

Cyber Security 1

Mangold Insight – Commissioned Research 14 February 2022

An undervalued defence

Mangold is initiating coverage of the cyber security company Cyber Security 1, "CYBER1", with the Buy Recommendation and the price target of EUR 0.057 per share over a 12-month period. CYBER1 offers cyber security-related products and services in three business areas. This includes identifying vulnerabilities through professional services, advising on information management, monitoring potential threats in real time, and selling cyber security software products.

Security on the agenda

The company's main markets are Africa and the Middle East, but they are also found in Europe, India and Peru. The cyber security market is growing at a rapid pace. The cost of cybercrime and the frequency of attacks are increasing. Despite this, a significant number of IT Managers believe that their organisations are under-invested in cyber security. Mangold takes a positive view of the large underlying market demand, and believes that the company can increase its sales based on their comprehensive offers and key relationships with suppliers in cyber security. Mangold also believes that CYBER1's new Managed Services business area can improve profitability in the future.

The model shows an upside

Mangold values CYBER1 with a DCF model, and has performed a scenario analysis. In a base scenario, the valuation gives a price target of EUR 0.057 per share, corresponding to an upside of 111 percent. In the scenario analysis a price range of EUR 0.037 to EUR 0.092 is observed which indicates an upside in all of the tested cases. In order for the price to be realised, it is necessary for CYBER1 to succeed in improving its margins and keep a high rate of growth.



Price trend %	1m	3m	12m
CYB1	-15,1	-2,2	18,7
OMXSPI	-5,7	-7,3	14,4

Information

Rec. price/Price target (EUR)	Buy 0.057
Risk	Medium
Price (EUR)	0.0270
Market value (MEUR)	19,2
No. of shares (million)	831,2*
Free float	99,0%
Ticker	CYB1
Next report	23 May 2022
Website	cyber1.com
Analyst	Pontus Ericsson

*Incl. TO1

Ownership structure	No. of shares	Capital
Abn Amro Sweden	156 054 364	21,95%
Saxo Bank Client A.	102 718 677	14,45%
SIX SIS AG	72 621 230	10,22%
Mangold	63 793 582	8,97%
UBS Switzerland	62 085 763	8,73%
Cs (ch) Client	44 356 802	6,24%
Morgan Stanley	38 132 216	5,36%
Bridge Finance S.	30 800 240	4,33%
Total	710 802 055	100%

Key ratios	2021	2022E	2023E	2024E	2025E
Net revenue (MEUR)	37.2	48.4	60.0	71.4	80.3
EBIT (MEUR)	0.5	0.7	1.5	2.5	3.5
Profit before tax (MEUR)	4.3*	0.7	1.5	2.5	3.5
EPS (EUR)	0,006	0,001	0,002	0,003	0,004
EV/Sales	0,6	0,5	0,4	0,3	0,3
EV/EBITDA	26,0	15,8	9,9	6,9	5,3
EV/EBIT	41,8	32,3	14,5	8,8	6,3
P/E	4,8	39,2	17,4	10,5	7,5

*Extraordinary item from restructuring factored in

Investment case

An undervalued defence

Mangold is initiating coverage of CYBER1 with a Buy Recommendation and a price target of EUR 0.057 per share over a 12-month period, corresponding to an upside of 111 percent from the current price. Mangold believes that CYBER1 has good opportunities to continue to grow at a high rate, based on their wide range of products and services, history of growth, and the strongly underlying market demand in cyber security.

Price target 0.057 euro per share

Widened range of services

CYBER1's offers a wide range of software solutions and services related to cyber security. The company has licence rights to sell software programs from a large number of suppliers in cyber security, which gives them the opportunity to offer strong protection. The company also uses professional services to identify deficiencies, acts as an advisor with regard to solutions, and ensures that the right processes are in place in the event of a data intrusion. The new Managed Services business area gives customers a chance to defend themselves against cyber attacks by CYBER1 monitoring security in real time, remotely. Mangold believes that the wide range of different products and services gives CYBER1 the opportunity to increase its sales and maintain good margins going forward.

Comprehensive protection against cyber attacks

Upward for the cyber security market

The global cyber security market is expected to grow from USD 177 billion to USD 403 billion between 2020 and 2027, corresponding to a growth of 12.5 percent annually (CAGR), according to market research company Brand Essence Research. Digitisation is taking place on a global scale, and costs related to cybercrime are expected to reach USD 10.5 trillion by 2025, according to cybersecurity magazine Cybersecurity Ventures. Mangold believes that CYBER1 benefits from the market trend, and can increase its sales based on the underlying demand.

The cyber security market is growing by 12.5 percent CAGR

Successful reconstruction

Mangold assesses that CYBER1 is an undiscovered company, and as such very undervalued. The company has generated an operating profit of TEUR 530 in 2021, whilst undergoing a company reconstruction during the year and with a debt write-off. They have also managed to attain a growth of 36 percent, at the same time as costs have been significantly reduced in relation to sales. In 2021, they have also acquired the companies CSSA and CSAD, which further strengthens their position in Africa. The acquisitions are currently recorded as 50 percent of profits from associate, and once fully completed, 100 percent of their financials will be included. Overall, Mangold believes that there is a large upside to be found in the CYBER share.

Upside to be found in CYBER1's share

Cyber Security 1 – About the company

The company in brief

CYBER1 is a cyber security company that offers services and software solutions globally but primarily across the Middle East and Africa. Cyber security is a fast-growing industry that has received a lot of attention with the digitalisation of society. It is becoming increasingly important to be able to respond to threats of data intrusion and various other cyber- and software-related risks. CYBER1 offers products and solutions in cyber security through partnerships with established developers of cyber security programs, where CYBER1 act as either a reseller or distributor. The company also offers consulting services linked to software implementation and management. Peter Sedin took over as CEO in 2021, and the company has been listed on First North Growth Market since 2016.

Offers cyber security solutions

The company is headquartered in Stockholm Sweden, with multiple offices across EMEA which creates good opportunities for adapting services to local conditions and security threats, where each company's needs are unique. The company works with cyber security as a dynamic process in order to protect all parts of the technological chain, which also characterises their business relationships with its customers. In this way, CYBER1 can help organisations counteract increasing threats from cyber-attacks with product solutions and services, through both physical and virtual landscapes.

Established in Africa, the Middle East and Europe

The company has carried out a reconstruction. New strategies for growth have been implemented, where operational activities have been streamlined. Clear improvements could be seen following the company reconstruction. CYBER1 had sales of MEUR 27.4 in 2020 and MEUR 37.2 in 2021, with a profit after tax of MEUR 4.3. CYBER1 consists of six subsidiaries operating in different geographical and business areas. An operational overview is presented below.

Profitable after reconstruction

CYBER1 - OPERATIONAL OVERVIEW

	Business areas	Market	Ownership
Credence Security	Software Distribution	Europe, Middle East & Africa	100%
Cognosec	Software Distribution, Advisory & Managed Services	Middle East	100%
Protec	Software Distribution, Advisory & Managed Services	Africa	100%
DRS	Software Distribution, Advisory & Managed Services	Africa	100%
CSSA	Software Distribution	Africa	50%
CSAD	Software Distribution	Africa	50%

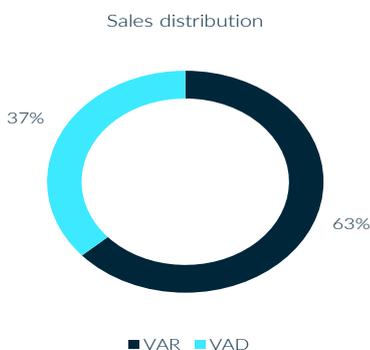
Source: Mangold Insight

Cyber Security 1 – About the company cont.

Business areas and products

The company's services include tests of data intrusion, security audits for applications, security tests of information systems, prevention of data loss, and evaluations of network general security. The biggest challenge for the company's customers is managing the increasing complexity and volume of cyber attacks, for which CYBER1 wants to be comprehensive. Overall, the company has a broad portfolio of Intellectual Property (IP) from its partners and the company's own associated services, which form the basis for their product offer. The company divides its business into two segments, Value Added Resellers and Solutions (VAR) and Value Added Distribution (VAD). VAR accounted for 63 percent of income in 2021, and VAD for 37 percent of income.

Comprehensive solution for cyber security



Source: Mangold Insight

Business area 1: Software Distribution

Software Distribution is a business area where software products are resold. CYBER1 has selling capabilities of vendor products into client's security infrastructures. Examples of vendors that develop the programs for which the CYBER1 Group sells includes Trellix (formerly McAfee), Palo Alto, ZeroFox, Rapid7 and Exterro (formerly AccessData). Many of these companies are at the technological forefront of the development of innovative security solutions, and have been selected via CYBER1's Technical Management team. This type of agreement is often limited geographically, but thanks to CYBER1's key relationships between different jurisdictions and to suppliers, the company can distribute their products to specific countries or regions without restrictions. Below are a few examples of software that may be sold and marketed via CYBER1, and their various application areas.

Key relationships with suppliers of software programs

CYBER1 - SOFTWARE DISTRIBUTION

	Cyber Security	Digital Forensics	User Awareness
Products	Trellix, Check Point, Entrust, Palo Alto, Mimecast, ZeroFox	Exterro FTK, Magnet	KnowBe4

Source: Mangold Insight

Cyber Security 1 – About the company cont.

Business area 2: Advisory

Advisory, is a smaller business area within CYBER1 in terms of share of income but has higher margins. The area involves implementation services linked to the clients' purchased solutions, such as software programs. CYBER1 performs penetration testing to identify vulnerabilities in the system, where recommendations for appropriate products and solutions are proposed. Information management is also an important part of the business area, where CYBER1 ensures that the right processes are in place in the event of a data intrusion.

Identifies vulnerabilities and suggests solutions

CYBER1 - ADVISORY

Key services	Penetration testing	Data leakage and loss prevention	Urgent incidents and crisis management
	Network security management	Information systems and customer audits	Evaluation of program security

Source: Mangold Insight

Business area 3: Managed Services

Managed Services can be described as a combination of software resale and related services, where customers transfer the maintenance of their cyber security entirely to CYBER1. This means that CYBER1 monitors security in real time, 24 hours a day, in order to identify potential threats. The business area was launched in August 2021, and has the potential to generate high margins, which Mangold views as positive. The Managed Service operation is located in Johannesburg, South Africa.

Security monitoring 24/7

CYBER1 - MANAGED SERVICES

Key services	Security incident management	Handle identification and response to endpoint threats	Handle threat information
	Manage security checks and web defence	Handle remediation service/ forensic analysis	Manage vulnerability assessment

Source: Mangold Insight

New opportunities in Managed Services (SOC)

For many companies, expertise in cyber security is not part of the operations, and as such, it is desirable, and often more efficient, to bring in experts from external firms. There is also a large variation between the types of cyber security solutions that companies need based on their underlying operations. An increasingly common solution for managing cyber security is a model called Security Operations Centre (SOC). The SOC model is based on complementing cyber security solutions with accredited professionals in one location. This strategy enables high-quality security in a cost-effective way, and opens the way for long-term collaborations.

Personnel and products under one roof

Cyber Security 1 – About the company cont.

Comprehensive solution in the cloud

CYBER1 manages resources and personnel for each client, in order to monitor security activities around the clock. The company also handles all contact with the supplier of the security software used, which provides significant benefits to clients who themselves have limited resources and internal ability to deal with issues regarding cyber security. The general benefits of cloud services via SaaS solutions can also be applied via SOC, a scheme that allows customers to only pay for the services and resources they need. CYBER1 offers a cloud service from the outset, when their SOC solution is to be implemented at a company, allowing migration to the cloud for the customer, which is an important aspect. CYBER1 intends to establish long-term business relationships, which benefits both parties. The development of the business area has led to positive results through an expansion to Peru, where the national lottery company Nexlot has become a customer.

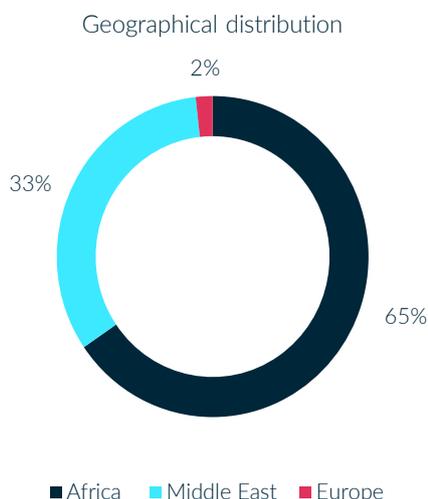
Monitoring via cloud solution

New business area opens the door to South America

Arrangements for Swedish expansion

CYBER1 has aspirations to strengthen its presence in Sweden in the medium term, with the initiative being catalysed by the recruitment of their new CEO, Peter Sedin. He possesses extensive experience from multinational entrepreneurship, and has a broad background from, among other things, his previous managerial role at Volvo between 2003 and 2018. An overview of the geographical distribution of revenue is presented below.

Recruitment of Swedish CEO opens the way for Swedish expansion



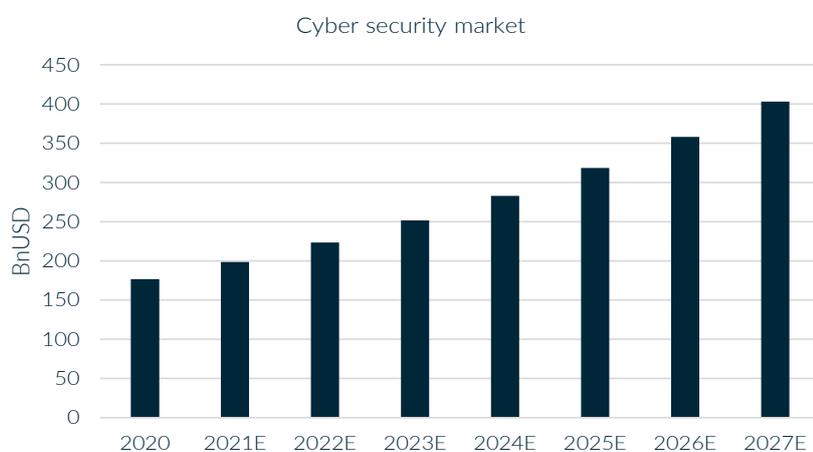
Source: Mangold Insight

Cyber Security 1 – Market

Cyber security market

CYBER1 has a global presence and is active in Europe, the Middle East, and Africa. The digitisation of societies around the world has brought with it endless possibilities, but also new threats. The global cyber security market is expected to grow from USD 177 billion to USD 403 billion between 2020 and 2027, according to market research firm Brand Essence Research. This corresponds to an average annual growth (CAGR) of 12.5 percent. As companies' files, systems and various other parts of the business are moved to the cloud, there is a clearly growing demand for improved defence against IT intrusion.

The cyber security market is expected to reach USD 403 billion by 2027



Source: Mangold Insight, Brand Essence Research

Cost of cybercrime on the rise

It is understandable that companies want to invest in an improved IT structure, as data intrusion can be considerably costly. A report by cybersecurity magazine Cybersecurity Ventures estimates the cost of cybercrime at USD 10.5 trillion in 2025 globally, compared to USD 3 trillion in 2015.

Cybercrime is expected to cost USD 10.5 trillion in 2025

Escalating digitisation

Covid-19 has generally escalated digitalisation in society, and thereby the need for well-functioning cyber security. Early in the pandemic, companies have had to adapt to prevailing circumstances through a rapid change from office work to digital remote working. The drastic change has entailed an abruptly increased risks for companies' cyber security, and driven the need for new security solutions.

Increased risks in the wake of the pandemic

The global market for managed security services is expected to grow from USD 27.7 billion to USD 64.7 billion between 2020 and 2026, according to market research firm Mordor Intelligence, corresponding to an annual average growth rate (CAGR) of 15.2 percent.

Managed security services grows by 15.2 percent (CAGR)

Cyber Security 1 – Market cont.

Swedish market

In the wake of high-profile IT attacks, against, for example, Coop in the summer of 2021, the government has launched strategies and allocated resources to improve emergency preparedness against similar threats. The Swedish government has accordingly established a national cyber security centre (NCSC), and added MSEK 440 as a budget towards expected operational costs for the centre between 2021 and 2025. The centre will be a central aspect in Sweden's strategy in preparing for future cyber threats. Responsibility for the cyber security centre landed with, among others, the Swedish National Defence Radio Establishment, the Swedish Armed Forces, the Swedish Civil Contingencies Agency, and the Swedish Security Services. Information security is, as a consequence, increasingly prioritised by politicians and the government at a national level.

Establishment of a national cyber security centre

Under-invested in cyber security

The trend in increased awareness of cyber attacks is also seen in Swedish companies, as a growing share of companies' IT expenditure goes to cyber security. In 2021, approximately 5 percent of total IT costs will have been spent on cyber security, according to an analysis by the IT company Radar Ecosystem Specialists. This corresponds to a growth of 8.5 percent compared to 2020. The cyber security market in Sweden has a turnover of just over SEK 10 billion, which is expected to grow to SEK 11 billion in 2022. Despite this increase, 44 percent of IT Managers believe that their organisations are under-invested in cyber security.

5 percent of IT costs are expected to be related to cyber security

Cyber Security 1 – Market cont.

Middle East and Africa

The market for cyber security in Africa and the Middle East is expected to grow from USD 5.9 billion in 2018 to USD 17.3 billion in 2026, according to the market research company Verified market research. This corresponds to an annual average growth rate of approximately 14.4 percent (CAGR). Historically, North America and Europe have been most affected by cyber attacks and digital threats. However, major technological changes have taken place in countries in the Middle East and Africa through the digitisation of infrastructure and business systems. This is accompanied by a large increase in digital threats to companies and organisations in the regions. By the end of 2022, there are expected to be one billion Internet users in Africa, and more than 90 percent of African businesses have substandard cyber security, according to the CGTN news service. It is estimated that South Africa has the third largest number of victims of cybercrime of all countries in the world, which entails annual costs of approximately SEK 1.27 billion.

CAGR of 14.4 percent annually

Digitalisation leads to vulnerability

There are a variety of reasons for the strong growth of cyber security in the Middle East and Africa, such as increased vulnerability in digital communications networks, growth in the e-commerce sector and, above all, a deficient cyber security infrastructure. The main cyber threats in Africa in 2021 included online fraud, digital extortion, hijacked email addresses, and ransomware. Ransomware means that a cybercriminal locks an organisation's system and demands money to unlock it for use again, much in the same way as what happened to Coop in Sweden in the summer of 2021. Therefore, there are great opportunities for expansion and growth across EMEA, where CYBER1 primarily operates.

Cyber threats on the rise

Cyber Security 1 – Competitors

Competitors in Africa and the Middle East

CYBER1 has several competitors that are primarily active in the same markets as CYBER1. In the African market, Datacentrix and Performanta are significant competitors, and in the Middle East, Starlink and Spectrami are competitors.

Competitors with similar operations

CYBER1 - COMPETITORS

Company	No. of employees	Main market
Datacentrix	500-1 000	Africa
Performanta	150	Africa
Starlink	375+	Middle East
Spectrami	11-50	Middle East

Source: Mangold Insight, Crunchbase

African competition

Datacentrix is primarily established in Africa, and has its headquarters in Johannesburg. They offer similar services as CYBER1, with an offer of Managed Services, sales of software programs related to cyber security, and consulting. Performanta also offers all these services, as well as the sale of software.

Established African competition

Competition in the Middle East

Starlink has its headquarters in Dubai, with offices mainly in the Middle East, but is also active in Africa, and to some extent the USA and Europe. The company is active in all the segments in which CYBER1 operates. Spectrami is also active in the business areas in which CYBER1 operates, and has offices, chiefly in the Middle East but also in Africa and Europe.

Starlink largest competitor in the Middle East

More software than competitors

CYBER1 has a number of key unique characteristics that sets itself apart from competitors. These include deeply entrenched customer and vendor relationships (spanning beyond 25 years), twinned with a broad combination of vendor certifications, that enables the company to have unique visibility across a pure security focussed approach. CYBER1 also possess a unique market share, partnering with some of the leading financial institutions and government departments in Africa and the Middle East.

Unique position to deliver beyond just software solutions

Cyber Security 1 – Competitors cont.

Larger competitors to CYBER1

In this section, we have chosen to highlight competitors who are active in cyber security and are listed on the stock exchange. The companies that are most similar to CYBER1 in terms of operations and size, and are active in similar markets, are private players, which makes a comparison of key figures unfeasible. However, there are several companies active in cyber security globally, and five companies have been selected to obtain an idea of CYBER1's valuation. However, the selected companies are significantly larger than Cyber1 in terms of market value, and as such do not constitute a good basis for comparison. The selected companies offer similar cyber security solutions as CYBER1. The presented comparison should be taken with caution, as CYBER1 is a growth company and the competitors that are presented are significantly larger in terms of market value.

Significantly larger competitors

CYBER1 - COMPETITORS

Company	Market value (MUSD)	EV/S	EV/EBITDA	P/E
Tenable Holdings Inc	5 293	11.4	n/m	n/m
A10 Networks	1 121	4.3	41.3	62.9
Check Point Software Technologies	16 730	7.3	16.2	19.8
Nortonlifelock	15 568	7.1	16.5	28.1
Atos SE	4 280	0,5	3.7	6.9
Mean value	5 293	7.1	16.3	23.9
Median	8 598	6.1	19.4	29.4
CYBER1**	19	0.5	24.0	4.4

Source: Mangold Insight, Factset

*Multiples are based on 2020 figures

**Multiples are based on 2021 figures

In a comparison of EV/S, CYBER1 is undervalued compared to competitors, where only Atos has a lower value. The multiple indicates that CYBER1 is undervalued compared to competitors who, on average, have a multiple that is almost nine times higher. CYBER1 has the lowest multiple of all the companies presented regarding P/E. Although CYBER1 is a significantly smaller company with high growth, it is valued lower compared to the larger companies in the same industry, in terms of sales and profit. Mangold believes that the comparison indicates that CYBER1 is undervalued in relation to larger companies in the same industry.

Undervalued in terms of EV/S and P/E

Cyber Security 1 – Estimates

Growth estimates

Mangold predicts that CYBER1 can grow at a high rate during the period 2022-2027. At the end of the period, the growth rate is expected to be the same as for the cyber security market as a whole, around 12.5 percent. The growth assumptions are based on the underlying demand in the cyber security market, the company's history of growth, its wide range of products and services, and the potential in the newly established business area Managed Services. Mangold believes that the gross margin can be kept at a high level, despite competition.

Expected to grow at a continued high rate

CYBER1 - GROWTH ESTIMATES

(MEUR)	2021	2022E	2023E	2024E	2025E	2026E	2027E
Sales	37.2	48.4	60.0	71.4	80.3	90.4	101.7
Growth	36.1%	30.0%	24.0%	19.0%	12.5%	12.5%	12.5%
Gross profit	10.1	13.1	16.3	19.3	21.8	24.5	27.6
Gross margin	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%

Source: Mangold Insight

Cost estimates

Mangold estimates that personnel costs will increase at a slightly lower rate than sales growth, based on the historical development of personnel costs in relation to growth. Mangold predicts that other expenses will amount to 8 percent of sales, which is the same as in 2021. The EBIT margin is thereby expected to increase gradually each year, to amount to 5.9 percent in 2027. Depreciation is estimated to amount to 10 percent per year going forward.

Predicted to reach an EBIT margin of 5.9 percent in 2027

CYBER1 - COST ESTIMATES

(MEUR)	2021	2022E	2023E	2024E	2025E	2026E	2027E
Personnel costs	-6.3	-7.8	-9.2	-10.4	-11.2	-11.9	-12.7
Other expenses	-2.9	-3.9	-4.8	-5.7	-6.4	-7.2	-8.1
EBIT	0.5	0.7	1.5	2.5	3.5	4.7	6.0
EBIT margin	1.4%	1.4%	2.5%	3.5%	4.4%	5.2%	5.9%

Source: Mangold Insight

Financing and Investments

CYBER1 issued approximately 120.4 million shares and subscription warrants in 2021, with the aim of paying lenders, underwriters and advisers. Mangold estimates that the subscription warrants will be redeemed at the exercise price of EUR 0.01 during the subscription period in 2022, which will contribute to a dilution of 14.48 percent. As the company has approximately TEUR 620 in cash, and is profitable on a full-year basis, Mangold assesses that further capitalisation will not need to take place, and that financing is secured going forward. Mangold assumes that CYBER1 will make investments each year of the same size as in 2021.

No need for additional capital

Cyber Security 1 – Valuation

Undervalued share

Mangold uses a DCF model to value CYBER1. A required return of 12 percent for CYBER1 is considered appropriate. This is higher than the recommended required return of 10.9 percent in PwC's risk premium study for companies with a market value of around MSEK 100. This results in a fair value of EUR 0.057 per share, corresponding to an upside of 94 percent.

Price target EUR 0.057

CYBER1 - DCF

(TEUR)	2022E	2023E	2024E	2025E	2026E	2027E
EBIT	686	1 529	2 519	3 521	4 686	6 037
Free cash flow	1 042	2 058	2 815	3 453	4 428	5 560
Terminal value						61 774

Assumption	Req. return	Growth	Tax
	12%	3%	21%

Price target

Enterprise value	48 585
Equity value	47 342
Price target per share (EUR)	0.057

Source: Mangold Insight

Sensitivity analysis

Mangold has carried out a sensitivity analysis to test the model's outcome given different sales levels and required returns. If CYBER1 reaches 80 percent of estimated sales, the price target will fall to EUR 0.046 per share. If sales increase by 20 percent, the price target will instead increase to EUR 0.070 per share. Changes in sales level affect the price target more than changes in required returns, as shown in the table below. In summary, the model shows a range between EUR 0.037 and EUR 0.092 per share. The model shows an upside regardless of the level of sales and required returns, which indicates that the company is undervalued.

Valuation range between EUR 0.037 and 0.092 per share

CYBER1 - SENSITIVITY ANALYSIS

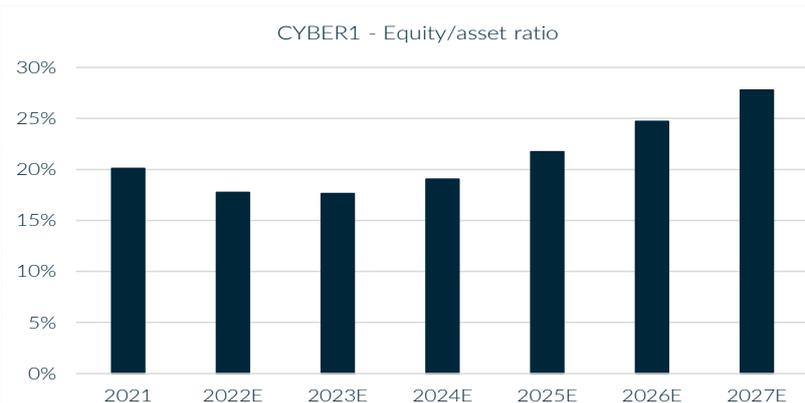
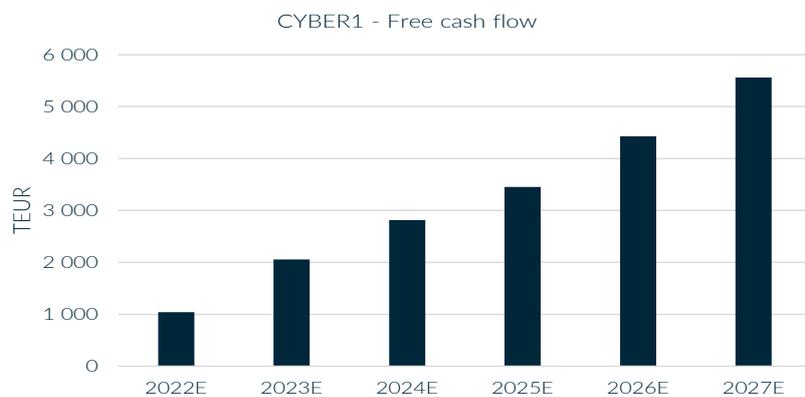
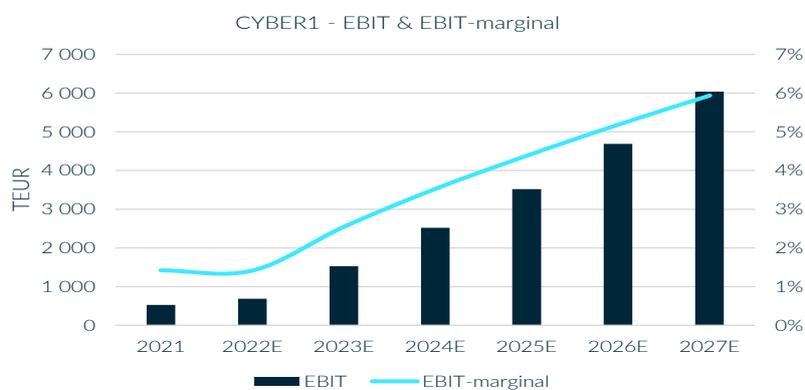
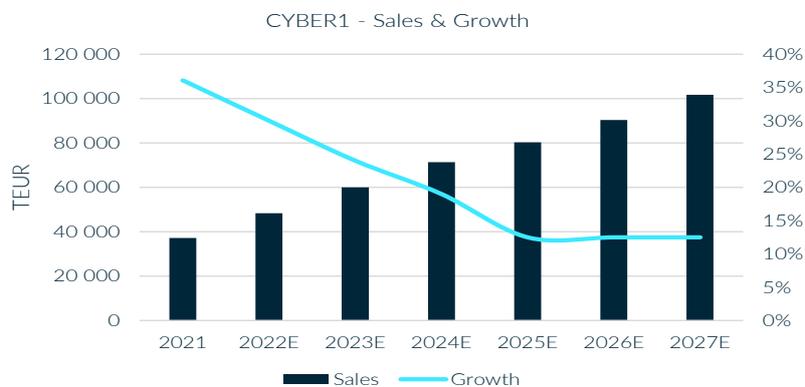
Req. return %	0.8x	Basic sales (x)	1.2x
10	0.060	0.075	0.092
12	0.046	0.057	0.070
14	0.037	0.046	0.056

Source: Mangold Insight

Cyber Security 1 – SWOT



Cyber Security 1 – Appendix



Cyber Security 1 – Appendix

Management Team

Robert Brown, Group President and Board member. He has experience from his previous position as CEO of the company Dynamic Recovery Holdings, and also held the position as CEO of Cyber Security 1 before he assumed the newly created (1 June 2021) role in the company as President, as well as being elected to the company's Board of Directors. The other current positions he holds are as Director of CSSA and CSAD. Robert Brown has over 27 years of cyber security experience.

Peter Sedin, Peter Sedin, CEO of Cyber Security 1 AB. He has extensive international experience from holding several senior leadership positions at Volvo Construction Equipment. Peter Sedin is also the CEO and founder of the company Asight AB, a consulting company in management and corporate development. He holds a MSc in mechanical engineering from Linköping University, and holds a Global Executive MBA from the Stockholm School of Economics.

Vivian Gevers, , COO. She took up this position in 2018, and has previous experience in operating for five years as Managing Director of Credence Security Middle East & Africa. Vivian Gevers holds a BCom (Bachelor of Commerce) in Management from the University of South Africa.

Gemma Theron, CFO. She currently also holds the position of CFO of Cyber Security South Africa, and took up the position of CFO of Cyber Security 1 in 2021. She has previously worked as Financial Insight Lead at Standard Bank Group. Gemma Theron has a BCompt (Bachelor of Accounting Science), which is specialised accounting education from the University of South Africa.

Simon Perry, CTO. He also holds the same position within Cyber Security South Africa, and has previously worked as a Senior Sales Engineer at a leading cyber security vendor. His cybersecurity career started 15 years ago when he joined DRS as a Security engineer working his way up to a senior-level architect responsible for planning, designing, testing, implementing and maintaining security solutions for the largest enterprise customers in Africa. Simon holds a number of internationally recognised cyber security certifications and industry accreditations.

Cyber Security 1 – Appendix

Board of Directors

Johan Bolsenbroek, Johan Bolsenbroek, Chairman, non-executive Board Member He has over 25 years of experience in advising, managing and scaling up IT companies worldwide as a Founder & Managing Partner at BdR Executive Partners BV. Commitments at present are owner and President & CEO of ScreenCheck International BV and as co-founder and CFO of Triangle Studios BV. Johan Bolsenbroek has an MBA in International Business from the University of Georgia and a Bachelor's degree of Business Administration in International Business from Nyenrode Business University in The Netherlands.

Alan Goslar, Board member. His previous experience stems from his CEO position for Transactworld Ltd and as a Board member of the Board of Directors of Payon AG. He is also the owner of Payment Advisory Management Services and involved in the company Dial Advisory Limited. Alan Goslar was educated at the University of Witwatersrand.

Pekka Honkanen, Board member. He has previous experience from assignments such as board member of St1 Finance Oy and Monitoring Group Expert Member for the Finnish Financial Supervisory Authority, regarding PSD2, and as Chair of the Board of Silverskin Information Security Ltd. His current other roles are as Senior Advisor of Enfuce Financial Services and owner and Chair of the Board of PHOY Solutions Ltd. Pekka Honkanen has a Master's degree in Computer Science and Economics from Turku University.

Zeth Nyström, Board member. Zeth has previously held CXO positions at Speedy Tomato AB (Telia), Tess Brazil (now Claro), Europolitan (now Telenor Sweden) and Three (3), Hi3G (Hutchinson Whampoa). Other current assignments include Chair of the Board of Trosa Fibernät AB, member of the City Council of Trosa, and Lay Judge at the Svea Court of Appeal. Zeth Nyström has a degree in business economics from the University of Gothenburg.

Cyber Security 1 – Income statement & balance sheet

Income statement (TEUR)	2021	2022E	2023E	2024E	2025E	2026E	2027E
Net revenue	37 221	48 387	60 000	71 400	80 325	90 366	101 662
Costs of sales	-27 127	-35 274	-43 740	-52 051	-58 557	-65 877	-74 111
Gross profit	10 094	13 113	16 260	19 349	21 768	24 489	27 550
Gross margin	27%	27%	27%	27%	27%	27%	27%
Personnel costs	-6 346	-7 837	-9 232	-10 437	-11 155	-11 922	-12 741
Other expenses	-2 895	-3 871	-4 800	-5 712	-6 426	-7 229	-8 133
Depreciation	-323	-718	-699	-682	-666	-652	-639
Operating result	530	686	1 529	2 519	3 521	4 686	6 037
Operating margin	1%	1%	3%	4%	4%	5%	6%
Net interest income	3 785	-15	-15	-15	-15	-15	-15
Result after net financial items	4 315	671	1 513	2 503	3 506	4 671	6 022
Taxes	0	-138	-312	-516	-722	-962	-1 240
Net profit	4 315	533	1 202	1 988	2 784	3 709	4 781
Profit margin	12%	1%	2%	3%	3%	4%	5%

Source: Mangold Insight

Balance sheet (TEUR)	2021	2022E	2023E	2024E	2025E	2026E	2027E
Assets							
Cash and bank balances	620	1 648	3 691	6 490	9 928	14 340	19 885
Accounts receivable	16 143	20 946	25 973	30 908	34 771	39 117	44 007
Stock	6	532	659	784	882	993	1 117
Fixed assets	7 184	6 990	6 816	6 660	6 519	6 392	6 278
Total assets	23 954	30 116	37 139	44 842	52 100	60 842	71 286
Liabilities							
Accounts payable	18 628	24 257	30 079	35 794	40 268	45 302	50 964
Liabilities	510	510	510	510	510	510	510
Total liabilities	19 138	24 767	30 589	36 304	40 778	45 812	51 474
Equity							
Restricted equity	599	599	599	599	599	599	599
Unrestricted equity	4 217	4 750	5 951	7 939	10 723	14 432	19 213
Total equity	4 816	5 349	6 550	8 538	11 322	15 031	19 812
Liabilities and equity	23 954	30 116	37 139	44 842	52 100	60 842	71 286

Source: Mangold Insight

Disclaimer

Mangold Fondkommission AB ('Mangold' or 'Mangold Insight') offers financial solutions to companies and private individuals with potential, delivered in a personalised manner with a high level of service and availability. The company currently operates in two segments: i) Investment Banking and ii) Private Banking. Mangold comes under the supervision of Finansinspektionen (FI), Sweden's financial supervisory authority, and conducts business with transferable securities, in accordance with the Securities Market Act (2007:528). Mangold is a member of NASDAQ Stockholm, Spotlight Stock Market and Nordic Growth Market, and a derivative member on NASDAQ Stockholm.

This publication has been compiled by Mangold Insight for information purposes, and should not be viewed as advice. The content is based on information from publicly accessible sources that have been deemed reliable. The accuracy and totality of the subject content, as well as any forecasts and recommendations provided, can thereby not be guaranteed. Mangold Insight does not provide any advance conclusions and/or judgements in the publication. Any opinions provided in the publication are those of the analyst at the time of its preparation, and these may change. No assurance is given that future events will be in accordance with opinions conveyed in the publication.

Mangold disclaims all liability for direct or indirect damage that may be attributed to this publication. Investments in financial instruments are associated with financial risk. The historical performance of an investment is no guarantee for the future. Mangold thereby disclaims all liability for any loss or damage of any kind attributable to the use of this publication.

This publication may not be reproduced for any purpose other than personal use. The document may not be distributed to physical or legal entities who are citizens of or resident in a country where such distribution is prohibited under applicable laws or other provisions. Mangold's written consent is required in order to distribute all or any part of this publication.

Mangold may carry out publications on behalf of, and against payment from, the company highlighted in the analysis, or an issuing institute in conjunction with M&A, new issues or IPOs.

In relation to the execution of this publication, the reader may assume that Mangold receives remuneration from the company. A client/assignment relationship or consulting situation may also exist between the company and another department at Mangold. Mangold has guidelines for managing conflicts of interest, and restrictions on when trading may take place in financial instruments.

Mangold's analyst does not own shares in Cyber Security 1.

Mangold owns shares in Cyber Security 1.

Mangold has performed services for the company and has received remuneration from the company for these services.

Mangold comes under the supervision of Finansinspektionen (FI), Sweden's financial supervisory authority.

Recommendation structure:

Mangold Insight grades its share recommendations over a 12-month period, according to the following structure:

Buy – An upside in the share of at least 20%

Increase – An upside in the share of 10–20%

Neutral – An upside and downside in the share of 0–10%

Decrease – A downside in the share of 10–20%

Sell – A downside in the share of at least 20%