Cyber Security 1 AB (Publ)

Q4 2019 Interim Report
October 1 – December 31, 2019

CYBER1 records most successful Q4 results, with revenues of 24.2m EUR and €943k EUR EBITDA profit for the quarter

Group Performance

- Q4 2019 revenue of 24.2m EUR, compared to 20.8m EUR closed in Q4 2018, an increase of 16.35%.
- Q4 2019 year to date revenues were 56.38% (24.78m EUR) higher year over year compared to Q4 year to date revenues in 2018, recording 68.73m EUR vs. 43.95m EUR.
- Organic year to date revenue growth in 2019 (comparing Itway inclusion from July 2018) increased 11.9m EUR (27%) to 55.85m EUR, versus the same reporting period for 2018 (43.95m EUR).
- Group Q4 2019 EBITDA of 943k EUR, compared to a loss of -294k EUR in Q4 of 2019, an improvement of 1.237m EUR.

Subsidiary Performance

- Credence Security Middle East & India increased quarterly revenue by 80% (1.75m EUR), from 2.20m EUR in Q4 2018, to 3.95m EUR in Q4 2019.
- Itway Turkey increased revenue increased quarterly revenue by 11.25% (790k EUR), from 7.02m EUR in Q4 2018, to 7.81m EUR closed in Q4 2019.
- Credence Security South Africa increased revenue by 283% (1.123m EUR), from 398k EUR in Q4 2018, to 1.52m EUR closed in Q4 2019.
- Protec (Kenya) revenue increased 67% (64k EUR) from 95k EUR in Q4 2018, to 159k EUR closed in Q4 2019.

Beyond the Quarter & Other News

- CYBER1 convened for an EGM, following the passing of Chairman and Founder Kobus Paulsen.
- The EGM resolved for the period until the next annual general meeting has been held, re-election of Daryn Stilwell and new election of Johan Bolsenbroek, Antoine Karam, Frank Kamsteeg, Corné Melissen, Robert Blase and Thomas Bennett.

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Performance Overview

As the company concludes 2019, CYBER1 has taken a significant step forward in realising the future growth opportunities for the company. During traditionally the strongest quarter of the year for the company, CYBER1 recorded its highest EBITDA of any quarter since its listing on Nasdaq First North Growth Market in 2016. This achievement has originated from the success of our subsidiaries and their proven ability to deliver successful cyber security solutions and services to their customers. Harmonisation of our internal operations will continue to be a focus moving into 2020, to complement this commercial growth. Overall, the company has reduced its year over year full year loss by 1.386m EUR. This trajectory will set us well for profitability in 2020, with a drive for methodical growth whilst continuing to consolidate the business units, to ensure that the company is lean and efficient whilst ensuring our listing, legal and infrastructure obligations are fulfilled.

Through completing a number of acquisitions, the company continues to realise the collective synergies that are present within the Group. Importantly our like for like revenue has increased 16.35% for Q4 2019, demonstrating the growth that our businesses are able to demonstrate. This metric is a key indicator of overall business performance and an example of the CYBER1 platform to facilitate and scale existing and potential incoming business into our offering.

Focusing towards 2020, the business has identified a number of new key strategic regions in which to expand our footprint, based on the latest vendor technology and implementation skills to fully service the needs of our clients. Our recognition in the regions we operate has been profound in 2019, after receiving a number of vendor and distributor awards across Africa and the Middle East. We look forward to building on that platform to grow our market share in those jurisdictions over the coming quarters.

The company was saddened to report the death of Chairman and Founder Kobus Paulsen, at the end of 2019. The Board has taken immediate steps to put in place seven board members, all of whom possess strong industry experience and proven business and commercial acumen. The CYBER1 executive and staff are looking forward to working with the new board in providing the strategic platform to accelerate the operational base into 2020 and beyond.

Chairman Comments

Dear Shareholders,

It is my pleasure to present the fourth quarter report for 2019 and my first as the new Chairman of the CYBER1 Board. Before I discuss more on the fantastic results that have been achieved for this report and for the wider year, I would like to start by offering my sincere condolences to the Paulsen family, for the sudden loss of Kobus and our former Chairman and founder of the business. His vision in creating a unique company, combined with enthusiastic and committed staff is an extraordinary achievement and I look forward to building on the phenomenal foundation that was put in place, to realise the true success of the company moving forward.

For this report, we have achieved our greatest ever Q4 results, a considerable achievement considering increased competition in the market and the pressures around closing business for 2019. A significant thanks must go to the business heads and their staff for working right through to the end of the year to facilitate this achievement.

Our results show that we achieved 24.2m EUR for the quarter, a 16.4% increase over the same quarter in 2018. Combining previous results from earlier in the year brings our total revenue for 2019 to 68.73m EUR. This achievement is further highlighted with our full year to date organic business growth equating to 27% (11.9m EUR), demonstrating the importance of the collaborative potential we are developing within our subsidiaries and regions. The most important figure to highlight is the EBITDA of 943k EUR, the highest in the company's history for any quarter as a listed company. This result demonstrates our push for profitability and this will be a clear focus point for 2020, as we continue to harmonise our collective operations whilst leveraging our economies of scale into the future.

From a strategic perspective, I am delighted to be working with newly established Board, who will be instrumental in driving the next phase of growth for the company as we look to target new opportunities for long term and sustainable prosperity. In Daryn Stilwell, Antoine Karam, Frank Kamsteeg, Corné Melissen, Robert Blase and Thomas Bennett, we have a hugely experienced group that are looking forward to realising the full potential of CYBER1.

I would like to thank the CYBER1 staff members for their incredible contributions in achieving a fantastic 2019 and look forward to working with you closely for 2020.

To our customers, who we have partnered with for this first time this quarter or our established clients, we thoroughly enjoy contributing to the protection of your company assets and reputation and will continue to do so for many years to come.

Finally, my thanks to the shareholders, who see our growth story and the vision of what we are trying to achieve in this unique space. I am unwavering in my commitment to you, to realise the true value of CYBER1 and its long-term strategy.

London, February 2020.

Johan Bolsenbroek

Chairman of the CYBER1 Board

HIGHLIGHTS

- Q4 2019 revenue of 24.2m EUR, compared to 20.8m EUR in Q4 2018.
- Total year to date revenue growth increased by 56.38%, from 43.95m EUR by Q4 YTD 2018, to 68.73m EUR by Q4 2019. The year to date figures are subject to revision from the annual audit that will be published the week beginning the 1st of June 2020.
- Group Gross Margin equated to 4.09m EUR for Q4 2019, with Q4 2018 Gross Margin recorded as 3.89m EUR.
- Group Gross Margin for Q4 2019 was 17% (Q4 2018 Gross Margin: 19%).
- Group Q4 2019 EBITDA of 943k EUR, (Q4 2018 EBITDA loss -294k EUR).

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CYBER1 GROUP: Financial key-ratios	Oct-Dec Q4 2019	Oct-Dec Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Total Group Income €('000s)	24,206	20,841	68,731	43,951
Total Group Gross Margin €('000)	4,091	3,888	14,197	11,440
Total Group Gross Margin (percent)	17%	19%	21%	26%
Cash Flow in the Period €('000s)	490	2,544	-2,728	5,785
Operating Margin €('000s)	781	-402	-1,135	-2,147
Operating Margin (percent)	3.2%	-2%	-1.7%	-4%
Result after Taxes €('000s)	21	748	-1,659	-2,957
Earnings per share €*	0.0003	0.0025	-0.0031	-0.0109

Basic earnings per share, EURO				
.- of which continuing operations	0.0003	0.0025	-0.0031	-0.0109
Diluted earnings per share, EURO	0.0003	0.0025	-0.0031	-0.0109
Basic weighted average number of outstanding millions	**293.9**	259.7	**293.9**	259.7
Diluted weighted average number of outstanding millions	293.86	259.74	293.86	259.74

*Result per share refers to result per share attributable to equity owners of the parent company. There is no dilution of earnings per share. This report is published in English. Average number of shares outstanding for the period 31 December 2019 (Q4 2019) were 295,486,482 (Q4 2018 number of shares outstanding (292,235,506). The new share issue relates to the three offset share issues (1,860,465 & 1,777,778 & 13,277,097) and the payment of shares for the completion of the two Itway subsidiaries (16,666,666), A-tek Ltd. (924,000) and Intact Ltd. (550,000).

Contacts

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Gateway IR, based in California, United States, act as CYBER1's North American investor relations advisor.

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Email: cyber1@gatewayir.com

About CYBER1 (Nasdaq First North Growth Market: CYB1.ST) (ADR program OTCQX: CYBNY)

CYBER1 is engaged in providing cyber resilience solutions and conducts its operations through physical presences in UK, Greece, Sweden, Kenya, South Africa, Turkey, United Arab Emirates and the United States. Listed on Nasdaq First North Growth Market (Nasdaq: CYB1.ST) and as an American Depositary Receipt (OTCQX: CYBNY), the Group delivers services and technology licenses to enhance clients' protections against unwanted intrusions, to provide and enhance cyber resilience and to prevent various forms of information theft. CYBER1 had revenue of 68.73m EUR in 2019. For further information, please visit www.cyber1.com/investors.

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BUSINESS OVERVIEW

MARKETS

A number of significant breaches and developments within the cyber security industry have reaffirmed the risks that are apparent in our daily lives.

During the quarter, one of AccorHotels's subsidiaries (The Gekko Group with a client list 600,000 hotels) confirmed that one terabyte of personal data including names, address and payment information had been leaked. Researchers were able to locate sensitive password information in plain text and unencrypted payment data for accounts on the Gekko Group platform.

Travelex, a foreign exchange company, international payments and bureaux de change provider had its computer systems held to ransom, following a cyber-attack that forced the firm to resort to using pen and paper to continue its operations over the new year period. Sodinokibi, a ransomware hacking group has come forward requesting a payment of €5.42m to enable access for the company. At the time of writing some systems were still not fully operational and the company was not able to offer their full range of services and products.

The UK Government is facing potential fines and a significant compensation bill, following the disclosure of personal details of over a thousand individuals from the new year's honours list, as it was posted online in error by the Cabinet Office. Amongst well known individuals there were also personnel working in sensitive intelligence and counter-terrorism work that now may need to be relocated. The Government confirmed it had reported the incident to the Information Commissioner's Office for a full review.

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

REVENUE PERFORMANCE BY SUBSIDIARY

€ '000s Overview Sales	*Oct-Dec* Q4 2018	Share %	*Oct-Dec* Q4 2019	Share %	*Jan-Dec* FY 2019	Share %	*Jan-Dec* FY 2018	Share %
Credence Security (UAE)*	2,199	11%	3,948	16%	12,436	18%	6,489	15%
Credence Security (South Africa) **	398	2%	1,521	6%	3,194	5%	2,034	5%
DRS (South Africa)	7,110	34%	6,222	26%	19,411	28%	19,265	44%
Protec (Kenya)	95	0%	159	1%	1,269	2%	777	2%
Credence Security (Europe)****	10,722	51%	12,210	50%	30,702	45%	13,686	31%
Cognosec (Europe)***	318	2%	147	1%	1,719	3%	1,700	4%
Total	***20,841***	**100%**	**24,206**	**100%**	**68,731**	**100%**	**43,951**	**100%**

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

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

***Cognosec Europe consists of Cognosec Ltd (UK) and Cognosec GmbH (Germany)
**** Credence Security Europe, consists of Credence ltd (UK) and Itway Turkey and Greece

Outlook and financial information

2019 was a significant year for CYBER1, in which the business was able to transform and executed a variety of strategic initiatives across the entire company, raising our ambitions by establishing new financial targets.

Our strategic development of the business has underpinned our approach for the financial year. Despite the highly competitive trading environment in which we operate, our business has delivered a significant 56% percent net sales growth for the full year, 24.8m EUR more compared to 2018. The company also demonstrated a strong ability to react immediately to changing market conditions by taking actions leading to improvement in EBITDA and operating profitability performance. At the same time, we have strengthened our market positions, brands and competitiveness for the future.

The Group's EBITDA of 943k EUR in the fourth quarter of 2019 increased by 320% compared with the corresponding period loss of -294k EUR in 2018. Earnings were positively impacted by a higher margin product mix, increased volumes, innovations and overall increased sales. Our innovations and multi solution offering have enhanced our customer and client value, improving our growing reputation and branding footprint.

A number of subsidiaries have performed exceptionally for the quarter. Credence Security Middle East & India reported a strong performance in net sales growth of 80 % in the quarter. Sales revenue increased by 1.75m EUR from 2.2m EUR in Q4 2018 to 3.95m EUR closed in Q4 2019.

Credence Security South Africa reported net sales growth of 283 percent in the quarter. A good performance in VAD (valued added distribution) solutions, from 398k EUR in Q4 2018, to 1.52m EUR closed in Q4 2019, primarily through increased sales volumes and currency effects.

Protec (Kenya) reported net sales growth of 67 percent in the quarter. Valued added distributing solutions and advisory services displaying a positive sales uplift. Revenue increased by 64k EUR, from 95k EUR in Q4 2018, to 159k EUR closed in Q4 2019.

Further improvements were also realised in the product offering, through increased volumes relating to strategic contracts. Whist strategic contracts will be margin accretive in the long term, the impact on near-term profitability is progressive. In the quarter we had an encouraging growth on gross margin, with an expectation this will continue to improve during 2020 financial year. Our strategy is to work with leading customers in prime markets, generating product, advisory business and rollout of our managed service commercialisation.

Overall assessment of the Group's economic situation

The Group's economic situation has improved as a result of the reorganisation and rising revenue. Sales volume activities have increased significantly compared with prior years, whilst job orders and projects on hand have resulted in quarter–on-quarter revenue growth. The company has also seen evidence of this through growing measurements of overall customer satisfaction.

In summary, CYBER1's growth has been strong in 2019, and we see opportunities to further improve profitability as the company moves into 2020. The company is now entering a new phase where it is able to further utilise our breadth and strength, by providing clients with tailored solutions in our core markets and in several selected niche areas internationally. The Group is aiming to continue increasing its revenue and earnings in the coming years. In the medium term, the Board and management intends to return to generating EBIT margins of at least 10% while achieving a significant improvement in ROCE.

Risks and uncertainties

CYBER1 divides risk into circumstantial risk (the future of our products/services and business cycle sensitivity), financial risk (currency, interest, financing and credit risks) as well as business risk (customer concentration, operational risks, risks in operating expenses as well as contracts and disputes). These risks, together with a sensitivity analysis, are described in detail in the Annual Report 2018. Circumstances in the world around us since the Annual Report was published are not believed to have caused any significant risks or influenced the way in which the Group works with these, compared to the description in the Annual Report 2018.

Goal and strategy

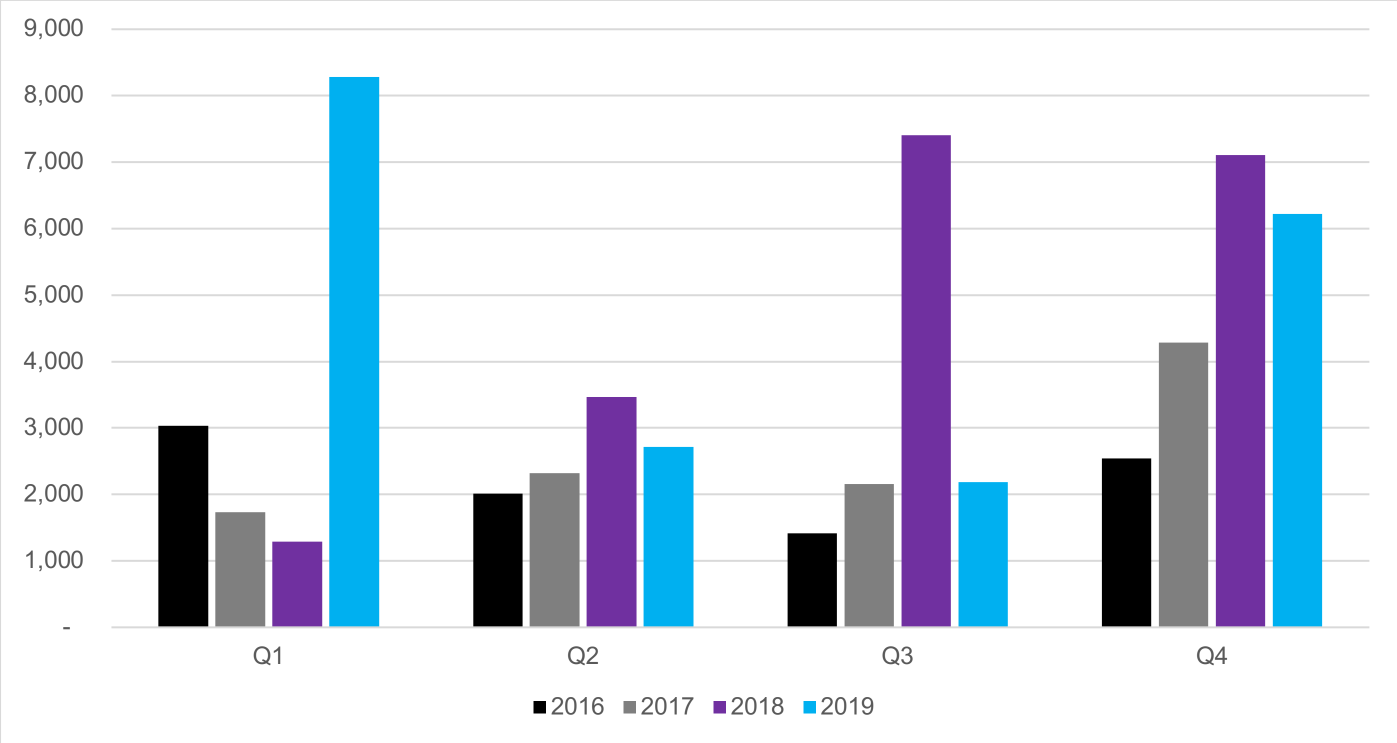
CYBER1's overall goal is to be a leader in global solutions in supply chain management, combined with a world class integrated offering. Our strategy is to be a leader in our knowledge and expertise in each business area, where the company can attain a dominant position in the market. The company will achieve this goal by being effective at meeting the customers' demands for efficiency and delivery. As we enter 2020, the company will continue to drive improvements in all areas of our business offering and overall strategy. We will continue to invest in new growth opportunities and innovation, whilst persisting with our efforts for further harmonisation of overheads and executing on the overall business profitability for 2020.

The company is confident about the long-term positive trends in the cyber resilience industry and the opportunities for acquisitive growth, and we will continue to deliver on our strategic direction to take CYBER1 to the next phase of its growth.

Forward-looking statements

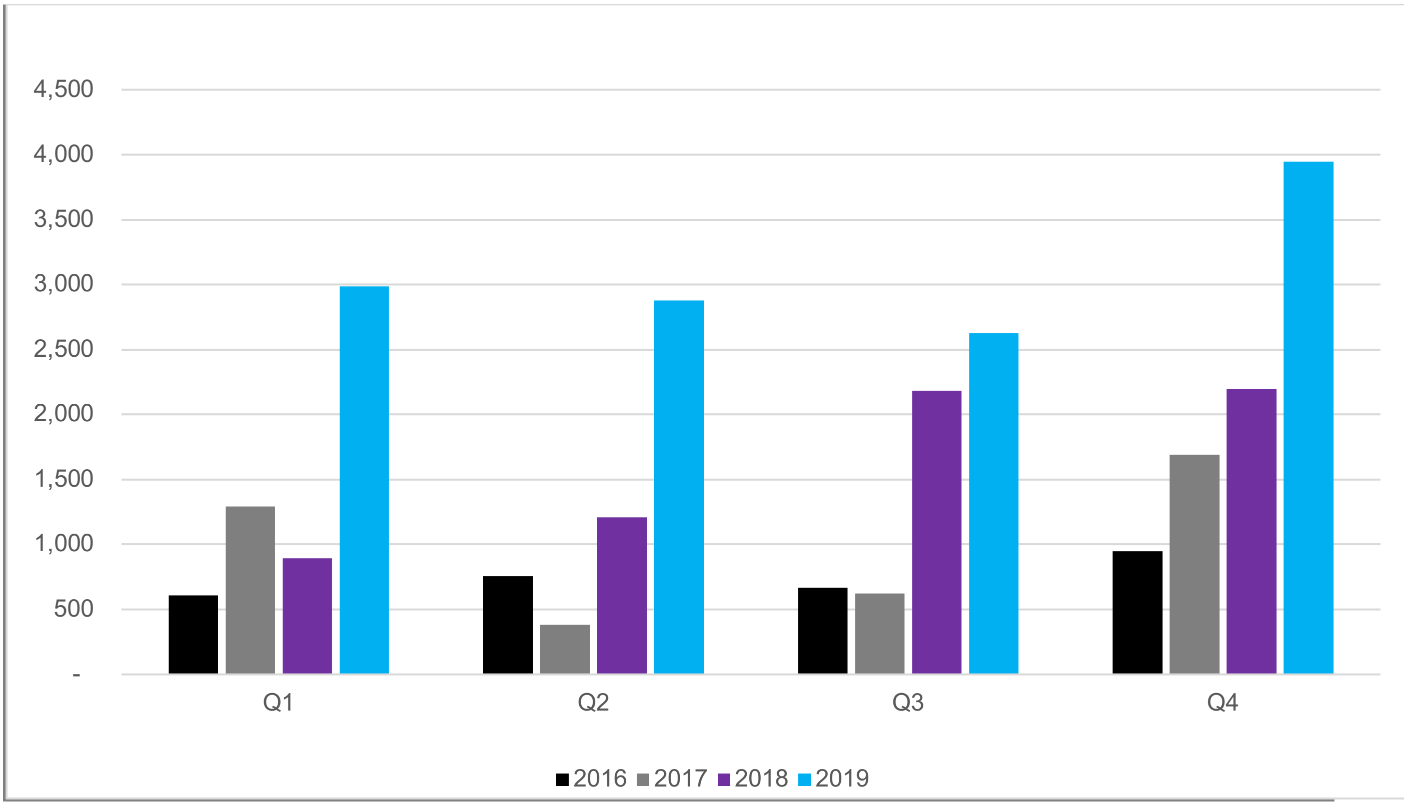
The 'Other Information' section includes forward-looking statements. Actual results may differ from those stated. Internal factors such as the successful management of research programmes and intellectual property rights may affect future results. There are also external conditions such as the economic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



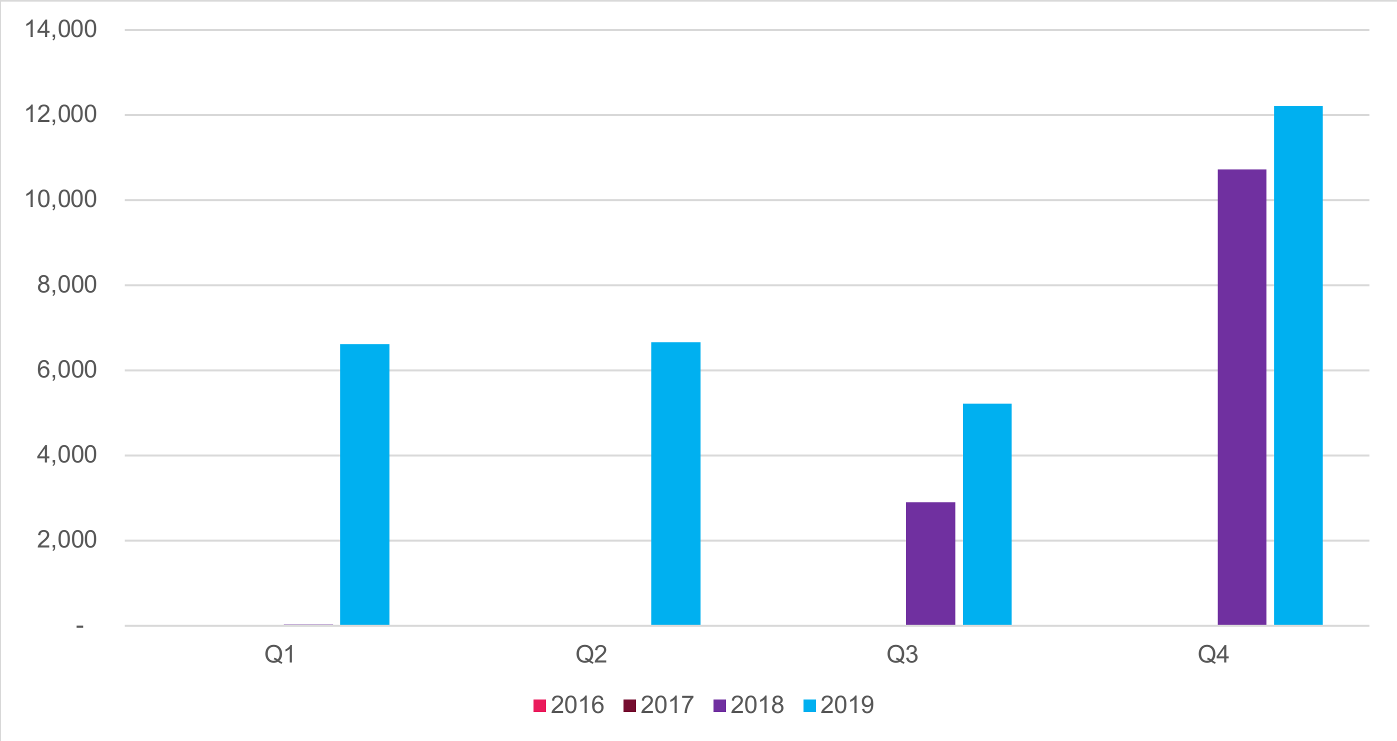
DRS finished off Q4 2019 with revenues of 6.22m EUR, taking their full year to date revenue to 19.27m EUR.
The entity overall has improved its Gross Margin (11%) and EBITDA (47%) versus the prior year, whilst maintaining their growth trajectory amidst a number of large deals close over the last two years. The subsidiary has been influential in contributing 31.3% of the company's overall full year revenues for 2019 and has already started in the same vein for 2020, with a number of exciting commercial endeavours.

Credence Security Middle East & India



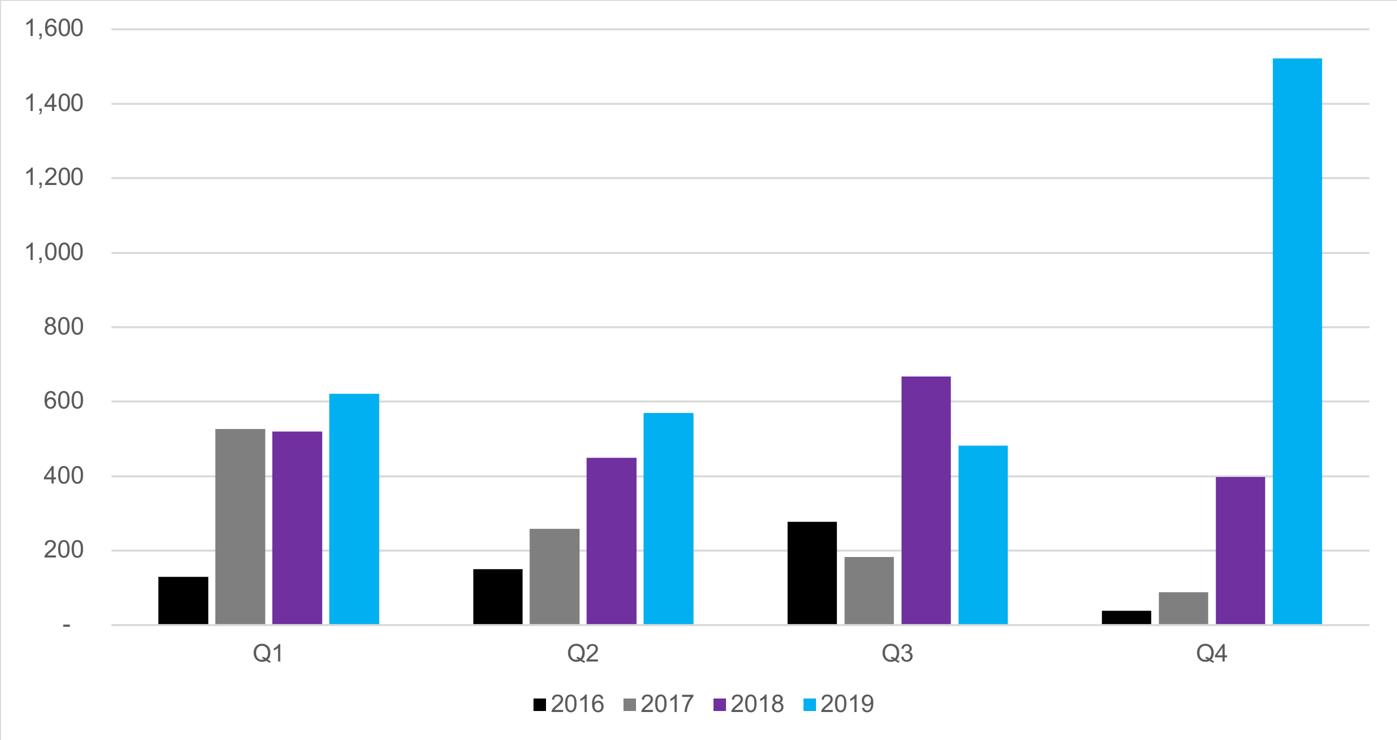
Credence Security Middle East and India recorded 3.95m EUR of revenue for the period, the most successful quarter in the subsidiary's history. The additional 1.75m in additional revenue versus the previous year of 2.2m EUR has originated from the continued expansion of markets that the entity now operates in. Moving into 2020 the subsidiary will continue to increase its overall contribution to the CYBER1 through the proven leadership and track record for the being Pan-EMEA speciality distributor.

Credence Security (Europe)



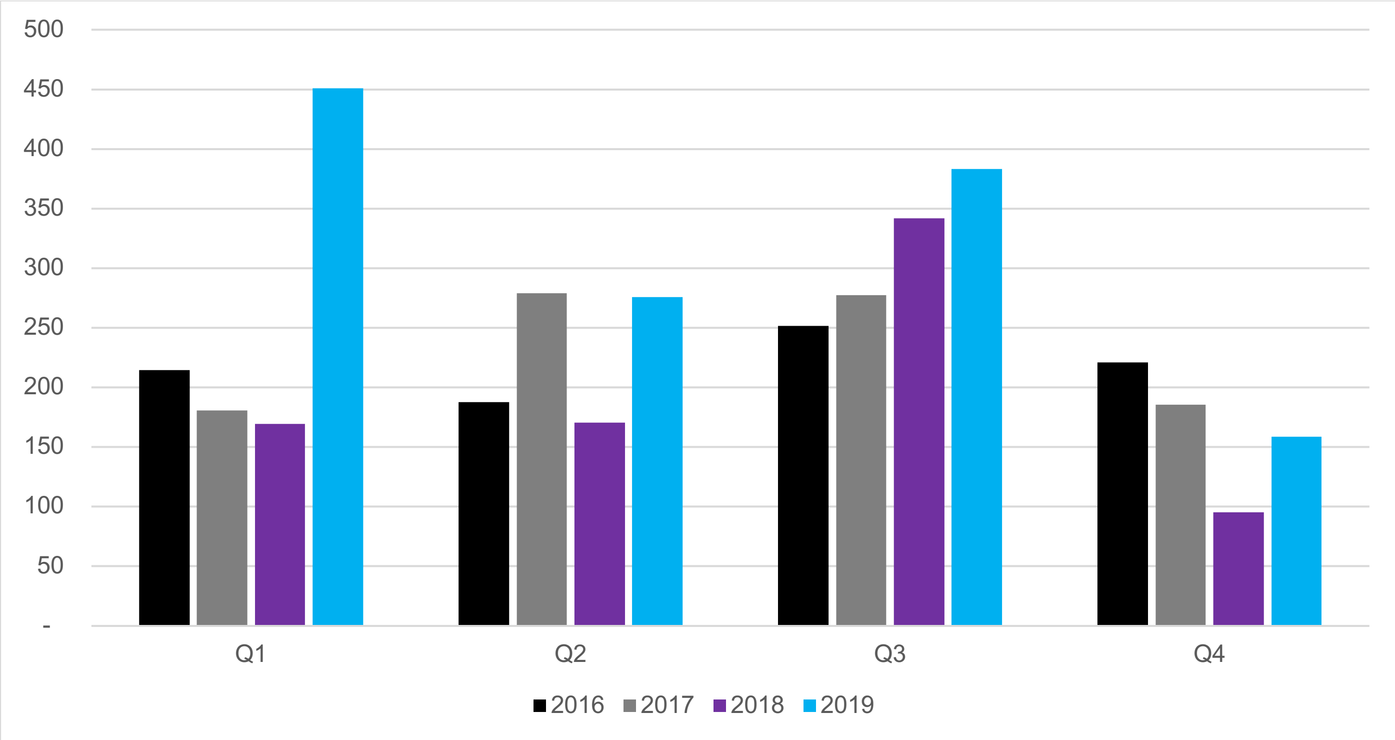
Credence Security Europe recorded 12.2m EUR in revenue for the Q4 period. The increase of 13.9% year over year has been underpinned by the further deepening of existing relationship with some of the key vendors within the region, as well as the onboarding of new partnerships that will increase the breadth and depth of expertise, we are able to offer in the region. Importantly, there are a number of cross collaboration opportunities to realise on the professional services side, which will be integral to driving an overall margin increase and directly impact the already profitable nature of these entities.

Credence Security (South Africa)



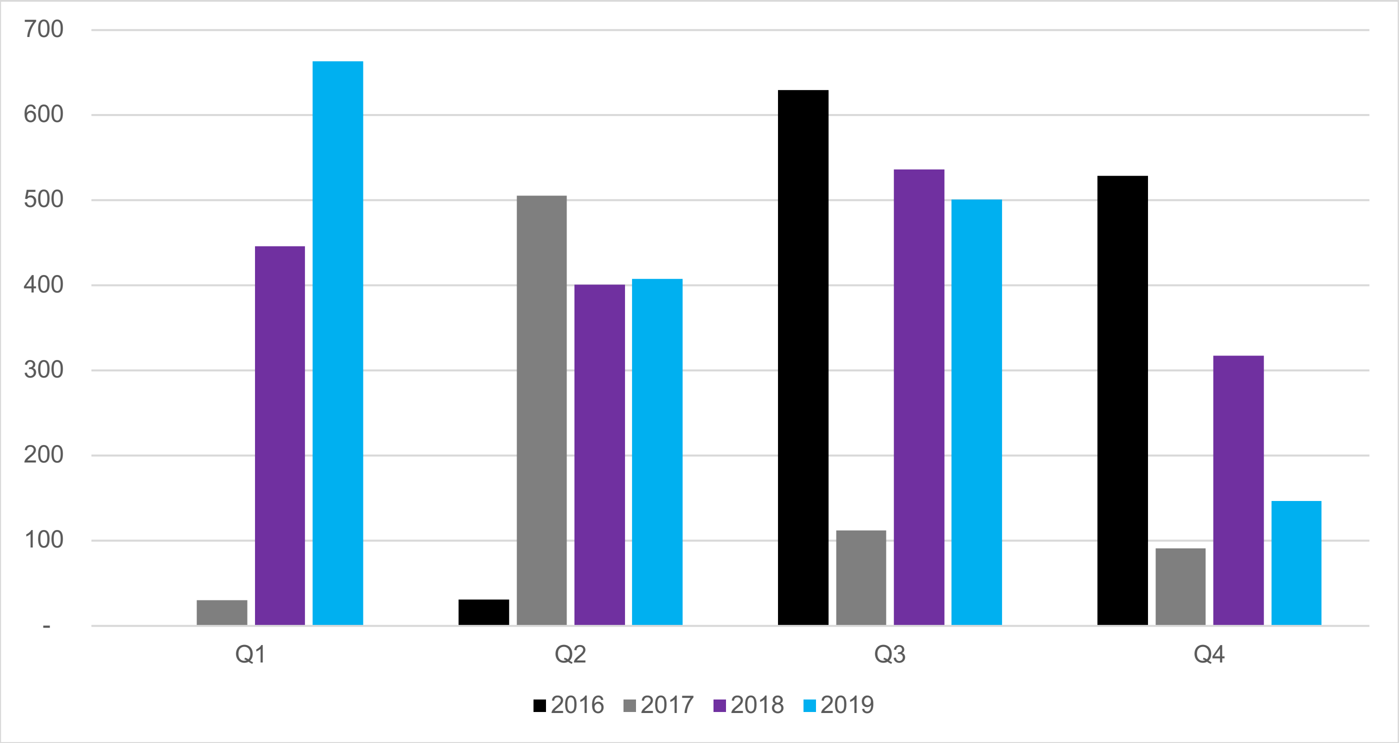
Credence Security South Africa closed an impressive 1.52m EUR in revenue for the fourth quarter period, the largest results of any period as part of the CYBER1 Group. The subsidiary has successfully closed a number of new enterprise customers during the quarter, working closely with Paolo Alto and AccessData to establish a strong footing in which to develop into 2020 as an increasing influential subsidiary. The harmonisation between the Credence Security entities as well as Itway will be crucial for the coming year to collectively improved sales and profitability to the CYBER1 Group.

Cognosec Kenya (Protec)



Cognosec Kenya finished the fourth quarter for 2019, closing 159k EUR in revenue for the period. The entity has consistently improved its performance throughout the last four quarters of growth, a testament to the work of the staff in Kenya. Moving into 2020, the subsidiaries objectives to collaborate with other entities within CYBER1 across Africa will increase their market presence, as well as leverage the skills and expertise to further add value to their growing customer base.

Cognosec Europe



Cognosec Europe closed 147k EUR for Q4 2019. We anticipate 2020 to bear significant reward from investment into key initiatives and partnerships, amidst the impending regulatory requirements that are emerging within the cyber security sector.

CUSTOMERS

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

TECHNOLOGY PARTNERS

The Group continues to expand its partner network and now includes the following technologies: Access Data, Algosec, CensorNet, Checkpoint, Cisco, Cyberark, Demisto, Digital Guardian, Everbridge, Fidelis, Galvanize, KnowBe4, Infocyte, McAfee, Popcorn Training, Pulse Secure, Rapid7, Redhat, Redseal, Solus, Thales, Trustwave amongst others.

CASH FLOW

Continued expansion of the European region through acquisitions has affected the Q4 Operational Cash Flow negatively. Whilst working capital remains tight, the directors are confident that the business forecast will support continued liquidity.

The Board is working on improving the Group's cash position through operational cash flow and capital injections from outside sources and has so far been successful in this. The Board is confident that this will provide sufficient funds moving forward.

FINANCIAL INFORMATION

INTERIM REPORT: COMPARATIVE FIGURES

The Q4 2019 report has not been reviewed by the Group's auditor.

PROFIT FOR THE PERIOD

Group

Fourth quarter revenues amounted to 24.2m EUR (Q4 2018 Revenue: 20.8m EUR).

Fourth quarter year to date revenue amounted to 68.73m EUR (Q4 year to date 2018 Revenues: 43.95m EUR) an increase of 56.38%.

Profit before tax for Q4 2019 amounted to 567k EUR (Q4 2018 profit of 912K EUR).

Profit after tax from continuing operations for Q4 2019 amounted to 343k EUR (Q4 2018 profit of 748k EUR).

Depreciation and amortisation for Q4 2019 amounted to 162k EUR, Q4 2018 Depreciation and Amortisation: 109k EUR.

There was a Net Cash Outflow for Q4 2019, which amounted to 81k EUR (Net Cash Outflow Q4 2018: 2.6m EUR).

At the end of Q4 2019, the Group's cash balance amounted to 2.44m EUR (Q4 2018: 5.92m EUR).

Parent

The Parent Company's loss for Q4 2019 amounted to -1.78m EUR (Q4 2018: -994k EUR).

FINANCIAL POSITION

Group

The Group's equity for end of Q4 2019 amounted to 13.72m EUR (End of Q4 2018: 14.67m EUR).

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

Parent

The equity for the parent company amounted to 12.10m EUR at the end of Q4 2019 (End of Q4 2018, 14.52m EUR) and 3k EUR cash or cash equivalent (End of Q4 2018, 3k EUR).

INVESTMENTS

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

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

TAXATION

Group

No provisional corporation tax was paid in Q4 2019.

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

Parent

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

ALLOCATION OF PROFITS

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

TRANSACTIONS WITH RELATED PARTIES

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

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SHARE INFORMATION

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

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

Total number of registered shares at 31 December 2019 are: 295,486,482.

FINANCIAL CALENDAR

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

2019 Annual Report

The 2019 Annual Report once published will be available at www.cyber1.com/investors under the “Financial Report” Section.

ACCOUNTING PRINCIPLES

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

RISKS AND UNCERTAINTIES

Inherent risks and uncertainties for CYBER1 consist primarily of:

Business risks concerning the delivery of contracted projects and payment.

Financial risks (such as risks related to currency, interest rates, 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.

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INVESTOR RELATIONS ADVISORS

IFC act as CYBER1's European investor relations advisor.

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Gateway IR, based in California, United States, act as CYBER1's North American investor relations advisor.
For additional information, please contact: Matt Glover, U.S Investor Relations Contact.
E-mail: cyber1@gatewayir.com

AUDITORS

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

ELECTION COMMITTEE AND ANNUAL GENERAL MEETING 2020

The extraordinary general meeting of Cyber Security 1 AB (publ) (the "Company") was held on the 28th January 2020.

The EGM resolved on, for the period until the next annual general meeting has been held, re-election of Daryn Stilwell and new election of Johan Bolsenbroek, Antoine Karam, Frank Kamsteeg, Corné Melissen, Robert Blase and Thomas Bennett.
The EGM resolved to elect Johan Bolsenbroek as chairman of the board of directors.

The AGM, which took place in July of 2019, decided in accordance with the proposal, to issue at one or more occasions, with or without deviation from shareholders preferential rights, up to 150,000,000 new shares, convertible bonds and / or warrants.

CERTIFICATION AND SIGNATURES

The Board of Directors 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
Daryn Stilwell, Executive Board member & Group General Counsel
Antoine Karam, Non-executive Board member
Frank Kamsteeg, Non-executive Board member
Corné Melissen Non-executive Board member
Robert Blasé Non-executive Board member
Thomas Bennett Non-executive Board member

DETAILED FINANCIAL INFORMATION

GROUP PROFIT AND LOSS

(Thousand Euros)	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Continuing operations				
Net Revenue	24,206	20,842	68,731	43,950
Cost of Sold Goods	-20,115	-16,954	-54,534	-32,511
Gross Profit	**4,091**	**3,888**	**14,197**	**11,440**
Sales Costs	-1,833	-1,979	-8,014	-8,318
Administration Costs	-1,315	-2,202	-6,692	-5,016
Depreciation	-162	-109	-626	-253
Total Operating Cost	**-3,310**	**-4,290**	**-15,332**	**-13,587**
Operating Result	**781**	**-402**	**-1,135**	**-2,147**
EBITDA	**943**	**-294**	**-508**	**-1,895**
Financial income and costs				
Finance income and other financial items	-125	572	489	634
Finance costs	-89	742	-251	-426
Total Finance income and costs - net	**-214**	**1,313**	**239**	**208**
Result before tax	**567**	**912**	**-896**	**-1,939**
Tax (Period)	-225	-164	-353	-342
Net income for the period, continuing operations	**343**	**748**	**-1,249**	**-2,281**
Discontinued operations				
Loss from discontinued operations	-321		-410	
Net income for the period, discontinued operations	**-321**	**-**	**-410**	**-**
Total result for period	**21**	**748**	**-1,659**	**-2,281**
Attributable to Parent	-91	694	-1,324	-2,233
Minority interest	112	*54*	-325	*-48*
Earnings per share (€/share) attributable to owners of the parent	*0.0003*	*0.0025*	*-0.0031*	*-0.0090*

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PARENT COMPANY PROFIT AND LOSS

(Thousand Euros)	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net Revenue	397	-	1,573	-
Cost of Sales	-484	-	-484	-
Gross profit	**-87**	**-**	**1,089**	**-**
Sales Costs	-686	-	-686	
Depreciation	-3	-3	-10	-10
Administration costs	-1,012	-985	-3,587	-1,618
Total Costs	**-1,701**	**-988**	**-4,284**	**-1,628**
Operating result	**-1,788**	**-988**	**-3,195**	**-1,628**
Finance costs	3	-6	-41	-47
Result before tax	***-1,785***	***-994***	***-3,236***	***-1,676***
Tax	-	-	-	-
Result for the period	***-1,785***	***-994***	***-3,236***	***-1,676***

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BALANCE SHEET

(Thousand Euros)	Group 31 Dec 2019	Group 31 Dec 2018	Parent 31 Dec 2019	Parent 31 Dec 2018
ASSETS				
Non-current assets				
Property, plant and equipment	143	205	-	-
Right-of-use-Asset	506			
Intangible Assets	4,400	4,791	31	42
Investments in subsidiaries	-	-	14,357	14,258
Goodwill	7,609	7,609	-	-
Total Non-current assets	**12,659**	**12,606**	**14,389**	**14,300**
Current Assets				
Inventory	225	775	-	-
Deferred tax asset	14	3	-	-
Share issue receivable	-	-	-	-
Short term receivable	-	-	-	-
Trade receivable	26,952	17,792	5,654	3,294
Other Claims	279	197	-	-
Cash & Bank	2,438	5,924	3	3
Total Current Assets	**29,906**	**24,692**	**5,657**	**3,297**
TOTAL ASSETS	**42,565**	**37,298**	**20,046**	**17,597**
DEBT AND EQUITY CAPITAL				
Equity Capital				
Share Capital	77	76	77	76
Share premium	19,678	18,863	19,590	18,775
Ongoing share issue				
Period result	-1,659	-2,427	-3,236	-1,676
Other reserves	-4,378	-1,839	-4,334	-2,655
Total Equity	**13,719**	**14,673**	**12,097**	**14,520**
Capital and reserves attributable to owners	13,719	14,701	12,097	14,520
Non-controlling interests	263	*203*	-	-
Long-term Debt				
Interest-bearing liabilities	634	**-**	**-**	-
Short term debt				
Interim Debt	2,770	1,630	2,135	*1,027*
Lease liabilities	535	-	-	
Intragroup Debt	-	-	2,346	*1,327*
Suppliers	21,896	19,118	3,253	*759*
Tax Debt	1,940	1,524	-132	*-56*
Provisions	1,071	352	347-	*20*
Total Liabilities	**28,846**	**22,624**	**7,949**	**3,077**
TOTAL DEBT AND EQUITY	**42,565**	**37,298**	**20,046**	**17,597**

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CASH FLOW ANALYSIS

(Thousand Euro)	Group Oct- Dec 2019	Oct- Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Profit before income taxes	656	-1,334	-895	-2,085
Adjustments non C/F items	283	-591	1,468	917
Operating Cash Flow	**939**	**-1,925**	**573**	**-1,168**
Paid Taxes	225	-508	12	205
Received finance payments - net	-	-	-	
Changes in Working Capital	1,696	5,842	-2,932	7,259
Cash Flow from Operating Activities	**1,921**	**3,410**	**-2,347**	**6,296**
Acquisition of subsidiaries	-	-290	-	-9,967
Acquisition of Fixed Assets	-	-695	-772	-824
		-		-
Cash Flow from Investment Activities	**-**	**-985**	**-772**	**-10,791**
New share issues	-	-	-	-
Directly related costs to the listing	-	-	-	-
Proceeds from ongoing share issue	-	-	816	8,458
Dividend payment to minority	-	-	-	-
Lease liabilities	-		-46	
Short Term Financing	-1,431	136	-378	1,033
Cash Flow from Financing Activities	**-1,431**	**136**	**391**	**9,491**
Net change in cash, continuing operations	**490**	**2,560**	**-2,728**	**4,996**
Net change in cash, discontinued operations	**-409**	**-**	**-410**	**-**
Total net change in cash and cash equivalents	**81**	**2,560**	**-3,138**	**4,996**
Opening Cash	1,834	2,520	5,924	265
Acquired cash	-	-		
FX-diff Period	523	844	-349	664
Closing Cash Position	**2,438**	**5,924**	**2,438**	**5,924**

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CASH FLOW ANALYSIS

(Thousand Euro)	Parent Oct- Dec 2019	Oct- Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Profit before income taxes	-1,785	-993	-3,236	-1,676
Adjustments non C/F items	252	2	303	8
Operating Cash Flow	**-1,533**	**-991**	**-2,932**	**-1,668**
Paid Taxes	-	-	-	-
Changes in Working Capital	1,550	2,179	3,515	2,348
Cash Flow from Operating Activities	**-17**	**1,188**	**582**	**680**
Acquisition of Fixed Assets	-	-	-	-
Payments related to acquisition of subsidiaries	-	-673	-352	-1,765
Sale of Fixed Assets	-	**-**	**-**	**-**
Cash Flow from Investment Activities	**-**	**-673**	**-352**	**-1,765**
New share issues	-		-	-
Directly related costs to the listing	-	-	-	-
Proceeds from ongoing share issue	-	-	813	-
Dividend payment to minority	-	-	-	-
Short Term Financing	-17	-515	-1,044	1,027
Cash Flow from Financing Activities	**-17**	**-515**	**-231**	**1,027**
Cash Flow from the Period	**-**	**-**	**-**	**-58**
Opening Cash	3	3	3	3
FX-diff Period	-	-	-	58
Closing Cash Position	**3**	**3**	**3**	**3**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CAPITAL

(Thousand Euros)	Oct- Dec 2019	Oct- Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Equity - Opening Balance	**13,575**	**5,644**	**14,673**	**4,649**
Adjustment from acquisition analysis				
Share Issues	-	9,107	816	13,018
Profit from the Period	21	-864	-1,359	-2,993
Tax impact from deductible costs for ongoing share issue	-			
Adjustment related to acquisition analysis	-	-712	-111	-1,130
Foreign Exchange-Differential	123	1,498	-300	1,129
Changes in equity during the period	**144**	**9,029**	**-954**	**10,024**
Equity - Closing Balance	**13,719**	**14,673**	**13,719**	**14,673**

PARENT COMPANY CHANGES IN EQUITY CAPITAL

(Thousand Euros)	Jul -Sept 2019	Jul- Sept 2018	Jan- Sept 2019	Jan-Dec 2018
Equity - Opening Balance	**14,536**	**4,513**	**14,520**	**3,121**
Adjustment from acquisition analysis				-
Share Issue	-	11,000	813	13,074
Profit from the Period	-2,439	-993	-3,236	-1,676
Foreign Exchange-Differential	-		-	-
Changes in equity during the period	**-2,439**	**10,007**	**-2,423**	**11,399**
Equity - Closing Balance	**12,097**	**14,520**	**12,097**	**14,520**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Corporate information

Cyber Security 1 AB (Plc) (the Company) is public company, incorporated and domiciled in Sweden, whose shares are publicly traded. The registered office is located at: CYBER1, 1st Floor, Klarabergsgatan 29, 111 21 Stockholm, Sweden. The Group is principally engaged in the provision of cyber security application distribution (sale and implementation) advisory and managed services globally.

Accounting policies

CYBER1 Group's consolidated financial statements as of and for the twelve-month period ended December 31, 2019, have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act as well as standard RFR 2 Accounting for Legal Entities and other statements issued by the Swedish Financial Reporting Board. For the group this Interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and for the Parent Company in accordance with the Swedish Annual Accounts Act. The accounting policies adopted, and computation methods used are consistent with those followed in the Annual Report 2018, except as described below. All amounts in this report are presented in Euro thousands, unless otherwise stated. Rounding differences may occur.

New standards as from January 1, 2019

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

IFRS 16 – Leases

Presentation in the financial statements

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

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

Transition

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

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

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

The Group has, as a lessee, recognised lease liabilities for leases previously classified as operating leases. The weighted average incremental borrowing rate applied to lease liabilities recognised in the balance sheet at the transition

date was 6.3%. Right-of-use assets have for most contracts been recognized based on the amount equal to the related lease liability. For some larger real estate contracts right-of-use assets have been recognized as if IFRS 16 had been

applied since the commencement date, however, using the incremental borrowing rate as per the effective date. The asset value for these contracts is EUR 14 thousand lower than the related liabilities.

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

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

Reconciliation of operating lease obligations (TEUR)

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

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

Condensed consolidated balance sheet

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

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

Accounting policy - IFRS 16 Leases

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

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

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

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

Risks and factors of uncertainty

Market risks

The demand for CYBER1's products and services are affected by changes in the customers' investment and service delivery levels. A general economic downturn, geopolitical tensions, changes in trade agreements, a widespread financial crisis and other macroeconomic disturbances may, directly or indirectly, affect the Group negatively both in terms of revenues and profitability. However, the Group's sales are well diversified with customers in many industries and countries around the world, which mitigates the risk

Financial risks

CYBER1 is subject to currency risks, interest rate risks, tax risks, and other financial risks. In line with the overall goals with respect to growth, return on capital, and protecting creditors, CYBER1 has adopted a policy to control the financial risks to which the Group is exposed. A financial risk management committee meets regularly to manage and follow up financial risks, in line with the policy

Product/solution risks

Many products are sourced from various vendors. The availability is dependent on the vendors' product compatibility and resilient, this may adversely affect product. To minimize these risks, CYBER1 has established a global network of vendors, which means that in most cases there are more than one vendor that can supply a number of cyber resilient suite.

CYBER1 is also directly and indirectly exposed to product prices. Cost increases for products and solutions often coincide with strong end-customer demand and can partly be compensated for by increased sales prices.

Acquisitions

CYBER1 has the ambition to grow all its business areas, primarily through organic growth, complemented by selected acquisitions. The integration of acquired businesses is a difficult process and it is not certain that every integration will be successful. Therefore, costs related to acquisitions can be higher and/or synergies can take longer to materialise than anticipated.

For further information, see the annual report 2018.

Note 2 – Disaggregation of revenue

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

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

Revenue from contracts with customers

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

For the twelve months ended 31 December

	2019			2018		
Primary geographical markets	**VAD (Value Added Distributing)**	**Advisory & Managed Services**	**Jan - Dec 2019 Total Segments**	**VAR**	**Advisory & Managed Services**	**Jan - Dec 2018 Total Segments**
Revenue	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Africa	14,601	9,424	24,026	10,031	11,329	21,360
UAE	11,797	568	12,365	6,074	415	6,489
Euroland	30,702	1,639	32,341	14,340	1,761	16,101
External customer sales	**57,100**	**11,631**	**68,731**	**30,445**	**13,505**	**43,950**
Timing of revenue recognition						
Goods and services transferred at a point in time	57,100	11,631	68,731	30,445	13,505	43,950
Total revenue from contracts with customers	**57,100**	**11,631**	**68,731**	**30,445**	**13,505**	**43,950**

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Segment information

The following tables present revenue and profit information for the Group's operating segments for the months ended 31 December 2019 and 2018, respectively:

For the six months ended 31 December 2019

	VAD	Advisory & Managed services	Total segments	Adjustments and eliminations	Consolidated
Revenue	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
External customer	59,225	11,733	**70,958**	(2,227)	68,731
Inter-segment	(2,125	(80)	**(2,205)**	2,205	-
Total revenue	**33,236**	**8,915**	**33,130**	**(22)**	**68,731**
Results					
Segment gross margin	**9,266**	**4,910**	**14,176**	**22**	**14,197**

For the three months ended 31 December 2018

Segments	VAD	Advisory & Managed services	Total segments	Adjustments and eliminations	Consolidated
Revenue	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
External customer	30,872	13,765	**44,637**	(687)	43,950
Inter-segment	(426)	(238)	**(665)**	665	-
Total revenue	**30,445**	**13,527**	**43,972**	**(22)**	**43,950**
Results					
Segment gross margin	**6,578**	**4,841**	**11,419**	**21**	**11,440**

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

	For the twelve months ended 31 December	
Reconciliation of profit	**2019**	**2018**
	€'000	**€'000**
Segment profit	14,197	11,440
Administrative expenses	(15,332)	(13,587)
Finance income	43	572
Finance costs	(253)	(642)
Inter-segment profit/(elimination)	448	279
Loss before tax	**(896)**	**(1,939)**

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

Note 3 - Financial instruments

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

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

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

	31-Dec-19		30-Sept-19		31-Dec-18	
EUR thousands	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Assets						
Trade receivables	26,952	26,952	21,786	21,786	17,849	17,849
Other current assets	517	517	729	729	975	975
Cash and cash equivalents	2,438	2,438	1,834	1,834	5,924	5,924
Total	**29,906**	**29,906**	**24,349**	**24,349**	**24,748**	**24,748**
Liabilities						
Non-current interest-bearing liabilities	634	672	499	529	-	-
Other interest-bearing liabilities	2,770	2,815	1,494	1,523	1,630	1,679
Non-current lease liability	428	428	452	452	-	-
Current lease liability	107	107	113	113	-	-
Trade payables	21,896	21,896	18,966	18,966	19,118	19,118
Other current liabilities	1,940	1,940	1,556	1,556	1,524	1,524
Accrued expenses	1,071	1,071	558	558	352	352
Total	**28,846**	**28,930**	**23,639**	**23,698**	**22,624**	**22,673**
Derivatives for hedging purposes						
Currency hedging derivatives	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	-

Carrying value and fair value

CYBER1 applies IFRS 9 to classify and measure financial instruments.

Carrying value and fair value

TEUR (€'000)	Financial instruments measured at FVTPL	Financial assets measured at amortized cost	Other financial liabilities	Cash flow hedges measured at FVOCI	Other receivables and liabilities	Total carrying value	Estimated fair value
Trade receivables	-	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**

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 December 31, 2019

The following table shows carrying value and fair value for financial instruments applying IFRS 9 per December 31, 2018

Carrying value and fair value

TEUR (€'000)	Financial instruments measured at FVTPL	Financial assets measured at amortized cost	Other financial liabilities	Cash flow hedges measured at FVOCI	Other receivables and liabilities	Total carrying value	Estimated fair value
Trade receivables	-	17,849				17,849	17,849
Other non-current financial receivables	-	-	-	-	-	-	-
Other current assets and financial receivables	-	-	-	-	140	140	140
Prepaid expenses and accrued income	-	-	-	-	-	-	-
Cash and cash equivalents	-	5,924	-	-	-	5,924	5,924
Total assets	**-**	**23,773**	**-**	**-**	**140**	**23,913**	**23,913**
Loans and borrowings			1,027		604	1,630	1,661
Other non-current financial liabilities	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	1,524	1,524	1,524
Accrued expenses and deferred income	-	-	-	-	352	352	352
Trade payables	-	-	19,118	-	-	19,118	19,118
Total liabilities	**-**	**-**	**20,144**	**-**	**2,480**	**22,624**	**22,655**

Financial instruments, level *2*

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

DISTRIBUTION BY LEVEL WHEN MEASURED AT FAIR VALUE								
TEUR (€'000)	December 31, 2019				December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS								
Financial assets measured at fair value through profit or loss:								
Derivative financial instruments – non-hedge accounting	-	-	-	-	-	-		-
Derivatives used for hedging purposes:								
Derivative financial instruments – hedge accounting	-	-	-	-	-	-		-
Total financial assets	**-**	**-**	**-**	**-**	**-**	**-**		**-**
FINANCIAL LIABILITIES								
Financial liabilities at fair value through profit or loss:								
Derivative financial instruments – non-hedge accounting	-	-	-	-	-	-		-
Contingent considerations			83	83			31	31
Derivatives used for hedging purposes:								
Derivative financial instruments – hedge accounting	-	-	-	-	-	-		-
Total financial liabilities	**-**	**-**	**83**	**83**	-	-	**31**	**31**

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 2019**	**Q4' 2018**
Opening balance October 1	**31**	76
Payments	-31	-76
Reversals	-	-
Revaluations	83	31
Translation differences	-	-
Closing balance December 31	**83**	**31**

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

Note 4 - Translation of financial statements of foreign subsidiaries

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

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

Currency		Closing day rate	Average rate	Closing day rate	Average rate
EUR		31-December 19		31-SDecember 18	
AED	Middle East	4.1187	4.1075	4.2607	4.3367
GBP	Great Britain	0.8505	0.8733	0.8900	0.8846
KES	Kenya	112.5362	112.9966	116.1511	118.6277
ZAR	South Africa	15.7453	16.1221	16.3653	15.9651
USD	USA	1.1215	1.1185	1.1602	1.1809
SEK	Sweden	10.4740	10.5864	10.3002	10.2542
TRY	Turkey	6.6688	6.3469	6.0460	5.6874

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

Note 5 – Earning per share

Earnings per share	January - December	
TEUR	**2018**	**2019**
Profit for the period	-2,281.3	**-1,249.2**
Non-controlling interests	-47.9	**-324.8**
Group share of profit	-2,233.4	**-1,334.0**
Number of shares in '000s (weighted average)	259,736	**293,861**
Earnings per share in €	-8.60	**- 4.54**
Net income from continuing operations – attributable to the parent entity	-2,233.4	**-924.4**

Note 6 – Business combination

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

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

Goodwill
An impairment test on goodwill in accordance with IAS 36 (Impairment of Assets) is generally performed annually within the CYBER1 Group, in the fourth quarter once the operational three-year plan has been prepared or if there are indications for impairment. In this impairment test, the carrying amount of a group of cash-generating units (CGUs) to which goodwill is allocated is compared with the recoverable amount of this group of CGUs. On 31 December 2019, the management carried out an impairment review, which indicated that no impairment loss needed to be recognised.

Note 7 – Discontinued Operations

At the end of 2018, management decided to discontinue its operations in Austria and Germany and restructured its activities in line with the Group's strategy to focus to develop its advisory & MSSP business in other regions within Cyber1 business environments. Consequently, assets and liabilities allocable to GmbH Austria and Germany were classified as a disposal group. Revenue and expenses, gains and losses relating to the discontinuation of these subgroup have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item in the statement of profit or loss.

Operating profit of GmbH Austria and Germany until the date of disposal and the profit or loss from re-measurement of assets and liabilities classified as disposal are summarised as follows:

Net income from discontinued operations

EUR in thousands, except per share data	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net revenue	-	303	250	1,567
Expenses and other operating income, net	-	-625	-338	-1,937
Operating income	**-**	**-322**	**-88**	**-370**
Financial items, net	-	-6	-	-29
Income after financial items	**-**	**-327**	**-88**	**-399**
Income taxes	-	-	-	-2
Net income before gain/loss on disposal	**-**	**-328**	**-88**	**-401**
Impairment loss on remeasurement to net asset fair value	-321	-	-321	-
Net income from discontinued operations	**-321**	**-328**	**-409**	**-401**

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 cybersecurity 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.

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

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

Note 9 - Related parties Related party transactions

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

Other- Parent Company

The consolidated figures in this report are presented at the consolidated level for Cyber1 AB. The Parent Company, Cyber1 AB (corporate identity number 556135-4811), directly and indirectly holds 100% of the shares in all subsidiaries in the Group, except for the companies in South Africa, in which the non-controlling interest is 26%. The net result for Cyber1 AB for the fourth quarter amounted to EUR 21 thousand (748) and for the period January-December 2019 to EUR -1.66 million (-2.28).

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CYBER 1

CYBER RESILIENCE