(5 660)	2 326
Core business	**28 574**	**(60)**	**(4 297)**	**(150)**	**2 799**
Eliminations	(1 218)	(0)	64	(4)	
Cyber1 Group	**27 356**	**(60)**	**(4 233)**	**(155)**	**2 799**

Georgraphical information	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
	€ '000	€ '000	€ '000	€ '000	€ '000
Jan - Dec 2019					
Africa	26 558	(26)	46	2	452
Middle East	12 436	26	537	43	329
Europe	32 420	24	(2 052)	(63)	15 015
Core business	**71 415**	**(1)**	**(1 468)**	**(21)**	**15 796**
Other Markets	(2 684)	(1)	17	(1)	(2 918)
Cyber1 Group	**68 731**	**(2)**	**(1 451)**	**(22)**	**12 878**

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

CYBER1's financial assets consist mainly of receivables from end customers, other operators and resellers as well as cash and cash equivalents. CYBER1's financial liabilities consist mainly of loans, lease liabilities and accounts payables. For the category "Liabilities to financial institutions and similar liabilities" the reported value at 31 December 2020 amounted to €1,584m (2019 : €2,135m) and the fair value to €1,594 (2019 : €2,199m).

Carrying value and fair value

CYBER1 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. CYBER1 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 31 December 2020

Disclosures on financial instruments

The following table shows the carrying amounts and fair values for the individual classes of financial instruments as well as the fair value hierarchy for the assets and liabilities that are measured at fair value in the balance sheet.

Carrying value and fair value — as at December 2020

	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
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Trade receivables	-	14,933				14,933	14,933
Other non-current financial receivables	-	-	-	-	-	-	-
Other current assets and financial receivables	-	-	-	-	568	568	568
Prepaid expenses and accrued income	-	-	-	-	-	-	-
Cash and cash equivalents	- -	739	-	-	- -	739 -	739
Total assets	**-**	**14,194**	**-**	**-**	**568**	**14,762**	**14,762**
Loans and borrowings			1,584		281	1,865	1,881
Other non-current financial liabilities	-	-	-	-	614	614	614
Other current liabilities	-	-	-	-	1,584	1,584	1,584
Accrued expenses and deferred income	-	-	-	-	846	846	846
Trade payables	-	-	16,701	-	-	16,701	16,701
Total liabilities	**-**	**-**	**18,285**	**-**	**3,325**	**21,610**	**21,626**

Fair value measurement by level

	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000
Derivative financial assets	-	-	-	**-**
Derivative financial liabilities	-	-	-	**-**

The following table shows carrying value and fair value for financial instruments applying IFRS 9 per 31 December 2019.

Carrying value and fair value — **as at December 2019**

	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
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Trade receivables	-	26 952				26 952	26 952
Other non-current financial receivables	-	-	-	-	-	-	-
Other current assets and financial receivables	-	-	-	-	279	279	279
Prepaid expenses and accrued income	-	-	-	-	-	-	-
Cash and cash equivalents	-	2 438	-	-	-	2 438	2 438
Total assets	**-**	**29 390**	**-**	**-**	**279**	**29 669**	**29 669**
Loans and borrowings		634	2 135		635	3 404	3 488
Other non-current financial liabilities	-	-	-	-	428	428	428
Other current liabilities	-	-	-	-	2 047	2 047	2 047
Accrued expenses and deferred income	-	-	-	-	1 071	1 071	1 071
Trade payables	-	-	21 896	-	-	21 896	21 896
Total liabilities	**-**	**634**	**24 031**	**-**	**4 181**	**28 846**	**28 930**

Fair value measurement by level

	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000
Derivative financial assets	-	-	-	**-**
Derivative financial liabilities	-	-	-	**-**

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	31 December 2020				31 December 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
FINANCIAL ASSETS								
Financial assets measured at fair value through profit or loss:								
Derivative financial instruments – non-hedge acc	-	-	-	-	-	-		-
Derivatives used for hedging purposes:								
Derivative financial instruments – hedge account	-	-	-	-	-	-		-
Total financial assets	**-**	**-**	**-**	**-**	**-**	**-**		**-**
FINANCIAL LIABILITIES								
Financial liabilities at fair value through profit or loss:								
Derivative financial instruments – non-hedge acc	-	-	-	-	-	-		-
Contingent considerations			16	16			84	84
Derivatives used for hedging purposes:								
Derivative financial instruments – hedge account	-	-	-	-	-	-		-
Total financial liabilities	**-**	**-**	**16**	**16**	**-**	**-**	**84**	**84**

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	**Q4 2020**	**Q4 2019**	**Full year 2019**
	€'000	€'000	€'000
Opening balance January 1	**84**	13	14
Business combinations	-	-	-
Payments	-84	-13	-14
Reversals	-	-	-
Revaluations	16	84	17
Translation differences	-	-	-
Closing balance December 31	**16**	**84**	**17**

No transfer in or out of level 3 or level 2 has been made during the quarter to September 2020. 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 – Divestment and Discontinued Operations

On April 16, 2020, CYBER1 announced that Itway S.P.A reassumed ownership of the subsidiaries Itway Turkey and Itway Greece. As part of the transaction, the parties agreed that Cyber1 paid a total of MEUR 2.6m in cash and delivered a total of 16, 666, 666 Cyber1 shares at €0.48 per share to Itway S.p.A; pursuant to the agreements underpinning the transactions. Despite having delivered on certain aspects CYBER1 was hoping for prolong extension, and in the end unfortunately, due to unsuccessful negotiations with Itway S.p.A, ultimately not able to honour certain post-completion conditions of the transaction. Itway S.p.A have therefore, in accordance with the terms of the agreements, notified the Company of their immediate exercise of the option to reacquire the assets

The divestment is due to be completed, however, CYBER1 have recognised transaction and accounted for the disposal in Q1 2020 and the proceeds and capital gain to CYBER1 is Nil excluding exchange rate differences recycled from other comprehensive income. Itways Greece & Turkey are reported separately under discontinued operations in the income statement. The profit or loss from re-measurement of assets and liabilities classified as disposal are summarised as follows:

Net assets at the time of divestment	Itways Mar 3, 2020
	€ '000
Other intangible assets	361
Tangible assets	39
Capitalized contract costs	
Deferred tax assets	10
Inventories	218
Current receivables	9 499
Cash and cash equivalents	1 134
Non-current provisions	- 492
Trade payablles and liabilities	- 6 887
Divested net assets	**3 882**
Capital gain, excluding sales costs	1
Sales price	**3 883**
loss on divestment of discountined operations	- 2 748
Less: cash in divested Less: cash in divested operations	- 1 134
TOTAL CASH FLOW EFFECT	1
cash consideration from divestment of discontinued operations	1

Net income from discontinued operations	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
	€ '000	€ '000	€ '000
Net revenue	0	0	30 593
Expenses and other operating income, net	0	0	(29 027)
Operating income	**0**	**0**	**1 565**
Financial iems, net	0	0	51
Income after financial items	**0**	**0**	**1 616**
Income taxes	0	0	(353)
Net income before gain/loss on disposal	**0**	**0**	**1 263**
Loss of divestmentof discontinued operations	(3 882)	0	0
Net income from discontinued operations	**(3 882)**	**0**	**1 263**

Note 5 – Impairments

Goodwill and Disposal of non-current assets

An impairment test on goodwill in accordance with IAS 36 (Impairment of Assets) is generally performed annually within the Cyber Security 1 AB 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. As a result of the coronavirus pandemic and the increase in the cost of capital, and the group restructuring programme, the Group recognised a total impairment of goodwill of €6.5 million in connection with the impairment testing procedures performed.

This impairment test relates to the CGUs Greece, Turkey, United Kingdom, South Africa, Kenya, UAE, and Group Services, where the carrying amount exceeded the recoverable amount in accordance with the value-in-use method.

The impairment of the CGUs United Kingdom, and Group Services mainly resulted from a significantly weaker development of results as well as an increased cost of capital due to the adjustment of the market risk premium and the rise in the country risk premiums.

The impairment of the CGU Greece and Turkey resulted from the Group's revised strategic development programme.

Impairment losses are shown in the additional ordinary expenses.

For the aforementioned CGUs, management believes there are reasonably possible changes in the sustainable growth rate or in the operational plan as the basis for cash flow estimates or the weighted average cost of capital that could also cause the carrying amount to exceed the recoverable amount. The goodwill of these CGUs amounts to a total of €6.5 million.

During the reporting period, an investment impairment of EUR 1.724 million was recognised in Cognosec Limited, United Kingdom. It was related to a reassessment of the estimated future cash generation, reflecting a lower starting point following last year's decline in profitability. After the impairment, the value attached to the Cognosec Limited operation was nil on a debt free basis, derived from the value in use calculation with a pre-tax WACC of 11 percent. In addition, an impairment of EUR 4.8 million was recognised related to Itways disinvestment. As CYBER1 revised its strategy, and is now targeting more focused growth, goodwill and customer relationship intangible attached to the Itways Greece and Turkey acquisition has been written off.

With a reduction of 1.9 percentage points in the growth rate, a WACC increase of 0.9 percentage points, or a decline of 11.0% in the planned result (EBIT) for each year of planning as well as in the terminal value, the recoverable amount for all other CGUs continues to exceed the carrying amount.

Note 6- earnings per shares

Earnings per share	Jan - Dec			
		2019		2020
		€ '000		€ '000
Profit for the period	-	1 338	-	**4 757**
Non-controlling interests	-	360	-	**1 237**
Group share of profit	-	978	-	**13 935**
Number of shares in '000s (weighted average)		293 861		**322 188**
Earnings per share in €	-	3	-	**43**
Net income from continuing operations – attributable to the parent entity	-	978	-	**3 520**

Note 7- Contractual Obligations and Commitments

As of 31 December 2020, contractual obligations totalled EUR 20.844 million, of which EUR 1.680 million (equivalent to SEK 16 million) plus interests, related to a claim from Magnus Stuart. The increase in contractual obligations is mainly related to prior years' unclaimed debts accrued and recognised as an expense in the financial statements.

Note 8 - Significant risks and uncertainties

As a decentralised company with operations across the Global, CYBER1 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. CYBER1 has a risk management process in place which is part of the CYBER1 Model. Successful risk mitigation creates opportunities and competitive advantages.

CYBER1 Group operates in a broad range of geographical product and service markets in the highly competitive and regulated cyber security industry. CYBER1 has defined risk as anything that could have a material adverse effect on the achievement of CYBER1 Group's goals. Risks can be threats, uncertainties or lost opportunities relating to CYBER1's current or future operations or activities. CYBER1 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. CYBER1 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.

For further information regarding details on risk exposure and risk management, see the Annual and Sustainability Report 2019, Directors Report, section Risk and uncertainties.

CYBER1 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

Note 9 – COVID-19

The spread of cross-border diseases such as COVID-19 may have an operational effect on CYBER1 Group due to, among other things, mobility restrictions and lockdown measures, change in consumption, usage patterns, potential disruptions in the supply chain of CYBER1's service offerings, products and solutions, maintenance of infrastructure and access to resources as well as impact on employees. From the latter part of March and through second quarter, we have seen impact from the global spread of COVID-19 on our performance, as mobility restrictions and lockdown measures were implemented in all countries CYBER1 operates in. In addition, the weaker economic outlook and uncertain geopolitical situation has also led to increased volatility in the foreign exchange markets, exposing us to currency fluctuations, as well as increased the risk for additional tax pressure in some countries. A major risk is the duration of the COVID-19 impact. For comments on the impact on CYBER1's business and financial results, please refer to pages 4-5.

In light of the effects on financial results and outlook, CYBER1 has assessed whether there are indicators of impairment of cash-generating units (CGUs) *with or without goodwill* and associated companies in accordance with IAS 36 *Impairment of Assets.* The Group has not recognised any impairments of CGUs with or without goodwill or associated companies during the period to September of 2020. The need for additional provisions for expected credit losses related to trade receivables and contract assets has also been assessed. The level of provisions remains fairly stable.

Local authorities have implemented economic relief measures in all of CYBER1's markets. The impact on CYBER1 has not been material, except for a positive impact on cash flows from delayed payments of business taxes.

Note 10 - 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 2019.

Other- Parent Company

The consolidated figures in this report are presented at the consolidated level for Cyber1 AB. The Parent Company, Cyber Security 1 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%

Note 11 –Significant Events

During the Fourth Quarter

On 12 October, CYBER1 announced the appointment of the Robert Brown as CEO.

Brown will take over from Peter Gustafsson, who was appointed acting CEO on an interim basis on August 17, 2020 to lead the Company in the ongoing reorganisation process. Brown will play a central role in the restructuring, whilst at the same time, leverage his proven sales and management experience to drive commercial success across Europe, Middle East & Africa (EMEA).

On the 21st October 2020, CYBER1 announced a €120,000 loan secured from four existing shareholders to provide operating working capital to the ongoing restructuring process.

The loan is to be repaid by the Company in full by the 31st December 2022 and will not carry any interest for the first year of the term and any accrued interest thereafter is required to be paid only on the date of the final repayment of the loan at 4% p.a.

Sweden

C/O Sandra Mattson,
Aspia AB

Box 6350
102 35 Stockholm,
Sweden

United Kingdom

Credence Security UK

7 Bell Yard

London WC2A 2JR
United Kingdom
E info@cyber1.com

South Africa

Dynamic Recovery
Services (DRS)
46A Wierda Rd West
Wierda Valley
Johannesburg
2146

Middle East & India

Credence Security Middle East & India
504 Swiss Tower, Cluster Y,
Jumeirah Lakes Towers (JLT), Dubai
United Arab Emirates
T +971 4 422 1260 | E
infodxb@credencesecurity.com

South Africa

Credence Security South Africa
25 Cottesmore Road
Bryanston 2021
South Africa
T +27 11 463 2173 | E inforsa@credencesecurity.com

Kenya

Professional Technologies Ltd.
Geomaps Center,
Matumbato Rd, off Elgon road,
Upperhill, Nairobi,
Kenya.
P.O.BOX 63401-00619, Nairobi.

East & West Africa

Credence Security East & West Africa

17th Floor, JKUAT Towers, Kenyatta
Avenue
Nairobi 00400
Kenya
T +254 20 515 7028 | E
infoaf@credencesecurity.com

CYBER 1

CYBER RESILIENCE