

ANNUAL REPORT 2022

PARTNERS,  
PEOPLE AND  
PRODUCTS –  
**BUILDING OUR  
PLATFORM FOR  
GROWTH**

**NetClean.**





# CONTENTS

- » **04** NetClean at a Glance
- » **06** A Message from our CEO
- » **09** NetClean's 2022 Milestones
- » **10** Insights
- » **12** Our Go-To-Market Strategy
- » **16** Strategic Partnerships
- » **20** Our Partners
- » **24** CTO's Statement
- » **26** Product Overview
- » **29** Our Sustainability Story
- » **30** The People Powering our Growth
- » **38** CFO's statement
- » **41** Board of Directors
- » **42** Management Report
- » **49** Notes

NetClean at a Glance

# **NETCLEAN: BUILDING OUR PLATFORM FOR GROWTH**

NetClean is a different kind of company. We create software products that protect businesses, enhance their resilience, and reduce real-world harm to children. Our purpose is our product. The more we grow, the faster we scale, the more lives we change.

We know that the threat of CSAM has been accelerated by pandemic-driven changes in working patterns and that presents a challenge to the corporate, legal, and commercial responsibilities that businesses have.

When it comes to self-protection, there are millions of reasons and no excuses.

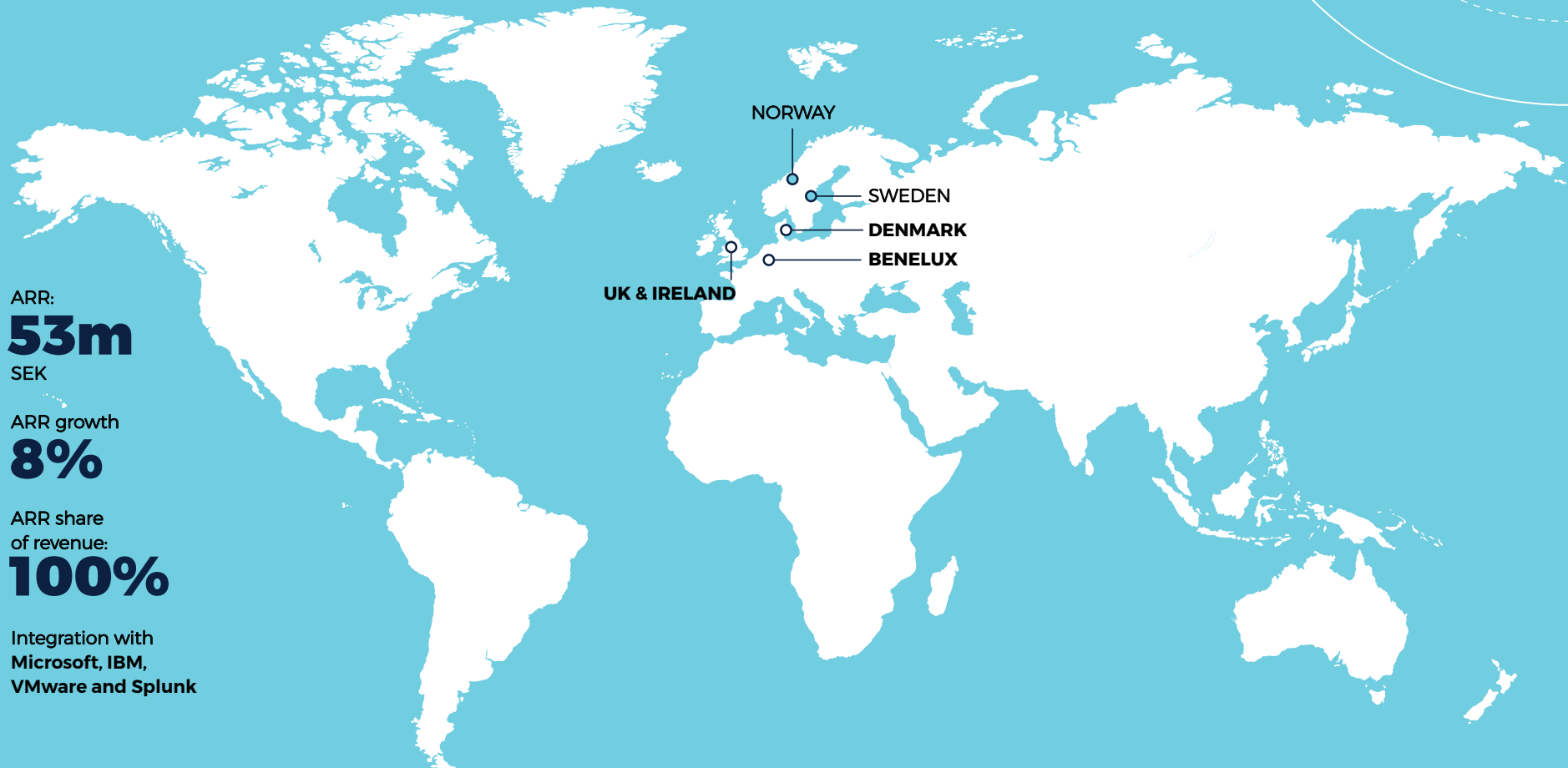
Because of that, we are in the middle of executing a clear and laser-focused strategy, evolving our business to match a market in which demand for our solutions is growing, while cybersecurity climbs ever-higher in the priorities of mature businesses.

← 2022 2021

Netclean increased the number of employees by **30%**

## OUR KEY MARKETS

○ Expansion to:



ARR:  
**53m**  
SEK

ARR growth  
**8%**

ARR share  
of revenue:  
**100%**

Integration with  
Microsoft, IBM,  
VMware and Splunk



# **PARTNERS, PEOPLE AND PRODUCTS: OUR PLATFORM FOR GROWTH**

A message from our CEO, Anna Borgström



I am delighted to be driving this new chapter of growth, with the clear ambition to refine NetClean into a more cohesive, better-positioned, and rigorously commercial organization.

**ANNA BORGSTRÖM,**  
CEO

**CREATING THE  
CONNECTIONS TO SCALE**

2022 was a transformative year for NetClean. We completed a radical shift in our go-to-market strategy, re-engineered our core product, grew headcount by 30% and expanded into critical growth markets: the UK & Ireland, the rest of the nordics and the Benelux region.

In 2021, I said we had a new, targeted plan to scale internationally. In 2022, we followed through on our plans and built on the foundations already laid, constructing a strategically-driven ecosystem of partners, including Microsoft, VMware, Splunk and IBM. We're now driving forward our relationships with distributors and partners who share our passion for impact and have the existing customer relationships to crack open exponential growth for us.

I am delighted to be driving this new chapter of growth, with the clear ambition to refine NetClean into a more cohesive, better-positioned, and rigorously commercial organization.



We are recognized leaders, in a specialism that matters deeply to the world

#### **MATCHING THE MARKET'S UNMET NEED**

Deepening our partner relationships is one of our highest priorities. It's through these ever-stronger relationships that we refine our understanding of the evolving market need, and respond to it.

Customers wanted reduced complexity; we simplified our product offer to match, bundling NetClean ProActive and ProTective into NetClean Impact. Customers wanted specialist insight, but without the demands of multiple product installations; we've integrated our product into the world's leading enterprise software services.

#### **DELIVERING FOR AN EDUCATED CUSTOMER**

Market dynamics continue to shift in our favor – and we plan to leverage that in every way possible. Awareness inside enterprises of the risks of CSAM is at a record high, as our 2023 NetClean Insights research shows. The majority of security professionals had experienced a recent CSAM incident and 60% believed the dark web could be used in their business, undetected.

Meanwhile, the issue is in the inboxes of legislators in the UK and Europe and on the front pages of newspapers. This is driving understanding about the risk of CSAM amongst corporate decision-makers, while growth in cybersecurity budgets is generally protected from challenging economic conditions.

#### **OWNING OUR PLACE IN THE WORLD**

As we drive forward at pace and with elevated ambition, there are obstacles to clear. Accelerating the sales process is a priority for us all, ensuring NetClean is front of mind and firmly embedded in the services our partners bring to their customers.

But every day in our business, we are marking out our territory more confidently. We are recognized leaders, in a specialism that matters deeply to the world. Our addressable market is immense and the connections we've made this year will be the platform for exponential growth to come.



# NETCLEAN'S 2022 MILESTONES

**FEB**

Denmark opened as a new market

**MAR**

Webhook feature launched to enable integration and extraction of incident data to existing security platforms

Release of NetClean Impact and Web UI on MS Azure Marketplace

**SEP**

Developed rationalized product pricing package

**OCT**

Entering Microsoft ISV and Co-sell ready program

**NOV**

Developed collaboration with Arrow Electronics UK to stimulate the markets

**DEC**

Broadened ecosystem with partner relationships in Benelux

Establishment of cross-functional teams to drive partner relationships

**MAY**

Appointment of new CFO Martin Ene

**JUN**

Partner engagement on all our focus markets

NetClean receives the Splunk award EMEA Partner Solution of the year

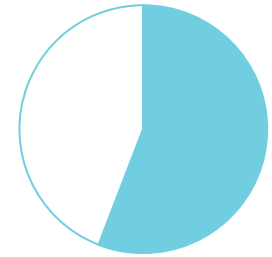
**JUL**

Launched Cloud Agent for Microsoft 365

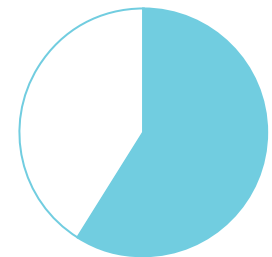
# INSIGHTS

In January 2023, NetClean conducted its second survey into the state of the IT industry's response to child sexual abuse material (CSAM).

NetClean interviewed 519 senior IT professionals across the UK, Sweden, Belgium, and the Netherlands. 28% of these professionals were C-suite executives, 19% were directors, and 53% managers.

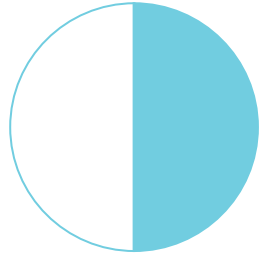


**56%**  
of organizations  
have experienced a  
case of CSAM in the  
past five years



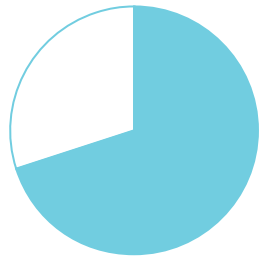
**59%**  
of UK respondents said it  
was possible the dark web  
could be used undetected  
in their organization

## IT professionals' response to the risk of CSAM



Half

of all respondents believed that illegal material was being stored on corporate devices

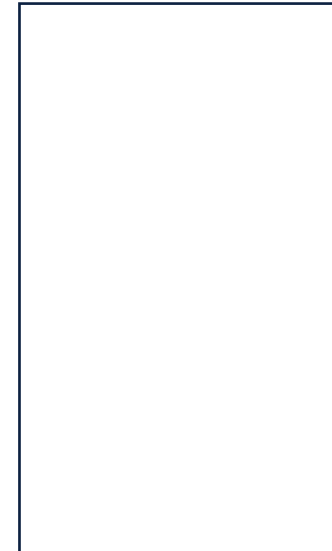


70%

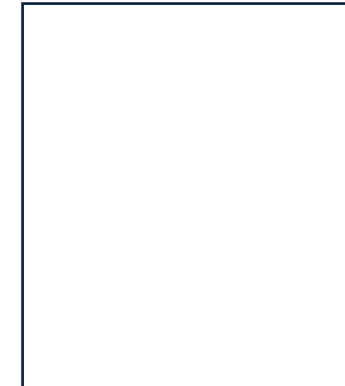
believe that increased home working has intensified the spread of CSAM



say their organization responds to CSAM threats too late.



said that the more they increased technology and protection against external security threats, the greater the risk of internal threats.



say that the rise in working from home has intensified the spread of CSAM.

Management  
team



**OUR GO-TO-MARKET**

# **STRATEGY**

A two-tier  
distribution  
model

1

**DISTRIBUTORS**

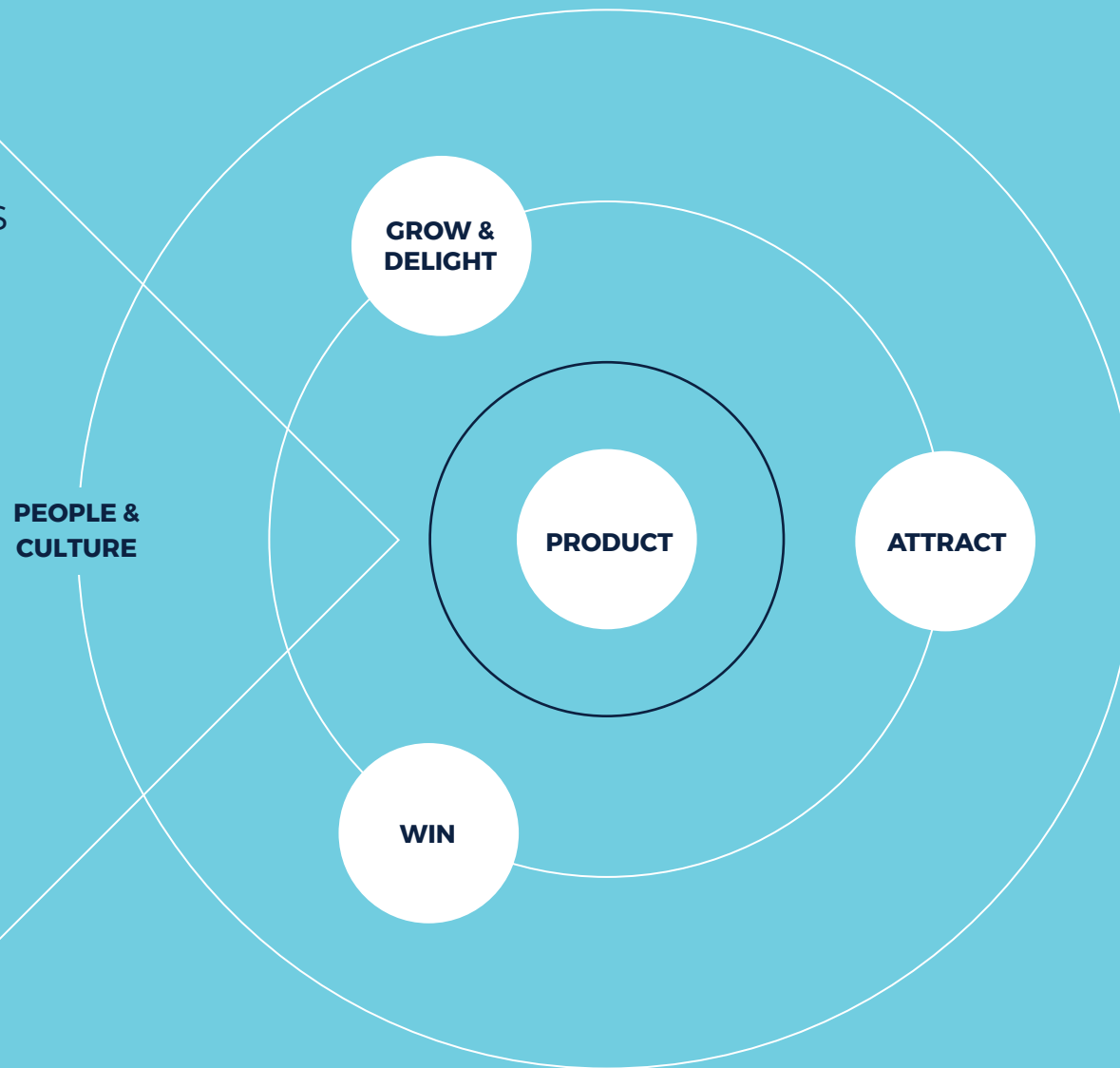
2

**PARTNERS**

3

**END CUSTOMERS**

## NetClean's main business processes



### Our proposition to businesses

- Our products reduce the risk to the IT security and brand reputation.
- Our customers can demonstrate that they take clear action to improve society by reducing real-world harm to children, using products whose impact is concrete and documented.
- Our software combines innovative technology with quality data - and is continually updated through close cooperation with law enforcement agencies and list providers, ensuring secure and efficient products.





Strategic Partnerships

# NETCLEAN'S GLOBAL EXPANSION:

**TARGETED GROWTH THROUGH  
EVER-DEEPER RELATIONSHIPS**



In 2021, we set a clear, laser-focused go-to-market strategy built on a two-tier distribution model that prioritized building partnerships with the world's most prominent technology and security vendors, integrating our products into their platforms both technically and commercially. This is the foundation for our growth.

Our ambition for NetClean is to make our products a natural and fundamental part of the cybersecurity ecosystem. For the next stage of that journey, we have set our sights on strengthening and deepening our network of partner relationships. We are leading collaborations with vendors and distributors to find the sweet spot for our joint customers: the integrations and offerings that create the most value. As we build, we are solidifying our scalability and driving recurring revenues straight to NetClean's bottom line.

To ensure we maintain this focus and clarity, we chose three regions as our priority markets outside of Sweden in 2022: the rest of the Nordics, the UK & Ireland, and

Benelux. Each of these markets meets our careful criteria: high maturity within cybersecurity and being home to companies that fit our buyer persona. In each market, we have chosen partners with whom we have a joint value proposition and growth potential within their current customer base.

For each of these partners we have a tailored strategy and a cross-functional team with maximized output in sales, technical, and marketing skills. Our machinery is iterative, as we continuously evaluate and tweak it based on return on investment and real-life practice.

In the last year alone, we have achieved our goal of prioritizing managed service providers (MSPs), because the greatest potential for our product is as a service, embedded into a security and/or workspace package.

Our work is incremental and intentional – and our goal is growth that's exponential.

# Strategic Partnerships

## BUILDING ALLIANCES IN THREE PHASES

In 2022 we injected our Strategic Alliance department with technical pre-sales competencies. This means we can proactively drive collaborations with our technical vendors as well as support partners' technical needs quickly and efficiently.

As for our partners themselves, we choose them discerningly and strategically, for both commercial and technical value. By joining forces, we are part of something bigger, expanding our reach to new geographies and getting in front of new customers.

In the strategic alliance department, we are identifying and building our partnerships in a three-step process. First, we initiate technology integrations with IT security and workplace IT management vendors. Secondly, we secure technology and market fit. Finally, we standardize and commercialize the offerings with our partners. After this, the Channel Development and Sales team takes over for execution.

## THE PLAYERS IN OUR PARTNER NETWORK

Our partner collaborations are highly tailored, in order to unlock a particular customer pathway in a particular target market. It's been gratifying to see concrete proof that our approach is working.

A good example is the leading Benelux cloud technology company ITQ. ITQ will deliver NetClean's technology as a managed service, providing customers with a single seamless solution that offers protection across operating systems, on mobile, laptop and tablets. For ITQ, this is a leap forward in its customer proposition and a clear demonstration of its commitment to detect and block access to CSAM, and report it responsibly.

Other new partnerships with NetClean embedded into managed service offerings include Fujitsu, K3, Aixia and Iver.

These types of partnerships are highlights of our new chapter of growth. NetClean Impact, our new streamlined product offering, means customers can buy and utilize both our key products – ProActive and ProTective – in an easier way to get a specific and absolutely critical dimension of cyber protection.

**JOHAN LÄRKSÄTER,  
HEAD OF SALES AND  
CUSTOMER SUCCESS**

**“CSAM is increasing all over the world and more partners in our markets are asking for our products, as they understand the value that our software brings for them to meet market expectations and mitigate risk.”**



### **INCREASING VALUE FOR OUR PARTNERS' CUSTOMERS**

End customers are clear that simplicity is valuable and solutions that require minimal extra resources are differentiated in the market. Integrated and bundled managed services are efficient for our partners, but also for end customers. Our partners' success is our success. And their customers' expectations are changing all the time, as the security landscape shifts, and new possibilities emerge.

It's our duty to be continuously improving our product offerings, staying ahead of expectations. This year we have created integrations with Splunk Enterprise Security, VMware workspace ONE, Microsoft Intune and IBM, to name a few. We also joined the Microsoft ISV Success Program to integrate our solutions to their ecosystem and have started exploring how the Microsoft Azure marketplace could increase roll-out speed.

### **CREATING VALUABLE RELATIONSHIPS TO MEET GROWING DEMAND**

Awareness of CSAM's risks is growing, and with it, demand for what we do.

The human reality that sits at the core of NetClean's existence has always been a powerful talking point. However, it's being taken increasingly seriously by senior security leaders, who understand that in combatting a human tragedy, they are simultaneously lowering risk inside their organizations. As a result, anti-CSAM functionality is being incorporated into security platforms with growing frequency.

With fine-tuned internal processes in place, a strong sales organization, and a deep understanding of how our channel strategy works in practice, we are well-positioned to expand our business, and be even more visible in the global market.

**OSCAR PETTERSSON,  
HEAD OF STRATEGIC ALLIANCES**

**"This year, we have successfully implemented and taken the go-to-market strategy outside of Sweden. We have established the strategy in Denmark, Norway, Benelux, and the UK & Ireland, and increased the number of distributors and partners in our target markets."**



# OUR PARTNERS



We know that every year, an increasing amount of child sexual abuse material is found on the Internet. Together with NetClean, we would like to actively slow down this development and reduce the threat it poses to companies and organizations, by identifying an employee with this type of enhanced risk profile and damaging behavior. We see that there are clear benefits for our customers in Denmark, both from a risk mitigation perspective and from a CSR and policy perspective”

**Mårten Toll-Söderblom, Managing Director,**  
Orange Cyberdefense Denmark

**Orange**  
**Cyberdefense**





Helping NetClean in Protecting what Matters, is a valuable addition to our company's sustainability policy and adheres very much to the people-focused company we are. Furthermore, we are fully aware that CSAM concerns additional risks in the customer's organizations. NetClean's key products - ProActive and ProTective - deliver a specific and absolutely critical dimension of cyber protection. We're pleased to be able to offer that to our customers, by exclusively partnering with a business that's also part of the VMware family"

**Robert Hellings,**  
CEO of ITQ Benelux





# Our partners



NetClean's solutions are extremely powerful and with their deep integration into VMware's Digital Workspace ecosystem, they help to ensure that customers adopting the two technologies together achieve radically improved levels of business resilience with a direct and positive impact on the lives of children. Closer integration of the two solutions mean that we can offer real incremental benefits to our joint customers, enriching the capabilities and applicability of both solution portfolios and the wider VMware Digital Workspace ecosystem.

**Ralf Gegg,**  
Vice President End-User Computing, VMware Europe,  
Middle-East and Africa





We have chosen to integrate NetClean's solutions in our newly launched, managed IT service 'Modern Workplace'. There are many similar services on the market today, but the collaboration with NetClean gives us a unique advantage. Not only is Modern Workplace the best option for the end user in terms of security and technology, but NetClean's software also enables our customers to ethically do the right thing. As a company, Aixia takes the issue of CSAM very seriously, and we have therefore decided to include NetClean's software as a mandatory part of the service, built into the core of the offer.

**Sonny Clark,**  
Head of Sales Managed Services, Aixia



CTO's Statement

# INTEGRATING OUR PRODUCTS INTO THE BROADER CYBERSECURITY ECOSYSTEM

This year has been exhilarating. We've moved quickly, staying ahead of customer need by continuously improving the functionality in our products. At the core of our growth journey is the work we're doing with our products. Continuous iteration, feedback, improvement, and delivery, all powered by our clear overarching strategy.



### **INTEGRATING AND SCALING**

In 2022, we made several scalable and efficient integrations in line with our product vision and strategy, utilizing our webhook technology.

One of the greatest achievements in 2022 was the release of our cloud agent for Microsoft 365. This was a big step forward, meaning that we can now detect CSAM not only on the device itself, but also in the cloud. That is an important step in increasing the detection coverage of our products, and future-proofing our business model in an increasingly cloud-based enterprise environment.

Another important achievement was the establishment of our webhook to enable scalable integrations with security platforms, as well as the release of our Web user interface on the digital Azure marketplace. This enables simplified deployment and swifter upgrades for customers, increasing roll-out speed for our partners.

### **INCREASING OUR R&D TEAM**

The wider growth story for NetClean is reflected in our R&D department. In 2022, we expanded and accelerated, fueled by new talent. As CTO, I'm especially proud that we have managed to build a team of ambitious and skilled software engineers, driven by our purpose and our commercial ambition.

### **A CLEAR VISION FOR THE FUTURE**

I see opportunities ahead in deepening our partnerships and iterating our cloud-based detection capabilities. It takes time, but we are well-positioned. If 2022 was focused on building capabilities and establishing relationships, 2023 will be the year of execution. We will continue to increase value for our partners and their customers and use technology to protect people and enterprises: our unique NetClean proposition.

**EMMA ROSELL,**  
CHIEF TECHNOLOGY OFFICER

“In 2022, we have successfully grown our R&D department with more talent. As CTO, I'm especially proud that we have managed to build a team of competent and skilled software engineers, who are not only driven by improving our products, but also by our unique purpose. Being an attractive employer and our people is a key part of our growth strategy”



## Product Overview

# NETCLEAN PRODUCTS

The threat to businesses from employees accessing CSAM is growing. Changes to ways of working, widespread distribution of corporate technology and the rise of frictionless image sharing platforms have combined to increase illegal activity.

Security professionals recognize the need for a solution. But they perceive obstacles around installation, integration with existing infrastructure and the management of alerts.

Our product offer is designed to match customer need and evolve with it.

### OUR EVOLVING NETCLEAN PRODUCT OFFERING



### **NetClean Impact.**

NetClean Impact is our signature product offering designed with a simple purpose: to protect company IT environments from child sexual abuse material (CSAM). It offers comprehensive real-time protection and broad coverage, operating across all corporate end-points: desktops, laptops, mobile devices, tablets and cloud storage – all in one package.

Built on experience and engineered for impact, the bundle's two core components, NetClean ProActive and NetClean ProTective, plug seamlessly into existing security setups, invisibly managing alerts and working in lockstep with security information and security event management processes.

## HOW OUR PRODUCTS WORK

### NETCLEAN PROACTIVE



NetClean ProActive finds images and videos that law enforcement have classified as child sexual abuse material. Designed to detect illegal content, rather than blocking entire URLs or specific file names like traditional filter solutions, ProActive uses advanced detection methods such as robust and binary hashing to protect devices in real time.

### NETCLEAN PROTECTIVE



NetClean ProProtective offers an effective solution for blocking child sexual abuse material on mobile devices. By blocking access to URLs known to contain CSAM using a uniquely combined and continually updated URL list, ProProtective helps businesses stay ahead of the curve to tackle the issue of child sexual abuse.

A differentiator in the way we work at NetClean is our legacy relationships with law enforcement professionals in our core markets. Security professionals can acquire our protection easily through established global partners and get access to law-enforcement backed intelligence. Our solutions are used in more than 110 countries by both multi-national enterprises and the public sector and are installed at over 1.5 million endpoints.

# Product Overview

## IMPACT

Unity of product and purpose is the NetClean difference. Our technology tackles a real-world problem.

Our one-of-a-kind technology protects IT systems and devices and also supports businesses to deal with the real-world processes that follow detection.

## LAW ENFORCEMENT

We work actively with law enforcement. Years of collaboration, interdependence and mutual respect have shaped our close partnership.

NetClean products aid law enforcement agencies' work and investigations. Digital signatures and URLs from these investigations automatically and constantly reinforce the NetClean products, increasing its impact for all NetClean customers.

## PARTNERSHIPS

We strive for impact through accessibility. Our protection can be acquired easily through our established global partners.

NetClean partners with global brands VMware, Arrow, Splunk, Microsoft and IBM. Our products integrate with security platforms to enable faster and more cost-effective deployments as well as more in-depth investigations. Furthermore, we collaborate with distribution partners for a streamlined purchase process and smooth integration of NetClean products into existing IT solutions.

## SEAMLESSNESS

NetClean Impact operates in the background, working discreetly but effectively on laptops, phones and in the cloud.

NetClean Impact is designed for laptops, phones and the cloud. Our hash-based real time detection works online as well as offline and is optimized to have minimal impact on device performance.

## Our Social Impact Story

# SOCIAL IMPACT IS THE UNDERPINNING OF OUR BUSINESS

At NetClean, social impact is fundamental to what we do. Our products have a positive impact on society by combatting child sexual abuse material in spaces that are often overlooked in mainstream public security activities.

In addition, NetClean's products enable companies to take a decisive position in their approach to CSAM online. As ethical corporate citizens, businesses and organizations can stop CSAM in their IT environments and directly limit the revictimization that children suffer every time an image is shared.

This is tangible action that businesses can take to comply with policies and to act on the UN's Sustainable Development Goals – specifically SDG 16.2, which highlights ending “abuse, exploitation, trafficking and all forms of violence and torture against children”.



**TARGET 16.2**

**PROTECT CHILDREN FROM ABUSE, EXPLOITATION, TRAFFICKING AND VIOLENCE**

End abuse, exploitation, trafficking and all forms of violence against and torture of children.



NetClean and Telia Company a collaboration with impact. As one of the Nordic and Baltic region's largest telecommunications providers, Telia Company has significant reach and opportunity to impact people's lives. Using this for good in many ways, the company has a long history of taking initiatives that promote children's rights.

**“Taking action to stop child sexual abuse material from being accessed or distributed with the help of company assets is a concrete and tangible way for businesses to act on and contribute to Sustainable Development Goals says Heddy Ring, Sustainability Manager, Telia Company.”**

More information about the collaboration can be found here: <https://www.netclean.com/knowledge/tech-for-good/net-clean-and-telia-company-a-collaboration-with-impact>

The People Powering our Growth

# OUR PEOPLE IN THE DRIVING SEAT

At NetClean, our success grows out of our people. We are proud to have a team of passionate professionals who share our commitment to creating a safer world. Our employees bring a diverse range of backgrounds and experiences to the table, and we value the unique perspectives that each person contributes.

## **GROWTH THROUGH CULTURE**

We place great emphasis on creating a positive and supportive work environment that fosters collaboration, creativity, and innovation. We encourage our employees to take ownership of their work and to continuously develop their skills and knowledge.

In turn, we work to provide our people with the support and resources they need to succeed. We invest in

training and development programs, offer competitive compensation and benefits packages, and provide opportunities for career growth and advancement. We also believe in the importance of diversity and inclusion in our workplace. We are committed to creating a culture that is welcoming and supportive of all individuals, regardless of their background, identity, or experience.

As we continue to grow and expand our business, we remain focused on attracting and retaining top talent from a range of backgrounds. We are proud of the people who power our growth and are grateful for their hard work and dedication to our mission.





**NetClean.**





# The People Powering our Growth



“I had a personal goal for this year that I felt was very aligned with our company culture, and that was to get my colleagues to focus more on wellbeing. So, I started a “daily health” channel in our team chat, where I invite everyone to short workouts or meditations every day. It’s fun, a great way to connect with each other, and makes for happier colleagues, which in turn helps us to deliver even better services for our customers.”

“The customers I meet are usually in need of help and are very grateful for our existence. They’re aware the issue we’re dealing with represents a risk to their business continuity, as well as to children.”

**Lotta Mattiasson,**  
Product Delivery Specialist



# The People Powering our Growth



“One obvious thing is the mission of the company; it feels really good to work for a good cause.”

“One of our values resonates with me particularly strongly: to be brave. I see that it is encouraged from the top: we’re all empowered to take risks and explore new things, even if we can’t guarantee the payoff at the end.”

**Elisabet Svensson Duranovic,**  
Software Engineer









# The People Powering our Growth



“Our team has been growing constantly. We’ve been bringing talented people on board to be able to deliver more all the time. It’s an exciting moment for NetClean.”

“I’m really excited by our new webhook feature which allows scalable integrations with other partners. It opens up a whole host of new possibilities to scale hand in hand with our partners.”

**Lukas Lindroos,**  
Software Engineer



# A BUSINESS BUILT FOR GROWTH

The sense I got from my very first day at NetClean back in May 2022, was latent potential. Some of this potential I expected, and some came as a surprise.

As CFO, of course part of the potential I saw was in the type of revenue that NetClean generates. NetClean's revenues are fully subscription-based, or what I'd call 100% ARR - annually recurring revenue. So its subscriptions grow, year-on-year, with excellent customer retention rates. This should be amplified by our growing network of partners and distributors. At the same time, the products the team have built are super-scalable. Rolling out NetClean's bundle to ten million customers will cost us very little more than rolling it out to ten thousand. New wins are close to 100% bottom line growth. Add to that the fact that our addressable market is virtually limitless, and you have a series of metrics that are very exciting for a new CFO.

#### POTENTIAL THROUGH PARTNERSHIPS

The growth potential at NetClean is extraordinary, and we're better prepared to capitalize on this than ever before. Financially, NetClean is a clearer, more streamlined organization, ready to expand its impact through a smartly-built network of partners.

The part that took me by surprise was the business's excellent potential to make an impact in the world. I felt the difference in NetClean compared to any other business I've worked at. Everywhere you look, there is pride in the potential impact of the products. That sense of pride runs deep and that sense of purpose is clear.

When I joined, I knew NetClean was coming out of a profound strategic transformation. The way the company looks, talks and sells have all been changing rapidly. Now, with a laser-sharp focus, supportive market activities and a re-engineered sales process, 2023 is the year for NetClean to deliver on its potential.

**MARTIN ENE,**  
CFO







## Board of directors

Pelle Garå

Let's create a safer  
society together

Joakim  
Colliander

Robert Kula

Mattias  
Shamlo

Carl  
Kistenmacher

# MANAGEMENT REPORT

## **GENERAL ACTIVITIES**

NetClean develops world-leading software designed to proactively protect businesses and organizations against Child Sexual Abuse Material being stored and shared within their IT environment. NetClean's software is installed on over one million company IT devices.

## **ORGANIZATION**

At the end of the financial year, NetClean had 32 employees, representing a 9 percent year-on-year increase.

The company will continue to add more staff in 2023. It also works with external

partners and consultants. The Board of Directors consists of 5 members. The Board of Directors met 8 times during the year.

## **OTHER INFORMATION ABOUT THE COMPANY**

The company has no subsidiaries. Its registered office is in Gothenburg and business activities are conducted from the head office located at Hålsingegatan 10 in Gothenburg.

## **OWNERSHIP AND OPTIONS**

The company had 18 shareholders as of December 31,

The Board of Directors and Chief Executive Officer of NetClean Technologies AB (NetClean), corporate registration number 559016-9040, hereby submit the Annual Report for the 2022 financial year (the company's eight financial year).

2022. NetClean Technologies AB is a 90,6 percent-owned subsidiary of Safer Society Group Sweden AB (corporate registration no. 556648-9992), which prepares the consolidated accounts. The company is a private limited company and does not have any outstanding options.

#### **MATERIAL EVENTS DURING AND AFTER THE FINANCIAL YEAR**

##### **Review of the past year.**

In the beginning of 2022, most pandemic restrictions were lifted, opening up for in-person

meetings with customers and partners. This is very important for the company's ambitions for international growth.

During the year, NetClean's product package was integrated into some of the world's biggest software providers, technical solutions such as Microsoft, IBM, VMware and Splunk.

The company continued to lay the foundations for an effective channel distribution process which resulted in some prestigious awards such as Splunk's "2022 EMEA Solution Partner of the Year". During

2022, the company streamlined the product packaging, price structure and go-to-market offer with the aim to simplify and speed up the selling process. This is very much in line with the strategy for rapid growth in new markets. Focus markets during the year have been the Nordics, BeNeLux and The United Kingdom and significant distribution agreements have been reached in all these markets. In September 2022, the company surpassed the 50 million SEK annual recurring revenue (ARR) mark. Year on year growth for 2022 ended at "only" 8% due

to the changed go-to-market approach from direct sales to distribution and channel sales, which has taken longer than expected. The 2023 plans are however not affected by this delay.

##### **Outlook 2023**

The general financial outlook for 2023 is estimated to be weak. However, the market outlook for IT cyber security is expected to remain unchanged and spending is expected to increase. In the current climate of increasing threats from cyber crimes companies will continue to invest heavily in IT security.

NetClean will continue to invest both in the organization as well as in its products in order to integrate even further with the major IT security platforms dominating the market. The company is well positioned in this market for further growth and international expansion. NetClean's mission of existing in all business computer devices will take major steps in 2023.

# MANAGEMENT REPORT

<b>FINANCIAL OVERVIEW</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Net sales	51 055	47 136	44 269
Profit after financial items	2 588	12 319	11 365
Equity	2 236	11 416	14 983
<b>Total assets</b>	<b>65 418</b>	<b>77 453</b>	<b>76 443</b>

<b>CHANGES IN EQUITY</b>	Share capital	Development expenditure fund	Profit/Loss brought forward	Profit/Loss for the year
Opening balance	150		11 266	
Dividends to shareholders			-11 200	
Development expenditure fund		9 671	-9 671	
Profit for the year				2 020
<b>Closing balance</b>	<b>150</b>	<b>9 671</b>	<b>-9 605</b>	<b>2 020</b>

## **ALLOCATION OF UNAPPROPRIATED EARNING FOR THE YEAR**

The following unappropriated earnings are available for allocation at the annual meeting:

Profit/loss brought forward	-9 605
Profit for the year	2 020
	<b>-7 585</b>

The Board of Directors proposes that the unappropriated earnings be allocated as follows:

To be carried forward	<b>-7 585</b>
-----------------------	---------------

For details about the Company's results and financial position in general, the following income statement, balance sheet, cash flow statement and supplemental disclosures may be referenced. All amounts are in kilo Swedish kronor (kSEK) unless stated otherwise.

# MANAGEMENT REPORT

<b>INCOME STATEMENT</b>	<b>NOTE</b>	<b>2022-01-01 -2022-12-31</b>	<b>2021-01-01 -2021-12-31</b>
<b>OPERATING INCOME</b>			
Net sales		51 055	47 136
Capitalized work on own account		12 089	11 661
Other operating income		119	13
<b>Total operating income</b>		<b>63 263</b>	<b>58 810</b>
<b>OPERATING EXPENSES</b>			
Other external costs		-23 828	-16 939
Personnel costs	2	-28 797	-23 954
Depreciation and amortization of tangible and intangible fixed assets		-8 049	-5 532
Other operating expenses		0	-1
<b>Total operating expenses</b>		<b>-60 675</b>	<b>-46 426</b>
<b>Operating profit/loss</b>		<b>2 588</b>	<b>12 384</b>
<b>FINANCIAL ITEMS</b>			
Interest expense and similar profit/loss items		0	-65
<b>Total financial items</b>		<b>0</b>	<b>-65</b>
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>		<b>2 588</b>	<b>12 319</b>
<b>YEAR-END APPROPRIATIONS</b>			
Group contributions made		0	0
<b>EARNINGS BEFORE TAX (EBT)</b>		<b>2 588</b>	<b>12 319</b>
<b>TAX</b>			
Deferred tax		-568	-2 547
<b>NET PROFIT/LOSS FOR THE YEAR</b>		<b>2 020</b>	<b>9 772</b>

# MANAGEMENT REPORT

<b>BALANCE SHEET</b>	<b>NOTE</b>	<b>2022-12-31</b>	<b>2021-12-31</b>
ASSETS	1		
<b>FIXED ASSETS</b>			
<b>Intangible assets</b>			
Capitalized expenses for development work and similar work	3	16 668	9 329
Concessions, patents, licenses, trademarks, and similar rights	4	8 533	11 733
<b>Tangible assets</b>			
Equipment, tools, and installations	5	1 459	0
<b>Financial assets</b>			
Deferred tax receivable	6	6 575	7 142
Other long-term debt	7	580	
<b>Total fixed assets</b>		<b>33 815</b>	<b>28 205</b>
<b>CURRENT ASSETS</b>			
<b>Current receivables</b>			
Accounts receivable		20 733	18 154
Receivables from group companies		2 113	14 404
Current income tax receivables		0	42
Prepaid expenses and accrued income		1 629	1 478
<b>Total current assets</b>		<b>24 475</b>	<b>34 078</b>
Cash and bank balances		7 128	15 213
<b>Total cash and bank balances</b>		<b>7 128</b>	<b>15 213</b>
<b>Total current assets</b>		<b>31 603</b>	<b>49 291</b>
<b>Total assets</b>		<b>65 418</b>	<b>77 496</b>

# MANAGEMENT REPORT

<b>BALANCE SHEET</b>	<b>NOTE</b>	<b>2022-12-31</b>	<b>2021-12-31</b>
EQUITY AND LIABILITIES			
<b>EQUITY</b>			
Share Capital (150)		150	150
Development expenditure fund		9 671	9 329
Profit/loss brought forward		-9 605	-7 836
Profit/loss for the year		2 020	-9 772
<b>Total equity</b>		<b>2 236</b>	<b>11 416</b>
<b>Current liabilities</b>			
Accounts payable		2 179	621
Other liabilities		7 201	5 783
Prepaid income and accrued expenses	8	53 802	59 676
<b>Total current liabilities</b>		<b>63 182</b>	<b>66 080</b>
<b>Total equity and liabilities</b>		<b>65 418</b>	<b>77 496</b>



# MANAGEMENT REPORT

<b>CASH FLOW STATEMENT</b>	<b>NOTE</b>	<b>2022-12-31</b>	<b>2021-12-31</b>
	1		
<b>OPERATIONS</b>			
Profit/loss after financial items		2 588	12 319
Non-cash items		8 049	5 532
Paid income tax		196	
<b>Net cash flow from operations before changes in working capital</b>		<b>10 833</b>	<b>17 851</b>
<b>CHANGES IN WORKING CAPITAL</b>			
Changes in current receivables		9 603	10 899
Changes in current liabilities		-3 094	4 620
<b>Cash flow from changes in working capital</b>		<b>6 509</b>	<b>15 520</b>
<b>Cash flow from operations</b>		<b>17 342</b>	<b>33 371</b>
<b>INVESTING ACTIVITIES</b>			
Investment in tangible fixed assets		-1 558	0
Investment in intangible fixed assets		-12 089	-11 661
<b>Cash flow from investments activities</b>		<b>- 13 647</b>	<b>-11 661</b>
<b>FINANCING ACTIVITIES</b>			
Issue		0	100
Deposits		-580	0
Dividends paid		-11 200	-13 440
<b>Cash flow from financing activities</b>		<b>-11 780</b>	<b>-13 340</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>-8 085</b>	<b>8 370</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>15 213</b>	<b>6 843</b>
<b>Cash and cash equivalents at the year-end</b>		<b>7 128</b>	<b>15 213</b>

# NOTES

## **NOTE 1 - ACCOUNTING AND VALUATION PRINCIPLES**

### **GENERAL INFORMATION**

This annual report has been prepared in accordance with the Annual Accounts Act and BFNAR 2012:01 Annual Report and Consolidated Financial Statements (K3).

### **The accounting principles remain unchanged compared with previous years.**

Receivables and liabilities in foreign currencies have been valued on the closing day. Exchange gains and losses on operating receivables and operating liabilities are reported in operating profit, while exchange gains and losses on financial receivables and liabilities are reported as financial items.

### **INTANGIBLE ASSETS**

The company reports internally developed intangible assets pursuant to the capitalization model. Accordingly, all expenses pertaining to development of an internally developed intangible asset are capitalized and amortized during the asset's estimated useful life, provided BFNAR 2021:1 criterias are met.

## **REVENUE ACCOUNTING**

### **Revenue from the sale of licences and support packages is reported over the entire contract period.**

Revenue from the sale of licences is reported when delivery is completed, provided that no terms for cancellation with repayment are included in the underlying contract. Income-related support packages are relatively small and are reported at the same time as licence income.

Ongoing service assignments at fixed prices are reported as revenue according to the respective completion level of the assignment, referred to as the percentage of completion. The percentage of completion is determined by measuring how much of the assignment that has been delivered in relation to the entire assignment. When the outcome can be calculated reliably, the revenue and attributable expenses are reported in the income statement based on the completion of the activities on the closing day.

If the financial outcome of an assignment cannot be

calculated reliably, revenue is reported only with an amount corresponding to the incurred commission costs likely to be replaced by the client. If it is likely that the total commission costs will exceed the total commission income from an assignment, the estimated loss is recognised as an expense immediately in the income statement.

The balance sheet compares reported income with the amounts invoiced to the customer during the same period. If the invoiced amounts exceed the reported income, the difference is a liability, which is reported as invoiced but unrealised revenue. If the income exceeds the invoiced amounts, the difference is a receivable, which is reported as earned but not invoiced income.

Revenue from hardware sales is reported upon delivery.

Revenue has been reported at the real value of what has been received or will be received and reported to the extent that it is likely that the economic benefits will be allocated to the company and the income can be calculated reliably.

# NOTES

Remuneration in the form of interest or dividends is reported as income when it is likely that the company will receive the financial benefits associated with the transaction and when the income can be calculated reliably.

## **CONSOLIDATED FINANCIAL STATEMENTS**

### **CONSOLIDATION METHOD**

The consolidated accounts have been prepared in accordance with the acquisition method. This means that identifiable assets and liabilities are reported at market value according to established acquisition analysis. If the acquisition value of the business exceeds the estimated market value of the expected net assets according to the acquisition analysis, the difference is reported as goodwill.

### **SUBSIDIARY**

The consolidated financial statements, excluding the parent company, include all companies for which the parent company directly or indirectly holds more than 50% of the voting rights or otherwise holds the controlling influence and thus has the right to design the company's financial and operational

strategies in order to obtain economic benefits.

A subsidiary's revenues and expenses are included in the consolidated financial statements from the date of acquisition until the date on which the Parent Company ceases to have a controlling influence over the subsidiary.

### **TRANSACTIONS BETWEEN GROUP COMPANIES**

Intra-Group receivables and liabilities together with transactions between Group companies, in addition to unrealised gains, are eliminated in their entirety. Unrealised losses are also eliminated unless the transaction corresponds to a write-down requirement. Changes in internal earnings during the fiscal year have been eliminated in the consolidated income statement.

### **FIXED ASSETS**

Intangible and tangible fixed assets are reported at cost minus planned accumulated depreciation and any impairment losses.

Depreciation occurs linearly over the expected useful life, taking into account the significant residual value. The following depreciation rate is applied: 20%

## **FINANCIAL INSTRUMENTS**

Financial instruments are valued according to the acquisition value. The instrument is recognised in the balance sheet when the company becomes party to the instrument's contractual terms. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the company has transferred virtually all risks and benefits associated with ownership. Financial liabilities are removed from the balance sheet when liabilities have been cancelled or otherwise terminated.

## **SHARES IN SUBSIDIARIES**

Shares in subsidiaries are reported at cost minus any impairment losses. The acquisition value includes the purchase price paid for the shares as well as acquisition costs. Any capital injection is added to the acquisition value when incurred.

## **CUSTOMER RECEIVABLES / CURRENT RECEIVABLES**

Customer receivables and current receivables are reported as current assets at the amount expected to be paid after deducting individually assessed doubtful receivables.

# NOTES

## **LOANS PAYABLE AND TRADE PAYABLES**

Loans payable and trade payables are initially recognised at cost minus transaction costs. If the reported amount differs from the amount to be repaid at the maturity date, the difference is recognised as interest expense over the term of the loan using the instrument's effective interest rate. As a result, at the maturity date, the reported amount and the amount to be repaid correspond.

## **SETTLEMENT OF FINANCIAL RECEIVABLES AND FINANCIAL LIABILITIES**

A financial asset and a financial liability are offset and reported as a net amount in the balance sheet only when a legal settlement right exists and when regulation of a net amount is considered to occur or when a current disposal of the asset and settlement of the liability is deemed to occur.

## **IMPAIRMENT TESTING OF FINANCIAL FIXED ASSETS**

On each closing day, it is assessed whether there are indications of impairment of any of the financial assets. Impairment occurs if the decline in value is deemed to be permanent and is tested individually.

Operating leases are reported as an expense on a straight-line basis over the lease term.

## **INCOME TAXES**

Total tax consists of current tax and deferred tax. Taxes are recognised in the income statement, except when the underlying transaction is reported directly to shareholders' equity, and associated tax effects are reported in equity.

## **CURRENT TAX**

Current tax refers to income tax for the current fiscal year and the portion of previous taxable income tax which has not yet been reported. Current tax is calculated on the basis of the tax rate applicable on the closing day.

## **DEFERRED TAX**

Deferred tax is income tax relating to future financial years as a result of past events. Accounting is carried out in accordance with the balance sheet method. According to this method, deferred tax liabilities and deferred tax assets are reported on temporary differences arising between accounting value and tax values of assets and liabilities as well as for other tax deductions or deficits.

Deferred tax assets are offset against deferred tax liabilities only if they can be paid as a net amount. Deferred tax is calculated on the basis of the current tax rate at the closing day. Effects of changes in current tax rates are recognised during the period the change is enacted. Deferred tax assets are reported as financial fixed assets and deferred tax liability as provisions. Deferred tax assets relating to tax losses or other future tax deductions are reported to the extent that it is probable that the deductions can be offset against future tax surpluses. Due to the relationship between accounting and taxation, the deferred tax liability is not reported separately as untaxed reserves.

## **EMPLOYEE BENEFITS**

Employee benefits relate to all forms of remuneration that the company leaves to employees. Short-term benefits consist of wages, paid leave, paid absence, bonus and remuneration after termination of employment (pension). Short-term benefits are reported as cost and a liability when there is a legal or informal obligation to pay compensation as a result of an earlier event and a reliable estimate of the amount can be made.

## **EMPLOYEE BENEFITS AFTER TERMINATION OF EMPLOYMENT**

There are only defined contribution pension plans in the company. As defined contribution, plans are classified where fixed fees are paid and there are no obligations to pay in excess of these fees. Expenditure on defined contribution plans is reported as an expense during the period the employees perform the services that serve as the basis of the obligation.

## **CASH FLOW ANALYSIS**

The cash flow statement is prepared according to the indirect method. The reported cash flow includes only transactions that have resulted in receipts or payments. Apart from cash items, the company classifies available balances with banks and other credit institutions, as well as short-term liquidity investments listed on a marketplace and shorter than three months from the date of acquisition, as liquid funds.

# NOTES

<b>NOTE 2 - EMPLOYEES AND PERSONNEL COSTS</b>	<b>2022</b>	<b>2021</b>
AVERAGE NUMBER OF EMPLOYEES		
Women	15	12
Men	16	14
<b>Total</b>	<b>31</b>	<b>26</b>
SALARIES AND OTHER REMUNERATION		
Salaries	19 455	16 259
<b>Total</b>	<b>19 455</b>	<b>16 259</b>
SOCIAL SECURITY EXPENSES		
Pension costs	2 388	1 845
Other statutory and contractual social security expenses	6 760	5 661
<b>Total</b>	<b>9 148</b>	<b>7 506</b>
<b>Total salaries, remuneration, social security expenses and pension costs</b>	<b>28 603</b>	<b>23 765</b>
GENDER BALANCE AMONG SENIOR EXECUTIVES		
Proportion of women on the Board	0%	0%
Proportion of men on the Board	100%	100%
Proportion of women in senior managerial positions	60%	75%
Proportion of men in senior managerial positions	40%	25%
<b>NOTE 3 - CAPITALIZED EXPENSES FOR DEVELOPMENT WORK AND SIMILAR WORK</b>		
ACCUMULATED ACQUISITION	<b>2022-12-31</b>	<b>2021-12-31</b>
Opening acquisition value	11 661	0
Purchasing during the year	12 089	11 661
<b>Closing accumulated acquisition values</b>	<b>23 750</b>	<b>11 661</b>
ACCUMULATED DEPRECIATION		
Opening depreciation	-2 332	0
Depreciation for the year	-4 750	-2 332
<b>Closing accumulated depreciation</b>	<b>-7 082</b>	<b>-2 332</b>
<b>Closing carrying amount</b>	<b>16 668</b>	<b>9 329</b>

# NOTES

## NOTE 4 - CONSESSIONS, PATENTS, LICENSES, TRADEMARKS, AND SIMILAR RIGHTS

ACCUMULATED ACQUISITION	2022-12-31	2021-12-31
Opening acquisition value	16 000	16 000
Purchasing during the year	0	0
<b>Closing accumulated acquisition values</b>	<b>16 000</b>	<b>16 000</b>

### ACCUMULATED DEPRECIATION

Opening depreciation	-4 267	-1 067
Depreciation for the year	-3 200	-3 200
Closing accumulated depreciation	-7 467	-4 267
<b>Closing carrying amount</b>	<b>8 533</b>	<b>11 733</b>

## NOTE 5 - EQUIPMENT, TOOLS, AND INSTALLATIONS

### ACCUMULATED ACQUISITION

Opening acquisition value	0	0
Purchasing during the year	1 558	0
<b>Closing accumulated acquisition values</b>	<b>1 558</b>	<b>0</b>

### ACCUMULATED DEPRECIATION

Opening depreciation	0	0
Depreciation for the year	-99	0
<b>Closing accumulated depreciation</b>	<b>-99</b>	<b>0</b>
<b>Closing carrying amount</b>	<b>1 459</b>	<b>0</b>

## NOTE 6 - DEFERRED TAX ASSETS

Opening costs	7 142	9 689
New receivables	0	0
Outgoing receivables	-568	-2 547
<b>Closing Accumulated Costs</b>	<b>6 575</b>	<b>7 142</b>
<b>Closing Carrying Amount</b>	<b>6 575</b>	<b>7 142</b>

# NOTES

## NOTE 7 - DEPOSITS

	2022-12-31	2021-12-31
ACCUMULATED ACQUISITION		
Opening acquisition value	0	0
Deposits during the year	580	0
<b>Closing accumulated acquisition values</b>	<b>580</b>	<b>0</b>

## NOTE 8 - ACCRUED EXPENSES AND PREPAID INCOME

Prepaid income	50 722	55 332
Accrued personnel costs	2 650	3 257
Other accrued expenses	430	1 107
<b>Total</b>	<b>53 802</b>	<b>59 676</b>

## NOTE 9 - PARENT COMPANY

Name	Org.No	Residence
Safer Society Group Sweden AB	556648-9992	Göteborg

## NOTE 10 - SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

Nothing to report.



**PROTECT  
WHAT  
MATTERS**

The image features a dark blue background. On the right side, there is a large, white, geometric shape that resembles a stylized arrow or a large 'V' shape pointing to the right. The shape is formed by two thin white lines that meet at a point on the right edge. The text 'PROTECT WHAT MATTERS' is positioned on the left side of the image, centered vertically relative to the white shape.

**NetClean.**