Protecting digital infrastructures.

Annual Report 2020

secunet.com

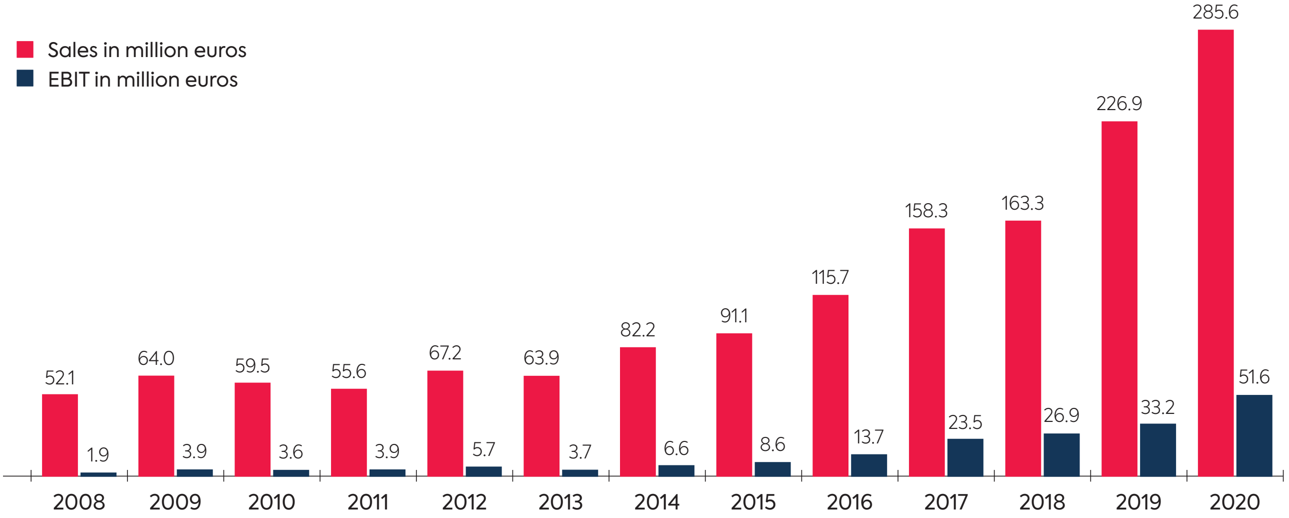
Key Figures

of secunet Group (according to IFRS)

in million euros	2020	2019	Change
Sales	285.6	226.9	26%
EBIT	51.6	33.2	56%
EBT	51.3	32.9	56%
Group profit for the period	35.0	22.2	58%
Earnings per share (in euros)	5.43	3.44	58%
Balance sheet total	239.8	186.8	28%
Equity[1]	102.8	78.0	32%
Cash and cash equivalents	101.6	64.5	58%
Liabilities	137.0	108.8	26%
Loans	–	–	–
Cash flow from operating activities	56.4	31.2	80%
Purchase of intangible assets and of property, plant and equipment	9.2	8.3	11%
Dividend per share in euros[2]	2.54	1.56	63%
Order book (IFRS)	149.5	78.5	90%
Permanent employees as at 31 Dec.	653	588	11%

[1] Including non-controlling interests
[2] Subject to the resolution of the Annual General Meeting

Long-term development of sales and EBIT



Public Sector

Digital sovereignty for state and society

A holistic IT security concept is essential for public authorities and armed forces. secunet's Public Sector supports the digital transformation of administrations, authorities and armed forces in Germany and abroad. Trustworthy security solutions assure resilient digital infrastructures and the utmost protection for data, applications and digital identities. Consulting, security analyses and training round out secunet's cybersecurity portfolio. This enables public organisations to leverage the latest technologies while retaining their digital sovereignty.

Business Sector

Secure digitalisation in industry and healthcare

The digital transformation is spawning new business models, accelerating communication and creating more efficient processes in existing value chains. However, increased networking and new technologies simultaneously amplify the risk of cyberattacks, malware, data misuse and espionage. secunet's Business Sector supports companies and the healthcare sector in safeguarding information and communication technologies. The core competence lies in consulting as well as in the development and production of trustworthy security solutions that integrate seamlessly into existing IT landscapes and protect them effectively.

secunet – protection for digital infrastructures

secunet is Germany's leading cybersecurity company. In an increasingly connected world, the Company's combination of products and consulting assures resilient digital infrastructures and the utmost protection for data, applications and digital identities. secunet specialises in areas with particular security requirements – such as eGovernment, eHealth as well as IIoT and cloud architectures. With security solutions from secunet, companies can maintain the highest security standards in digitalisation projects and thus expedite their digital transformation.

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Annual Report 2020

secunet impressively continues successful series in 2020

Dear Shareholders, Customers, Staff and Friends of secunet,

2020 was a challenging and successful year for our Company.

The past financial year 2020 presented us all with major challenges. The coronavirus pandemic hit us unexpectedly and demanded sustained and intensive crisis management.

Despite this very challenging environment, secunet Group once again closed the past financial year with excellent results. For example, in line with expectations, we were able to increase sales revenues by 58.7 million euros or 26% from 226.9 million euros in 2019 to 285.6 million euros in the past financial year. The growth was generated mainly by product business in the Public Sector division.

Parallel to the increase in revenues, the earnings before interest and taxes (EBIT) rose significantly from 33.2 million euros in 2019 to 51.6 million euros in the past financial year. We thus continued our sustainably profitable growth course for now the seventh year in succession.

At the beginning of the past financial year 2020, we expected sales revenues and EBIT to be slightly below the previous record level of 2019. Due to special effects, we achieved results in the financial year 2020 that clearly surpassed our own expectations, once again setting new sales revenue and EBIT records. We are more than satisfied with these results.

The strong revenue growth in 2020 is largely due to the increase in sales revenues with the products and solutions from the SINA product family: in response to changes in the organisation of work as a result of the coronavirus pandemic, German authorities have accelerated the procurement of secure mobile workstations necessary for working in a mobile office. Mainly as a result of the special effect related to the pandemic, sales in the Public Sector division rose by 40%, or 67.3 million euros, from 169.8 million euros in the previous year to 237.1 million euros.

The Public Sector division gears its products and services towards public clients within and outside Germany, as well as international organisations. The portfolio comprises the SINA product business and solutions for automated border control systems (e.g. eGates). EBIT in the Public Sector division increased from 27.6 million euros in 2019 to 53.8 million euros in the past financial year.

In the past financial year, the Business Sector division was not quite able to match the record results of the previous year. Sales revenues in this sector decreased from 57.1 million euros in 2019 to 48.5 million euros in the past financial year, as expected. The Business Sector division addresses its range of products and services (IT security consulting and solutions) towards companies in the private and healthcare sectors. The product portfolio includes, for example, the secunet konnektor for healthcare telematics (in different variants depending on the size of the infrastructure to be served) and secunet edge, which enables Internet-supported production facilities to be secured.

There were two main reasons for the decline in sales revenues in the Business Sector. On the one hand, revenues in the eHealth segment decreased as expected: rollout of the secunet konnektor to medical practices in 2019 had generated a significant increase. This special effect did not recur. On the other hand, the revenues from consultancy in industrial business declined due to the coronavirus pandemic. The Business Sector's contribution to Group sales fell accordingly from 25% in the previous year to 17% in the 2020 financial year. The Business Sector division achieved earnings before interest and taxes (EBIT) of -2.2 million euros in the 2020 financial year after 5.6 million euros in the previous year.

Axel Deininger Dr Kai Martius Torsten Henn Thomas Pleines

Our shareholders are profiting sustainably from the Company's success.

We enable our shareholders to participate in the growth of operating earnings in the form of rising dividend payments. In addition, investors' share capital continues to grow over the long term.

Our goal is to provide our shareholders with sustainable and reliable dividend income. secunet AG generated a net income of 32.8 million euros in the 2020 financial year, as against 20.2 million euros in the previous year. The excellent results of the 2020 financial year allow a significant increase in the dividend payout to shareholders. The Management Board and Supervisory Board of secunet AG will propose to the Annual General Meeting to be held on 12 May 2021 that 16.4 million euros be distributed to the shareholders through payment of a regular dividend of 2.54 euros per dividend-bearing share. This corresponds to a distribution of 50% of net income for the year, an increase of 63% on the previous year.

The asset position of our shareholders – the value of their shares – also improved significantly in the course of 2020. The share price of secunet Security Networks AG rose by 77% between 2 January 2020 (140.0 euros) and 31 December 2020 (248.0 euros). This led to an increase in the market value of the Company from 0.9 billion euros to 1.6 billion euros.

The secunet share has also proven to be an investment with outstanding performance in the long-term perspective. Anyone who had bought shares at the beginning of the past decade at the Xetra opening price of 7.52 euros (4 January 2010) registered a substantial increase in value of more than 3,198% on 30 December 2020, in addition to the dividends paid during that period, significantly outperforming the German stock indices.

secunet is well prepared for the future.

At the beginning of 2021, secunet has an excellent market standing and is well positioned for further, sustained growth.

The Public Sector division remains a stable foundation for our business. One key factor here is the comprehensive product range, which we are constantly revising and expanding in line with the requirements of our customers in this segment: this includes, for example, the SINA product family, the solutions for automated border control and the security infrastructure for the ELSTER electronic tax return system. Additionally, these products and our high-quality consultancy services have enabled us to build up a sustainable partnership with our customers. This is substantiated, for example, by the fact that we continue to be one of the two IT security partners of the Federal Republic of Germany. We expect further growth impetus to come from the Public Sector division in future too.

In the Business Sector, we have achieved a leading market position in a short time with our eHealth division, which is focused on the healthcare market. When it comes to equipping medical practices with healthcare connectors, secunet is now the leading provider throughout Germany. With the upcoming expansion of the system architecture to pharmacies and hospitals, we are confident that we will be able to maintain this market position in the future, too. This should allow further growth and stable results in the long term. In the Industry division, important sales pillars were put in place in the 2020 financial year with which we aim to accomplish stronger growth in this segment in the medium term, particularly with our secunet edge product.

We continue to strive for international growth. As before, our current main target markets remain the countries of the European Union and EU organisations as well as the Middle East. We expect additional growth with the NATO organisations. However, restrictions due to the coronavirus pandemic provisionally slowed further international expansion in the 2020 financial year, especially to the Far East.

Where there are worthwhile candidates, we will supplement our organic growth through targeted acquisitions, and we are continuously assessing M&A projects in this area.

Our thanks go to our employees.

The coronavirus pandemic has been a major challenge for all of us. Even more important than the operational requirements of day-to-day business, the health of our employees has always been at the forefront of our considerations. Our staff responded to the coronavirus pandemic with a high degree of flexibility and personal responsibility.

They were able to carry out their work to the full from their mobile offices and thus prevented possible chains of infection. They reliably served the customers entrusted to them and maintained the established collaborative relationships despite the pandemic.

The highly qualified employees in the areas of consulting and development continued to provide our customers with trustworthy solutions and intelligent concepts. They have thus made a significant contribution to sustaining sales revenues in the services business.

The strong growth in product business would not be possible without the dedicated employees in all contributing areas.

In no small part, it is the staff in the areas of administration and services who continually ensure that the secunet organisation functions well and smoothly, even and especially under the adverse coronavirus conditions.

Without the untiring dedication of the entire workforce, we could not have achieved our excellent business results in 2020. We would thus like to offer our staff our express thanks for this outstanding performance.

Profitable growth remains our objective.

IT security is still a growth market. Both private companies and government organisations continue to focus on maintaining and improving IT security and combating cyber threats in whatever form. The topics of IT security or cybersecurity, information security and data protection also remain constantly in the public spotlight. They accompany every discussion on technical and socio-political developments. We are working on the assumption that the digital transformation of society will not be successful without supporting information security and data protection measures. We therefore expect both government agencies and private sector companies to continue investing in technical infrastructures and organisation in the future. Accordingly, we continue to anticipate a high volume of demand for trusted, high-quality IT security.

Our strategy remains based on the three pillars of securing and expanding our good market position with German authorities, expanding business in the private sector and internationalisation.

secunet Group is well positioned at the beginning of 2021. At the end of December 2020, the order book of 149.5 million euros is at a higher level than in the previous year (78.5 million euros).

The current financial year 2021 nevertheless presents us with challenges:

The coronavirus pandemic remains the dominant risk for further economic development. The changes enforced by the pandemic in 2020 spurred our business results. However, we are not yet able to assess whether these one-off effects will persist into 2021.

Public spending to support the economy in these difficult times is placing a heavy burden on government budgets. It is not foreseeable whether the phase of high spending will be followed by a period of austerity. The consequence could be reduced investment by the public sector, including in IT security.

For the current financial year 2021, we anticipate lower sales revenues compared with 2020 and expect earnings before interest and taxes (EBIT) to be down on the previous year. Our current forecast, published back in November 2020, envisages sales revenues of around 260 million euros and an EBIT of 38 million euros.

We will continue to focus all our energies on the successful further development of secunet Group in the interests of all stakeholders.

Axel Deininger

Torsten Henn

Dr Kai Martius

Thomas Pleines

Supervisory Board Report

Dear Shareholders,

The 2020 financial year was also extremely challenging for secunet Security Networks AG. The coronavirus pandemic has called business models and processes into question. The management and workforce of the Company had to demonstrate great flexibility throughout the entire year while maintaining a consistently high level of professionalism. This was accomplished successfully. We were able to meet the significantly increased demand – particularly from the public sector – for the Company's solutions. This is clearly shown by the outstanding results in the 2020 financial year. At the same time, secunet Security Networks AG has created the foundation for further, sustainable growth in many areas – by continually developing divisions and processes, opening up new access routes to markets, and upgrading the solutions portfolio. The Supervisory Board expressly supports the Company's strategy.

In the reporting year, the Supervisory Board continuously, diligently and conscientiously performed the tasks assigned to it by law and by the Company's Articles of Association and rules of procedure. It continuously monitored and regularly advised the Management Board in its management of secunet Security Networks AG on the basis of the Management Board's detailed written and oral reports and, in the course of performing its duties, satisfied itself that the work of the Management Board was lawful, expedient and proper. Furthermore, between the Supervisory Board meetings, there was also a regular exchange of information between the Chairman of the Supervisory Board and the Chairman of the Management Board as well as the other members of the Management Board. The Supervisory Board was always informed quickly and comprehensively about all events and measures of material importance to the Company, in particular about the strategy, corporate planning including financial, investment and personnel planning, the profitability of the Company and the business development of the Company and the Group as well as the risk situation, risk management and compliance. The Supervisory Board was directly involved at an early stage in all decisions of fundamental importance to the Company and discussed these intensively and in detail with the Management Board. All members of the Supervisory Board had the opportunity at all times to attend to the Management Board's suggestions and reports in detail and to make their own proposals. Insofar as the approval of the Supervisory Board was required for decisions or measures of the Management Board in accordance with laws, the Articles of Association or the rules of procedure, the members of the Supervisory Board approved these after intensive examination and discussion.

Supervision and examination methods

The Supervisory Board has mainly based its examination on

» the regular reports of the Management Board as provided for by law and the Management Board's rules of procedure,

» the separate reports submitted by the Management Board in specific circumstances and

» the supplementary explanations provided by the Management Board and the auditors.

Each of the reports was submitted to all members of the Supervisory Board. Where the Management Board submitted business measures to the Supervisory Board for approval, the Supervisory Board's copy was in each case accompanied by a presentation of the main points to be considered in taking a decision. During the 2020 financial year, the Supervisory Board saw no occasion for individual members of the Supervisory Board or particular experts to inspect or examine the books or records of the Company.

Meetings of the Supervisory Board

Four ordinary meetings were held in the reporting year: on 25 March, 20 May, 16 September and 2 December 2020. Furthermore, the Supervisory Board also convened for three extraordinary meetings on 27 March, 8 July and 16 December 2020. The Supervisory Board regularly met without the Management Board.

During the past financial year, all members of the Supervisory Board attended all meetings of the Supervisory Board.

In addition, the Supervisory Board passed written circular resolutions between the meetings as required. The Management Board also kept the Supervisory Board informed about projects and plans of particular importance to the Company in the periods between the meetings, by means of detailed written reports. The Supervisory Board discussed with the Management Board any financial information arising over the course of the year, before its publication.

In all of the ordinary meetings and in the extraordinary meeting on 8 July 2020, the Supervisory Board addressed the current business performance of secunet Security Networks AG. In all ordinary meetings, it also dealt in detail with all relevant issues concerning business planning, investment planning, the development of earnings and liquidity, the risk situation, risk management and compliance. Furthermore, the Supervisory Board members examined in detail the Management Board's assessments regarding market events and the further development and long-term strategy focus of the Company, and discussed these topics in depth with the Management Board. In addition, it focused on the key organisational and personnel changes.

At all ordinary Supervisory Board meetings, the Supervisory Board members were briefed on the Company's risk situation, risk management and compliance, including the compliance organisation set up by the Management Board.

About the individual meetings and their contents:

In the meeting on 25 March 2020, the Supervisory Board dealt in detail with the business performance in 2020 and the effects of the worsening coronavirus pandemic. Another focus of the meeting on 25 March 2020 was a report by the Management Board on potential M&A projects.

Furthermore, at the meeting on 25 March 2020, the Supervisory Board discussed the financial statements and the combined Management Report for secunet Security Networks AG and the Group as at 31 December 2019 and the report of the Supervisory Board for the 2019 financial year. Detailed discussion of the financial statement documents continued at an extraordinary meeting on 27 March 2020. The Supervisory Board reviewed and adopted or approved the report of the Supervisory Board, the Annual Financial Statements, the Consolidated Financial Statements and the combined Management Report of the Company and the Group. The auditors took part in the discussions on 25 March 2020 and 27 March 2020 and reported on the key results of their audit. The Supervisory Board's proposed resolutions to the Annual General Meeting of secunet Security Networks AG were also adopted at the meetings on 25 March 2020 and 27 March 2020.

In the meeting on 20 May 2020, the Supervisory Board discussed the current business performance against the backdrop of the coronavirus pandemic, and ongoing M&Aprojects. A further topic dealt with by the Supervisory Board was the preparation of the Company's Annual General Meeting as a purely virtual meeting. Furthermore, the Supervisory Board dealt with the effects of the Act Implementing the Second Shareholder Rights Directive of 12 December 2019 (ARUG II) and the amendment to the German Corporate Governance Code of 16 December 2019 on the remuneration of the Management Board.

In the meeting on 8 July 2020, the current business situation and the effects of the coronavirus pandemic were addressed once again. The Supervisory Board also discussed with the Management Board the measures introduced at secunet Security Networks AG to contain the pandemic. The Supervisory Board additionally dealt with matters pertaining to the Management Board.

Ralf Wintergerst

In a meeting on 16 September 2020, the Supervisory Board addressed the current business situation and the medium-term strategic goals of the Company and discussed these with the Management Board. Furthermore, issues relating to corporate governance were also discussed at the meeting on 16 September 2020. In preparation for issuance of the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) for the 2020 financial year, the Supervisory Board dealt extensively with the amendment to the German Corporate Governance Code dated 16 December 2019. Based on these discussions, the Declaration of Compliance for the 2020 financial year was adopted by the Supervisory Board by means of a circular resolution on 26 November 2020. Additionally, the Supervisory Board dealt with a revision and updating of the rules of procedure for the Supervisory Board and the Management Board and adopted amendments in this regard.

Moreover, the Supervisory Board discussed the funding of a new research project with the TU Ilmenau. Supervisory Board member Professor Dr Günter Schäfer is a university professor at the Technical University of Ilmenau and therefore, due to a potential conflict of interest, did not participate in the Supervisory Board's discussions and resolutions on this matter.

In the meeting on 2 December 2020, the Supervisory Board focused in particular on the current business situation and the future strategic and operational development of the Company. Furthermore, matters concerning the Management Board were addressed. In addition, the Supervisory Board discussed the annual and budget planning for 2021, as well as the three-year budget plan, and approved them.

At the extraordinary meeting held on 16 December 2020, the Supervisory Board addressed matters pertaining to the Management Board, in particular the targets for variable remuneration in the 2021 financial year.

Corporate Governance

The Supervisory Board and Management Board act in the knowledge that good corporate governance is an important basis for the success of the Company. Great importance is placed on implementation of the German Corporate Governance Code, and the application and further development of corporate governance standards within the Company are closely monitored by the Supervisory Board and Management Board.

At the Supervisory Board meeting on 16 September 2020, the Supervisory Board discussed in detail the Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act, and adopted it by means of a circular resolution on 26 November 2020. Further information on the corporate governance of the Company and the Group can be found in the Declaration of Corporate Governance on page 18 of this Annual Report. The current Declaration of Conformity is also reproduced there. The Declaration of Conformity can also be accessed on the Company's website.

The Supervisory Board has established concrete appointment targets for its own composition and has approved a skills profile for the full Supervisory Board. Both are described in further detail in the Declaration of Corporate Governance.

The Supervisory Board strives to continually improve the effectiveness and efficiency of its activities. On an annual basis, the review of the Supervisory Board's efficiency is included as a separate item on the agenda for the meetings of the Supervisory Board. In the 2020 financial year, the efficiency review or self-assessment was conducted at the meeting on 16 September 2020.

The members of the Supervisory Board are responsible for the training and further development measures required for their tasks, such as those relating to changes in the legal framework and new technologies, and are appropriately supported in this by the Company. Internal information events on topics and issues that are relevant to the Company are also offered for targeted professional development.

Management Board appointments

At its meeting on 8 July 2020, the Supervisory Board appointed Mr Axel Deininger as a member of the Management Board and as Chairman of the Management Board for a further term of office from 1 January 2021 to 31 December 2025. Furthermore, at the Supervisory Board meeting on 2 December 2020, Mr Thomas Pleines was appointed to the Management Board for a further term of office until 31 May 2024.

Annual Financial Statements and Consolidated Financial Statements for 2020

The auditors, the Essen branch of Pricewaterhouse-Coopers GmbH, registered office in Frankfurt am Main, audited the Annual Financial Statements prepared by the Management Board in accordance with the German Commercial Code (Handelsgesetzbuch, HGB) and the Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS), as applicable in the European Union, for the 2020 financial year as well as the combined Management Report of the Group and the Company, including the accounting records, and issued an unqualified audit opinion in each case. As part of this audit, the auditors also determined whether the Management Board has set up an appropriate monitoring system, the design and handling of which is suitable for early identification of any developments endangering the continued existence of the Company. The Supervisory Board awarded the audit mandate in accordance with the resolution passed by the Annual General Meeting on 8 July 2020.

With regard to the existing majority shareholding of Giesecke+Devrient GmbH, Munich, the auditors examined the report on relations with affiliated companies prepared by the Management Board for the 2020 financial year in accordance with Section 312 AktG and issued the following unqualified opinion: “Based on our audit and evaluation conducted in accordance with our professional duties, we hereby confirm that 1. the factual information contained in this report is correct, 2. the consideration provided by the Company in respect of the legal transactions mentioned in the report was not inappropriately high.”

The financial statement documents, the proposed appropriation of balance sheet profits, the report on relations with affiliated companies and the auditors’ reports were distributed to all members of the Supervisory Board without delay following their preparation. At the financial statements review meeting on 17 March 2021, the aforementioned financial statements and reports, as well as the proposed profit appropriation, were discussed and examined in detail by the Supervisory Board in the presence of the auditors, who gave a report on the main findings of their audit. The review by the Supervisory Board also included the non-financial statement in accordance with Sections 315b and 315c in conjunction with 289c to 289e HGB for secunet Security Networks AG and the Group.

Based on the final results of its own examination, the Supervisory Board had no objections to the Financial Statements, the combined Management Report for the Group and the Company, the report on relations with affiliated companies, including the final statement of the Management Board contained therein, or the auditors’ reports. The Supervisory Board therefore endorsed the findings of the audit of the financial statements and approved the financial statements of secunet Security Networks AG and the consolidated Group as compiled by the Management Board as at 31 December 2020; the Annual Financial Statements of secunet Security Networks AG were thus adopted on 17 March 2021.

The Supervisory Board also examined the Management Board’s proposed profit appropriation, which envisages a dividend of 2.54 euros for each eligible share, with regard to the liquidity of the Company as well as its financial and investment planning in conjunction with the developments so far in the context of the coronavirus pandemic. The proposed appropriation of profits is in line with the Company’s interests and takes into account the interests of the shareholders. After having examined and weighed up all the arguments, the Supervisory Board approves the profit appropriation proposal.

Expression of thanks

secunet Security Networks AG achieved excellent results in the 2020 financial year under challenging circumstances. This is due to the outstanding performance of the Management Board and the workforce of the Company and the Group. On behalf of the Supervisory Board, I would like to thank the members of the Management Board and all employees.

Essen, 17 March 2021

For the Supervisory Board

Ralf Wintergerst

Spotlight

Digital sovereignty and trustworthiness in the cloud

Cloud computing enables people to access and process their data at any time and from any location on infrastructures operated by third parties. As a basic prerequisite for the advance of digitalisation, this is essential for a business location such as Germany. However, use of the cloud poses particular challenges for authorities and companies with heightened security requirements. For this reason, secustack GmbH, a joint venture between secunet and Cloud&Heat Technologies, has been developing cloud solutions for security-critical applications since 2019. The objective is to offer customers the greatest possible protection against unauthorised access and hacker attacks.

In 2020, a year overshadowed by the coronavirus pandemic, working from home and remote working became an integral part of our daily work routine. In this unprecedented situation, cloud solutions offer a degree of flexibility that is particularly appreciated by public authorities and companies that have not yet pursued a specific digitalisation strategy. Long-term awareness of the economic and social significance of cloud computing has thus been raised. According to a recent Bitkom study, 76% of the companies surveyed are already using cloud computing, while a further 19% are planning or discussing such a move. The main reason that some decision-makers are still hesitant relates to the security of the applications: according to the survey, a total of 70% of non-users fear unauthorised access to sensitive company data. That is why the Federal Minister of Economics, Peter Altmaier, already demanded last year: "The European economy urgently needs reliable data sovereignty and broad data availability. This is a very real issue of competitiveness, especially for small and medium-sized enterprises."

Digital sovereignty strengthens innovative capacity and competitiveness

Digital sovereignty means that companies, public authorities, organisations and also private individuals have sovereignty over data that are processed and stored. Firstly, this principle offers protection against cybercrime and espionage in order to safeguard sensitive and classified data, but also protection of intellectual property such as patented designs or engineering drawings against unauthorised access. Secondly, this is the only way to ensure independence from the globally dominant providers of hardware and software solutions. Competitors from Asia and the USA, in particular, currently dictate the conditions on the market for cloud solutions. In most cases they are thus subject to the US CLOUD Act (Clarifying Lawful Overseas Use of Data), which obliges companies with headquarters in the USA to hand over customer data at the request of the authorities, even if these data are processed and stored on servers in Europe. Corresponding dependencies could thus represent not only an economic but also a security policy risk.

Digital sovereignty therefore preserves the strategic ability to make decisions and to act, thereby strengthening the innovative capacity and competitiveness of a business location. This is also underscored by the European GAIA-X cloud initiative, which promotes an open, connected data infrastructure and in which secunet is actively involved.

SecuStack: Cloud solutions for safety-critical applications

For the reasons mentioned above, the use of cloud platforms was often out of the question for public institutions and heavily regulated private-sector companies, such as power utilities or healthcare service providers. Yet cloud computing offers numerous opportunities, including great flexibility, efficiency and scalability. Furthermore, particularly with regard to the acquisition and maintenance costs incurred, it conserves resources and ties up less personnel capacity. This enables many decision-makers to leverage digitalisation with reduced effort.

In order to meet the heightened requirements for security-critical applications, secunet Security Networks AG founded a joint venture with Cloud&Heat Technologies GmbH, a specialist for secure and energy-efficient cloud solutions, in May 2019: secustack GmbH, based in Dresden, Germany, is developing a cloud operating system for secure data processing and storage. With the joint subsidiary, secunet and Cloud&Heat are pooling their many years of expertise in the field of security solutions and the operation of OpenStack-based cloud infrastructures. SecuStack's goal is to ensure trustworthiness and digital sovereignty in the cloud.

Data sovereignty and transparency in the cloud thanks to open-source software

The cloud operating system is based on the leading open-source software "OpenStack", which provides an open, modular architecture for cloud computing. This is expanded to include security mechanisms comparable to those used by secunet in the high-security sector for many years. User data are fully encrypted for transmission and storage using strong cryptography. The systematic encryption of the data also ensures strict multi-tenancy. In this way, users retain full control over the processed and stored data as well as applications. Scalable variants of complete systems and managed services also ensure that complex open-source solutions such as OpenStack can also be deployed by users who previously lacked the necessary expertise.

Additionally, the source code of open-source software is openly accessible and can, in principle, be verified. The cryptographic mechanisms for encrypting the data are also transparently integrated here. Decision-makers can thus build their own cloud infrastructures for sensitive data on the basis of the software, leverage cloud computing for themselves and still retain sovereignty of their data. More advanced applications, especially with regard to artificial intelligence or the Internet of Things, can also be implemented.

Cloud computing and digital sovereignty are not a contradiction in terms

SecuStack thus opens the door to cloud computing for various industries and institutions for which this was previously out of the question due to stringent security regulations or lack of trust. These include, for example, public authorities, research and development facilities, healthcare and financial service providers, as well as companies in the fields of Industry 4.0, and energy and water supply. The SecuStack joint venture is thus making a decisive contribution to the ongoing digitalisation of Germany as a business location and the promotion of digital sovereignty.

Advantages of SecuStack

- Use of open-source technology
- Avoidance of vendor lock-in effects
- Choice of on-premises or hosted deployment
- Creation of maximum infrastructure transparency
- Digital infrastructures made in Germany

The secunet share

Capital market development

In 2020, developments in the global economy and the financial and capital markets were determined by the coronavirus pandemic. While initial euphoria prevailed in January and major stock indices reached new all-time highs in February, market reactions to the rapid spread and possible economic and social consequences of the coronavirus pandemic in the last few weeks of the first quarter were panic-like in some cases.

The situation was eased by the expansive fiscal and monetary policy measures taken by governments and central banks worldwide, among other factors. Declining infection rates over the summer months and the resulting increased relaxation of national pandemic-related restrictions also ensured a steady recovery.

While stock markets once again came under noticeable pressure from September onwards as a result of the second wave of the pandemic, this was followed by a phase of recovery and rising share prices in the last two months of the year. As a result, Germany's leading index, the DAX, closed the year 2020 at 13,719 points, up around 4% on year-end 2019. The MDAX also recorded price gains of around 9%, ending the year 2020 at 30,796 points. The SDAX closed 2020 at 14,765 points – an increase of around 18%.

The secunet share

The secunet Security Networks AG share opened the reporting year with a share price of 140.0 euros on the Frankfurt Stock Exchange. At the very beginning of the year, the secunet share rose slightly to 146.0 euros, before losing considerably in value as the pandemic spread. It reached its lowest level in the current reporting period with a share price of 88.6 euros on 18 March 2020. Subsequently, the secunet share recovered significantly (like the market as a whole), rising to 310.0 euros by 13 October 2020. This price represented both the highest level for the share in the current reporting period and also a new all-time high. The share then weakened, ending 2020 at 248.0 euros. This corresponds to growth of around 77% since the beginning of the year. The market capitalisation of secunet AG increased accordingly to around 1.6 billion euros at the end of the 2020.

With the dividend for the 2019 financial year, secunet AG again consistently continued its long-term dividend policy of recent years in 2020. Company shareholders benefited from the success of the Company with the distribution of a regular dividend of 1.56 euros per dividend-bearing share.

The Management Board and Supervisory Board of secunet AG will propose to the Annual General Meeting to be held on 12 May 2021 that 16.4 million euros be distributed to the shareholders through payment of a regular dividend of 2.54 euros per dividend-bearing share. This corresponds to a distribution of 50% of net income for the year, an increase of 63% on the previous year.

Annual General Meeting

secunet AG held its Annual General Meeting on 8 July 2020. Due to the coronavirus pandemic, the Annual General Meeting was held as a virtual AGM without the shareholders being physically present. Attendance at the Annual General Meeting corresponded to 81% of the share capital. Each of the items on the agenda received more than 99% approval. The resolution on the appropriation of profit, which provided for the distribution of a regular dividend of 1.56 euros per dividend-bearing share, was adopted with 99.99% of the votes.

Shareholder structure

Giesecke+Devrient GmbH, Munich, has held a direct stake in secunet AG since 2009. The shareholding amounted to 78.96% as at 31 December 2020. On 9 February 2021, Giesecke+Devrient GmbH announced its intention to place 250,000 shares in secunet Security Networks AG, corresponding to 3.85% of the share capital. Following completion of the transaction, the shareholding now amounts to 75.11%. A further 0.47% of shares (30,498 shares) are held by secunet AG itself. The remaining 24.42% remain in free float.

Trading volume

In 2020, an average of 2,468 secunet shares were traded daily in the Xetra trading system (previous year: 1,041 shares). This corresponds to an average value of around 504,725 euros (previous year: 108,601 euros).

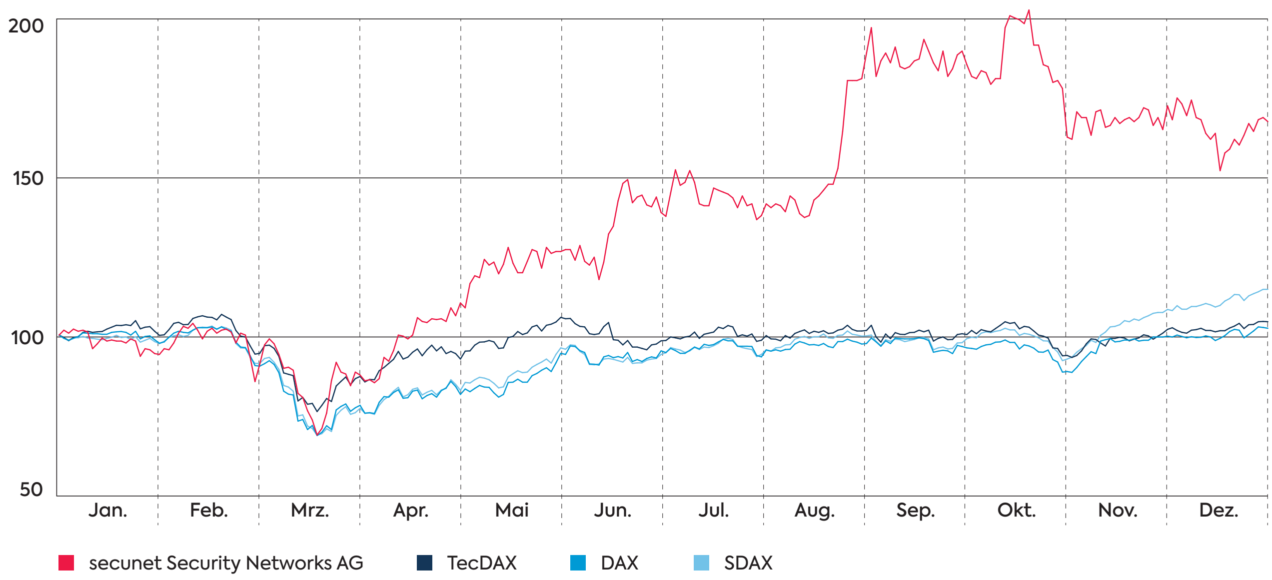
Shareholders receive comprehensive information

The cultivation of investor relations plays an important role at secunet AG. Great emphasis is placed on keeping the public promptly supplied with transparent, comprehensive and consistent information. All information published by secunet AG is promptly made available on the Company's website (www.secunet.com).

Shareholders and other interested parties will also find financial reports and presentations there, in addition to the current financial calendar. Furthermore, shareholders and other interested parties can contact Investor Relations by phone on +49 201 5454 1227 or via e-mail at investor.relations@secunet.com to clarify any questions they may have.

Share price development from 1 January 2020 to 31 December 2020

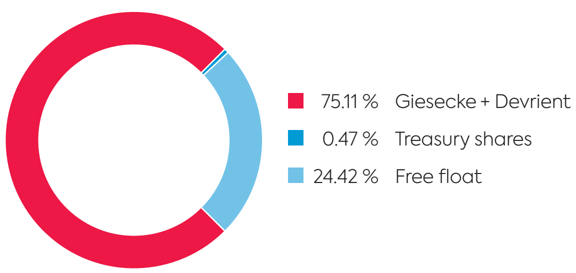
Index, share price 1 January 2020 = 100



secunet stock information

Reuters ticker symbol	YSNG.DE
Bloomberg ticker symbol	YSN
WKN (German security identification number)	727650
ISIN	DE0007276503
Stock exchange listings	Xetra, Frankfurt, Berlin, Bremen, Düsseldorf, Hamburg, Munich, Stuttgart
Stock exchange segment	Prime Standard
Start of listing	9 November 1999
Share capital in euros	6,500,000
Share capital in units	6,500,000
Class of share	Ordinary bearer shares with no par value

Shareholder structure, March 2021



Declaration of Corporate Governance

An effective and transparent organisation, as well as responsible and reliable corporate governance is very important at secunet Security Networks AG. The Company's Management Board and Supervisory Board firmly believe that good corporate governance is key to the continued success of the Company on the market.

The term Corporate Governance describes the regulatory framework for the management and supervision of companies. In a general sense, this framework must be designed in such a way that the Management Board and Supervisory Board work to ensure that the company continues to exist and creates value sustainably. Recommendations and proposals for how this requirement can be implemented in the management and supervision of companies are summarised in the German Corporate Governance Code (Deutscher Corporate Governance Kodex, DCGK). The Code serves the purpose of increasing trust in companies listed on the German stock exchange.

The Management Board and Supervisory Board therefore regularly check the implementation of the German Corporate Governance Code at secunet Security Networks AG. In the 2020 financial year, the Management Board and Supervisory Board of the Company once again carefully deliberated on the recommendations and proposals of the German Corporate Governance Code, in both the version of 7 February 2017 and the version of 16 December 2019, which entered force with its publication in the Federal Gazette on 20 March 2020. The Declaration of Conformity set out below regarding the German Corporate Governance Code was agreed on the basis of these deliberations. This declaration is permanently available on our website and will be updated immediately if required.

Secunet Security Networks AG issues the following Declaration of Corporate Governance in accordance with Sections 289f HGB and 315d HGB:

Management and supervisory structure

secunet Security Networks AG is subject to German stock corporation law and its own Articles of Association. As a German public limited company, it has a dual management and supervisory structure consisting of a Management Board and a Supervisory Board.

The Management Board and Supervisory Board work together closely and on the basis of mutual trust in their management and supervision of the Company. The Annual General Meeting is responsible for fundamental decisions in the Company.

Supervisory Board

In accordance with Article 9 (1) of the Articles of Association, the Supervisory Board comprises six members, four of whom are elected by the Annual General Meeting and two by the employees in accordance with the German One-Third Participation Act. In accordance with the recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex, DCGK), the shareholder representatives were elected by a single ballot. The current members of the Supervisory Board are Ralf Wintergerst (Chairman of the Supervisory Board), Dr Peter Zattler (Deputy Chairman of the Supervisory Board), Dr Elmar Legge, Jörg Marx (employee representative), Gesa-Maria Rustemeyer (employee representative) and Professor Dr Günter Schäfer. Further information about the members of the Supervisory Board, including their term of office, can be found under "The Company" on the Company's website at www.secunet.com.

The Supervisory Board monitors and advises the Executive Board with regard to the management of the Company. At regular intervals, the Supervisory Board discusses business performance and planning, as well as the strategy and its implementation. It discusses the half-year financial reports and quarterly updates with the Management Board before their publication, and approves the Annual Financial Statements of secunet Security Networks AG and the Group, taking into consideration the audit reports prepared by the auditors and its own examination. The Supervisory Board monitors the accounting process, the effectiveness of the internal control system, risk management and internal audit, as well as the auditing of the financial statements. Its tasks and responsibilities also include appointing members to the Management Board. Management Board decisions of fundamental importance, such as major acquisitions, disposals and financial measures, require the consent of the Supervisory Board. An extraordinary meeting of the Supervisory Board is convened as and when necessary should significant events arise. The Supervisory Board has drawn up rules of procedure for its work, which are published on the Company's website.

The Chair of the Supervisory Board is elected by the Supervisory Board from among its members. The Chair coordinates the work carried out within the Supervisory Board, chairs its meetings and represents its interests externally. The Supervisory Board strives to continually improve the effectiveness and efficiency of its activities. The efficiency review or self-assessment of the Supervisory Board is carried out at the end of each year. For the purposes of self-assessment, each member of the Supervisory Board answers a structured questionnaire on the individual effectiveness criteria. The results, including any possible proposals for improvement, are discussed at the first meeting of the following year, at which the annual financial statements are adopted.

The knowledge, skills and professional experience required to fulfil the remit are taken into account when drawing up the nominations for election to the Supervisory Board. The Supervisory Board of secunet Security Networks AG has also specified concrete targets for its composition, with due consideration given to diversity. At least one seat on the Supervisory Board is reserved for a female member. One or more Supervisory Board members should also have many years of special experience abroad, acquired as a result of working abroad or due to a foreign country of origin. Furthermore, an age limit of 70 years is planned for members of the Supervisory Board.

The Supervisory Board has also drawn up a profile of skills for the board as a whole. The purpose of the skills profile is to ensure that the members of the Supervisory Board possess all the knowledge and experience considered essential in light of the activities of secunet Group.

Nominations by the Supervisory Board to the Annual General Meeting shall take into account the aforementioned targets for the composition of the Supervisory Board and, at the same time, endeavour to meet the requirements of the skills profile for the board as a whole. In the reporting period, the Supervisory Board did not submit any proposals to the Annual General Meeting for the election of Supervisory Board members (shareholder representatives). The composition of the Supervisory Board complied with the specifications of the skills profile both before and after the Supervisory Board elections in 2019. The Supervisory Board members possessed and possess the professional and personal qualifications deemed necessary. They were and are all familiar with the sector in which the Company is active and had and have the essential knowledge, skills and experience for the Company.

Furthermore, in accordance with Section C.6 of the German Corporate Governance Code, the Supervisory Board should include what it considers to be an appropriate number of members on the shareholder side who are independent of the Company, its Management Board and the controlling shareholder. Taking into account particularly the ownership structure and the size of the board as a whole, the Supervisory Board has come to the conclusion that one independent shareholder representative as per the above definition is appropriate and that Supervisory Board member Dr Elmar Legge meets the requirements. Dr Legge thus also complies with the recommendation in Section C.9 of the German Corporate Governance Code, according to which, in the case of a company that has a controlling shareholder – which applies to secunet Security Networks AG due to the majority holding of Giesecke + Devrient GmbH, Munich – and whose Supervisory Board has six members or fewer, at least one shareholder representative should be independent of the controlling shareholder.

Furthermore, according to Section C.7 of the German Corporate Governance Code, more than half of the shareholder representatives should be independent of the Company and the Management Board. A Supervisory Board member is deemed to be independent of the Company and its Management Board if he or she has no personal or business relationship with the Company or its Management Board that could constitute a material and not merely temporary conflict of interest. In accordance with Section C.7 of the German Corporate Governance Code, the shareholder side shall, when assessing the independence of its Supervisory Board members from the Management Board and the Company, in particular take into account whether the Supervisory Board member or a close family member of the Supervisory Board member (i) was a member of the Management Board of the Company in the two years prior to the appointment, (ii) currently has or has had a material business relationship with the Company or a company dependent on it (e.g. as a customer, supplier, lender or consultant), either directly or as a shareholder or in a responsible function of a company outside the Group, in the year leading up to the appointment, (iii) is a close family member of a Management Board member, or (iv) has been a member of the Supervisory Board for more than twelve years. If one or more of the aforementioned indicators applies and the Supervisory Board member in question is nevertheless considered to be independent, this shall be justified in the Declaration of Corporate Governance pursuant to Section C.8 of the German Corporate Governance Code. According to the Supervisory Board's assessment, and in accordance with the recommendation under Section C.7 of the German Corporate Governance Code, more than half of the shareholder representatives are independent of the Company and the Management Board, namely Mr Ralf Wintergerst, Dr Peter Zattler and Dr Elmar Legge. In this assessment, the Supervisory Board also took into consideration the fact that Dr Zattler has been a member of the Supervisory Board since 2004 and Dr Legge since 1999. Both therefore fulfil one of the aforementioned indicators with a length of service of more than twelve years, so that – in accordance with the recommendation under Section C.8 of the German Corporate Governance Code – reasons are to be given in the Declaration of Corporate Governance as to why both Supervisory Board members are nevertheless considered independent. Dr Zattler and Dr Legge perform their duties with great diligence and consistently in line with the corporate interests of secunet Security Networks AG. With the exception of their respective length of service, Dr Zattler and Dr Legge have no other personal or business relationships with the Company or its Management Board, nor are there any other indications that could be construed as constituting a material and not merely temporary conflict of interest. In the opinion of the Supervisory Board, it would therefore be wrong to conclude a lack of independence from the Company and the Management Board based solely on the length of service.

The Supervisory Board has not formed any committees. In the opinion of the Supervisory Board, this is not in fact necessary, as it comprises only six members. Given a board of this size, efficient operation can be guaranteed without the establishment of committees.

Management Board

The Management Board consists of four members, namely the Chairman of the Management Board, Mr Axel Deininger, Mr Thomas Pleines, Mr Torsten Henn and Dr Kai Martius.

The Management Board, as the body responsible for managing the Company, conducts the Company's business under its own responsibility and in the Company's interests. Its aim is to increase the enterprise value on a sustainable basis. In particular, it determines the principles of the Company's policy and is also responsible for developing the Company's strategy, for planning and setting the Company's budget, for allocating resources, and for controlling and managing the Company's corporate and business divisions. Specific measures described in the Management Board's rules of procedure require the approval of the Supervisory Board. The Management Board is responsible for preparing the Company's quarterly updates, the Company's half-year financial reports, the Annual Financial Statements of secunet Security Networks AG, and the Consolidated Financial Statements.

The Management Board works closely with the Supervisory Board. It informs the Supervisory Board regularly, comprehensively and without delay – by means of written and verbal reports – of all issues important to the Company as a whole with regard to strategy and strategy implementation, planning, business performance, the financial and earnings situation, and entrepreneurial risks. The Supervisory Board is involved without delay in all decisions fundamental to the Company. No age limit is planned for members of the Management Board.

Targets for the appointment of women

The Supervisory Board has implemented the requirements of the legislation that came into force on 1 May 2015 regarding the equal participation of women and men in management positions.

At its meeting on 4 May 2017, the Supervisory Board established a target of 17 percent for the proportion of women on the Supervisory Board, relating to the implementation period from 1 July 2017 to 30 June 2022, which corresponds to the goal of electing one female member to the Supervisory Board. The Supervisory Board took this target into account in its election proposals to the Annual General Meeting in May 2019.

The Supervisory Board last dealt with the target figure for the proportion of women on the Management Board of the Company at its meeting on 25 March 2020 and resolved to retain the previously applicable target figure of zero percent. In the view of the Supervisory Board, the search for suitable female candidates remains a challenge in the current market environment and in the business fields of secunet Security Networks AG. It is the opinion of the Supervisory Board that a higher target cannot be considered realistic at the present time. This target remains applicable until 31 May 2025.

With regard to the two management levels below the Management Board, the Management Board set the following targets for the period from 1 July 2017 to 30 June 2022: zero percent for the first level and eleven percent for the second level. In view of the small size of the Company, the limited number of management positions and the associated low level of fluctuation, the Management Board is of the opinion that more ambitious targets would currently not be realistic. However, the Management Board reiterates its intention to move towards a higher proportion of management positions being held by women to the greatest extent possible.

In the 2020 financial year, the proportion of women at the second management level below the Management Board was 9% (previous year: 8%).

Responsible risk management

Good corporate governance also means that the Company must take a responsible approach to risk. Systematic risk management as part of our value-oriented Group management ensures that risks are identified and evaluated at an early stage, and that risk positions are optimised. The Management Board reports regularly to the Supervisory Board on the current development of key risks. Details of risk management at secunet Security Networks AG can be found in the combined Management Report. It also contains the report on the key characteristics of the internal control and risk management system relating to accounting.

Transparent corporate governance

Transparency in corporate governance is very important to the Management Board and Supervisory Board of secunet Security Networks AG. Shareholders, all participants in the capital market, financial analysts, shareholder associations and the media are provided with comprehensive, regular and up-to-date information regarding the Company's position and key changes to the Company's business.

secunet Security Networks AG reports to its shareholders four times a year on business performance and on the financial and earnings situation, and makes all reports and information permanently available to shareholders on the Company's website at www.secunet.com. The dates for regular financial reporting are listed in the financial calendar. If any circumstances arise at secunet Security Networks AG that might significantly influence the stock market price of the Company, these are disclosed in ad hoc announcements in accordance with the legal requirements. The financial calendar and ad hoc announcements are available to view on the website of secunet Security Networks AG under >> The Company >> Investor Relations >> Financial News and Reports.

Shareholders and Annual General Meeting

The shareholders of secunet Security Networks AG may exercise their rights, including voting rights, at the Annual General Meeting. Shareholders can exercise their voting rights at the Annual General Meeting themselves or choose an agent or Company proxy bound by their instructions to exercise the voting rights. The Annual General Meeting takes place in the first eight months of the financial year. The Chairman of the Supervisory Board normally chairs the Annual General Meeting. Ahead of the Annual General Meeting, shareholders receive comprehensive information about the past financial year and about the individual items on the agenda of the upcoming meeting by way of the Annual Report and invitation to the meeting. All relevant documents and information on the Annual General Meeting, together with the Annual Report, are also available on our website.

In accordance with the provisions of law, the auditors are appointed by the Annual General Meeting. At the Annual General Meeting on 8 July 2020, the Essen branch of PricewaterhouseCoopers GmbH, registered office in Frankfurt am Main, was appointed as auditors for secunet Security Networks AG and Group auditors for secunet Group for the 2020 financial year, and was therefore selected to perform an audit review of the Condensed Financial Statement and the Interim Management Report of secunet Security Networks AG and secunet Group as at 30 June 2020.

Shareholders are notified of important dates by means of a financial calendar published in the Annual Report, in the quarterly updates and on the Company's website.

Further detailed information about secunet Security Networks AG is available on our website at www.secunet.com.

Corporate governance guidelines

The Articles of Association of secunet Security Networks AG form the basis of our Company. The Company's Articles of Association, the current Declaration of Conformity, the Declarations of Conformity for previous years and further corporate governance documents can be found online at www.secunet.com under >> The Company >> Investor Relations >> Corporate Governance.

The Management Board has introduced a Code of Conduct for the Company and its employees, summarising the business principles of secunet Security Networks AG. These principles are a crucial part of how secunet Security Networks AG sees itself, and of the expectations that it strives to meet. The Code of Conduct sets down standards of conduct for dealing with all the economic, legal and moral challenges that we face in our day-to-day business activities, and is intended to serve as a benchmark and guide when working with customers, suppliers and other business partners, as well as for our conduct towards our competitors. It also governs our conduct in financial matters and trading in secunet shares, their derivatives and other financial instruments. The Company has set up a compliance unit for questions arising in connection with the Code of Conduct.

In accordance with the provisions of Section A.2 of the German Corporate Governance Code, the Company has an electronic whistleblower system that provides employees with an opportunity to report, under protection, legal violations within the Company. This option is also available to third parties.

Management Board and Supervisory Board remuneration

secunet Security Networks AG complies with statutory regulations and the recommendations of the German Corporate Governance Code in the version applicable in the 2020 financial year and discloses the remuneration of each individual member of the Management Board. In this Annual Report (more specifically, in the remuneration report, which forms part of the Management Report), we detail the remuneration of the members of the Management Board and Supervisory Board.

Information on stock option programmes and similar securities-based incentive systems

No stock option programmes or similar securities-based incentive systems existed in the reporting year for members of corporate bodies or employees of the Company.

Notification of transactions under Article 19 of the European Market Abuse Regulation (managers' transactions)

Article 19 of the European Market Abuse Directive (EU) No. 596/2014 requires members of corporate bodies (Supervisory Board/Management Board) and certain executives, as well as closely related parties, to disclose transactions in secunet shares or related financial instruments where the sum total of such transactions reaches or exceeds 20,000 euros within a single calendar year. Disclosures regarding managers' transactions (directors' dealings) are also published on our website under Investor Relations >> Share Information. No managers' transactions were reported in the 2020 financial year.

Accounting and auditing of the financial statements

secunet Security Networks AG prepares its Consolidated Financial Statements and Consolidated Interim Financial Statements in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union. The Annual Financial Statements of secunet Security Networks AG are prepared in accordance with German commercial law (HGB) and the German Stock Corporation Act. The Annual and Consolidated Financial Statements are compiled by the Management Board and audited by the auditors and the Supervisory Board. Quarterly updates and the half-year financial report are discussed by the Management Board and Supervisory Board prior to their publication.

secunet Security Networks AG's Consolidated and Annual Financial Statements have been audited by the Essen branch of PricewaterhouseCoopers GmbH, registered office in Frankfurt am Main, the auditors appointed by the 2020 Annual General Meeting. The audits were performed in accordance with Section 317 HGB and with due consideration for the generally accepted standards for the audit of financial statements in Germany promulgated by the Institute of Public Auditors in Germany (IDW). The undersigned auditors for the Annual Financial Statements and Consolidated Financial Statements of secunet Security Networks AG are Mr Lutz Granderath and Mr Michael Herting.

It was also contractually agreed with the auditors that they inform the Supervisory Board without delay of any potential grounds for exclusion or bias and of any findings or occurrences of significance to the Supervisory Board's remit that came to light during the auditing of the financial statements.

The Condensed Consolidated Interim Financial Statements and the Interim Group Management Report as at 30 June 2020 were subjected to an audit review by PricewaterhouseCoopers GmbH.

Declaration of Conformity under Section 161 of the German Stock Corporation Act dated 26 November 2020

The management and supervisory boards of companies listed on the German stock exchange are legally obliged, in accordance with Section 161 of the German Stock Corporation Act (Aktiengesetz, AktG), to annually declare whether the official recommendations of the Government Commission on the German Corporate Governance Code applicable at the time of making the declaration have been fulfilled and will be fulfilled. The Company is furthermore required to disclose which recommendations of the Code have not been applied or will not be applied and to explain the reasons for this. This Declaration of Conformity is printed in full below, with explanations. The Declaration of Conformity can also be found on secunet Security Networks AG's website under >> The Company >> Investor Relations >> Corporate Governance. The Declarations of Conformity issued in the last five years are permanently available on the website.

I.

Since submission of the last Declaration of Conformity in November 2019, secunet Security Networks AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code, as amended in the version in force on 7 February 2017 (DCGK 2017) and published by the German Ministry of Justice in the official part of the Federal Gazette on 24 April 2017, with the following exceptions:

D&O insurance for the Supervisory Board
Section 3.8, para. 3 DCGK 2017: A similar deductible shall be agreed upon in any D&O policy for the Supervisory Board.
Explanation: The Supervisory Board of secunet Security Networks AG conducts its business with the utmost sense of responsibility. A deductible would not give rise to any additional improvement or incentive.

Age limit for Management Board members
Section 5.1.2, para. 2, sentence 3 DCGK 2017: An age limit for members of the Management Board shall be specified.
Explanation: secunet Security Networks AG does not stipulate an age limit for Management Board members, as the age of the particular Management Board member is not a blanket criterion for suitability to hold a position on the Management Board. An age limit would therefore generally limit the selection of suitable candidates to an unreasonable degree.

Regular limit for the term of office on the Supervisory Board
Section 5.4.1, para. 2, sentence 1 DCGK 2017: The Supervisory Board shall determine concrete objectives regarding its composition, and shall prepare a profile of skills and expertise for the entire Board. Within the company-specific situation the composition of the Supervisory Board shall reflect appropriately the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of number 5.4.2, an age limit and a regular limit to Supervisory Board members' term of office, both to be specified, as well as diversity.
Explanation: The Supervisory Board of secunet Security Networks AG has not specified a regular limit for the term of office on the Supervisory Board. In the view of the Supervisory Board such a restriction is not necessary with regard to efficient operation of the Board, especially since the Board's work may benefit from the experience of long-standing members.

Establishment of Supervisory Board committees and remuneration of committee members
Section 5.3.1 DCGK 2017: Depending on the specific circumstances of the enterprise and the number of Supervisory Board members, the Supervisory Board shall form committees of members with relevant specialist expertise.

Section 5.3.2 DCGK 2017: The Supervisory Board shall establish an Audit Committee [...].

Section 5.3.3 DCGK 2017: The Supervisory Board shall form a Nomination Committee.

Section 5.4.6, para. 1, sentence 2 DCGK 2017: The status as Chair or membership of a committee shall also be taken into consideration when specifying the remuneration of Supervisory Board members.
Explanation: The Supervisory Board of secunet Security Networks AG has no committees. In the opinion of the Supervisory Board, this is not in fact necessary, as the Supervisory Board comprises only six members. Four members are elected by the shareholders and two members by the employees (employee representatives) in accordance with the One-Third Participation Act pertaining to employees on the Supervisory Board (Drittelbeteiligungsgesetz). Given a board of this size, efficient operation of the Supervisory Board can be guaranteed without the establishment of committees.

Due to the number of Supervisory Board members and the composition of the Supervisory Board, establishing a separate Audit Committee would not increase the efficiency of the work performed by the Supervisory Board in relation to accounting, risk management, compliance and the auditing of the financial statements.

Furthermore, due to the number of Supervisory Board members and the composition of the Supervisory Board, establishing a separate Nomination Committee would not increase the efficiency of the work performed by the Supervisory Board with regard to the nomination of suitable candidates for the Supervisory Board's proposals to the General Meeting for the election of Supervisory Board members. An additional Nomination Committee has therefore not been established.

Since the Supervisory Board has no committees, the issue of a special remuneration for committee chairs and members is not currently relevant.

II.

secunet Security Networks AG intends to comply with the recommendations of the Government Commission on the German Corporate Governance Code, as amended in the version in force on 16 December 2019 (DCGK 2020) and published by the German Ministry of Justice in the official part of the Federal Gazette on 20 March 2020, with the following exceptions:

Age limit for Management Board members
Recommendation B.5 DCGK 2020: An age limit shall be specified for members of the Management Board and disclosed in the Declaration of Corporate Governance.
Explanation: secunet Security Networks AG does not stipulate an age limit for Management Board members, as the age of the particular Management Board member is not a blanket criterion for suitability to hold a position on the Management Board. An age limit would therefore generally limit the selection of suitable candidates to an unreasonable degree.

Establishment of Supervisory Board committees, cooperation with the external auditors and remuneration of committee members
Recommendation C.10 DCGK 2020: [...], the Chair of the Audit Committee as well as the Chair of the committee that addresses Management Board remuneration shall be independent from the company and the Management Board. The Chair of the Audit Committee shall also be independent from the controlling shareholder.

Recommendation D.2 DCGK 2020: Depending on the specific circumstances of the enterprise and the number of Supervisory Board members, the Supervisory Board shall form committees of members with relevant specialist expertise. The respective committee members and the committee chairs shall be named in the Declaration of Corporate Governance.

Recommendation D.3 DCGK 2020: The Supervisory Board shall establish an Audit Committee [...].

Recommendation D.4 DCGK 2020: The Chair of the Audit Committee shall have specific knowledge and experience in applying accounting principles and internal control procedures, shall be familiar with audits, and shall be independent. The Chair of the Supervisory Board shall not chair the Audit Committee.

Recommendation D.5 DCGK 2020: The Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which names suitable candidates to the Supervisory Board for its proposals to the General Meeting.

Recommendation D.11 DCGK 2020: The Audit Committee shall conduct an evaluation of the quality of the audit on a regular basis.

Recommendation G.17 DCGK 2020: Remuneration for Supervisory Board membership shall take appropriate account of the larger time commitment [...] of the Chair and the members of committees.
Explanation: The Supervisory Board of secunet Security Networks AG has no committees. In the opinion of the Supervisory Board, this is not in fact necessary, as the Supervisory Board comprises only six members. Four members are elected by the shareholders and two members by the employees (employee representatives) in accordance with the One-Third Participation Act pertaining to employees on the Supervisory Board (Drittelbeteiligungsgesetz). Given a board of this size, efficient operation of the Supervisory Board can be guaranteed without the establishment of committees.

Due to the number of Supervisory Board members and the composition of the Supervisory Board, establishing a separate Audit Committee would not increase the efficiency of the work performed by the Supervisory Board in relation to accounting, risk management, compliance and the auditing of the financial statements.

Furthermore, due to the number of Supervisory Board members and the composition of the Supervisory Board, establishing a separate Nomination Committee would not increase the efficiency of the work performed by the Supervisory Board with regard to the nomination of suitable candidates for the Supervisory Board's proposals to the General Meeting for the election of Supervisory Board members. An additional Nomination Committee has therefore not been established.

Since the Supervisory Board has no committees, the issue of the independence of the Chair of the Audit Committee or of the Chair of the committee that addresses Management Board remuneration is not currently relevant, nor is that of a special remuneration for committee chairs and members.

secunet Security Networks AG

Essen, 17 March 2021

For the Management Board   For the Supervisory Board

Management Report

Combined Management Report on the position of the Company and the Group for the 2020 financial year

1. Principles of the Group

1.1 Business model and Group structure

1.1.1 Business model of the Group

secunet Group (hereinafter referred to as "secunet") and secunet Security Networks Aktiengesellschaft, Essen (hereinafter referred to as "secunet AG") offers products, solutions and consulting services in the field of IT security. secunet has specialised, on the one hand, in IT high security, complex solutions and demanding projects in which technologies and processes are combined. These include the areas of IT security where applications are developed and offered for professional use, e.g. high-security cryptographic systems, public key infrastructures (PKI), secure electronic identities (eID) and eHealth infrastructure components. On the other hand, secunet provides solutions for industrial operation in the private sector. The focus here is on safeguarding digital control processes. Users are companies with network-controlled production or service processes, such as the automotive industry, for example. The range of solutions is mainly geared towards large-scale infrastructures. Customers usually receive tailored solutions matching their individual requirements, even if they are based on standard applications.

1.1.2 Group and organisational structure

In Germany, secunet Group comprises secunet AG and the subsidiaries secunet Service GmbH (100%), secunet International GmbH & Co. KG (100%) as well as secunet International Management GmbH (100%), all headquartered in Essen. secustack GmbH (51%) has its registered office in Dresden. Furthermore, secunet Group also includes the subsidiaries secunet s.r.o. in Prague, Czech Republic, finally safe GmbH in Essen and secunet Inc. in Austin, Texas, USA. The subsidiary secunet s.r.o. and finally safe GmbH are in the process of liquidation.

International marketing activities for the SINA product family are bundled in secunet International GmbH&Co. KG. As the general partner of secunet International GmbH & Co. KG, secunet International Management GmbH is responsible for the management of secunet International GmbH & Co. KG.

secunet Service GmbH incorporates the administrative activities of secunet Group. Almost all functions supporting the operational units of secunet AG are centralised in the service company. As an internal service provider, the company takes responsibility for services such as accounting, controlling, staff and logistics.

secustack GmbH is a joint venture of secunet Security Networks AG and Cloud & Heat Technologies GmbH. The company develops user-friendly cloud solutions with a very high level of security. The solutions are based on the leading open-source cloud platform OpenStack and expand it to include additional security mechanisms. In this way, the data of a cloud infrastructure user are always exclusively accessible to this user. Target groups for SecuStack's solutions include public authorities, R&D facilities, companies in the Industry 4.0 environment, power utilities, hospitals and banks.

secunet has eleven locations in Germany: Berlin, Bonn, Dresden, Essen (headquarters), Frankfurt, Hamburg, Ilmenau, Munich, Paderborn, Siegen and Stuttgart. Consulting and development projects are handled at these sites in close collaboration with our customers. In Dresden, secunet also runs a training centre which is principally used for training users and administrators on the SINA secure inter-network architecture.

secunet has a market-oriented organisational structure: two divisions – Public Sector and Business Sector – are respectively geared towards the needs of public clients and international organisations on the one hand, and to the target group of private companies on the other hand, offering consultancy services, products and solutions.

One aspect of the Public Sector division's offering to its customers is the SINA product family, encompassing solutions (software, hardware and management) for highly secure, cryptographic processing, transmission and storage of classified information with different confidentiality levels. Additionally it offers public customers a wide range of IT security products and services, from IT security consulting and training to products for electronic passports, automated (biometric) border control systems, the ELSTER electronic tax return system and the equipment of large infrastructures with high-security technology and public key infrastructures.

The Business Sector division offers IT security consulting and solutions for the healthcare market and to meet the specific requirements of companies in the private sector. The range of solutions in the healthcare market consists mainly of the secunet konnektor for connection to the telematics infrastructure (TI) in the healthcare sector. The consulting services for private sector companies range from security assessments (known as penetration tests) via security consulting (for security policies and their implementation, for example) up to support for certification projects. The customer-specific solutions in the Business Sector are focused particularly on providers and operators of critical infrastructures, such as telecommunications companies, energy and utility companies, and on the automotive industry, as well as on companies with network-controlled, digital production and service processes (Industry 4.0). The portfolio contains, for example, the eID PKI Suite solution, which is used to generate, use and manage digital certificates. The certificates serve the purpose of authenticating users and technical components as well as signing and encrypting data and messages. Also included is the secunet edge product, which protects networked sensors, machines and systems in Industry 4.0 against cyberattacks.

The business results from the international distribution of SINA products are attributable to secunet International GmbH & Co. KG and are allocated to the Public Sector segment in secunet Group.

Within the divisions, the organisation has a process-oriented design and aims to optimise operations for the relevant markets and customers. Giesecke+Devrient GmbH, Munich, is the majority shareholder with a direct holding of 78.96% as at 31 December 2020 and 75.11% as at the end of February 2021, and is the parent company of secunet AG. The Giesecke+Devrient Group is a leading international technology group based in Munich. The company, which was founded in 1852, develops, produces and sells products and solutions that deal with security for payment processes as well as identity, connectivity and data security.

1.1.3 Products and services

The secunet product portfolio comprises hardware, software and services. The services include specialist consulting on IT security, software development and the development and implementation of comprehensive security solutions. When it comes to hardware and software, secunet operates across the entire value chain, from design and development through to integration, operations, maintenance and support of products. secunet's core competence is the application of cryptographic procedures in system solutions.

1.1.4 Key sales markets

The target markets for secunet's products and services are public clients and the private sector. The target group for public clients served by the Public Sector division includes governmental organisations, organisations in the defence sector (including organisations such as NATO), EU organisations, security authorities and border police. In the private sector, secunet's Business Sector targets the customer segments of finance, insurance and energy, utilities, telecommunications and manufacturing/production industries, automotive manufacturers and suppliers, as well as the healthcare sector.

The Company's main geographical sales area is Germany. To date, secunet's distribution activities abroad have focused on EU countries, NATO member states and the Middle East.

1.2 Corporate management

Management of secunet Group and secunet AG by the secunet AG Management Board is based on key financial performance indicators, the most important being sales revenue and earnings before interest and taxes (EBIT) in each case. The Management Board obtains comprehensive information about the state of business and these key performance indicators at its meetings. The Management Board regularly liaises with senior executives who have operational responsibility to discuss any distribution, product management and project management measures that may be required.

1.3 Research and development – innovation report

The research and development activities of secunet Group and secunet AG aim at improving and innovating processes, products and solutions. In this way secunet stays abreast of the growing need of its customers for higher security in existing infrastructures as well as for solutions dealing with threats in new technical environments.

secunet's innovation efforts are built on three supporting strategic approaches:

- Promoting a culture of innovation,
- Collaboration and partnerships with customers and suppliers, various universities and associations, and
- Bundling of competences with product managers who support developments from innovation management through to the creation of market-ready products.

In addition, secunet employees are members of many national and international standardisation bodies and committees, where a valuable exchange of expertise takes place, continually building up employees' skills and ensuring that secunet participates extensively in technological developments at an early stage.

Operational development work that is directed towards specific new or further developments for secunet's solution portfolio is largely the subject of development projects commissioned by customers. secunet also carries out self-financed investments in research and development

In the 2020 financial year, the main development activities related to the SINA Communicator H, an innovative solution for high-security telephony. For the SINA Communicator, a sum of 5.3 million euros was invested in research and development. Further development expenses of 0.6 million euros in the 2020 financial year related to the development of easykiosk, a solution with which passenger data are recorded in advance of the actual check as part of automatic border control, while 0.7 million euros related to the protect4use solution, which is used for secure authentication to protect digital identity. This enables secure registration, login and authorisation.

Altogether, 6.6 million euros was invested in research and development in the 2020 financial year (previous year: 3.1 million euros).

2. Economic report

We expressly point out that rounding differences with respect to the mathematically exact resulting values (monetary units, percentages, etc.) may occur.

2.1 Framework conditions for the overall economy and for relevant sectors

secunet Group is predominantly active in the German market and is therefore primarily affected by the framework conditions of the overall economy in Germany. With the external shock of the coronavirus pandemic, a growth phase lasting more than a decade ended for the German economy in 2020. As a result of the pandemic, it fell into one of the worst recessions in decades. In 2020, gross domestic product fell by 5.0%. To support economic recovery, the German government responded with a comprehensive economic stimulus package. As part of this package, investments are also being made in areas that are important for the future in order to secure the foundations for prosperity and sustainable growth in the long term. This includes promoting the digitalisation of public administration and the economy. The development of secunet Group's business was positively influenced by these framework conditions.

Market statistics for the IT sector are compiled by the Bitkom industry association (German Association for Information Technology, Telecommunications and New Media). The market for information technology is generally a growth market. However, following growth of 4.0% in 2019, spending on information technology fell by 0.7% in 2020 due to the coronavirus crisis (source: Bitkom). The negative impact was thus weaker than in the economy as a whole. The following developments in the sector were observed:

» The market for hardware is experiencing long-term growth. The growth rate was 3.2% in both 2019 and 2020.

» The market for software grew by 7.3% in 2019. The coronavirus crisis resulted in a downward trend in 2020, with sales revenues 0.1% lower.

» The coronavirus pandemic hit IT services particularly hard. Following growth of 2.4% in 2019, they were down 3.2% in 2020. Here, the distancing measures due to the pandemic have had a particularly strong impact.

secunet Group was able to uncouple itself from this development in the coronavirus crisis. In order to implement the distancing measures, workplaces across the country were transferred from offices to the home. In conjunction with this, the German authorities have stepped up investment in secure mobile workstations – and demand has risen accordingly, particularly for the SINA Workstation, which was designed for such mobile working environments and has the approvals required for processing classified information.

Security also remains an important issue for the IT market. Cyberattacks are becoming ever more sophisticated. At the same time, companies, the state and citizens are growing ever more dependent on IT, increasing the potential for damage. The coronavirus pandemic clearly showed the importance of functioning and secure IT infrastructures.

At the same time, the publicity of data scandals and cyberattacks is increasing. This raises the priority of the topic of cybersecurity for many. With the advance of digitalisation, protecting IT systems against threats of espionage and sabotage is becoming ever more important.

Consequently, the German federal government has developed a cybersecurity strategy, the guidelines of which aim to render the risks associated with digital transformation manageable. Government agencies and companies are to work together in various fields of action. Among other things, IT security research is to be promoted, certifications and approvals strengthened and a platform created for the reliable exchange of confidential information.

There is also an increasing awareness of this topic among companies in the private sector. According to recent surveys (Allianz Risk Barometer 2021), cyber incidents are perceived as the third largest business risk worldwide – after risks from interruptions to business (number 1) or as a result of pandemic outbreaks (number 2). In Germany alone, cyber risks come second in the list of business risks. Companies see larger-scale, costly data breaches as a major and growing challenge.

According to the Global Risks Report 2021 published by the World Economic Forum, cybersecurity failure ranks among the top 5 risks worldwide in the short term and among the top 10 risks in the medium term.

The material damage resulting from cybercrime in Germany in 2019 is estimated by the German Federal Criminal Police at 100 billion euros, while the damage worldwide over the same period is put at 600 billion dollars. The topic has also been additionally boosted by the German IT Security Act (IT-Sicherheitsgesetz, ITSiG). This legislation demands that providers and operators of critical infrastructure appropriately safeguard their IT systems using the latest technology and report IT security incidents.

Specific market statistics for IT security conclude that the market for IT security is growing faster than the overall market for hardware, software and IT services. In the past year 2020, companies in Germany spent an estimated 5.2 billion euros on hardware, software and services in the field of IT security – an all-time high and 5.6% more than in the previous record year 2019 (source: Bitkom). Worldwide, a market volume of more than 120 billion dollars is expected (source: Statista).

secunet Group is therefore essentially operating within an environment that is conducive to corporate growth, both in the overall economy and its own sector.

2.2 Assessment of business performance in 2020

2.2.1 Business performance of secunet Group

Due to the significant year-on-year increase in business results in 2019, which made further growth appear challenging and which were also attributable to the special effect of the rollout of the healthcare connectors (secunet konnektor) in German medical practices, the secunet Management Board anticipated a slight drop in Group revenue for the 2020 financial year (previous year: 226.9 million euros) at the time of publication of the 2019 Annual Report in March 2020 and a corresponding slight year-on-year decrease in EBIT (previous year: 33.2 million euros). At the same time, the outlook at the beginning of 2020 was marked by great uncertainty against the backdrop of the spreading coronavirus pandemic.

As expected, the first quarter of 2020 was not as strong as Q1/2019, in which secunet achieved record results in terms of revenue and EBIT due to the rollout of the healthcare connector. At the same time, the order book rose to a record level as at 31 March 2020. Despite the general coronavirus-related uncertainty in the German economy, the Management Board was therefore able to confirm the original forecast in an ad hoc announcement (inside information) dated 9 April 2020.

By the end of May 2020, the decline in earnings compared to the previous year had already been offset and the still very full order book indicated good further development. The Management Board therefore raised its forecast for the 2020 financial year by means of an ad hoc announcement (inside information) on 17 June 2020. The new forecast was for sales revenues of around 270 million euros and an EBIT of around 48 million euros.

With sales revenues of 285.6 million euros and an EBIT of 51.6 million euros, the actual results achieved in the 2020 financial year significantly exceeded the revenue and EBIT forecast published with the 2019 Annual Report.

secunet Group thus achieved record results for the seventh consecutive year in terms of both revenue and EBIT. The Management Board assesses secunet Group's business performance in 2020 as outstanding.

2.2.2 Business performance of secunet AG

The forecast for secunet AG was subject to the same risks and opportunities as those of secunet Group. Accordingly, at the time of publication of the 2019 Annual Report, the Management Board was anticipating a slight decline in sales revenue and EBIT.

In the 2020 financial year, secunet AG too achieved a strong increase in business results with sales revenues of 279.1 million euros (previous year: 221.6 million euros) and an EBIT of 49.4 million euros (previous year: 33.8 million euros).

The Management Board assesses secunet AG's business performance in 2020 as outstanding.

2.3 Situation

2.3.1 Results of operations of the Group

The income statement for secunet Group in accordance with IFRS, as applicable in the EU, is presented according to the cost of sales method.

2.3.1.1 Sales revenue performance

In the 2020 financial year, the sales revenues of secunet Group increased by 58.7 million euros, or 26%, from 226.9 million euros in the previous year to 285.6 million euros. With utilisation of consulting capacities still high, the corresponding service revenues were virtually unchanged from the previous year's level. Tangible growth was primarily achieved in the product business (sales revenue from trade goods, licences, maintenance and support).

Only the Public Sector division contributed to the increase in sales revenues.

Compared to the previous year, sales revenue in the Public Sector division rose by 40% from 169.8 million euros to 237.1 million euros. The proportion of secunet Group's sales revenue which was attributable to the Public Sector division in the 2020 financial year was thus 83% (previous year: 75%).

The Business Sector division generated sales revenues of 48.5 million euros in the 2020 financial year after 57.1 million euros in the previous year. In 2019, sales revenues were mainly influenced by the rollout of the secunet healthcare connector to medical practices in Germany. As expected, this one-off effect did not apply in 2020. The major share of sales revenues for 2020 was achieved in the second half of the year (36.1 million euros). Due to the decline in sales revenues, the division's share of the Group's sales revenues also fell from 25% in the previous year to 17% in the 2020 financial year.

Sales revenues from projects with the Giesecke+Devrient Group remain at a low level, amounting to 0.6 million euros in the year under review (previous year: 0.4 million euros).

Sales of secunet products and solutions outside Germany increased by 56% from 17.4 million euros in the previous year to 27.0 million euros. The contribution of foreign sales revenues to Group sales remained almost unchanged in the 2020 financial year at 9% (previous year: 8%).

2.3.1.2 Earnings performance

The earnings before interest and taxes (EBIT) of secunet Group increased by 56% compared to the previous year, rising from 33.2 million euros to 51.6 million euros. This improvement in EBIT resulted primarily from increased sales revenue in the product business.

Key cost items in secunet Group

in thousand euros	2020	2019
Cost of sales	204,774	171,389
Selling expenses	19,935	15,580
General administrative costs	7,254	6,515

The following individual developments arose in terms of costs:

In the reporting year, the cost of sales increased by 33.4 million euros, or 19%, from 171.4 million euros in the 2019 financial year to 204.8 million euros. The increase is directly linked to the development of sales revenue in the product business: materials expenses have seen a corresponding increase relative to the Group's sales revenues. Materials expenses include the purchase of commodities for use in products, as well as third-party services received. Furthermore, increased personnel expenditure, arising mainly from expansion of the workforce, has also had an effect in this area.

The selling expenses increased by 4.4 million euros, or 28%, from 15.6 million euros in the previous year to 19.9 million euros, primarily due to the higher personnel expenditure.

General administrative costs rose by 0.7 million euros, or 11%, compared to the previous year's figure of 6.5 million euros to 7.3 million euros. This growth was due mainly to higher personnel expenditure.

Only the Public Sector division contributed to the increase in the EBIT. While the Business Sector division recorded a decrease in EBIT of 5.6 million euros to -2.2 million euros due to the (expected) decline in sales revenues, EBIT in the Public Sector division rose disproportionately to the revenue increase (40%) by 95% from 27.6 million euros in the previous year to 53.8 million euros in the 2020 financial year.

Income from interest in secunet Group fell from 0.07 million euros in the 2019 financial year to 0.03 million euros in the reporting year. This income resulted primarily from short-term loans provided during the year by secunet AG to its parent company Giesecke+Devrient GmbH, Munich. Once again, fewer loans were issued in the 2020 financial year than in the previous year. Interest expenses decreased from 0.36 million euros to 0.34 million euros. The interest expenses mainly result from interest on pension provisions and interest expense in connection with lease accounting under IFRS 16. Overall, the interest result changed from -0.29 million euros to -0.31 million euros.

The earnings before taxes were 51.3 million euros in the 2020 financial year, having totalled 32.9 million euros in the 2019 financial year, corresponding to an increase of 18.5 million euros or 56%. Tax on the earnings increased from 10.7 million euros to 16.3 million euros in the reporting year. The increase in tax expenditure was due to the higher earnings. The tax ratio in the reporting year was around 32%, as in the previous year.

As a result, secunet Group generated consolidated net income of 35.0 million euros in the 2020 financial year, corresponding to an increase of 12.8 million euros, or 58%, on the previous year (22.2 million euros). Of this amount, 35.1 million euros (previous year: 22.3 million euros) is attributable to the shareholders of secunet AG and -0.1 million euros to non-controlling interests (minority shareholders of secustack GmbH) (previous year: -0.1 million euros, minority shareholders of secustack GmbH). Diluted and undiluted earnings per share in 2020 stood at 5.43 euros, compared with 3.44 euros in the previous year.

2.3.2 Results of operations of secunet AG

In the annual financial statements of secunet AG issued pursuant to commercial law, the income statement is presented using the nature of expense method.

In the 2020 financial year, secunet AG generated sales revenue of 279.1 million euros, having achieved 221.6 million euros in the previous year, an increase of 57.4 million euros or 26%. Other operating income increased from 3.8 million euros in the 2019 financial year to 5.9 million euros in the year under review. The growth is attributable to the same causes as in secunet Group.

The change in inventories in the 2020 financial year amounts to 1.2 million euros (previous year: 0.7 million euros).

The following developments in the expenditure items can be observed:

Key expenditure items of secunet AG

in thousand euros	2020	2019
Materials expenses	149,963	119,535
Personnel expenses	54,160	43,679
Depreciation and amortisation of tangible and intangible assets	3,384	2,662
Other operating expenses	30,092	26,611

Materials expenses increased by 30.4 million euros, or 25%, from 119.5 million euros in the previous year to 150.0 million euros. The increase is directly linked to the development of sales revenue in the product business. Materials expenses rose in proportion to sales revenue.

In 2020, personnel expenditure increased by 24%, or 10.5 million euros, from 43.7 million euros in the previous year to 54.2 million euros. The increase is accounted for by the growth of the workforce, salary increases and rising variable remuneration.

Depreciation and amortisation of tangible and intangible assets rose by 0.7 million euros, or 27%, from 2.7 million euros in the previous year to 3.4 million euros in the 2020 financial year. The increase results from the further expansion of the Company's property, plant and equipment, mainly office equipment and IT infrastructure.

Other operating expenses increased by 3.5 million euros, or 13%, from 26.6 million euros in the previous year to 30.1 million euros. The increase is mainly attributable to expenses which are charged by secunet Service GmbH to secunet AG with a corresponding margin on the original costs of secunet Service GmbH due to the spin-off of the Central Services, Central Sales Coordination and Central Project Management divisions.

Income from equity investments includes the net income for the year of secunet International GmbH & Co. KG, Essen, in the amount of 826.6 thousand euros. In the previous year, income of 63.0 thousand euros from the payout of the bank account of secunet SwissIT AG, Solothurn, Switzerland, was reported here after the completion of liquidation in June 2019.

As a result, the earnings before interest and taxes (EBIT) rose by 46%, or 15.6 million euros, from 33.8 million euros in the 2019 financial year to 49.4 million euros in the past reporting period.

The 2020 financial result totalled -0.6 million euros, compared with -2.9 million euros in the 2019 financial year. The decline is due to the extraordinary write-down last year of the holding in finally safe GmbH by 2.2 million euros.

Accordingly, the earnings before income taxes of secunet AG in the 2020 financial year were 48.8 million euros compared with 30.9 million euros in the previous year. Net income increased from 20.2 million euros in 2019 to 32.8 million euros in the 2020 financial year.

2.3.3 Financial and net asset situation of the Group

The balance sheet is presented in accordance with IFRS, as applicable in the EU. The balance sheet total rose from 186.8 million euros as at 31 December 2019 to 239.8 million euros as at 31 December 2020.

Balance sheet of secunet Group, assets

in euros	31 Dec 2020	31 Dec 2019
Current assets		
Cash and cash equivalents	101,648,590.01	64,492,741.83
Trade receivables	49,006,783.78	44,943,649.78
Intercompany financial assets	134,047.27	117,904.76
Contract assets	4,154,705.96	2,787,251.28
Inventories	27,898,725.41	21,570,841.56
Other current assets	4,877,213.77	1,746,947.30
Total current assets	**187,720,066.20**	**135,659,336.51**
Non-current assets		
Property, plant and equipment	6,344,752.84	5,718,170.00
Right-of-use assets	18,335,082.30	17,231,604.86
Intangible assets	8,205,796.53	8,172,156.96
Goodwill	4,625,031.00	4,625,031.00
Non-current financial assets	6,275,349.00	6,141,883.00
Trade receivables	3,151,338.96	4,727,008.44
Deferred taxes	2,379,381.74	2,303,869.56
Other non-current assets	2,741,245.77	2,205,150.34
Total non-current assets	**52,057,978.14**	**51,124,874.16**
Total assets	**239,778,044.34**	**186,784,210.67**

On the assets side of the balance sheet, the following significant changes can be seen between the two balance sheet dates.

Cash and cash equivalents increased by 58% or 37.2 million euros from 64.5 million euros to 101.6 million euros, primarily due to the improvement in earnings.

Current and non-current trade receivables increased by 2.5 million euros, or 5%, from 49.7 million euros to 52.2 million euros. This is due to the increased business volume.

In order to ensure delivery capability for the continually growing product business, the inventory level increased by 6.3 million euros, or 29%, from 21.6 million euros to 27.9 million euros.

Right-of-use assets rose from 17.2 million euros to 18.3 million euros and result from lease agreements for buildings / offices and company cars. They are recognized at cost and depreciated over the term of the lease. Corresponding items are the current and non-current lease liabilities on the liabilities side.

Contract assets rose by 1.4 million euros, or 49.1%, from 2.8 million euros to 4.2 million euros. The reason for this is an increase in services already rendered under work or service contracts but not yet invoiced to the customer.

Other current and non-current assets increased by 3.7 million euros, or 93%, from 4.0 million euros to 7.6 million euros. The increase is primarily due to higher other receivables from suppliers, advance payments for travel expenses, prepayments for future services and other receivables. No impairments were made.

Balance sheet of secunet Group, liabilities

in euros	31 Dec 2020	31 Dec 2019
Current liabilities		
Trade accounts payable	25,513,127.45	27,953,644.22
Intercompany payables	75,120.94	280,968.68
Lease liabilities	3,279,197.48	2,600,883.05
Other provisions	19,999,751.98	13,695,372.45
Income tax liabilities	12,897,980.39	5,446,232.78
Other current liabilities	5,997,733.75	3,621,460.71
Contract liabilities	14,673,571.17	9,960,482.92
Total current liabilities	**82,436,483.16**	**63,559,044.81**
Non-current liabilities		
Lease liabilities	15,241,779.74	14,936,347.05
Deferred taxes	1,813,090.84	1,883,251.83
Provisions for pensions	8,580,576.47	8,229,598.00
Other provisions	397,037.00	356,381.00
Contract liabilities	28,543,452.86	19,857,502.46
Total non-current liabilities	**54,575,936.91**	**45,263,080.34**
Equity		
Subscribed capital	6,500,000.00	6,500,000.00
Capital reserves	21,922,005.80	21,922,005.80
Other reserves	-2,248,386.33	-2,160,360.07
Revenue reserves	76,211,556.97	51,192,282.72
Equity attributable to parent company owners	**102,385,176.44**	**77,453,928.45**
Non-controlling interests	**380,447.83**	**508,157.07**
Total equity	**102,765,624.27**	**77,962,085.52**
Total liabilities	**239,778,044.34**	**186,784,210.67**

The liabilities side of the secunet Group balance sheet indicates the following significant changes when comparing between 31 December 2019 and 31 December 2020:

Trade accounts payable fell by -2.4 million euros from 28.0 million euros at 31 December 2019 to 25.5 million euros at 31 December 2020. secunet Group is in a position to meet its payment obligations at all times.

Current and non-current contract liabilities rose from 17.5 million euros to 18.5 million euros. The reason for this is the expansion of the rental space used by secunet Group due to the increase in the workforce.

Other current provisions rose by 6.3 million euros, or 46%, from 13.7 million euros to 20.0 million euros. The main reason for this is the increased recognition of provisions for variable remuneration components due, on the one hand, to the increased earnings and, on the other hand, to the enlarged workforce.

Current and non-current contract liabilities rose by 13.4 million euros, or 45%, from 29.8 million euros as at 31 December 2019 to 43.2 million euros. The increase in this amount is linked to the growing business volume.

Income tax liabilities rose from 5.4 million euros to 12.9 million euros, other current liabilities from 3.6 million euros to 6.0 million euros. The changes are related to the increased business volume and the improved earnings.

Revenue reserves grew by 51.2 million euros to 76.2 million euros compared to the previous year's figure. This change (+25.0 million euros) was essentially based on the portion of the Group consolidated profit for the period attributable to the shareholders of secunet AG of 35.0 million euros and the dividend payment of 10.1 million euros for 2019 paid during the reporting year.

secunet Group's positive result for the 2020 financial year contributes to the increase in total equity, compared to the previous year's reporting date, by 24.8 million euros, or 32%, to 102.8 million euros as at 31 December 2020.

secunet did not take out any loans in either the 2019 or the 2020 financial year; all spending was financed with liquid assets. The debt ratio is thus 0%. Guaranteed credit lines concluded by secunet AG with its key relationship banks and totalling 12.0 million euros are available to secunet Group as security for customers within the framework of larger projects and for guarantees, for example for lessors of office space, and remain unchanged from the previous year. As at 31 December 2020, these had been utilised to the amount of 2.7 million euros (previous year: 2.4 million euros).

At 56.4 million euros, cash flow from operating activities for the 2020 financial year rose significantly compared with the figure for the previous year (31.2 million euros). The positive liquidity effect essentially results from the improvement in earnings before taxes as well as from a higher allocation to provisions.

Cash outflow primarily for investing activities amounted to 5.5 million euros (previous year: 6.9 million euros). The decrease in outflow is mainly due to higher government grants.

Cash outflow for financing activities declined by 2.2 million euros in the 2020 financial year as compared with the 2019 financial year. The change is largely attributable to the fact that in the 2020 financial year, a lower dividend in the amount of around 10.1 million euros was paid to shareholders of secunet AG for the preceding financial year 2019, compared with 13.2 million euros in the previous year.

2.3.4 Financial and net asset situation of secunet AG

The accounting measurement methods in the Annual Financial Statements of secunet AG pursuant to commercial law differ from those for secunet Group (prepared in accordance with IFRS), as applicable in the EU, primarily with regard to the presentation of receivables, inventories, provisions for pensions and deferred taxes. A different measurement method is also used for goodwill, which according to the German Commercial Code (HGB) is amortised on a straight-line basis over nine to 15 years, while IFRS only provides for unscheduled impairments following an annual impairment test.

Balance sheet of secunet AG, assets

in euros	31 Dec 2020	31 Dec 2019
A. Fixed assets		
I. Intangible fixed assets	2,802,112.00	2,791,289.43
II. Tangible fixed assets	6,041,135.84	5,416,709.00
III. Financial assets	7,920,526.76	7,787,060.76
Total fixed assets	**16,763,774.60**	**15,995,059.19**
B. Current assets		
I. Inventories	28,424,764.72	23,307,459.09
II. Receivables and other assets	54,259,169.32	50,026,173.05
III. Cash in hand and balances with credit institutions	93,401,283.42	61,141,900.00
Total current assets	**176,085,217.46**	**134,475,532.14**
C. Prepaid expenses and accrued income	7,155,565.18	3,090,266.15
Total assets	**200,004,557.24**	**153,560,857.48**

On the assets side of the balance sheet of secunet AG, the following significant changes can be seen between the two balance sheet dates 31 December 2019 and 31 December 2020:

Inventories increased by 5.1 million euros, or 22%, from 23.3 million euros to 28.4 million euros. The increase is the result of an expansion of merchandise inventories to ensure that delivery obligations from the growing product business can be better met.

Receivables and other assets increased by 4.2 million euros or 8%. This is due to the increase in business volume.

Cash and cash equivalents increased by 53% or 32.3 million euros from 61.1 million euros to 93.4 million euros, primarily due to the improvement in earnings.

Prepaid expenses and accrued income increased by 4.1 million euros from 3.1 million euros to 7.2 million euros due to higher advance payments in connection with the increased volume of business.

Balance sheet of secunet AG, liabilities

in euros	31 Dec 2020	31 Dec 2019
A. Equity		
Subscribed capital	6,500,000.00	6,500,000.00
Nominal value of treasury shares	-30,498.00	-30,498.00
I. Issued capitall	6,469,502.00	6,469,502.00
II. Capital reserves	21,656,305.42	21,656,305.42
III. Revenue reserves		
1. Reserve due to treasury shares	0.00	30,498.00
2. Other revenue reserves	49,281,399.89	32,872,483.59
IV. Net accumulated profit	16,432,535.08	10,092,423.12
Total equity	93,839,742.39	71,121,212.13
B. Provisions	39,315,854.01	23,950,148.93
C. Liabilities	28,851,229.10	30,347,531.49
D. Deferred income and accrued expenses	37,997,731.74	28,141,964.93
Total liabilities	200,004,557.24	153,560,857.48

The liabilities side of the balance sheet indicates the following significant changes:

Provisions increased by 15.4 million euros, or 64%, from 24.0 million euros to 39.3 million euros. The increase is attributable primarily to higher allocations to the provision for tax payments as well as to provisions for variable remuneration components – due, on the one hand, to the increased earnings and, on the other, to the enlarged workforce.

Liabilities decreased by 1.5 million euros, or 5%, from 30.3 million euros to 28.9 million euros.

Deferred income rose by 35%, or 9.9 million euros, from 28.1 million euros to 38.0 million euros. The main reason for this is the growing product business and the associated increase in revenues from licences and maintenance, which are deferred over their respective terms.

An amount of 16.4 million euros was transferred to other revenue reserves from the annual net profit of 32.8 million euros for 2020 in conjunction with the balance sheet profit of 10.1 million euros for the previous year. Taking into account the dividends paid in 2020, in the amount of 10.1 million euros from the balance sheet profit for 2019, the result is a balance sheet profit of 16.4 million euros.

The Management Board and Supervisory Board of secunet AG will propose to the Annual General Meeting to be held on 12 May 2021 that 16.4 million euros be distributed to the shareholders through payment of a regular dividend of 2.54 euros per dividend-bearing share. This corresponds to a distribution of 50% of net income for the year, an increase of 63% on the previous year.

Finally, the Management Board views the earnings, financial and net assets positions of secunet Group and secunet AG as outstanding.

2.3.5 Investments of the Group

The capital expenditure of 5.5 million euros in the 2020 financial year (previous year: 6.9 million euros) mainly consists of the purchase of intangible assets and of property, plant and equipment. In the 2020 financial year, expenditure for this type of investment amounted to 9.2 million euros (previous year: 8.3 million euros). The investments mainly comprise new lease agreements, additions to office furniture and equipment, and internally developed software. The investments were made from liquid funds.

2.3.6 Investments of secunet AG

The capital expenditure of secunet AG amounted to 4.1 million euros in 2020 (previous year: 6.6 million euros) and mainly consists of the purchase of intangible assets and of property, plant and equipment. The investments consist primarily of additions to office furniture and equipment and purchased software. The investments were made from liquid funds.

2.3.7 Order book of the Group

The secunet Group order book in accordance with IFRS amounted to 149.5 million euros at the end of 2020 and has therefore grown by 90% as compared to the previous year's reporting date (78.5 million euros as at 31 December 2019).

2.3.8 Order book of secunet AG

The secunet AG order book (also in accordance with IFRS) amounted to 136.9 million euros at the end of 2020 and has therefore increased by 105%, or 70.0 million euros, as compared with the figure of 66.9 million euros as at 31 December 2019.

2.4 Employees

The creativity, motivation and integrity of our employees are decisive factors for the success of our Company. Their commitment, flexibility and expertise are part and parcel of the strengths our Company has been shown to possess.

At the end of the 2020 financial year, secunet Group had 653 permanent employees. This is 65 persons or around 11% more than at the end of 2019. The Company also employs 87 temporary workers (previous year: 72). The increase in employees primarily took place in the productive areas of development and consulting as well as in distribution.

At year-end 2020, secunet AG employed 550 permanent staff members (end of previous year: 494) and 77 temporary workers (end of previous year: 57).

The Management Board is of the opinion that secunet's employees are highly qualified and exceptionally well trained. Our experts have extensive practical experience in project and development work. Furthermore, secunet places considerable emphasis on the further training of its employees to keep their level of knowledge in line with the latest developments in the relevant field.

secunet attaches great importance to cooperative management that takes the needs and qualifications of employees into account. secunet abides by the management principle of "management by objectives" (MBO). MBO is a technique where personnel management is carried out on the basis of agreed objectives. It involves both top-down and bottom-up objectives. The top-down objectives are set by corporate management on the basis of sales and EBIT forecasts. Personal bottom-up objectives are derived from these and agreed between division heads and individual employees. Implementation and assessment of the agreed objectives are monitored annually. The results are then used as a basis for calculating the variable remuneration for employees.

3. Forecast, Opportunity and Risk Report

3.1 Risk report

3.1.1 Risk management objectives and methods

Risk management is carried out in the same way and in parallel for secunet Group and secunet AG. The function presented below and the description of individual risks and opportunities thus apply to both secunet Group and secunet AG.

Risk management at secunet is carried out at various levels: risks that are countered by means of strategic, medium to long-term measures are taken into account by the Management Board as framework conditions for medium-term strategic corporate planning. Risks relating to the targets set in the current annual planning are dealt with in a dedicated risk committee. Finally, operational risks are taken into account as part of daily operational routines and risk minimization measures and are reduced or eliminated to the fullest extent possible.

The early risk detection and risk management system of secunet AG is being continuously developed and improved.

3.1.2 Strategic risk management and strategic risks

Medium and long-term risks for secunet are taken into account in the course of strategic planning. These framework conditions and the consequences for the strategy are regularly discussed with the Supervisory Board, which approves and follows up on this planning.

The risks considered here include the following:

Customer structure risk is to be seen as a medium-term distribution risk to the extent that secunet conducts the majority of its business with public sector authorities and organisations. The loss of segments of demand from this customer group can have negative effects on sales revenue and earnings. This risk is regularly discussed in depth. Investments in IT, and especially in IT security, are seen as particularly important for the smooth delivery of projects for the public sector, particularly in a world where information technologies play an increasingly important role. The risk of a downturn in demand from public sector customers is therefore constantly monitored, although it is currently considered to be relatively low.

In order to be better placed in the medium term to react to the potential risk of a decline in demand from public sector customers, and in order to reduce and compensate for any resulting decline in sales revenue and earnings, secunet will continue to devote intensive efforts to the expansion of its activities for the private sector target group (Business Sector).

A further risk can be seen in the fact that a large part of the sales revenue is concentrated on a small number of public clients and companies. If one of these major customers is absent for even a short period of time, and the corresponding expected orders are delayed, secunet's attainment of annual objectives may be endangered at the very least. In this case too, the use of key account managers in distribution can help towards risk reduction. Thanks to their close contact with the customer, they can ensure a timely reaction to changes in demand.

Furthermore, the fact that the business results are still heavily influenced by domestic demand is seen as a risk for the further growth of secunet. As a result, the expansion of high-performance international distribution, tapping of new markets and the acquisition of additional customers abroad will remain a focus of efforts for the future development of the Company. One strategic measure is the pooling of international distribution activities in the marketing company founded for this purpose.

Positive commercial framework conditions in the German market for IT security have attracted new competitors, particularly in recent years. The changing intensity of the competition that this entails is continually monitored and evaluated by secunet. Currently, the Company sees no signs of a negative impact on secunet's market position.

3.1.3 Risk management for the current planning and financial year

The management of risks relating to the targets set in the current annual planning is carried out at secunet by a risk committee. This comprises the members of the Management Board and the departmental manager responsible for risk management. The risk committee meets regularly once a quarter. Any developments that could jeopardise the fulfilment of objectives, or which may even threaten the survival of the Company, are subjected to intense analysis, scrutiny and assessment by the risk committee. The aim of doing this is to ensure that information about risks, and the associated financial implications, is detected as early as possible in order to implement suitable measures. The existing opportunities and associated potential for earnings are to be identified and leveraged.

As part of the preparation for meetings of the risk committee, a comprehensive risk inventory takes place in each area of the Company. Following a bottom-up approach, the risks are identified and aggregated, then assessed according to their damage extent and probability of occurrence.

The Company-specific risks surveyed in this manner are then discussed at the risk committee meetings, implementing a top-down approach. The effects of risks and opportunities are not offset against each other. A net presentation is shown when evaluating the potential effects of risks, i.e. the effects of any risk minimisation measures already taken are considered as part of the evaluation. Depending on the probability-weighted damage value of the risks (risk value), the further treatment of the risks is then determined. This ranges from pure documentation where the value is negligible (the probability-weighted damage value in the 2020 financial year in the amount of a low single-digit million amount in the EBIT loss) and further observation (monitoring of existing measures – for a risk value in the 2020 financial year in the amount of a mid-single-digit million amount) to the need to take and monitor measures immediately (reporting threshold – for a probability-weighted damage value in the 2020 financial year exceeding a mid-single-digit million amount). The value limits defined above are re-determined annually based on the planned annual result. Insofar as the identified risks are quantifiable, the corresponding risk values (relating to the reporting date) are adopted in the reporting system.

Proposals for countermeasures are then drawn up, if required. The Management Board examines these measures and implements them promptly.

The risks considered in this part of risk management for secunet Group and thus also for secunet AG as the parent company of the Group are primarily classified according to their origin in the functional areas of secunet as follows:

- Sales risks: these are risks in all areas connected with distribution. They relate primarily to the functions purchasing and inbound logistics, sales and outbound logistics as well as distribution and marketing.

- Product risks: these are the risks that can arise in connection with products and solutions from secunet. They relate primarily to risks from technical defects or possible security weaknesses in the components used. Also included in this category are risks from the divisions responsible for planning and coordinating the market-readiness of products and solutions from secunet Group.

- Project risks: these are the risks that can arise in connection with development and consulting projects. They mainly include the risks relating to budget planning and subsequent budget compliance.

- Structural risks: these are the risks arising from support functions such as finance and controlling, legal and human resources, and IT. Risks from M & A activities and compliance risks are also recorded here.

Furthermore, the coronavirus pandemic represented a significant and constantly monitored risk for business development in 2020. The Management Board assessed its potential effects on secunet Group continuously and with high priority. All aspects of business operations were examined and evaluated, with appropriate measures being developed where necessary. In each case, the focus of the discussions was on maintaining the health of employees, the supplies from vendors and the services provided to our customers, as well as our own infrastructure. During this time of crisis, secunet proved to be a fast-reacting, flexible and adaptable organisation, with the result that it was quickly possible to reduce risks in operational management.

During the 2020 financial year, it was mainly sales risks that were identified. None of these was individually above the upper limit for no longer being considered negligible. Operational damage management implemented in each case was able to contribute to a significant reduction of the relevant risk value in all cases.

The sales risks discussed here are dominated by distribution risks. secunet is active in the project business. Many projects relate to infrastructures and solutions that are designed on an individual basis. The IT security infrastructures based on these are often associated with high investment volumes, resulting in a complex and often protracted tendering and decision-making process for the customer. This applies to both Public Sector and Business Sector customers and places great limitations on the ability to plan for sales revenues, leading to a potential associated volatility in secunet's business. The distribution risks are continuously monitored as part of risk management and in the ongoing Management Board meetings and, if necessary, they are countered with suitable measures. These measures for reducing the distribution risk often consist of establishing close contact, and thus ongoing cooperation with the customer, through the use of dedicated key account managers, for example. The distribution risks at the time of creating this report are classified as negligible. Sales risks also include warehousing risks. These increase as secunet Group's product business grows. Warehousing risks include the risk associated with the ability to deliver at short notice, which is countered by suitably networked material planning (forecast of potential sales and inventory build-up). At the same time, hardware components in particular are becoming obsolete because of accelerating technical progress. Where applicable, inventories lose their value because of this technical ageing process. secunet stays abreast of these risks through professional inventory optimisation. Inventories were written down by 0.6 million euros in the 2019 financial year.

As at the end of December 2020, sales opportunities outweighed sales risks by 2.6 million euros, and the latter were therefore classified as negligible.

There were no product, project or infrastructure risks as at the end of December 2020. Consequently, this risk class was also classified as negligible.

3.1.4 Operational risk management

Operational risks are recorded, assessed and eliminated to the fullest extent possible by means of specific risk minimisation routines. These control mechanisms are applied at various points in the value creation process.

Distribution or sales risks are discussed within the framework of distribution coordination via risk committees. Risk committees must be held in the case of orders that exceed a defined value. These committees are made up of at least the representatives of the responsible (sales) department, the division / business unit expected to be entrusted with the desired order, the commercial manager, representatives of the legal department and purchasing as well as a member of the Management Board. The goal of the risk committees is to decide for the respective order or invitation to tender, on the basis of transparent criteria, whether and how a bid can be submitted or an order accepted. Since a discussion of the risks, including an assessment of their acceptability, is conducted by the risk committees in each case, and the decision recognises the risks as acceptable, the associated risks are considered to be manageable at the time of writing this report. In addition to the distribution risk for major projects already described under sales risks, there is also a project management risk. In addition, there are specific risks for very long-term major projects. At secunet, such risks are identified and evaluated in the higher-level project coordination and reduced or eliminated by means of appropriate measures. The project management risk arises after the commissioning of major projects: these projects are characterised by multiple uncertainties in their implementation due to the sheer fact of their size. The risk may consist, for example, of a failure to maintain schedules and project budgets. secunet takes these risks into account by means of a comprehensive project management system, which is used to create regular management reports for project managers, division heads and the Management Board. The risks arising from major projects are continuously monitored – in the same way as development risks – with comprehensive project planning and control mechanisms, in conjunction with a risk-oriented reporting system. In the event of deviation from the set targets, measures to reduce the risk are resolved and implemented immediately. These can consist of making additional capacity available for processing the project or discussing deviations with the customer in order to bring expectations into line with the altered framework conditions.

In very long-term projects that extend over periods of more than five years, there may be additional risks, for example because the solutions implemented reach the end of their technological service life (update problems, problems with outdated technology). Furthermore, a replacement risk may be posed by suppliers who disappear from the market over the course of such projects.

In conjunction with the development of new products – including corresponding major projects – the following risks are discussed and evaluated regularly:

- Risk of a possible decline in demand: the product fails to prove itself on the market.
- Risk of undesirable technical developments: the product contains defects that lead to warranty claims.
- Risk of failure to complete the product in time: the development project takes considerably more time than estimated.

In the past, secunet primarily developed products and solutions in response to orders to cover specific security needs in the public sector. Its high-security IT solutions are tailored precisely to customers' needs; secunet products are generally not designed without a specific requirement in mind. Most of the products developed by secunet are made to order and are accordingly financed by the customer. Therefore, no development risks exist in terms of potentially waning demand. The risks associated with developing new products that subsequently prove unsuccessful on the market have therefore not been of primary significance for secunet in most product areas.

The development of the secunet konnektor for medical practices in the 2018 financial year, the development of the secunet Communicator in the Public Sector division and the data centre connector and secunet edge in the Business Sector division in 2019, and the development of the secunet Communicator, easykiosk and the protect4use solution in 2020 have increased the volume of related internal investments. This has brought development risks more into the focus of risk evaluation. The focus here is less on the sales prospects associated with the products than on the duration of development and certification. The greatest risk for development projects may be underestimation of the time required before they are ready for acceptance. This can lead to expenditure of time and personnel, which limits the profitability of these projects. In order to keep these risks as low as possible, secunet uses extensive project planning and control mechanisms in different locations, paired with a dedicated reporting line. This part of the risk analysis and risk management is identical to the activities that apply for major projects.

In the area of development projects, the risk at the time of creating this report is classified as low.

There were no project risks as at the end of December 2020; accordingly, this risk class was assessed as negligible.

The secunet AG product portfolio is concentrated on solutions in the area of cybersecurity. In the case of the SINA product family in particular, these solutions are protected and approved at a high level in cryptographic terms. One risk that is evaluated on an ongoing basis in connection with the technical properties of these products is the effect of any possible – as yet undetected – security weaknesses of these solutions. In this context, the focus is on the question of whether and to what extent the security promise made to its customers by secunet in connection with the solution as a whole might be compromised as a result of security holes in individual components. This is the task of operational incident management, another component of risk management at secunet.

A comprehensive process of ongoing risk identification and assessment takes place in this area for the purposes of risk minimisation. As part of this process, secunet collects and evaluates findings about potential security risks from a wide range of sources. Even if potential vulnerability of the systems merely seems possible as a result of this evaluation, customers are informed immediately and supported in closing the potential security hole.

This process of monitoring and solving potential technical security risks is implemented in close collaboration with the Company's development and certification partner, the German Federal Office for Information Security (BSI). In view of the risk minimisation measures in use, the economic risk connected with technical product security is believed to be low.

3.2 Opportunities

The driving factors outlined below continue to have a positive effect on the future growth of secunet:

3.2.1 Growth through increasing awareness

The increasing awareness of IT security issues in recent years has received strong support as a result, among other things, of reporting in the media on cybersecurity threats (such as eavesdropping scandals, attempted and successful hacking of government and corporate networks, attacks on critical infrastructures).

Investigation into the medium to long-term assessment of risk among companies and decision-makers reveals that much greater importance will be placed on cybersecurity going forward. The issue of cybersecurity is the focus for a wide range of investigations and seminars, as well as publications derived from them. Cyber incidents are increasingly at the centre of risk assessments – not just those conducted on behalf of authorities, but also by private companies. Over the past three years, for example, cyber incidents have consistently been included in the top three risks on the Allianz Risk Barometer of the Top Business Risks in Germany. The same picture emerges globally. The World Economic Forum's Global Risk Report 2021 also lists cyberattacks and the vulnerability of IT infrastructures among the top 10 risks worldwide.

A positive trend in the demand for high-quality, trustworthy IT security solutions "made in Germany" can be inferred from this. This applies both to authorities, which are adding IT system and infrastructure security to their existing efforts, and to companies, which are countering the now-specific risks of economic/industrial espionage, for example, with appropriate safeguards. An additional group is made up of providers of critical infrastructures for which IT security is becoming ever more important (see also "Growth due to increasing regulation"). With the relevant distribution activities aimed at authorities and companies, secunet intends to participate in this positive development of demand.

The increasing interest in IT security, driven among other factors by prominent media attention, and the subsequent growth in demand are also resulting in increasing competition. This must be taken into account when evaluating opportunities.

3.2.2 Growth due to increasing regulation

The German federal government wants to increase the protection of critical infrastructures such as energy and telecommunications networks as well as that of IT systems. To this end, the German IT Security Act (IT-Sicherheitsgesetz, ITSiG) was passed in July 2015. This results in drivers of growth at different levels:

- The legislation particularly affects operators of critical infrastructures – i.e. facilities that are of central importance to the community – such as energy supply, for example. They are to meet specific IT security requirements. This will result in potential demand for implementation concepts to meet these requirements.

- Furthermore, the role of the BSI has been strengthened by this law and takes into account its growing importance as a central body for IT security. Among other things, the BSI has been empowered to inspect and evaluate IT products and systems on the market with regard to their IT security, and to publish the results if necessary. This could give rise to positive stimulus in the product business of secunet.

In December 2020, the German federal government passed the draft for the IT Security Act 2.0. The further development of the act provides for a strengthening of the German Federal Office for Information Security (BSI), consumer protection, corporate duty of care, and the state's protective function.

3.2.3 Growth through new markets

IT security solutions "made in Germany" enjoy a good reputation around the world due to their quality and trustworthiness. There is rising international demand for corresponding high-quality solutions such as those offered by secunet.

Under the pressure of wiretapping cases and cyberattacks coming to light, demand is likely to stimulate even greater differentiation between producer countries, from which secunet benefits as a German manufacturer. In addition, many secunet products are approved for use in an international context, for example by the EU and NATO.

The range of products and services from the Business Sector division for customers in the industrial sector is to be expanded abroad, for example for foreign subsidiaries and production facilities of German corporations. To this end, promising potential is being identified and examined.

The expansion of foreign activities via secunet's own distribution and via local multipliers will contribute to leveraging these potentials.

3.2.4 Growth through acquisitions

In addition to organic growth on domestic and foreign markets, secunet has for years pursued the objective of triggering additional growth through M&A activities. Growth in the product area through acquisition of the relevant solution providers is promising. The market for companies with high-quality, reliable IT security solutions for processing classified information – in which secunet is an active player – is split into many small to medium-sized providers. In addition, the M&A business remains characterised by very high price expectations on the part of sellers. The process of identifying promising targets at acceptable prices is time-consuming as a result, but is nonetheless being pursued on an ongoing basis.

3.3 Overview of risks and opportunities

An overview of opportunities and risks which could impact on the further development of secunet Group shows a promising evaluation overall. The assessment revealed that the risks at the time of creating the report are negligible overall and can thus be controlled, and the identified risks, both individually and as a whole, do not threaten the continued existence of the Group and the Company in terms of illiquidity or excessive debts in the reporting period of at least one year. In the operational management of the Group, measures are continuously being taken to prevent a worsening of the risk situation. At the same time, the utilisation of the opportunities described above is being driven forward by a number of activities. No material risks are present as at the balance sheet date.

The business development of secunet AG is subject to the same risks and opportunities as those of the Group. The presentation and evaluation of risks and opportunities thus also apply in the same way for secunet AG.

3.4 Forecast

During the past financial year, sales revenue and EBIT increased sharply once again, and 2020 consequently ended with outstanding results. The Management Board of secunet AG is fundamentally optimistic about the conditions for good business performance in the current year 2021.

The framework conditions for the 2021 financial year give reason for optimism.

» The macroeconomic growth forecast of the German federal government is positive: growth of 3.0% in the price-adjusted gross domestic product for the current year 2021.

» For the domestic market, we were still expecting growing demand for IT security. This affects both the Public Sector, i.e. business with public customers, and the Business Sector, which serves companies in both the private sector and the healthcare sector. For 2021, Bitkom predicts growth of 4.2% to 4.9 billion euros in spending on hardware, software and services in the IT sector. The market for IT security is likely to show relatively stronger growth. secunet will be able to meet this growing demand well in future, with optimised and new services, products and solutions.

» The foreign market continues to hold significant growth potential; secunet is generally well positioned to leverage this potential. The secunet AG and secunet International GmbH&Co. KG employees in international distribution have many years of experience in the Group and in dealing with international customers.

» During the course of the year, secunet Group again increased its number of productive employees and can therefore translate increasing demand and high capacity utilisation into good business results.

» The ongoing efforts to expand national and international defence budgets with a focus on cyber defence justify positive growth expectations.

At the time of preparing this report, the Management Board considers secunet Group and secunet AG to be well positioned and still sees the Company and the Group in a good situation:

» The economic and financial standing of secunet Group and secunet AG is good; growth so far has been achieved profitably, there are no loans, and liquid funds are high.

» The Management Board is of the opinion that secunet has high-performing, motivated and highly qualified employees, providing an excellent basis of expertise.

» The Company's existing product and service portfolio has done well in terms of standing up to competition, and is continuing to expand in close cooperation with customers and their needs. Further additions to the product range will also support future growth.

» secunet believes that secunet's products and solutions have an excellent reputation, the Company is well-known as a provider of high-quality and trustworthy IT security to meet the highest demands and therefore has a stable and reliable (existing) customer structure.

Nevertheless, risks might also be encountered in the coming year:

» secunet is still largely dependent on the procurement activities of the German federal authorities. At the present time, the effects of changing budgetary policy cannot yet be assessed. Negative implications for secunet could include the postponement or cancellation of planned projects.

» Project business also holds both opportunities and risks: the scope of investment decisions for major projects, especially if these are part of a political process, can significantly delay the start of expected procurements. In addition, ongoing major projects always face the potential risk of incalculable delays or budget overruns.

» The great attention focused on the topic of IT security is fuelling the expectation of growing demand. However, driven by the same attention, increasing competition is also apparent, with consequences that cannot be foreseen.

The excellent business results achieved in the 2020 financial year represent a challenge for further growth – surpassing sustained record results is becoming increasingly difficult. Special economic effects such as those seen in the 2019 financial year in the healthcare sector (triggered by the rollout of healthcare connectors in medical practices) or in the 2020 financial year in the public sector (high investments in mobile workstations) are not expected in the 2021 financial year.

For this reason, the Management Board of the Company already published its forecast for secunet Group for the coming financial year 2021 on 3 November 2020 as follows: sales revenues of around 260 million euros and earnings before interest and taxes (EBIT) of around 38 million euros are expected. The contribution of the Public Sector and Business Sector divisions to Group revenue in 2021 is not anticipated to differ significantly from that in 2020. We expect the Business Sector to report slightly positive EBIT.

The forecast for secunet AG is subject to the same risks and opportunities as those of secunet Group. Accordingly, the Management Board is expecting a slight decline in sales revenue and EBIT for secunet AG.

4. Risk Reporting with regard to the Use of Financial Instruments

The financial management of the Company and the Group has a clear focus on the regulations and requirements applicable under corporate law. This ensures that all Group companies can operate as going concerns. The Group and its associated companies were in a position to fulfil their payment obligations at all times. The investment of liquid funds occurs on a strictly risk-minimising basis. The ongoing monitoring of liquid funds and the coordination with liquidity demands serve to ensure the ongoing ability to pay. This is also the main objective of financial management.

5. Description of the Key Features of the Accounting-related Internal Control and Risk Management System (Section 289 (4) and Section 315 (4) HGB)

5.1 Elements of the internal control and risk management system

secunet Group's internal control system includes all principles, procedures and measures for ensuring the effectiveness, efficiency and correctness of the accounting system and also assures compliance with the applicable legal provisions.

secunet Group's internal control system consists of an internal steering system and an internal monitoring system. The Management Board of secunet AG – in its function as the managing body of the Company – has assigned responsibility for the internal steering system in secunet Group to the Controlling, Finance, Legal and Human Resources departments in secunet Service GmbH.

Process-integrated and process-independent monitoring measures are the cornerstone of secunet Group's internal monitoring system. In addition to manual process controls – such as the dual control principle – automatic IT process controls are also a key feature of the process-integrated measures. Furthermore, process-integrated monitoring is assured by means of committees such as the risk committee and by specific functions within the Group such as the Legal department.

The risk management system presented here primarily focuses on avoiding the occurrence of damage through risks.

The internal audit department of secunet AG is involved in secunet Group's internal monitoring system through process-independent auditing functions.

5.2 Use of IT systems

At secunet AG, accounting processes are mainly recorded by the ERP system provided by the manufacturer SAP.

5.3 Specific Group accounting-related risks

Specific risks related to Group accounting may result, for example, from the conclusion of unusual or complex transactions and from business transactions that are not routinely performed.

5.4 Key regulatory and controlling activities for ensuring the correctness and reliability of accounting within the Group

The controlling activities for assuring the correctness and reliability of the accounting system include tasks such as the analysis of circumstances and developments using specific analyses of key indicators. The separation of administrative, executive, billing and approval functions, and their performance by different individuals, reduce the possibility of fraudulent actions. The organisational measures also focus on recording restructuring or changes in the business activities of individual divisions in the Group accounting promptly and properly. They also ensure that in the event of changes to the IT systems for the underlying accounting in the affiliated companies, for example, the accounting processes are recorded in their entirety for the relevant periods. The internal control system also ensures the mapping of changes in the economic or legal environment of secunet Group and ensures that the Group accounting is adjusted in line with new legal provisions or amendments to such provisions.

The secunet Group accounting principles, which include compliance with International Financial Reporting Standards (IFRS), ensure that the companies included in the Consolidated Financial Statements of secunet AG follow consistent accounting and measurement policies.

The internal control system measures, which focus on the correctness and reliability of Group accounting, ensure that business transactions are recorded in good time and in accordance with the law and the Articles of Association. It is also ensured that inventories are carried out correctly and that assets and debts are reported, measured and declared appropriately in the Consolidated Financial Statements. Regulatory activities also ensure that reliable and transparent information is made available in the accounting documents.

The German subsidiaries and the parent company prepare their annual financial statements in accordance with German commercial law, the foreign subsidiaries in accordance with the respective national laws. As part of the consolidation process, the financial statements are reconciled by Group Accounting to commercial balance sheet II in accordance with IFRS as applicable in the EU, using uniform standards. The Consolidated Financial Statements are determined by consolidating capital, liabilities, expenses and income in the aggregate balance sheet and income statement.

5.5 Restrictive details

In spite of the aforementioned internal organisation, control and monitoring structures, individual discretionary decisions, defective controls, criminal actions and other circumstances cannot be ruled out. This may lead to limited effectiveness and reliability of the internal control and risk management system used, to the extent that the Group-wide application of the system cannot absolutely guarantee security regarding the correct, complete and timely recording of facts in the Group accounting and in the annual financial statements of the individual companies.

6. Takeover-related Information pursuant to Section 289a, Sentence 1 and Section 315a, Sentence 1 HGB

The Management Board of secunet Security Networks AG provides the following information for the 2020 financial year in line with Section 289a, sentence 1 and Section 315a, sentence 1 HGB:

1. The share capital of secunet Security Networks AG remains unchanged at 6,500,000 euros and is divided into 6,500,000 bearer shares with no par value. Each share entitles the holder to one vote at the Annual General Meeting of secunet Security Networks AG.

2. A restriction on the transfer of secunet shares may apply pursuant to the Foreign Trade and Payments Act (Außenwirtschaftsgesetz, AWG), owing to the products supplied by secunet Security Networks AG. Section 5 (3), sentence 1, no. 2, AWG stipulates that "Restrictions … can in particular be imposed with reference to the acquisition of domestic companies or shares in such companies by foreigners in order to guarantee the essential security interests of the Federal Republic of Germany if the domestic companies … manufacture products with IT security functions to process classified state material or components essential to the IT security function of such products, or have manufactured such products, and still dispose of the technology if the overall product was licensed with the knowledge of the Company by the Federal Office for Information Security." Apart from the restrictions under the AWG, the shareholders of secunet Security Networks AG are not restricted either by German law or by the Company's Articles of Association in their decisions on the acquisition or disposal of the Company's shares. In particular, the acquisition and disposal of shares does not require the approval of the Company's corporate bodies or other shareholders in order to be valid. The voting rights of shareholders are not subject to any restrictions arising either from legislation or the Articles of Association of the Company. The Management Board is not aware of any agreements between shareholders that give rise to restrictions on the transfer of the Company's shares.

3. To the knowledge of the Management Board, approx. 20.57% of the Company shares are free floating. To the Management Board's knowledge, direct and indirect capital holdings exceeding 10% of voting rights are held by Giesecke+Devrient GmbH, Munich, Germany, which had a direct stake of 78.96% as at 31 December 2020. In February 2021, Giesecke+Devrient GmbH announced its intention to place a portion of 3.85% of the shares. Following completion of the transaction, the shareholding of Giesecke+Devrient GmbH amounts to 75.11%. Via its participation in Giesecke+Devrient GmbH, MC Familiengesellschaft mbH, Tutzing, Germany, has an indirect holding in secunet Security Networks AG of 79.43% as at 31 December 2020 and of 75.58% after completion of the sale by Giesecke+Devrient GmbH in February 2021 (including the treasury shares held by secunet Security Networks AG). In turn, Verena von Mitschke-Collande, Germany, likewise has an indirect holding in secunet Security Networks AG of 79.43% as at 31 December 2020 and of 75.58% as at the end of February 2021 via her majority holding in MC Familiengesellschaft mbH.

4. secunet Security Networks AG has not issued any shares that grant special rights.

5. Like the rest of the Company's shareholders, employees and members of the Management Board who hold some of its capital also make their own decisions on the exercise of their voting and control rights and therefore exercise their control rights directly.

6. The Management Board of secunet Security Networks AG is appointed and dismissed in accordance with the applicable legal provisions, in particular Sections 84 and 85 of the German Stock Corporation Act (Aktiengesetz, AktG). The Articles of Association do not contain any special provisions governing the appointment and dismissal either of individual members or of the entire Management Board. The Supervisory Board has sole responsibility for its/their appointment and dismissal. It appoints members of the Management Board for a maximum term of five years. Members may be reappointed or have their term of office extended, in each case for a maximum of five years. In accordance with Section 179 AktG, changes to the Articles of Association require a decision by the Annual General Meeting; changes that only affect the wording may also be conferred to the Supervisory Board. The amendment becomes effective upon entry in the Commercial Register. In accordance with Article 22 of the Articles of Association, the resolutions of the Annual General Meeting require a simple majority of the votes cast, insofar as the Articles of Association or statutory legal provisions do not specify

anything to the contrary. Article 10 (5) of the Articles of Association entitles the Supervisory Board to decide on amendments to the Articles of Association that only affect the wording.

7. The Management Board is not authorised to issue new shares. The Articles of Association of secunet Security Networks AG do not provide for a contingent capital increase, nor do they include any authorisation for the Management Board to increase the share capital by issuing new shares in return for capital contribution (approved capital). Furthermore, as set out in Section 71 (1), no. 8, AktG, there is no authorisation to purchase treasury stock. As at 31 December 2020, the Company held 30,498 bearer shares, which it purchased on the basis of an authorisation issued during the Annual General Meeting held on 29 May 2001. As per resolution of the Annual General Meeting on 27 May 2009, the Management Board is entitled to divest these shares on a stock exchange with the agreement of the Supervisory Board. As at 31 December 2020, the Management Board of secunet Security Networks AG had not made use of this authorisation.

8. The Company has no significant agreements that are contingent upon a change of control due to a takeover bid.

9. The Company has concluded no compensation agreements with any members of the Management Board or employees in the event of a takeover bid.

7. Management and Control – Reference to the Declaration of Corporate Governance pursuant to Sections 289f HGB and 315d HGB

As a German public company limited by shares, secunet AG has a dual management and control structure. The Company and the Group are managed by the Management Board, whose members are appointed by the Supervisory Board. The Supervisory Board advises the Management Board and monitors its conduct of business. A detailed explanation of the management of secunet Group can be found in the Corporate Governance Report of secunet AG. The Declaration of Corporate Governance pursuant to Sections 289f HGB and 315d HGB can also be found there. The Corporate Governance Report is permanently available via the secunet AG website (www.secunet.com) under >> The Company >> Investor Relations >> Corporate Governance.

In accordance with Section 317 (2), sentence 6 of the German Commercial Code (HGB), the information in the Declaration of Corporate Governance is not included in the audit of the annual and consolidated financial statements.

8. Combined Non-financial Statement of the Company and the Group

8.1 About this statement

With this combined non-financial statement of the Company and the Group, secunet is meeting its obligation to disclose non-financial information for the 2020 financial year as set forth in the "Act to strengthen non-financial reporting by companies in their management reports and group management reports (CSR Directive Implementation Act, CSR-RUG)" pursuant to Sections 315b, 315c in conjunction with 289c – 289e of the German Commercial Code (HGB). The present statement is accessible to the public together with the combined Management Report on the position of the Company and the Group on the secunet website under >> Investor Relations >> Financial Reports and News.

In accordance with Section 317 (2), sentence 4 of the HGB, the information in the combined non-financial statement of the Company and the Group is not included in the audit of the annual and consolidated financial statements. Instead, the combined non-financial statement of the Company and the Group has been audited with limited assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft in accordance with the requirements of the auditing standard ISAE 3000.

When preparing the non-financial statement, we adhere to the classification based on the statutory requirements pursuant to Section 289c HGB in the selection of relevant aspects and the description of concepts. When choosing the individual topics within these matters, we are guided by the requirements of the Sustainability Reporting Standards (SRS) framework for non-financial reporting issued by the Global Reporting Initiative (GRI 102-46, GRI 102-47). For the purpose of preparing the non-financial statement, a dedicated internal process was established in order to analyse and evaluate the sustainability topics with respect to statutory requirements. In addition to the relevant specialist departments, the Company management is also involved in this process.

The basis for selecting the content of the material topics for the statement was a materiality analysis conducted in 2018. This analysis was performed through a dialogue with key stakeholders with regard to these matters within the Company: this involved the Compliance, Purchasing, HR and Quality and Environmental Management departments. On the basis of the materiality analysis, those topics were selected that were deemed relevant to the impact of the Company and the Group on the respective aspects and on the business performance, the operating result and the position of secunet AG and secunet Group. As in the previous year, the results for the 2020 reporting year too were reviewed by means of desk research. No changes resulted from this review. No changes resulted from this review.

secunet's overarching goal is to generate a positive impact on the individual aspects with its products and services and to minimise negative consequences to the greatest extent possible. The materiality analysis was therefore followed by a risk analysis of the matters under consideration. To this end, the risks associated with the aspects of the matters were evaluated. The method of evaluating the risk scenarios associated with the individual non-financial aspects is consistent with the method used for evaluating corporate risks, which is described in the "Risk management objectives and methods" section of this Management Report. In doing so, net risk values were likewise applied, which were determined with consideration of the measures taken to minimise risk. Principal risks are defined in Section 289c (3), no. 3 and 4, as risks that are associated with the business activity and business relationships of the Company and the Group and are highly likely to have a severely negative impact on the aspects of the matters.

The risk assessment did not identify any significant non-financial risks. The risk analysis was also carried out in collaboration with the stakeholders within the Company.

In accordance with the requirements of the law, the following topics were deemed to be material to the non-financial statement for the 2020 financial year:

Matters pursuant to CSR-RUG	Material topics
Employee matters	Diversity and principles of conduct
	Employer appeal, recruiting and junior staff development
	Occupational health and safety, and handling of the coronavirus pandemic
	Life phase-oriented working models (working hours and locations)
	Training and further education
Social matters	Information security
	Data protection
Combating corruption and bribery	Compliance
Environmental matters	Environmental management

In our materiality analysis, we came to the conclusion that the aspect of human rights is not material according to the legal requirements for presentation in the non-financial statement. This is due to the fact that, with regard to compliance with human rights in the value chain, secunet has a significant influence on development and consulting activities only. Furthermore, the majority of our direct suppliers are based in Germany.

In 2019, the materiality of human rights was discussed again and the results were classified as immaterial, as in the previous year. In particular, the distribution process in third countries was given due consideration. For example, secunet is committed to ensuring that its export of products and solutions is justifiable in terms of human rights. Appropriate internal processes (e.g. preliminary checks under export law) and the Export department contribute to this goal. In the 2020 reporting year, we again assessed the aspect of human rights as not material according to the legal requirements for presentation in this statement.

Against the background of the expected legal regulation on human rights due diligence within the framework of the "Business and Human Rights" National Action Plan (NAP), preparations for monitoring were made in the year under review. In the coming years, the materiality of this issue will be critically reviewed in light of increasing regulation.

The Management Board of secunet AG was involved in the process of preparing and approving the non-financial statement.

secunet has recognised the strategic relevance of sustainability issues and the increasing demands of external stakeholders. In connection with the matters identified as material, the Supervisory Board of secunet AG resolved in the 2020 reporting year to introduce a new remuneration system for members of the Management Board for the coming financial year. The remuneration system includes a long-term variable remuneration component based on non-financial performance targets, or ESG targets. The ESG targets, their weighting and the respective target achievement are determined by the Supervisory Board for each assessment period. The remuneration system for members of the Management Board of secunet AG is described in detail in the remuneration report under "Other Notes" in this combined Management Report for 2020.

8.2 Business model

The business model of secunet Group and secunet AG is described in detail in the "Principles of the Group" section of this combined Management Report for 2020. Responsible conduct, social acceptance and a high degree of integrity are essential preconditions for the economic success of our Company. With this in mind, secunet, as one of the leading German providers of sophisticated IT security, has set itself the goal of contributing to sustainable economic, environmental and societal development.

When decisions are made on measures and management concepts relating to sustainability, relevant non-financial topics are reported to and discussed by the Management Board of secunet AG.

8.3 Employee matters

The creativity, motivation and integrity of our employees are decisive factors for the success of our Company. Their commitment, flexibility and expertise are part and parcel of the strengths our Company has been shown to possess. secunet implements various measures with the aim of providing employees with a working environment that promotes these strengths.

secunet's employees are permanently employed in Consulting, Development, Sales, Product Management, Administration and Services. They are joined by student trainees and interns and, in rare cases where there is a specific need, external staff (e.g. temporary workers) as stand-in personnel in administration departments. On account of the relative uniformity of these groups, the measures described below apply to all employees.

In addition to the permanent employees, secunet also engages freelancers in certain productive areas in order to overcome capacity bottlenecks or if highly specific expertise is required. Considering that the number of freelancers is low in relation to the permanent employees, the following statements concerning measures or key indicators apply exclusively to the employees defined at the outset.

The overall responsibility for managing HR-specific topics lies with the relevant specialist department, which reports directly to the Chairman of the Management Board.

8.3.1 Diversity and principles of conduct

secunet not only regards diversity in its workforce as a source of enrichment, it also sees potential for success in the plurality of its employees. It is important to us that diversity and equal opportunities are lived out responsibly by all employees and the management and supervisory bodies in all areas of the Group and across all hierarchical levels, genders, religious views and nationalities.

By treating each other with trust and respect, secunet aims to create the necessary basis for enabling each individual employee to realise his or her potential to the full. All employees, including management and supervisory bodies, must observe the secunet-wide principles of conduct and values in the Code of Conduct. Violations of these principles of conduct and values can be communicated to the appropriate bodies within the Group and Company via internal reporting channels.

In the 2020 reporting year, no reports of suspected violations or abuses against the principles set out in the Code of Conduct were submitted via these channels.

8.3.2 Employer appeal, recruiting and junior staff development

The IT sector is growing at a far greater rate than the number of qualified workers available. Competition for the recruitment of experienced employees and junior staff talent is therefore fierce. In light of this, recruiting and junior staff development are becoming critical success factors in the long-term positive development of the Company.

For this reason, secunet is intent on being an appealing employer and maintaining an attractive image in the future too. To achieve this goal, secunet is pursuing a number of measures under the leadership of the HR department. Firstly, this takes place through a continuous exchange with the individual employees and the workforce as a whole. Annual review meetings are held in order to assess the performance and level of satisfaction of individual employees. The review meetings are standardised, structured conversations during which the employee and the supervisor assess each other in a form of performance evaluation. At the same time, questions are asked about the employee's level of satisfaction with their work situation, any potential work overload and the desire for personal development. From the information provided it is possible to deduce, amongst other things, whether the employees require training.

Regular surveys are also conducted to gauge employee satisfaction. The next survey was commissioned in the 2020 reporting year and will take place in the first quarter of the current 2021 financial year. Conduct of the survey and implementation of the results will in the future be included as a non-financial component in the remuneration of the Management Board.

Specific measures have been established on the basis of previous survey results, such as the so-called Mobile Office arrangement. By evaluating the employee surveys, it has also been possible to develop profiles of skills for employees. These provide transparency about requirements and attributes that are necessary for reaching certain career stages.

In order to create an attractive work environment and pleasant working conditions, fringe benefits such as free drinks and fruit, assistance in individual workplace design and the opportunity to lease company bicycles are offered.

8.3.3 Occupational health and safety

It is a matter of course for secunet to comply with all relevant regulations and recognised standards on employee rights. Various measures that have an impact on the occupational health and safety of the workforce are in place. These include statutory occupational health and safety provisions. The occupational health and safety officers and the HR department of secunet, supported by the occupational physician service, carry out a number of measures aimed at minimising work-related physical and mental stress. It is inherent in secunet's business model that most of the workforce's tasks are carried out within office buildings and at the employees' desks.

Accident prevention is another important aspect of health promotion to which secunet attaches great importance in its organisation. In the 2020 reporting year, a total of five occupational accidents were registered in secunet Group (2019: six) and reported to the relevant employers' liability insurance association. An occupational accident is a sudden event of external origin and limited duration, which damages the body and has a causal connection with the work activity at secunet. Occupational accidents also include accidents that occur during a business trip or when travelling between home and work (commuting accident).

secunet also enables its employees to have a free health check with the occupational physician service.

In 2020, secunet was confronted with the coronavirus pandemic. The spread of the pandemic presented challenges for both secunet and its workforce. To date, the top priority in dealing with the pandemic has been health and safety within the workforce and along the entire value chain.

secunet responded to the outbreak of the pandemic by setting up a steering committee. This committee exchanges information at regular intervals, monitors developments relating to the pandemic and decides on the necessary measures. In addition to the Management Board, the members of the steering committee also include managers from various Group divisions.

Since March 2020, working from mobile offices has been the preferred form of work (Corona Mobile Office arrangement). Due to the equipment of the workforce with secure mobile workstations and thanks to the flexible reaction of the employees, secunet was able to cope well with the lockdown period. If physical contact with other colleagues or business partners is necessary, the applicable legal regulations and the respective hygiene concept must be strictly observed. In addition, the number of business trips was greatly reduced.

As a token of appreciation for the special achievements of the employees in the coronavirus pandemic, a special payment was granted at the end of 2020.

8.3.4 Life phase-oriented working models (working hours and locations)

secunet offers its workforce the opportunity to structure and develop their own working hours to meet their individual needs. Within the framework of what is operationally possible, this allows all staff to organise their working hours to meet the work-life balance requirements prevalent in each stage of life. This is supplemented by the Mobile Office arrangement originating from the employee survey, which allows employees complete freedom to determine their work environment on a dynamic basis. Before the outbreak of the coronavirus pandemic, 36 days a year were available for this scheme. For the time being, working in mobile offices is the preferred form of work (Corona Mobile Office arrangement), which means that an unlimited number of days are available for this purpose.

8.3.5 Training and further education

Other measures are aimed at junior staff recruitment and continuous development of the existing workforce. This includes the ongoing qualification of permanent employees.

In 2020, an average of about 1,128 euros was invested in training measures for each employee, compared to an average of around 1,190 euros in 2019 and 960 euros in 2018.

Junior staff development and recruiting are also key factors in developing the secunet workforce. secunet operates sites in the vicinity of universities, providing opportunities for regular contact with potential employees of the future. secunet is able to secure employees for the coming years by offering students work placements during their studies, supporting them in writing their final dissertations and much more. Cooperation projects with universities are a further means of establishing networks and expanding the qualified workforce of secunet.

8.4 Social matters: information security and data protection

secunet makes a contribution to societal issues through its product portfolio in the fields of information security and data protection (informational self-determination).

secunet is one of the leading German providers of high-quality IT security. Our products and services are designed to assure information security, in particular by using cryptographic methods. Information security is, in itself, an essential precondition for digitalisation based on trust. Moreover, information security lays a foundation for effective data protection. The applicable technical requirements, as set out in the EU GDPR for example, are supplemented by consultative approaches and coupled with organisational measures. We have structured our internal processes to ensure a high level of data security and data protection. To this end, we have integrated comprehensive measures in our business processes and implemented due diligence processes. We pursue our corresponding objectives with the assistance of the IT security officer and the secunet data protection officer. secunet AG is certified according to ISO/IEC 27001:2013 and thus meets stringent quality standards with regard to in-house information security. The continuous refinement of associated technical and organisational security measures is indicative of our commitment to providing the greatest possible data protection.

We communicate requirements on data security and data protection to our suppliers via the General Terms and Conditions, which form the basis for the provision of services.

Information security and data protection are of paramount importance in all our dealings with customers. Our IT security partnership with the Federal Republic of Germany as well as the extensive number of secunet products and solutions that have been approved and certified by the Federal Office for Information Security are good indicators of this. secunet also works towards ensuring data security and data protection by providing consultative services in the fields of information security systems and data protection. The increase in revenue and the growing proliferation of secunet solutions from year to year, particularly in the public sector, are proof that the number of customers who place their trust in secunet in this regard is rising.

One example of how secunet makes a positive contribution to society is the provision of secure mobile workstations that were needed for the home-based work of public authorities as a result of contact restrictions. In the spring of 2020, at the onset of the coronavirus pandemic, many authorities needed to provide secure mobile workstations to their employees quickly and comprehensively. In order not to jeopardise security in the process, they often relied on the SINA Workstation S.

The SINA Workstation S is part of the SINA crypto system, which secunet developed on behalf of the German Federal Office for Information Security (BSI). The solution allows existing systems to be easily migrated to the secure SINA environment. Users then continue to work without restrictions in their familiar environment, for example in MS Windows, and access the public authority network securely.

Another contribution made by secunet to society is the equipment of medical providers with the healthcare connector. With the development and certification of the secunet konnektor, secunet has applied its experience in IT security to the healthcare sector, which is particularly challenged by the coronavirus crisis. The secunet konnektor serves as a central element for medical practices, pharmacies and hospitals, for example, to connect their computer networks to the telematics infrastructure (TI). In the future, the resilient security infrastructure of the secunet konnektor will contribute, among other things, to enabling secure and fast retrieval of personal health data (such as previous illnesses), which are immediately required especially in emergency situations.

Our products and solutions are primarily tailored to the needs of our customers. We attach corresponding importance to customer satisfaction. This has therefore been included in the non-financial components as an element of the variable Management Board remuneration from 2021 onwards. In order to measure customer satisfaction, the design and implementation of a Net Promoter Score survey was already started in the 2020 reporting year. The survey is to be conducted for the first time in 2021.

secunet pays particular attention to anticipating technological developments. The research and development activities of secunet aim at improving and innovating processes, products and solutions. In this way secunet stays abreast of the growing need of its customers for higher security in existing infrastructures as well as for solutions dealing with threats in new technological environments. In the innovation report, secunet describes the strategic innovation efforts in the Group and Company.

8.5 Combating corruption and bribery

Integrity is of paramount importance at secunet. The effective prevention of corruption and bribery is an essential aspect of this. To this end, secunet has implemented a comprehensive compliance management system. The compliance management system is currently geared towards the internal structures of secunet AG and secunet Group. It is also planned to oblige all secunet suppliers to provide a self-declaration in order to draw attention to compliance and ethical issues in the upstream value chain and to raise suppliers' awareness accordingly.

Various measures are derived from the management team's unwavering commitment to integrity ("tone from the top").

Two examples are training and consultancy services. secunet employees are regularly made aware of and trained in compliance issues. It is mandatory for all employees to take part in classroom training sessions every two years. These are usually held at least once a year at all major secunet sites and in the form of online training since the outbreak of the coronavirus pandemic.

The Compliance Officer can be consulted on any compliance issues that go beyond this scope.

In addition, there are guidelines on how to deal with conflicts of interest and corruption. At compliance training sessions, attendees are made aware of the importance of adhering to the guidelines and regulations stipulated by secunet's business partners.

As a matter of principle, secunet does not make monetary or material donations to political organisations, parties or individual politicians. Employees must also ensure that politically motivated donations made in their capacity as private individuals cannot be linked to secunet in any way.

All other donations and expenditure for sponsoring measures require the approval of the Management Board. In the 2020 reporting year, around 110,550 euros was spent on such measures; in 2019 the corresponding amount was around 76,000 euros.

Since 2018, a whistleblower system has been in place, giving customers, suppliers, employees and any other parties involved in the business operations the opportunity to report internal grievances and risks anonymously.

In 2020, the Compliance department received no information about possible cases of corruption. Nor were any reports registered with the authorities responsible for secunet and communicated to secunet.

8.6 Environmental matters

secunet is fully aware that resources are not available in endless quantities.

secunet does not operate any energy-intensive production facilities. The IT equipment of employees, the in-house computer centres, company vehicles and facilities thus make up the necessary business equipment. Additionally, packaging material is used when hardware is sold and, at the end of the product life cycle, there is electronic scrap to dispose of. These impacts on the environment are therefore directly linked to our business operations.

Within secunet, general environmental protection guidelines are currently in place as part of the Code of Conduct that applies to the entire secunet Group. Findings on individual concepts and measures currently relate to the use of (company) vehicles, energy audits and supplier management. For example, company vehicles with lower CO_2 emissions are promoted by means of lower leasing rates.

secunet Group is obliged to perform an energy audit pursuant to DIN EN 16247-1. The most recent audit was carried out in September 2019. The next audit will take place in 2023 in accordance with the specified four-year cycle. Furthermore, secunet obliges its suppliers to comply with legal regulations on the return and environmentally compatible disposal of electrical and electronic equipment as well as regulations on electromagnetic compatibility and to ensure that the resulting obligations are met.

At secunet, we also systematically track amendments to the current statutory framework conditions, particularly in the fields of energy and environmental law, which enables us to respond to changing circumstances at any time. Initiating this process was an important milestone on the path to establishing an environmental management concept.

Since CO_2 emissions will also be taken into account in the context of Management Board remuneration in the future, we have already begun systematically recording our main sources of energy consumption in order to determine our carbon footprint on this basis.

9. Other Notes

9.1 Remuneration report

The remuneration report summarises the principles used to determine the remuneration of the Management Board of secunet AG and sets out the amount and structure of the income received by its members. In addition, it outlines the principles behind, and the amount of, Supervisory Board remuneration, and also provides information on the shareholdings of Management Board and Supervisory Board members.

9.1.1 Remuneration of the Management Board

The Supervisory Board of secunet AG is responsible for determining the remuneration of the Management Board.

In the 2020 financial year, the remuneration package for the members of the Management Board active in the corresponding financial year was made up of five components: a fixed annual salary, a variable bonus, a special bonus, ancillary non-cash benefits and a contribution to the retirement pension.

The Management Board remuneration package is broken down as follows:

- » The fixed remuneration is paid monthly in the form of a salary.
- » The variable remuneration is based on the Group's results. It consists of a short-term component and a long-term component. The short-term component is measured on the basis of sales revenue and EBIT for the current financial year (2020 in this case), while the long-term component is measured based on the average EBIT of the past three financial years (2018 – 2020 in this case).
- » At its discretion, the Supervisory Board can award each of the members of the Management Board a special bonus for exceptional contributions in the financial year.
- » Non-cash and other benefits essentially comprise the taxable values of company car usage.
- » The retirement pension contributions paid to individual members of the Management Board are set out in their individual contracts of employment. These pension commitments provide for either a lifelong pension with surviving dependants' benefits or the payment of a monthly pension contribution.

Management Board contracts do not expressly provide for any severance payment in the event that the employment relationship is prematurely terminated. In addition, Management Board contracts do not include any specific regulations to govern the event that a "change of control" occurs – that is when one or several shareholders acting jointly obtain the majority voting rights of secunet AG and exert a dominating influence, causing secunet AG to become a dependent company by means of the conclusion of an intercompany agreement within the meaning of Section 291 of the German Stock Corporation Act (Aktiengesetz, AktG), or in the event of the merger of secunet AG with other companies.

The Management Board members do not receive any additional remuneration for the performance of their duties in the subsidiaries.

Following the recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex, DCGK), the remuneration of the secunet AG Management Board is constituted as follows:

Benefits granted

	Dr Rainer Baumgart[1] Chairman			
in euros	2019	2020	2020 (min)	2020 (max)
Fixed remuneration	108,333	0	0	0
Ancillary benefits	13,380	0	0	0
Total	**121,713**	**0**	**0**	**0**
One-year variable remuneration	25,000	0	0	0
Multi-year variable remuneration				
Profit sharing 2019	41,667			
Profit sharing 2020		0	0	0
Special bonus	0	0	0	0
Total	**66,667**	**0**	**0**	**0**
Pension expense (IFRS)	0	0	0	0
Total remuneration	**188,380**	**0**	**0**	**0**

[1] Until 31 May 2019

in euros	Axel Deininger[2] Management Board member / Chairman 2019	2020	2020 (min)	2020 (max)
Fixed remuneration	240,425	255,000	255,000	255,000
Ancillary benefits	26,785	21,631	21,631	21,631
Total	**267,210**	**276,631**	**276,631**	**276,631**
One-year variable remuneration	64,584	75,000	0	150,000
Multi-year variable remuneration				
Profit sharing 2019	100,000	0	0	0
Profit sharing 2020	–	100,000	0	100,000
Special bonus	100,000	100,000	0	100,000
Total	**264,584**	**275,000**	**0**	**350,000**
Pension expense (IFRS)	530	25,975	25,975	25,975
Total remuneration	**532,324**	**577,606**	**302,606**	**652,606**

[2] Appointed Chairman of the Management Board with effect from 1 June 2019

in euros	Thomas Pleines Management Board member 2019	2020	2020 (min)	2020 (max)
Fixed remuneration	228,750	235,000	235,000	235,000
Ancillary benefits	28,595	28,996	28,996	28,996
Total	**257,345**	**263,996**	**263,996**	**263,996**
One-year variable remuneration	58,750	65,000	0	130,000
Multi-year variable remuneration				
Profit sharing 2019	100,000			
Profit sharing 2020		100,000	0	100,000
Special bonus	100,000	100,000	0	100,000
Total	**258,750**	**265,000**	**0**	**330,000**
Pension expense (IFRS)	36,418	40,719	40,719	40,719
Total remuneration	**552,513**	**569,715**	**304,715**	**634,715**

	Dr Kai Martius[3] Management Board member			
in euros	2019	2020	2020 (min)	2020 (max)
Fixed remuneration	102,083	175,000	175,000	175,000
Ancillary benefits	16,420	49,851	49,851	49,851
Total	**118,503**	**224,851**	**224,851**	**224,851**
One-year variable remuneration	29,166	50,000	0	100,000
Multi-year variable remuneration				
Profit sharing 2019	58,333	0	0	0
Profit sharing 2020		100,000	0	100,000
Special bonus	75,000	100,000	0	100,000
Total	**162,499**	**250,000**	**0**	**300,000**
Pension expense (IFRS)	0	0	0	0
Total remuneration	**281,002**	**474,851**	**224,851**	**524,851**

[3] Appointed to the Management Board with effect from 1 June 2019

	Torsten Henn[4] Management Board member			
in euros	2019	2020	2020 (min)	2020 (max)
Fixed remuneration	102,083	175,000	175,000	175,000
Ancillary benefits	17,430	22,427	22,427	22,427
Total	**119,513**	**197,427**	**197,427**	**197,427**
One-year variable remuneration	29,166	50,000	0	100,000
Multi-year variable remuneration				
Profit sharing 2019	58,333			
Profit sharing 2020		100,000	0	100,000
Special bonus	75,000	100,000	0	100,000
Total	**162,499**	**250,000**	**0**	**300,000**
Pension expense (IFRS)	0	0	0	0
Total remuneration	**282,012**	**447,427**	**197,427**	**497,427**

[4] Appointed to the Management Board with effect from 1 June 2019

The following payments were made for the remuneration of the members of the Management Board in the 2020 financial year:

Inflow

	Dr Rainer Baumgart Chairman[5]		Axel Deininger Management Board member / Chairman[6]		Thomas Pleines Management Board member		Dr Kai Martius Management Board member[7]		Torsten Henn Management Board member[8]	
in euros	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Fixed remuneration	108,333	0	240,425	255,000	228,750	235,000	102,083	175,000	102,083	175,000
Ancillary benefits	13,380	0	26,552	21,631	28,595	28,996	16,420	49,851	17,430	22,427
Total	**121,713**	**0**	**267,210**	**276,631**	**257,345**	**263,996**	**118,503**	**224,851**	**119,513**	**197,427**
One-year variable remuneration	44,515	0	114,996	150,000	104,609	130,000	51,934	100,000	51,934	100,000
Multi-year variable remuneration										
Profit sharing 2019	41,667		100,000		100,000		58,333	0	58,333	
Profit sharing 2020		0		100,000		100,000	0	100,000	0	100,000
Special bonus	0	0	100,000	100,000	100,000	100,000	75,000	100,000	75,000	100,000
Total	**86,182**	**0**	**314,996**	**350,000**	**304,609**	**330,000**	**185,267**	**300,000**	**185,267**	**300,000**
Pension expense (IFRS)	0	0	530	25,975	36,418	40,719	0	0	0	0
Total remuneration	**207,895**	**0**	**582,736**	**652,606**	**598,372**	**634,715**	**303,770**	**524,851**	**304,780**	**497,427**

5 Until 31 May 2019
6 Appointed Chairman of the Management Board with effect from 1 June 2019
7 Appointed to the Management Board with effect from 1 June 2019
8 Appointed to the Management Board with effect from 1 June 2019

Total remuneration of the members of the Management Board in the 2020 financial year was 2,243 thousand euros (previous year: 1,961 thousand euros)

	Dr Baumgart		Deininger		Pleines		Dr Martius		Henn	
in euros	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Non-performance-based components	121,713	0	267,210	276,631	257,345	263,996	118,503	224,851	119,513	197,427
Performance-based components	44,515	0	214,996	250,000	204,609	230,000	126,934	200,000	126,934	200,000
Components entailing long-term incentive	41,667	0	100,000	100,000	100,000	100,000	58,333	100,000	58,333	100,000
Total remuneration	**207,895**	**0**	**582,206**	**626,631**	**561,954**	**593,996**	**303,770**	**524,851**	**304,780**	**497,427**

The pension entitlements of the Management Board members were as follows as at 31 December 2020:

	In accordance with IFRS			In accordance with HGB		
in euros	Present value	Current service cost	Past service cost	Obligation amount	Provision	Premium
Deininger	646,093	25,975	0	421,183	421,183	67,119
Pleines	1,215,961	40,719	0	850,522	829,925	134,249

As at 31 December 2019, the pension entitlements of the Management Board members were as follows:

	In accordance with IFRS			In accordance with HGB		
in Euro	Present value	Current service cost	Past service cost	Obligation amount	Provision	Premium
Dr Baumgart	1,242,739	0	0	984,673	950,337	80,924
Deininger	554,830	530	0	354,064	354,064	63,716
Pleines	1,050,823	36,418	0	721,422	695,676	118,433

Owing to the right, in accordance with Article 67 (1) and (2) of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch, EGHGB), to choose to annually add 1/15 to the difference resulting from the change in valuation under the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG), there is a shortfall between the amount of the HGB obligation and the provision set aside, totalling 21 thousand euros.

As at 31 December 2020, the members of the Management Board held a total of 880 shares (previous year: 880 shares) in secunet.

The members of the Management Board of the Company were not granted any loans during the reporting period.

Furthermore, in the past financial year no member of the Management Board was promised or granted any benefits by a third party in respect of his activity as a member of the Management Board.

9.1.2 Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is laid down in Article 17 of the Articles of Association of secunet AG. It is based on the tasks and responsibilities of the members of the Supervisory Board.

Remuneration of the Supervisory Board was revised at the Annual General Meeting of secunet AG on 15 May 2019. The members of the Supervisory Board receive a fixed remuneration of 12 thousand euros. The Chairman of the Supervisory Board receives remuneration of 24 thousand euros, and the Vice Chairman of the Supervisory Board receives 16 thousand euros. The total annual remuneration of the Supervisory Board thus amounts to 88 thousand euros. If changes are made within the Supervisory Board during the year, remuneration is granted on a pro rata basis. Travel expenses associated with Supervisory Board activities are reimbursed separately according to travel expense reports.

For the 2020 financial year, Supervisory Board remuneration totalled 88.0 thousand euros (previous year: 77.8 thousand euros). The increase is due to the fact that the higher remuneration after the 2019 Annual General Meeting was only applied pro rata temporis.

For the individual members of the Supervisory Board, the entitlements can be presented as follows:

Remuneration of the Supervisory Board

in euros	2020	2019
Wintergerst	24,000.00	21,063.01
Zattler	16,000.00	14,531.51
Kunz[9]	0.00	2,958.90
Legge	12,000.00	10,531.51
Marx[10]	12,000.00	7,594.52
Moritz[11]	0.00	2,958.90
Rustemeyer[12]	12,000.00	7,594.52
Schäfer	12,000.00	10,531.51
	88,000.00	77,764.38

9 Member of the Supervisory Board until 15 May 2019
10 Member of the Supervisory Board since 15 May 2019, employee representative
11 Member of the Supervisory Board until 15 May 2019
12 Member of the Supervisory Board since 15 May 2019, employee representative

The members of the Supervisory Board do not receive any loans from the Company.

As on the same reporting date in the previous year, no Supervisory Board members held any shares in secunet AG as at 31 December 2020.

In the year under review, members of the Supervisory Board did not receive any other remuneration or benefits for services provided personally, in particular consulting and agency services.

9.2 Management Board report pursuant to Section 312 (3) AktG

Pursuant to Section 312 (3) AktG, the Management Board has issued a report on the relations with affiliated companies for the 2020 financial year. The report contains the following closing statement: "It is hereby declared that, according to the circumstances known to the Management Board in which the legal transaction was undertaken, our Company received an appropriate consideration for each of the legal transactions listed and was not disadvantaged."

9.3 Forward-looking statements

This report contains forward-looking statements pertaining to the future development of secunet Group and secunet AG and to economic and political developments. These statements are opinions that we have formed based on the information currently available to us. Should the assumptions on which these statements are based not be applicable or should further risks arise, the actual results may deviate from the results currently expected. We cannot therefore offer any guarantee as to the accuracy of these statements.

Essen, 16 March 2021

Axel Deininger Torsten Henn

Dr Kai Martius Thomas Pleines

Consolidated Financial Statements

of secunet Security Networks Aktiengesellschaft, Essen

Consolidated balance sheet

(according to IFRS) as at 31 December 2020

Assets

in euros	Note	31 Dec 2020	31 Dec 2019
Current assets			
Cash and cash equivalents	1	101,648,590.01	64,492,741.83
Trade receivables	2, 11	49,006,783.78	44,943,649.78
Intercompany financial assets	2	134,047.27	117,904.76
Contract assets	2, 11	4,154,705.96	2,787,251.28
Inventories	7	27,898,725.41	21,570,841.56
Other current assets	2	4,877,213.77	1,746,947.30
Total current assets		**187,720,066.20**	**135,659,336.51**
Non-current assets			
Property, plant and equipment	3	6,344,752.84	5,718,170.00
Right-of-use assets	5	18,335,082.30	17,231,604.86
Intangible assets	4	8,205,796.53	8,172,156.96
Goodwill	6	4,625,031.00	4,625,031.00
Non-current financial assets	8	6,275,349.00	6,141,883.00
Trade receivables	2, 11	3,151,338.96	4,727,008.44
Deferred taxes	9	2,379,381.74	2,303,869.56
Other non-current assets	2	2,741,245.77	2,205,150.34
Total non-current assets		**52,057,978.14**	**51,124,874.16**
Total assets		**239,778,044.34**	**186,784,210.67**

Liabilities

in euros	Note	31 Dec 2020	31 Dec 2019
Current liabilities			
Trade accounts payable	10	25,513,127.45	27,953,644.22
Intercompany payables	10	75,120.94	280,968.68
Lease liabilities	5, 10	3,279,197.48	2,600,883.05
Other provisions	13	19,999,751.98	13,695,372.45
Income tax liabilities	10	12,897,980.39	5,446,232.78
Other current liabilities	10	5,997,733.75	3,621,460.71
Contract liabilities	10, 11	14,673,571.17	9,960,482.92
Total current liabilities		**82,436,483.16**	**63,559,044.81**
Non-current liabilities			
Lease liabilities	5, 10	15,241,779.74	14,936,347.05
Deferred taxes	9	1,813,090.84	1,883,251.83
Provisions for pensions	12	8,580,576.47	8,229,598.00
Other provisions	13	397,037.00	356,381.00
Contract liabilities	10, 11	28,543,452.86	19,857,502.46
Total non-current liabilities		**54,575,936.91**	**45,263,080.34**
Equity			
Subscribed capital	14	6,500,000.00	6,500,000.00
Capital reserves	14	21,922,005.80	21,922,005.80
Other reserves	14	-2,248,386.33	-2,160,360.07
Revenue reserves	14	76,211,556.97	51,192,282.72
Equity attributable to parent company shareholders		**102,385,176.44**	**77,453,928.45**
Non-controlling interests	14	380,447.83	508,157.07
Total equity	22	**102,765,624.27**	**77,962,085.52**
Total liabilities		**239,778,044.34**	**186,784,210.67**

Consolidated income statement

(according to IFRS) for the period from 1 January 2020 to 31 December 2020

in euros	Note	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Sales revenue	15	285,590,810.35	226,901,500.04
Cost of sales		-204,773,851.92	-171,388,831.23
Gross profit on sales		**80,816,958.43**	**55,512,668.81**
Selling expenses		-19,934,935.22	-15,579,720.38
Research and development costs	17	-1,927,781.10	-257,096.74
General administrative costs		-7,254,373.89	-6,514,832.57
Impairment losses / impairment reversals on trade receivables and contract assets	2	-77,653.33	19,932.61
Other operating income		17,469.10	122.24
Other operating expenses		-425,00	-1,406.05
Earnings before interest and taxes (EBIT)		**51,639,258.99**	**33,179,667.92**
Interest income	18	27,731.34	69,557.48
Interest expenses	18	-337,108.43	-362,908.42
Income from investments		0.00	-31,255.52
Earnings before taxes (EBT)		**51,329,881.90**	**32,855,061.46**
Income taxes	19	-16,345,893.77	-10,676,721.80
Group profit for the period		**34,983,988.13**	**22,178,339.66**
of which attributable to shareholders of secunet AG		35,111,697.37	22,270,432.59
of which attributable to non-controlling interests	14	-127,709.24	-92,092.93
Earnings per share (diluted/undiluted)		5.43	3.44
Average number of shares outstanding (diluted/undiluted, units)		6.469.502	6.469.502

Group statement of comprehensive income

(according to IFRS) for the period from 1 January 2020 to 31 December 2020

in euros	Note	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Group profit for the period		34,983,988.13	22,178,339.66
Items not reclassified to the income statement			
Revaluation of defined benefit pension plans	14	-141,356.00	-1,212,779.00
Income tax attributable to components of the other comprehensive income/loss		45,219.79	406,246.18
		-96,136.21	**-806,532.82**
Items that can be reclassified to the income statement			
Currency conversion differences (change not affecting income)	14	8,109.95	274,106.76
Other comprehensive income/loss		**-88,026.26**	**-532,426.06**
Consolidated comprehensive income/loss		**34,895,961.87**	**21,645,913.60**
of which attributable to shareholders of secunet AG		35,023,671.11	21,738,006.53
of which attributable to non-controlling interests		-127,709.24	-92,092.93

Consolidated cash flow statement

(according to IFRS) for the period from 1 January 2020 to 31 December 2020

in euros	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Cash flow from operating activities		
Earnings before taxes (EBT)	51,329,881.90	32,855,061.46
Depreciation and amortisation of tangible and intangible fixed assets	8,057,814.05	6,728,563.97
Other non-cash income	-175,248.16	-283,610.38
Changes in provisions	6,441,893.00	1,241,507.73
Book losses on the sale of intangible assets and of property, plant and equipment	425.00	1,283.81
Interest result	309,377.09	293,350.94
Change in receivables, contract assets, inventories and other assets	-13,723,294.32	-11,596,826.56
Change in liabilities and contract liabilities	13,128,947.18	14,243,486.01
Tax paid	-8,994,599.54	-12,234,443.74
Cash from operating activities	**56,375,196.20**	**31,248,373.24**
Cash flow from investing activities		
Purchase of intangible assets and of property, plant and equipment	-9,206,975.53	-8,263,127.87
Payments received for grants[1]	3,665,560.72	1,601,779.59
Proceeds from the sale of intangible assets and of property, plant and equipment	24,781.00	56,797.46
Purchase of financial assets	-61,625.68	-61,625.61
Proceeds from financial assets	103,407.84	95,496.51
Acquisition of subsidiaries less cash and cash equivalents acquired	0.00	-361,664.10
Cash outflow from investing activities	**-5,474,851.65**	**-6,932,344.02**
Cash flow from financing activities		
Cash received from non-controlling interests	0.00	12,250.00
Dividend payment	-10,092,423.12	-13,197,784.08
Repayment portion of lease payments	-3,463,571.11	-2,576,041.68
Interest received	27,731.34	69,557.48
Interest paid	-224,343.43	-216,691.42
Cash outflow from financing activities	**-13,752,606.32**	**-15,908,709.70**
Effects of exchange rate changes on cash and cash equivalents	8,109.95	1,040.61
Change in cash and cash equivalents	**37,155,848.18**	**8,408,360.13**
Cash and cash equivalents at the beginning of the period	64,492,741.83	56,084,381.70
Cash and cash equivalents at the end of the period	**101,648,590.01**	**64,492,741.83**

[1] Due to a change in accounting principles, the amount reported under financing activities in the previous year was reported under investing activities in the year under review.

For further explanations, see Note 20.

Consolidated statement of changes in equity

(according to IFRS) for the period from 1 January 2020 to 31 December 2020

in euros	Share capital	Capital reserves
Equity as at 31 Dec 2018 / 1 Jan 2019	6,500,000.00	21,922,005.80
Change in the consolidated Group		
Group profit 1 Jan – 31 Dec 2019		
Other comprehensive income/loss – Change in the consolidated Group		
Miscellaneous other comprehensive income/loss 1 Jan – 31 Dec 2019		
Other comprehensive income/loss 1 Jan – 31 Dec 2019		
Consolidated comprehensive income 1 Jan – 31 Dec 2019		
Dividend payment		
Equity as at 31 Dec 2019 / 1 Jan 2020	6,500,000.00	21,922,005.80
Group profit 1 Jan – 31 Dec 2020		
Other comprehensive income/loss 1 Jan – 31 Dec 2020		
Consolidated comprehensive income 1 Jan – 31 Dec 2020		
Dividend payment		
Equity as at 31 Dec 2020	6,500,000.00	21,922,005.80

For further information on the development of the Group's equity, see Note 14.

Other reserves								
Reserve for treasury shares	Currency conversion differences from the currency conversion of financial statements of foreign subsidiaries	Revaluation of defined benefit pension plans	Income tax attributable to components of the other comprehensive income/loss	Total other reserves	Revenue reserves	Equity of secunet AG shareholders	Non-controlling interests	Total
-103,739.83	-13,747.61	-2,226,628.20	716,181.63	-1,627,934.01	42,363,484.81	69,157,556.60	358,803.12	69,516,359.72
0.00	0.00	0.00	0.00	0.00	-243,850.60	-243,850.60	241,446.88	-2,403.72
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**22,270,432.59**	**22,270,432.59**	**-92,092.93**	**22,178,339.66**
0.00	273,727.30	0.00	0.00	273,727.30	0.00	273,727.30	0.00	273,727.30
0.00	379.46	-1,212,779.00	406,246.18	-806,153.36	0.00	-806,153.36	0.00	-806,153.36
0.00	274,106.76	-1,212,779.00	406,246.18	-532,426.06	0.00	-532,426.06	0.00	-532,426.06
0.00	**274,106.76**	**-1,212,779.00**	**406,246.18**	**-532,426.06**	**22,270,432.59**	**21,738,006.53**	**-92,092.93**	**21,645,913.60**
0.00	0.00	0.00	0.00	0.00	-13,197,784.08	-13,197,784.08	0.00	-13,197,784.08
-103,739.83	**260,359.15**	**-3,439,407.20**	**1,122,427.81**	**-2,160,360.07**	**51,192,282.72**	**77,453,928.45**	**508,157.07**	**77,962,085.52**
0.00	0.00	0.00	0.00	0.00	35,111,697.37	35,111,697.37	-127,709.24	34,983,988.13
0.00	8,109.95	-141,356.00	45,219.79	-88,026.26	0.00	-88,026.26	0.00	-88,026.26
0.00	**8,109.95**	**-141,356.00**	**45,219.79**	**-88,026.26**	**35,111,697.37**	**35,023,671.11**	**-127,709.24**	**34,895,961.87**
0.00	0.00	0.00	0.00	0.00	-10,092,423.12	-10,092,423.12	0.00	-10,092,423.12
-103,739.83	**268,469.10**	**-3,580,763.20**	**1,167,647.60**	**-2,248,386.33**	**76,211,556.97**	**102,385,176.44**	**380,447.83**	**102,765,624.27**

Notes to the Consolidated Financial Statements

for the 2020 financial year (according to IFRS)

General principles

Reporting company

secunet Security Networks Aktiengesellschaft (hereinafter referred to as “secunet AG” or “secunet”) is registered with Essen Local Court, Germany (under HRB 13615). It is a listed company in the Prime Standard segment of the regulated market in Frankfurt. The address of the company’s registered office is: secunet Security Networks Aktiengesellschaft, Kurfürstenstrasse 58, 45138 Essen, Germany.

secunet Group (hereinafter referred to as “secunet”) and secunet Security Networks Aktiengesellschaft, Essen, offer products, solutions and consulting services in the field of IT security. secunet has specialised in IT high security, complex solutions and demanding projects in which technologies and processes are combined. These are the areas of IT security where applications are developed and offered for professional use, e.g. high-security cryptographic systems, public key infrastructures (PKI), secure electronic identities (eID) and eHealth infrastructure components. The range of solutions is mainly geared towards large-scale infrastructures. Customers usually receive tailored solutions matching their individual requirements, even if they are based on standard applications.

Declaration of compliance with IFRS

Der Konzernabschluss wird nach den “International The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union. The requirements of Sections 315, 315e (1) of the German Commercial Code (Handelsgesetzbuch, HGB) have been met. The IFRS standards used consist of the IFRS as newly issued by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC). All standards and interpretations issued by the IASB and applicable at the time of preparation of the Consolidated Financial Statements have been implemented, provided that they have been endorsed by the EU. In this respect the Consolidated Financial Statements of secunet AG comply with IFRS.

The Consolidated Financial Statements and the summarised Management Report – Company and Group Management Report were released by the Management Board on 16 March 2021 following their preparation.

Disclosure

The Consolidated Financial Statements – as well as the Annual Financial Statements of secunet AG – are filed with the operator of the electronic Federal Gazette and subsequently announced there. They are available for download on the website www.secunet.com. They may also be requested from secunet AG at the above address or inspected at the Company’s business premises.

Parent company

The parent company is Giesecke+Devrient GmbH based in Munich, Germany. It holds a direct share of 78.96% in secunet AG.

Via the Consolidated Financial Statements of Giesecke+Devrient GmbH, Munich (smallest consolidated group), the Consolidated Financial Statements of secunet AG are included in the Consolidated Financial Statements of MC Familiengesellschaft mbH, Tutzing, which prepares the Consolidated Financial Statements for the largest group of companies. The Consolidated Financial Statements of MC Familiengesellschaft mbH and Giesecke+Devrient GmbH are filed with the operator of the electronic Federal Gazette.

First-time adoption of new and revised standards and interpretations

Compared with the Consolidated Financial Statements as at 31 December 2019, the following new and revised standards and interpretations were to be applied for the first time following the EU endorsement or entry into force of the standard/interpretation:

Standard / interpretation	Key amendment	Entry into force for financial years commencing on or after:
Revised standards		
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform – Phase 1	1 January 2020
Amendments to IAS1 and IAS 8	Definition of Material	1 January 2020
Amendments to IFRS 16	COVID-19-Related Rent Concessions	1 January 2020
Amendments to IFRS 3	Definition of a Business	1 January 2020
Framework	Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020

The application of the modified standards did not have any material impact on the Consolidated Financial Statements.

New accounting rules

The following standards and interpretations had been published at the time the Financial Statements were prepared but were either not yet required to be applied in accordance with the provisions of the respective standard or interpretation, or had not yet been endorsed by the EU.

Standard / interpretation	Key amendment	First-time adoption
New standards (not yet endorsed by the EU)		
IFRS 17	Insurance Contracts	FY 2023
Amended standards (not yet endorsed by the EU)		
Amendments to IFRS 3	Reference to the Conceptual Framework	FY 2022
Amendments to IAS 37	Cost of Fulfilling a Contract	FY 2022
Amendments to IAS 16	Proceeds before Intended Use	FY 2022
Amendments to AIP 2018-2020	IFRS 1, IFRS 9, IFRS 16, IAS 41	FY 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current, including deferral of the effective date	FY 2023
Amended standards (EU endorsement completed by 31 December 2020)		
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform – Phase 2	FY 2021
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	FY 2021

An early adoption of these standards and interpretations is not planned.

No material effects on the secunet Consolidated Financial Statements are expected to result from adopting the new and amended standards and interpretations.

Accounting principles

The present Consolidated Financial Statements as at 31 December 2020, with the exception of the amendments due to the first-time adoption of new or amended IAS/IFRS provisions above, have been prepared using the same accounting and measurement methods and the same methods of computation as in the previous year. Items in the balance sheet as at 31 December 2020 are classified by maturity. The income statement is based on the cost of sales method. In order to improve the clarity of presentation, various items in the consolidated balance sheet and consolidated income statement have been summarised and are explained in the notes.

The Consolidated Financial Statements of secunet AG are presented in euros. All amounts are stated in euros, unless indicated otherwise.

Consolidated Group

In addition to secunet Security Networks Aktiengesellschaft, the Consolidated Financial Statements include all associate companies that are controlled by secunet AG. Control is considered to be in place if secunet has the power of disposition over the associate company, has a right to variable returns from the investment and has the opportunity to use the power of disposition over the associate company in a way that can influence the variable returns.

The consolidated Group has not changed compared to the previous year. As at 31 December 2020, the consolidated Group consisted of the parent company secunet AG and six (previous year: six) fully consolidated subsidiaries.

In accordance with IFRS, the subsidiaries report the following figures:

Company	Registered office	Equity holding	Non-controlling interests	Equity as at 31 Dec 2020	Net income for 2020
secunet Service GmbH	Essen	100%	0%	1,528 kEUR	656 kEUR
secunet International GmbH&Co. KG	Essen	100%	0%	936 kEUR	1,440 kEUR
secunet International Management GmbH	Essen	100%	0%	45 kEUR	8 kEUR
secustack GmbH	Dresden	51%	49%	825 kEUR	-212 kEUR
finally safe GmbH i.L.	Essen	100%	0%	455 kEUR	-166 kEUR
secunet s.r.o.i.L.	Prague/ Czech Republic	100%	0%	85 kEUR	-11 kEUR

The consolidated subsidiaries secunet s.r.o., Prague (Czech Republic) and finally safe GmbH are in liquidation.

Secunet Inc., Austin, Texas (USA), 100% participation, is no longer operational and has not been consolidated since the 2002 financial year on the grounds that it is not material.

The Group's accounting and measurement policies are applied consistently to the financial statements of secunet AG and its subsidiaries included in the Consolidated Financial Statements. The reporting date for secunet AG and for all consolidated companies – with the exception of finally safe GmbH – is 31 December 2020. The reporting date for finally safe GmbH is 30 November 2020.

The wholly-owned subsidiary secunet International GmbH&Co. KG, which is fully included in these Consolidated Financial Statements, makes use of the exemption provisions of Section 264b HGB for the 2020 financial year with regard to disclosure requirements. secunet International Management GmbH is a partner with unlimited liability of secunet International GmbH&Co. KG.

Basis of consolidation

Capital consolidation is carried out in accordance with the purchase method. When consolidated for the first time, the acquisition cost of the shareholdings acquired is offset against the remeasured equity. The assets and liabilities of the acquired subsidiary are recognised at their fair values. Any remaining positive differences are capitalised as goodwill in accordance with IFRS 3 and subjected to an annual impairment test.

Non-controlling interests are initially measured at their proportionate share of the identifiable net assets of the acquired company at the time of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Both expenses and income, and receivables and payables between the consolidated companies are eliminated. Intercompany profits are eliminated unless they are immaterial.

Write-downs of shares in consolidated companies that have been carried out in individual financial statements as well as intercompany receivables are reversed within the framework of consolidation.

Reporting currency

The Group's reporting currency is euros.

Following IAS 21 (Effects of Changes in Foreign Exchange Rates), foreign subsidiaries' Annual Financial Statements prepared in foreign currency are converted into euros in accordance with the functional currency concept. The functional currency in this context is the currency of the primary economic environment in which the subsidiary is active. In the Consolidated Financial Statements, the balance sheet items of all foreign companies are converted from the local currency into euros at the average exchange rates prevailing on the balance sheet date, as the functional currencies of the foreign subsidiaries are their local currencies; the income statement items are converted using the average exchange rate for the financial year. Differences arising from the conversion of Annual Financial Statements of foreign subsidiaries are treated without affecting the operating result and are recorded in the currency conversion reserve.

For the currency conversion, the following exchange rates were used in respect of currencies of countries not belonging to the European Monetary Union:

	2020	2019	
1 EUR =	CZK	CHF	CZK
31 Dec	26.2076	1.1262	25.4384
Average	26.5082	1.1696	25.6784

Financial instruments

Recognition and initial measurement

Trade receivables are recognised at the time they arise. They are measured at the transaction price.

Financial assets and financial liabilities are recognised if a Group company is party to the agreement on the financial instrument. Financial assets or financial liabilities are initially recognised at the fair value. If the change in fair value is not recognised through profit or loss (FVTPL), the transaction costs directly attributable to the acquisition are added.

Classification and subsequent measurement

They are grouped into one of the following categories at the time of acquisition:

- at amortised cost
- FVOCI debt instruments (investments in debt instruments carried at fair value with changes in other comprehensive income)
- FVOCI equity instruments (equity investments carried at fair value with changes in other comprehensive income)
- FVTPL (at fair value with changes in fair value reported in profit or loss)

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing financial assets. In this case, all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortised cost if the following cumulative conditions are met and it has not been designated as FVTPL:

- It is held within a business model whose objective is to hold financial assets for the purpose of collecting the contractual cash flows, and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is designated as FVOCI if both of the following conditions are met and it has not been designated as FVTPL:

- It is held within a business model whose objective is both to hold financial assets for the purpose of collecting the contractual cash flows and to sell financial assets; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading purposes, the Group may irrevocably elect to report subsequent changes in the fair value of the investment in other comprehensive income. This choice is made on a case-by-case basis for each investment.

All financial assets that are not measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably decide to designate financial assets that otherwise qualify for measurement at amortised cost or at FVOCI as FVTPL if this serves to eliminate or significantly reduce accounting mismatches.

The Group makes an assessment of the objectives of the business model in which the financial asset is held at a portfolio level. In the past, secunet Group acquired all financial instruments exclusively for the purpose of holding them to collect interest and principal payments. On this basis, it is assumed that this will also apply in the future.

For the purpose of assessing the cash flow criterion, i.e. whether the contractual cash flows are exclusively interest and principal payments on the principal amount (fair value at initial recognition), the Group considers the contractual agreements relating to the instrument. This includes an assessment of whether the financial asset contains a contractual agreement that could change the timing or amount of the contractual cash flows with the effect that they no longer meet these conditions.

When making this assessment, the Group takes into account:

- » specific events that would change the amount or timing of the cash flows
- » conditions that would affect the interest rate, including variable interest rates
- » early repayment and extension options, and
- » conditions that restrict the Group's entitlement to cash flows from a particular asset (for example, no right of recourse).

An early repayment option is consistent with the criterion of exclusive interest and principal payments if the early repayment amount substantially represents unpaid amounts of principal and interest on the outstanding principal; this may include reasonable additional compensation for early termination of the contract.

In addition, a condition for a financial asset acquired at a premium or discount on the contractual nominal amount that permits or requires early repayment at an amount that substantially represents the contractual nominal amount plus accrued (but unpaid) contractual interest (which may include reasonable additional compensation for early termination of the contract) is treated as consistent with the criterion, provided the fair value of the early repayment option at the beginning is not significant.

Subsequent measurement and recognition of gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Based on the measurement hierarchy levels stated in IFRS 13, financial assets and liabilities are measured subject to the availability of relevant information. For the first level, listed (unadjusted) market prices for identical assets and liabilities can be directly observed on active markets. On the second level, they are measured based on measurement models that assess variables that can be observed on the market. The third level does not permit the use of measurement models which rely on input factors that cannot be observed on the market.

If the input factors used to determine the fair value of an asset or a liability can be allocated to different levels of the fair value hierarchy, measurement at fair value is allocated in its entirety to the fair value hierarchy level that corresponds to the lowest input factor which is overall essential to measurement.

Financial assets that are measured at fair value through profit or loss include long-term financial instruments. These include the premium reserve shares from reinsurance contracts. Fair value of the premium reserve is measured by the insurance company and, for the vast majority of reinsurance capital, recognised actuarial processes are followed in this respect (cash method using swap interest rates plus issuer-specific risk premiums). Due to the composition of the reinsurance capital, fair value hierarchy level 2 classification has been applied.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairments are recognised in profit or loss. A gain or loss resulting from derecognition is reported accordingly.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairments are recognised in profit or loss. Other net gains and losses are recorded under other comprehensive income/loss. On derecognition, the accumulated other comprehensive income is reclassified to profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly serves to cover part of the investment cost. Other net gains and losses are recorded under other comprehensive income/loss and never reclassified to profit or loss.

Derecognition
The Group derecognises a financial asset when the contractual rights with regard to the cash flows from the financial asset expire or when it transfers the rights to receive the cash flows in a transaction in which all significant risks and rewards incidental to ownership of the financial asset are transferred.

Derecognition also takes place if the Group neither transfers nor retains all significant risks and rewards incidental to ownership and does not retain control of the transferred asset.

The Group derecognises a financial liability when the contractual obligations have been fulfilled, cancelled or have expired. Furthermore, the Group also derecognises a financial liability if its contractual terms are changed and the cash flows of the modified liability are significantly different. In this case, a new financial liability is recognised at fair value based on the revised terms.

When a financial liability is derecognised, the difference between the carrying amount of the extinguished liability and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Cash and cash equivalents

The Group regards all highly liquid assets for which withdrawal or usage is not restricted as cash and cash equivalents. Alongside cash in hand and deposits held at call with banks, these also include short-term bank deposits with original maturities of three months or less. The measurement takes place based on the relevant nominal value.

Contract assets

Services already rendered in connection with customer projects but not yet invoiced to the customer are recorded under contract assets.

Inventories

Inventories, which consist almost exclusively of trade goods, are measured at the lower of historical cost or cost of production, or net realisable value less costs not yet incurred. Historical cost is calculated in accordance with the weighted average cost method.

Finished goods and work in progress are valued at the cost of acquisition of the materials used and the cost of production.

Property, plant and equipment

Property, plant and equipment consist not only of office and operating equipment, but generally also of assets under construction and are measured at historical cost or production cost less regular depreciation. When items of property, plant and equipment are disposed of or retired, their historical costs or production costs, accumulated depreciation and impairment are eliminated from the balance sheet and the gain or loss resulting from their sale is recognised in the income statement. Historical costs also include individually attributable additional and subsequent costs of acquisition. Purchase price reductions are offset.

Subsequent costs are only included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured. Repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

The depreciation period is based on the useful economic life and is between three and ten years. Depreciation is on a straight-line basis.

The assets' carrying amounts and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Intangible assets

Intangible assets with a finite useful life acquired for a consideration are measured at historical cost plus additional costs of acquisition less accumulated amortisation calculated using the straight-line method. Acquired software is amortised over three to seven years on a straight-line basis.

Costs incurred in preserving the original economic benefits of existing software systems are recognised as an expense when the maintenance work is carried out.

Internally produced intangible assets are capitalised if the criteria in IAS 38.57 are fulfilled. Amortisation of the intangible asset begins at the time of its operational readiness.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired company at the date of the acquisition.

Under IFRS 3 in conjunction with IAS 36 and IAS 38, goodwill is not subject to scheduled amortisation. It is instead subjected to an annual impairment test and carried at original historical cost less accumulated impairment losses.

Where a cash-generating unit is sold, the relevant share of goodwill attributable to that unit is taken into account when calculating the profit from the sale.

Impairment of assets

Assets that are subject to scheduled amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of the impairment test, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Where there is an indication that the impairment no longer exists or has decreased, the impairment reversal is recognised as income in the income statement for the asset in question. There were no unscheduled impairments or impairment reversals in the reporting year.

In impairment testing, goodwill acquired in a business combination is allocated to those cash-generating units that are expected to benefit from the synergies arising from the business combination. Impairment testing is carried out on an annual basis and additionally whenever there are indications of impairment in the respective cash-generating unit.

If the carrying amount of the cash-generating unit exceeds its recoverable amount, the carrying amount of the goodwill allocated to this cash-generating unit must be reduced by the amount of the difference. Impairment losses already recognised are not reversed in this process. If the impairment of the cash-generating unit exceeds the carrying amount of the goodwill allocated to it, the remaining impairment loss is recognised by reducing, on a pro-rata basis, the carrying amounts of the cash-generating unit's identifiable assets.

Income tax

Income taxes comprise all current taxes based on the result for the year as well as deferred taxes. In accordance with IAS 12 (Income Taxes), deferred taxes are recognised, using the liability method, for all temporary differences arising between the carrying amounts of assets and liabilities for IFRS accounting purposes and the amounts used for tax purposes. Deferred tax assets may also comprise tax reduction claims that arise from the expected use of existing loss carryforwards in subsequent years. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated using the tax rates that are expected to apply at the time of realisation in accordance with the legal regulations valid at the balance sheet date. Deferred tax is recognised in the income statement as tax income or expense, except to the extent that it is directly linked to equity or items included in other comprehensive income/loss. Deferred taxes resulting from the accounting of right-of-use assets and lease liabilities are shown netted.

Leases

At the start of a contract, the Group assesses whether the contract constitutes or contains a lease. This is the case if the contract grants the right to control the use of an identified asset for a specified period of time in return for the payment of a consideration. In order to assess whether a contract contains the right to control an identified asset, the Group uses the definition of a lease in accordance with IFRS 16.

This method is applied to contracts concluded on or after 1 January 2019.

Lessee

On the date of provision or when a contract containing a lease component is amended, the Group separates the contractually agreed consideration into lease and non-lease components on the basis of the relative stand-alone selling prices.

On the date of provision, the Group recognises an asset for the right of use granted and a lease liability. The right-of-use asset is initially measured at cost, which is equal to the initial measurement of the lease liability, adjusted for payments made on or before the date of provision, plus any initial direct costs and the estimated costs of dismantling or removing the underlying asset or restoring the underlying asset or the site at which it is located, less any lease incentives received.

Subsequently, the right-of-use asset is amortised on a straight-line basis from the date of provision to the end of the lease term unless ownership of the underlying asset is transferred to the lessee at the end of the lease term or the cost of the right-of-use asset takes into account the fact that the lessee will exercise a purchase option. In this case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined in accordance with the rules for property, plant and equipment. Additionally, the right-of-use asset is adjusted continuously – where necessary – for impairment and to take specific revaluations of the lease liability into account.

For the first time, the lease liability is recognised at the present value of the lease payments not yet made at the date of provision, discounted at the underlying interest rate of the lease or, if this cannot be readily determined, at the lessee's incremental borrowing rate. The Group normally uses its incremental borrowing rate as the discount rate.

The lease payments included in the measurement of lease liabilities comprise fixed payments, amounts that are expected to be paid on the basis of a residual value guarantee and the exercise price of a purchase option if the lessee is sufficiently certain to exercise it.

Lease payments for lease extension options are taken into account if the lessee is sufficiently certain to exercise them.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured if future lease payments change due to a change in the index or (interest) rate, if the lessee adjusts its estimate of the expected payments under a residual value guarantee, if the lessee changes its assessment regarding the exercise of a purchase, extension or termination option or if a de facto fixed lease payment changes.

In the case of such remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset or, if the carrying amount of the right-of-use asset has been reduced to zero, this adjustment is recognised in the income statement.

The Group has decided not to recognise right-of-use assets and lease liabilities for leases based on low-value assets and for short-term leases, including IT equipment. The lessee recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

Other provisions

Other provisions comprise all legal and constructive obligations towards third parties identifiable at the balance sheet date that are based on past events, where the amount can be reliably estimated, and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The provisions are recognised in the amount of the best estimate of the expected settlement value. Possible claims for reimbursement are not offset against the provisions.

Provisions for pensions

In accordance with IAS 19, pension provisions are measured using the projected unit credit method for defined benefit plans. This means that future obligations are measured using actuarial methods to estimate the relevant variables and to determine their present value.

All actuarial gains and losses are recorded in the other comprehensive income/loss as they arise and without affecting the operating result. Reported pension provisions are based on actuarial certificates issued by an independent actuary.

Pension commitments under defined contribution plans are recognised in the relevant functional areas as expenses for employee services in the period during which the employee provides the related services.

Contract liabilities

Income received before the balance sheet date is deferred as a contract liability to the extent that it results in revenue after that date.

Equity

The subscribed capital is 6,500,000.00 euros. It is divided into 6,500,000 bearer shares without par value. All shares are fully paid.

Of secunet AG's capital reserves, 1,902,005.80 euros results from payments by the shareholder before the transformation of secunet AG into a public limited company. The price premium paid in the initial public offering accounts for 20,020,000.00 euros of the total. The capital reserves are available – subject to statutory regulations – for the purposes of offsetting any losses incurred and for capital increases from the Company's own funds.

The other reserves include the reserve for treasury shares and the other comprehensive income/loss.

Treasury shares are shares in secunet AG held by the Company itself. The acquisition of treasury shares is shown in the Consolidated Financial Statements as a change in equity (reserve for treasury shares). No gain or loss is shown in the income statement for the sale, issue or recalling of treasury shares. The consideration in such transactions is recognised in the Consolidated Financial Statements as a change in equity.

Profits from the current financial year and the previous years that are not paid out to shareholders are recognised in the revenue reserves.

Non-controlling interests

Non-controlling interests are initially measured at their proportionate share of the identifiable net assets of the acquired company at the time of acquisition.

The non-controlling interests' share of the Group profit or loss leads to an increase or decrease in the non-controlling interests.

Changes in the Group's interest in a subsidiary that do not result in a change of control are accounted for as equity transactions.

Sales revenue recognition

secunet Group realises its revenue through the sale of hardware, licences, service and maintenance, both separately and in product bundles, and through the provision of services as part of service and work contracts. Payments are typically due within 30-90 days.

I. Separate sale of hardware or licences

For the separate sale of hardware or licences, the breakdown into contractual obligations is unnecessary, since each respective individual sale represents a contractual obligation. With regard to the sale of hardware, revenue is recognised in line with IFRS 15 at the time at which the customer takes control of the asset. In the case of licence transfers, IFRS 15 necessitates an assessment as to whether the customer receives access or a right of use as a result. This shall determine whether sales revenue is recognised over time or at a point in time.

II. Sale of product bundles

The sale of product bundles is a transaction involving multiple elements according to IFRS 15. IFRS 15 requires the separable, independent contractual obligations within a product bundle to be identified in the case of multiple-element transactions. Subsequently, it must be determined whether the revenue is recognised over time or at a point in time for each of these contractual obligations. When doing so, the focus should be on the general principles for sales revenue recognition, as outlined above.

For the services included in the product bundles (e.g. software subscription, Service Level Agreements, support services or extended warranties), discretionary decisions must be used to determine whether these are separate respective contractual obligations or whether these services form a service bundle in combination with another contractual obligation from the product bundle.

III. Provision of services

The provision of services occurs both on the basis of service contracts and on the basis of work contracts within the Group.

Service contracts

Generally, consulting services involving the temporal coincidence of service provision and service consumption are provided in the form of service contracts. According to the nature of a service contract, it is the provision of the service that is owed, rather than the result.

Pursuant to IFRS 15.35, the service in these cases is registered over the period during which the service is provided in accordance with the share of the total service provided (output-oriented).

Work contracts

With respect to the work contracts, the result is owed, which constitutes a distinguishing characteristic between these and the service contracts. This means that in the wider sense, an asset is created for the customer. The Group has no alternative way to use this asset. The Group uses this type of contract to cover mainly customer-specific software developments, but also licence sales with extensive customisation.

In the case of these work contracts, the sales revenue must be recognised in relation to the percentage of completion (IFRS 15.39). The percentage of completion is estimated on the basis of the costs incurred in relation to the expected total costs (input-oriented).

Assumptions and estimates

In the preparation of the Consolidated Financial Statements, assumptions and estimates were made that affected the reported amounts of assets, liabilities, income and expenses. These assumptions and estimates relate primarily to an estimate of the useful life for depreciable tangible and intangible assets (Notes 3 and 4), the impairment of receivables (Note 2), the recognition and measurement of provisions (Notes 12 and 13), the capitalisation of deferred taxes on loss carryforwards (Note 9) and the recognition of revenue in the case of services (see section on sales revenue recognition in this Chapter). For the purposes of calculating the value in use of the cash-generating units, as part of the impairment test for the goodwill, estimates and assumptions are required for determining the future cash flows from the cash-generating unit and for calculating the discounting rate (see Note 6).

In some cases, actual results may differ from these estimates and assumptions. Changes are taken into account in the income statement at the time when better knowledge becomes available. Actuarial gains and losses from the pension provision calculation are recorded in other comprehensive income/loss without affecting the operating result.

In the year under review, the coronavirus pandemic did not have a negative impact overall on secunet Group's business performance. In particular, increased demand for products and solutions from the SINA product family, in response to changes in the organisation of work by German authorities, led to higher revenue and earnings. Furthermore, the impairment tests performed on goodwill (see Note 6), other intangible assets and property, plant and equipment (see Notes 3 and 4), deferred tax assets (see Note 9), trade receivables and contract assets (see Note 2) did not result in any impairment losses in this connection.

Grants

In accordance with the option provided by IAS 20.24 and IAS 20.27, government grants for assets are offset directly against the acquisition/production costs of the subsidised asset and thus represent a reduction in the cost of acquisition. The grants are recognised on a pro-rata basis in the income statement in the form of lower depreciation. In the 2020 financial year, grants amounting to 3.7 million euros were received (previous year: 1.6 million euros).

Other grants are recognised as income in the period in which the entitlement arises.

Discretionary decisions

Discretion is exercised when determining cash-generating units for the purpose of goodwill impairment testing (see Note 6), when categorising financial assets and liabilities (see Notes 2 and 8) and when determining interest rates for lease accounting (see Note 5).

Notes to the balance sheet

The balance sheet is classified into non-current and current assets and liabilities. Assets and liabilities due within one year are recognised as current.

In accordance with IAS 12, deferred tax balances are recognised as non-current assets and liabilities.

1. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances.

The movement in cash and cash equivalents is shown in the consolidated cash flow statement.

2. Receivables and other assets, contract assets

The trade receivables amount to 52,158,122.74 euros (previous year: 49,670,658.22 euros).

In the year under review, contract assets of 4,154,705.96 euros (previous year: 2,787,251.28 euros) were reported for services already rendered in connection with customer projects but not yet invoiced (thereof 5,085.00 euros to affiliated companies; previous year: 0.00 euros).

Intercompany financial assets amount to 134,047.27 euros (previous year: 117,904.76 euros) and, as in the previous year, result in full from trade receivables.

The maturities of all the trade receivables are as follows:

Days overdue

in euros	31 Dec 2020	31 Dec 2019
Not due	38,913,394.30	40,196,182.44
1–30	11,063,253.00	8,891,589.00
31–90	2,158,401.28	606,211.00
91–180	90,094.22	149,556.00
181–360	64,876.00	6,640.00
>360	132,543.00	5,373.00
Total	52,422,561.80	49,855,551.44

The valuation allowance for trade receivables and contract assets was as follows

in euros	2020	2019
As at 1 Jan	66,988.46	86,921.07
Amounts written off	-14,250.00	0.00
Revaluation of allowances	77,653.33	-19,932.61
As at 31 Dec	130,391.79	66,988.46

A specific valuation allowance is posted to a separate valuation allowance account in cases where receivables are clearly overdue (>180 days) and owed from non-public-sector clients or in the event of special information in individual cases. The receivable is derecognised in the income statement in the event of established insolvency or in cases where the receivable is estimated to be irrecoverable for other reasons.

In the case of trade receivables from third parties that are not subject to a specific valuation allowance, an allowance is calculated on a collective basis for the amount of the expected credit losses over the term of the receivables. Calculation of the expected losses on a collective basis is based on an impairment matrix containing an analysis of historical data over the last five years. The collective allowance is already to be recognised by applying historical data when the trade receivable from third parties is initially recognised and is to be adjusted at each reporting date on the basis of current information and expectations.

Receivables and other assets that are not yet due and not individually impaired are assessed by the Management Board to be recoverable. This assessment is based on past experience, the customer structure and long-term business relationships.

Additions to and reversal of valuation allowances are disclosed separately in the income statement under the item “Impairment reversals/impairment losses on trade receivables and contract assets”.

The other current and non-current assets totalling 7,618,459.54 euros (previous year: 3,952,097.64 euros) predominantly concern other receivables from suppliers, advance payments for travel expenses, prepayments for future services and other receivables. No impairments were made.

3. Property, plant and equipment

The changes in property, plant and equipment may be summarised as follows:

	2020			2019	
in euros	Assets under construction	Office and operating equipment	Property, plant and equipment	Office and operating equipment	Property, plant and equipment
Accumulated historical cost as at 1 Jan	0.00	17,391,001.05	17,391,001.05	15,046,470.04	15,046,470.04
Additions	18,509.84	3,391,703.59	3,410,213.43	3,569,876.29	3,569,876.29
Disposals	0.00	-787,626.76	-787,626.76	-1,225,345.28	-1,225,345.28
As at 31 Dec	**18,509.84**	**19,995,077.88**	**20,013,587.72**	**17,391,001.05**	**17,391,001.05**
Accumulated depreciation as at 1 Jan	0.00	11,672,831.05	11,672,831.05	10,490,733.04	10,490,733.04
Additions	0.00	2,758,424.59	2,758,424.59	2,349,362.02	2,349,362.02
Disposals	0.00	-762,420.76	-762,420.76	-1,167,264.01	-1,167,264.01
As at 31 Dec	**0.00**	**13,668,834.88**	**13,668,834.88**	**11,672,831.05**	**11,672,831.05**
Carrying amount as at 31 Dec	18,509.84	6,326,243.00	6,344,752.84	5,718,170.00	5,718,170.00

There were no restrictions on disposal or fixed assets pledged to lenders.

4. Intangible assets

The changes in intangible assets may be summarised as follows:

	2020			
in euros	Internally generated intangible assets	Purchased intangible assets	Advance payments for intangible assets	Total intangible assets
Accumulated historical cost as at 1 Jan	5,215,932.00	4,658,554.23	863,674.43	10,738,160.66
Additions	1,064,318.00	924,512.73	0.00	1,988,830.73
Reclassifications	0.00	863,674.43	-863,674.43	0.00
Disposals	0.00	-2,146.20	0.00	-2,146.20
As at 31 Dec	**6,280,250.00**	**6,444,595.19**	**0.00**	**12,724,845.19**
Accumulated depreciation as at 1 Jan	869,700.00	1,696,303.70	0.00	2,566,003.70
Additions	802,800.00	1,152,391.16	0.00	1,955,191.16
Disposals	0.00	-2,146.20	0.00	-2,146.20
As at 31 Dec	**1,672,500.00**	**2,846,548.66**	**0.00**	**4,519,048.66**
Carrying amount as at 31 Dec	4,607,750.00	3,598,046.53	0.00	8,205,796.53

in euros	2019 Internally generated intangible assets	Purchased intangible assets	Advance payments for intangible assets	Total intangible assets
Accumulated historical cost as at 1 Jan	4,013,694.00	3,009,680.72	299,000.00	7,322,374.72
Change in the consolidated Group	0.00	588,000.00	0.00	588,000.00
Additions	1,202,238.00	1,025,559.56	863,674.43	3,091,471.99
Reclassifications	0.00	299,000.00	-299,000.00	0.00
Disposals	0.00	-263,686.05	0.00	-263,686.05
As at 31 Dec	**5,215,932.00**	**4,658,554.23**	**863,674.43**	**10,738,160.66**
Accumulated depreciation as at 1 Jan	66,900.00	1,265,254.72	0.00	1,332,154.72
Additions	802,800.00	694,735.03	0.00	1,497,535.03
Disposals	0.00	-263,686.05	0.00	-263,686.05
As at 31 Dec	**869,700.00**	**1,696,303.70**	**0.00**	**2,566,003.70**
Carrying amount as at 31 Dec	**4,346,232.00**	**2,962,250.53**	**863,674.43**	**8,172,156.96**

Regular depreciations are recorded under the area of activity associated with the asset. As in the previous year, there were no unscheduled depreciations in the year under review.

In connection with the development of internally generated intangible assets, and after the deduction of grants in accordance with IAS 20.27 amounting to 3,665,560.72 euros, development costs totalling 1,064,318.00 euros were capitalised (previous year: 1,202,238.00 euros), as the requirements of IAS 38.57 were met in full. The intangible asset capitalised in the financial year has not yet been made ready for operation

5. Leases

The development of right-of-use assets and lease liabilities is as follows:

Development of lease liabilities

	2020				
	Rented buildings	Vehicles	Short-term leases	Low-value leases	Total
As at 1 Jan	16,761,464.58	775,765.52	0.00	0.00	17,537,230.10
Additions	3,786,679.89	660,638.34	0.00	0.00	4,447,318.23
Lease payments	-3,166,755.05	-521,171.88	-101,712.87	-62,097.91	-3,851,737.71
Interest expense	215,718.08	8,637.74	0.00	0.00	224,355.82
As at 31 Dec	17,597,107.50	923,869.72	0.00	0.00	18,520,977.22

	2019				
	Rented buildings	Vehicles	Short-term leases	Low-value leases	Total
As at 1 Jan	18,243,017.87	1,050,377.76	0.00	0.00	19,293,395.63
Additions	645,861.58	174,014.57	0.00	0.00	819,876.15
Lease payments	-2,334,639.25	-458,093.85	-41,484.80	-84,058.56	-2,918,276.46
Interest expense	207,224.38	9,467.04	0.00	0.00	216,691.42
As at 31 Dec	16,761,464.58	775,765.52	0.00	0.00	17,537,230.10

For a maturity analysis of the lease liabilities as at 31 December 2020, see Note 10 Liabilities.

Development of right-of-use assets

	2020		
	Rented buildings	Vehicles	Total
As at 1 Jan	16,459,764.40	771,840.46	17,231,604.86
Additions	3,786,679.89	660,638.34	4,447,318.23
Depreciation and amortisation	-2,829,860.88	-513,979.91	-3,343,840.79
As at 31 Dec	17,416,583.41	918,498.89	18,335,082.30

	2019		
	Rented buildings	Vehicles	Total
As at 1 Jan	18,243,017.87	1,050,377.76	19,293,395.63
Additions	645,861.58	174,014.57	819,876.15
Depreciation and amortisation	-2,429,115.05	-452,551.87	-2,881,666.92
As at 31 Dec	16,459,764.40	771,840.46	17,231,604.86

Presentation of undiscounted payment obligations from existing lease agreements

in euros	31 Dec 2020	31 Dec 2019
Up to 1 year	292,854.73	2,794,511.58
1 to 5 years	14,242,982.19	8,962,811.89
More than 5 years	5,265,236.00	6,724,217.78
Total	**19,801,072.92**	**18,481,541.25**

Payments amounting to 4,552,917.00 euros may be due in the next few years for rental options not yet recognised in the balance sheet.

6. Goodwill

The breakdown of the goodwill carrying amount by segment is as follows:

	2020			2019		
in euros	Public Sector	Business Sector	Total	Public Sector	Business Sector	Total
Accumulated historical cost as at 1 Jan	3,325,331.00	1,299,700.00	4,625,031.00	3,325,331.00	1,299,700.00	4,625,031.00
Change in the consolidated Group	0.00	0.00	0.00	0.00	0.00	0.00
Additions	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
As at 31 Dec	**3,325,331.00**	**1,299,700.00**	**4,625,031.00**	**3,325,331.00**	**1,299,700.00**	**4,625,031.00**
Accumulated depreciation as at 1 Jan	0.00	0.00	0.00	0.00	0.00	0.00
Additions	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
As at 31 Dec	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Carrying amount as at 31 Dec	**3,325,331.00**	**1,299,700.00**	**4,625,031.00**	**3,325,331.00**	**1,299,700.00**	**4,625,031.00**

Goodwill was allocated to the cash-generating units based on expected synergies from the respective business combination. These cash-generating units represent the lowest reporting level in the Group at which goodwill can be monitored by the management for internal management purposes. The cash-generating units correspond to the segments.

secunet Group is split into two divisions: the Public Sector division and the Business Sector division.

In testing goodwill for impairment in accordance with IAS 36, the recoverable amount of the individual cash-generating unit is determined by its value in use. The test takes place annually as at 31 December. The value in use is calculated from the discounted cash flows of the relevant unit. Proposal. Cash flows are derived from the EBIT determined as part of the annual planning adopted by the Management Board and approved by the Supervisory Board. This is reconciled to Noplat (net operating profit less adjusted taxes) and adjusted for depreciation and investments. A discount rate (WACC) of 8.1% was used for these calculations (previous year: 8.1%). A risk-free interest rate (based on market data) of -0.2% (previous year: 1.5%), a market risk premium of 7.5% (previous year: 5.5%) and a beta factor of 1.1 (previous year: 1.2) are used to calculate the discount rate. Since the Company largely operates in the European Economic Area, standardised parameters are used for all cash-generating units. The underlying projections employed for the test are based on a period of three years and take into account past experience and the management's expectations regarding the future development of the market, while also considering growth in the detailed planning period. Projections further into the future are made by extrapolating cash flows in perpetuity, while factoring in a growth rate of 0.5% (previous year: 0.5%) for value in use.

As the discounted cash flows exceeded the carrying amounts of the goodwill, no impairment of goodwill was necessary. As part of a sensitivity analysis, the risk premium was increased by 1% and flat-rate discounts of 20% were applied to the expected cash flows from the individual cash-generating units. Even under these conditions there was no need for impairment with regard to any of the goodwill allocated to the cash-generating units.

7. Inventories

in euros	31 Dec 2020	31 Dec 2019
Trade goods	25,361,467.93	20,566,577.50
Finished goods	1,211,635.00	399,483.35
Work in progress	1,208,442.00	541,780.71
Advance payments	117,180.48	63,000.00
Total	**27,898,725.41**	**21,570,841.56**

Trade goods are measured at historical cost calculated using a sliding average.

The production costs of finished goods and work in progress are valued at the cost of acquisition of the materials used and the cost of production.

In order to safeguard the sustained growth in the product business, the inventory level has increased by 6.3 million euros.

During the reporting year, value adjustments for trade goods resulted in an expense in the amount of 1,302 thousand euros (previous year: 625 thousand euros).

8. Non-current financial assets

The premium reserve shares from reinsurance contracts shown under non-current financial assets amount to 6,275,349.00 euros (previous year: 6,141,883.00 euros). This increase is a result of the regular contributions and credit notes issued on income by the insurance companies. Disbursements for pension payments have a counter-acting effect.

These reinsurance contracts deal with the reinsurance of the existing defined benefit obligations related to current and former secunet employees from pension commitments assumed from previous employers. The existing reinsurance contracts are not plan assets as defined under IAS 19.

9. Deferred taxes

The Group has loss carryforwards amounting to 3,249 thousand euros (previous year: 3,731 thousand euros).

There are no loss carryforwards in the foreign company (previous year: 40 thousand euros). Deferred tax claims not recognised totalled 0 thousand euros (previous year: 12 thousand euros). These loss carryforwards expire five years after the losses were incurred.

The domestic companies have loss carryforwards of 3,249 thousand euros (previous year: 3,691 thousand euros). No deferred tax assets were formed on losses amounting to 2,662 thousand euros (previous year: 2,732 thousand euros), as it is not expected that these loss carryforwards will be realised in the short to medium term. They do not expire. Deferred tax claims not recognised totalled 852 thousand euros (previous year: 872 thousand euros).

Deferred tax assets of 588 thousand euros (previous year: 959 thousand euros) were formed on losses amounting to 188 thousand euros (previous year: 198 thousand euros). There is sufficient substantial evidence of future taxable earnings to allow capitalization. The losses do not expire.

A tax rate of 31.99%, or 16.16% for partnerships, was used to calculate deferred taxes (previous year: 31.90%, or 16.07% for partnerships). The average trade income tax rate changed slightly due to the difference in the weighting of wage payments. The tax rate for deferred taxes includes trade tax and corporate tax plus solidarity surcharge.

The breakdown of deferred taxes recognised in the balance sheet is as follows:

Balance sheet entry

in euros	31 Dec 2020	31 Dec 2019
Deferred tax assets		
from provisions for pensions	1,753,003.69	1,738,865.17
from goodwill	26,564.82	31,285.29
from intangible assets	41,587.00	47,583.95
from tangible fixed assets	7,339.15	11,385.75
from leases as defined by IFRS 16	115,450.31	97,413.03
from loss carryforwards	187,986.74	197,758.83
from other items	247,450.03	179,577.54
	2,379,381.74	**2,303,869.56**
Deferred tax liabilities		
from trade receivables and contract assets	-90,357.04	-176,004.10
from intangible assets	-1,649,667.36	-1,629,788.23
from goodwill	-22,890.12	-8,720.82
from tangible fixed assets	-50,176.32	-24,030.91
from other items	0.00	-44,707.77
	-1,813,090.84	**-1,883,251.83**
Total	566,290.90	420,617.73

Deferred tax assets of 2,215 thousand euros (previous year: 2,094 thousand euros) and deferred tax liabilities of 1,365 thousand euros (previous year: 1,306 thousand euros) were formed for items with a term of more than 12 months.

No deferred taxes were recognised on temporary differences amounting to 76 thousand euros (previous year: 44 thousand euros) in connection with shares in subsidiaries.

The changes in deferred taxes in the income statement may be summarised as follows:

Income statement for expenses / income

in euros	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Deferred tax assets		
from provisions for pensions	-31,081.27	14,272.40
from goodwill	-4,720.47	-1,707.02
from intangible assets	-5,996.95	-12,145.27
from tangible fixed assets	-4,046.60	11,385.75
from leases as defined by IFRS 16	18,037.28	97,413.03
from loss carryforwards	-9,772.09	197,758.83
from other items	67,872.49	-1,391.16
	30,292.39	**305,586.56**
Deferred tax liabilities		
from trade receivables and contract assets	85,647.06	3,017.20
from intangible assets	-19,879.13	5,824.10
from goodwill	-14,169.30	-5,109.86
from tangible fixed assets	-26,145.41	-24,030.91
from other items	44,707.77	23,536.58
	70,160.99	**3,237.11**
Income from deferred taxes	100,453.38	308,823.67

In the 2020 financial year, deferred tax income of 45,219.79 euros was recorded under other comprehensive income/loss (previous year: tax income of 406,246.18 euros).

10. Liabilities

Intercompany payables are trade payables (75,120.94 euros; previous year: 223,561.18 euros) and other liabilities (0.00 euros; previous year: 57,407.50 euros). The carrying amounts of trade payables and other liabilities correspond to the nominal value.

Other current liabilities break down as follows:

in euros	31 Dec 2020	31 Dec 2019
Payable value-added tax	5,194,002.34	2,863,968.88
Payable wage income tax and church tax	697,783.87	668,136.69
Payable social security contributions	17,613.03	14,767.42
Other liabilities	88,334.51	74,587.72
Total	**5,997,733.75**	**3,621,460.71**

The maturities of the liabilities are as shown below:

	Total		Remaining term up to 1 year		Remaining term of 1 year to 5 years		Remaining term of over 5 years	
in euros	2020	2019	2020	2019	2020	2019	2020	2019
Trade accounts payable	25,513,127.45	27,953,644.22	25,513,127.45	27,953,644.22	0.00	0.00	0.00	0.00
Intercompany payables	75,120.94	280,968.68	75,120.94	280,968.68	0.00	0.00	0.00	0.00
Lease liabilities	18,520,977.22	17,537,230.10	3,279,197.45	2,600,883.05	10,509,054.90	8.458.397,26	4,732,724.87	6,477,949.79
Income tax liabilities	12,897,980.39	5,446,232.78	12,897,980.39	5,446,232.78	0.00	0.00	0.00	0.00
Other current liabilities	5,997,733.75	3,621,460.71	5,997,733.75	3,621,460.71	0.00	0.00	0.00	0.00
Contract liabilities	43,217,024.03	29,817,985.38	14,673,571.17	9,960,482.92	28,543,244.72	19,851,507.49	208.14	25,102.17

11. Contract balances

The following table presents information on receivables, contract assets and contract liabilities for customer contracts:

in euros	31 Dec 2020	31 Dec 2019
Trade receivables	52,158,122.74	49,670,658.22
Contract assets	4,154,705.96	2,787,251.28
Contract liabilities	43,217,024.03	29,817,985.38

The contract assets include services already rendered under work or service contracts but not yet invoiced to the customer. No value adjustments had to be recognised in this regard in the financial year.

The contract assets are transferred to receivables when the customer is invoiced.

The contract liabilities include customer payments that are recognised as revenue after the balance sheet date. This item contains transactions where the Group generates cash inflow in advance due to multiple-year maintenance and support contracts and extended warranties or receives advance payments for later supplies or services. The sales revenue is generated over a period corresponding to the maturities reported in Note 10.

The contract liabilities developed as follows in the financial year:

	2020	2019
As at 1 Jan	29,817,985.38	19,609,929,51
Recognised in sales revenue	-10,731,592.00	-8,682,677.88
Additions from payments received	24,130,630.65	18,890,733.75
As at 31 Dec	43,217,024.03	29,817,985.38

12. Provisions for pensions

in euros	2020	2019
Opening balance as at 1 Jan	8,229,598.00	6,781,816.00
Benefits paid	-77,670.00	-58,816.00
Additions	287,292.47	293,819.00
Addition not affecting profit/loss in other income	141,356.00	1,212,779.00
Closing balance as at 31 Dec	8,580,576.47	8,229,598.00

Provisions for pensions and similar liabilities are formed on the basis of the Group company's individual contract commitments towards its employees. 25 current and former employees of secunet Group who were employed at other companies in the past are entitled to a pension (previous year: 25 employees). The 25 pensionable persons consist of 22 candidates and three pension beneficiaries.

As a result of business combinations and taking over of employees from other companies, the Company has a variety of pension plans. These can largely be split into two types of plans.

The first type of plan grants the beneficiary a defined percentage (between 0.6% and 1.5%) of remuneration as an old-age pension, for each year of service. In the second type of plan, the beneficiary is granted a fixed component for the old-age pension.

Both types of plan allow for early retirement taking reductions in benefits into account.

Both plans include a disability pension and a widow's and orphans' pension.

The certificates for the eligible employees of secunet Group as at 31 December 2020 are based on trend assumptions of 2.5% for salary growth (previous year: 2.5%), pension growth of 1.7% p.a. (previous year: 2.0% p.a.), a rate of inflation of 2.0% p.a. (previous year: 2.0% p.a.) and an actuarial interest rate of 0.75% p.a. (previous year: 1.15% p.a.). Prof Klaus Heubeck's 2018 G mortality tables were used as the basis for the calculation.

To determine the actuarial interest rate, a yield curve as at the balance sheet date is derived using bootstrapping based on corporate bonds with an AA rating. The actuarial interest rate is calculated by matching the yield curve with the actual term of the obligations.

The parameters were set based on the data from December 2020.

Sensitivity analysis

		2020		2019	
Valuation parameter	Sensitivity	Baseline value	Effect on provisions (in thousand euros)	Baseline value	Effect on provisions (in thousand euros)
Valuation parameter	+ 1.00%	0.75%	-1,605	1.15%	-1,554
Actuarial interest	- 1.00%	0.75%	2,144	1.15%	2,080
Salary growth	+ 0.50%	2.50%	155	2.50%	164
Salary growth	- 0.50%	2.50%	-148	2.50%	-157
Pension growth	+ 0.50%	1.70%	715	2.00%	737
Pension growth	- 0.50%	1.70%	-518	2.00%	-501
Life expectancy	+ 1 year	Heubeck 2018 G	353	Heubeck 2018 G	330
Life expectancy	- 1 year	Heubeck 2018 G	-347	Heubeck 2018 G	-325

The sensitivity calculations are based on the average terms of the pension obligations as at 31 December 2020. Separate calculations were performed for all actuarial parameters considered to be material, so as to separately show the effects on the present value of defined benefit obligations as at 31 December 2020. Since the sensitivity analyses are based on the average duration of expected pension obligations, and expected payment deadlines are therefore not considered, they can only provide rough information or statements on trends.

The evaluation and definition of the parameters are at the discretion of the Management Board.

Changes to the defined benefit obligations in the reporting year were as follows:

in euros	2020	2019
As at 1 Jan	8,229,598.00	6,781,816.00
Current service cost	193,116.00	165,566.00
Interest expense	94,176.00	128,253.00
Actuarial gains and losses from		
experience-based adjustments	-244,735.53	7,352.00
changes to financial assumptions	386,092.00	1,205,427.00
Benefits paid	-77,670.00	-58,816.00
As at 31 Dec	**8,580,576.47**	**8,229,598.00**

Of the defined benefit obligations, 63.60% (previous year: 58.8%) relate to active claimants. 14.8% (previous year: 14.4%) relate to claimants who have left and 21.6% (previous year: 26.8%) relate to pension beneficiaries. Pension commitments do not expire.

The weighted average duration of the defined benefit obligations up to 31 December 2020 is 22.0 years (previous year: 22.0 years).

Costs arising from the defined benefit obligations and included in the income statement are broken down as follows:

in euros	2020	2019
Current service cost	193,116.00	193,116.00
Interest expense	94,176.00	128,253.00
Cost for the year	**287,292.00**	**293,819.00**

In line with actuarial certificates, expenses arising from the commitments are distributed over the service life of employees and consist of the interest expenses and the service expenses. Interest expenses are included in the financial result, and the service expenses are shown under personnel expenditure in the respective functional areas.

In the reporting year, pension payments of 77,670 euros (previous year: 58,816 euros) were paid directly by the employer.

The defined benefit obligation is offset by premium reserve shares from reinsurance contracts in the amount of 6,275,349.00 euros (previous year: 6,141,883.00 euros), which do not represent plan assets under IAS 19.

A pension provision of 8,778,015 euros is expected as at 31 December 2021, based on an annual expense of 268,246 euros and planned pension payments of 72,119 euros.

In the reporting year, secunet Group paid contributions of 3,727 thousand euros (previous year: 3,226 thousand euros) into the statutory pension insurance plan, which is regarded as a defined contribution plan. In the case of defined contribution pension plans, there are no further obligations beyond the payment of contributions.

13. Other provisions

The changes in other provisions are shown in the table below:

in euros	1 Jan 2020	Utilisation	Released	Additions	31 Dec 2020
Non-current provisions					
Provisions for anniversary bonuses	356,381.00	0.00	0.00	40,656.00	397,037.00
Current provisions					
Annual employee bonuses	10,404,235.00	-10,404,235.00	0.00	14,709,657.00	14,709,657.00
Accrued holidays	923,284.00	-923,284.00	0.00	1,503,536.32	1,503,536.32
Deferred costs	166,244.28	-10,589.67	0.00	1,205,587.88	1,361,242.49
Asset retirement and maintenance measures	672,613.08	0.00	0.00	204,939.09	877,552.17
Warranties	576,000.00	0.00	-154,000.00	0.00	422,000.00
Impending losses	0.00	0.00	0.00	277,920.00	277,920.00
Professional association contributions	165,700.00	-165,700.00	0.00	189,000.00	189,000.00
Others	787,296.09	-667,344.09	-224,755.91	763,647.91	658,844.00
	13,695,372.45	**-12,171,152.76**	**-378,755.91**	**18,854,288.20**	**19,999,751.98**
TOTAL	**14,051,753.45**	**-12,171,152.76**	**-378,755.91**	**18,894,944.20**	**20,396,788.98**

The provision formed in the previous year for warranties and goodwill in the product and project business was not utilised in the 2020 financial year. 154 thousand euros could be released to the cost of sales with an effect on income.

The provision for asset retirement and maintenance measures essentially involves asset retirement and maintenance measures to be performed by the Company for the leased properties in Essen and Dresden.

Overall provisions have been represented at the level of the expected realisation arising from the risks.

The estimation of the probability of occurrence for the expected realisation of the provisions is at the discretion of the Management Board.

14. Equity

The development of the Group's equity is shown in the consolidated statement of changes in equity.

As in the previous year, secunet AG holds 30,498 treasury shares as at the balance sheet date. This corresponds to a share of 0.469% of the subscribed capital.

The subscribed capital remains unchanged at 6,500,000.00 euros. It is divided into 6,500,000 bearer shares without par value. All shares are fully paid. Calculated on Group profit for the period attributable to the shareholders of secunet AG of 35,111,697.37 euros, diluted and undiluted earnings per share were

5.43 euros per share (6,469,502 shares), compared with 3.44 euros (6,469,502 shares) in the previous year.

The minority interests developed as follows in the financial year:

in euros	2020	2019
Opening balance as at 1 Jan	508,157.07	358,803.12
Change in the consolidated Group	0.00	600,250.00
Share in net income	-127,709.24	-92,092.93
Change of non-controlling interests	0.00	-358,803.12
Closing balance as at 31 Dec	380,447.83	508,157.07

The number of shares outstanding remained unchanged, at 6,469,502 shares. Each share grants the holder one voting right and, in the event of a distribution, an equivalent dividend entitlement.

secunet AG's capital reserves were unchanged from the previous year, with 1,902,005.80 euros of the total resulting from payments by the shareholder before the transformation of secunet AG into a public limited company. The price premium paid in the initial public offering accounts for 20,020,000.00 euros of the total. The capital reserves are available – subject to statutory regulations – for the purposes of offsetting any losses incurred and for capital increases from the Company's own funds.

The other reserves consist of the reserve for treasury shares and the other comprehensive income/loss.

The reserve for treasury shares consists of the historical cost of the shares of the Company held by the Group. The Company currently holds 30,498 of its own shares.

Other comprehensive income/loss consists of currency conversion differences from the currency conversion of financial statements of foreign subsidiaries, actuarial gains and losses as part of pension provision calculation as well as deferred taxes.

Revenue reserves increased by 51,192,282.72 euros to 76,211,556.97 euros compared to the previous year's figure. This increase was based on the Group profit for the period attributable to the shareholders of secunet AG of 35,111,697.37 euros, less the dividend payments of 10,092,423.12 euros paid during the reporting year and the adjustment of revenue reserves due to consolidation effects.

Appropriation of the balance sheet profit

From the balance sheet profit of 10,092,423.12 euros reported for the 2019 financial year in the Annual Financial Statements under commercial law, dividends of 1.56 euros per share (amounting to a total of 10,092,423.12 euros) were distributed in the 2020 financial year in accordance with the resolution of the Annual General Meeting on 8 July 2020.

secunet AG's Annual Financial Statements under commercial law for the 2020 financial year show net income for the year of 32,810,953.38 euros. The Management Board and the Supervisory Board decided to deposit an amount of 16,378,418.30 euros from this sum into other revenue reserves. There is a balance sheet profit of 16,432,535.08 euros under commercial law for 31 December 2020.

The Management Board will propose to the Annual General Meeting that a regular dividend of 2.54 euros per dividend-bearing share be distributed on the dividend-bearing share capital of 6,469,502.00 euros (corresponding to a regular distribution of 50% of the net profit for the year), i.e. a total of 16,432,535.08 euros. When determining the share capital entitled to a dividend, the total of 30,498 treasury shares was deducted.

in euros	2020
Carryforward as at 1 Jan 2020	10,092,423.12
Net income for the year 2020	32,810,953.38
Dividend payment in 2020 for 2019	-10,092,423.12
Transfer to other revenue reserves	-16,378,418.30
Balance sheet profit at 31 Dec 2020	**16,432,535.08**
Proposal for the appropriation of distributable earnings	
Dividend payment in 2020	-16,432,535.08
Carryforward	0.00

Notes to the income statement

15. Sales revenue

secunet Group realises its sales revenue entirely within the framework of contracts with customers.

The following overview breaks down sales by geographical characteristics, main revenue streams and revenue recognition.

	Public Sector		Business Sector		Konzern	
in thousand euros	2020	2019	2020	2019	2020	2019
Geographical allocation						
Domestic	210,383.1	152,742.9	48,164.9	56,797.4	258,548.0	209,540.3
Abroad	26,745.9	17,070.1	297.1	291.6	27,043.0	17,361.7
Total	**237,129.0**	**169,813.0**	**48,462.0**	**57,089.0**	**285,591.0**	**226,902.0**
Revenue generation						
Revenue generation	24,329.4	23,771.1	7,619.7	7,961.3	31,949.1	31,732.4
Product business	212,799.6	146,041.9	40,842.3	49,127.7	253,641.9	195,169.6
Total	**237,129.0**	**169,813.0**	**48,462.0**	**57,089.0**	**285,591.0**	**226,902.0**
Recognition of sales revenue						
Over time	44,776.8	38,785.4	16,984.9	13,190.2	61,761.7	51,975.6
At a point in time	192,352.2	131,027.6	31,477.1	43,898.8	223,829.3	174,926.4
Total	**237,129.0**	**169,813.0**	**48,462.0**	**57,089.0**	**285,591.0**	**226,902.0**

Domestic sales revenue totalled 258,548.0 thousand euros (previous year: 209,540.3 thousand euros), while sales revenue generated abroad was 27,043.0 thousand euros (previous year: 17,361.7 thousand euros). The breakdown of sales revenue is based on the location of the customers.

Approximately 220.1 million euros of this sales revenue is attributable to the Group's major customer as defined in IFRS 8.34. This sales revenue was generated in the Public Sector division. No other individual customer accounted for 10% or more of the Group's sales revenues in 2020.

16. Presentation of selected expenses according to cost types

With the exception of materials expenses, which must always be included under cost of sales, all the cost types are recorded under the cost of sales, the selling expenses and the general administrative costs. The following amounts are recorded for the cost types listed below:

in euros	2020	2019
Expenses for raw materials, consumables and operating materials	151,596,110.35	105,337,741.76
Cost of purchased services	14,125,387.94	14,497,286.77
Materials expenses	**165,721,498.29**	**119,835,028.53**
Wages and salaries	54,875,579.56	44,282,020.96
Social security costs	7,879,203.42	6,805,876.03
Expenses for retirement pensions	263,396.36	164,797.27
Personnel expenses	**63,018,179.34**	**51,252,694.26**
Depreciations (scheduled)	**7,744,064.05**	**6,415,685.50**

17. Research and development costs

Research and development costs for the financial year amounted to 1,927,781.10 euros (previous year: 257,096.74 euros).

0.7 million euros (previous year: 0.1 million euros) is attributable to cost components that cannot be capitalised in connection with the development of the SINA Communicator H. A further 1.1 million euros (previous year: 1.2 million euros) was capitalised as development costs associated with this development in accordance with IAS 38.

1.2 million euros (previous year: 0.2 million euros) was attributable to development projects that did not fully meet the criteria set out in IAS 38.57 for the justification of mandatory capitalisation.

18. Interest income / expense

In the 2020 financial year, interest income of 27,731.34 euros (previous year: 69,557.48 euros) was generated. Of this amount, 26,075.00 euros (previous year: 68,923.61 euros) relates to interest income from short-term loans to the shareholder Giesecke+Devrient GmbH. The remaining amount is attributable to default interest on trade receivables (257.34 euros, previous year: 633.87 euros) and trade tax for 2018 (1,399.00 euros, previous year: 0.00 euros).

The interest expense for 2020 of 337,108.43 euros (previous year: 362,908.42 euros) mainly consists of interest on pension provisions (112,765.00 euros, previous year: 128,253.00 euros) and interest expense in connection with lease accounting under IFRS 16 (224,355.82 euros, previous year: 216,691.42 euros). The remaining amount mainly relates to interest on other non-current provisions.

19. Income taxes

In the reporting year, current taxes of 16,446,347.15 euros were incurred (previous year: 10,985,545.47 euros). This includes tax expense for previous years in the amount of 109,700.90 euros (previous year: tax income in the amount of 37,039.46 euros). For deferred taxes see Note 9.

The income tax expense is derived from the theoretical tax expense. A tax rate of 31.99% (previous year: 31.90%) is applied to the earnings before taxes. The tax expense arising from the application of the tax rate for the Group is derived as follows:

in euros	2020	2019
Group profit before tax	51,329,881.90	32,855,061.46
Expected tax expense	-16,417,862.73	-10,479,121.85
Non-recognition of losses	0.00	-209,690.94
Trade tax adjustments	-68,376.52	-58,043.09
Utilisation of losses not recognized in the previous year	15,419.62	0.00
Prior-year taxes	-109,700.90	37,039.46
Non-deductible expenses	-17,665.62	-21,505.00
Other items	252,292.38	54,599.62
Effective tax expense	**-16,345,893.77**	**-10,676,721.80**

As at 31 December 2020, the tax rates used to calculate deferred tax assets and liabilities were changed only slightly compared with the previous year.

The effective tax rate in the reporting year, based on the Group profit before tax, was 31.8% (previous year: 32.5%).

20. Cash flow statement

The cash flow statement shows the changes in cash over the course of the reporting year, broken down into cash flows from operating, business, investment and financing activities. Cash and cash equivalents comprise cash in hand and bank balances.

The cash flow from operating activities was determined using the indirect method.

21. Segment reporting

secunet Group is split into two divisions: the Public Sector division and the Business Sector division. Both divisions are shown separately for the purposes of segment reporting, as they meet at least one of the quantitative thresholds defined in IFRS 8.13.

Segment report 2020

in thousand euros	Public Sector	Business Sector	secunet 2020
Segment revenue	237,129	48,462	285,591
Cost of sales	-160,571	-44,203	-204,774
Selling expenses	-14,852	-5,083	-19,935
Research and development costs	-1,911	-17	-1,928
Administrative costs	-5,989	-1,327	-7,316
Segment result (EBIT)	53,806	-2,168	51,638
Interest result			-310
Income from investments			0
Group profit before tax			51,328
Goodwill	3,325	1,300	4,625

Segment report 2019

in thousand euros	Public Sector	Business Sector	secunet 2019
Segment revenue	169,813	57,089	226,902
Cost of sales	-125,125	-46,264	-171,389
Selling expenses	-12,129	-3,431	-15,560
Research and development costs	-49	-208	-257
Administrative costs	-4,906	-1,610	-6,516
Segment result (EBIT)	27,604	5,576	33,180
Interest result			-294
Income from investments			-31
Group profit before tax			32,855
Goodwill	3,325	1,300	4,625

secunet has a market-oriented organisational structure: two divisions – Public Sector and Business Sector – are respectively geared towards the needs of public clients and international organisations on the one hand, and to the target group of private companies on the other hand, offering consultancy services, products and solutions.

One aspect of the Public Sector division's offering to its customers is the SINA product family, encompassing solutions (software, hardware and management) for highly secure, cryptographic processing, transmission and storage of classified information with different confidentiality levels. Additionally it offers public customers a wide range of IT security products and services, from IT security consulting and training to products for electronic passports, automated (biometric) border control systems, the ELSTER electronic tax return system and the equipment of large infrastructures with high-security technology and public key infrastructures.

The Business Sector division offers IT security consulting and solutions for the healthcare market and to meet the specific requirements of companies in the private sector. The range of solutions in the healthcare market consists mainly of the secunet konnektor for connection to the telematics infrastructure (TI) in the healthcare sector. The consulting services for private sector companies range from security assessments (known as penetration tests) via security consulting (for security policies and their implementation, for example) up to support for certification projects. The customer-specific solutions in the Business Sector are focused particularly on providers and operators of critical infrastructures, such as telecommunications companies, energy and utility companies, and on the automotive industry, as well as on companies with network-controlled, digital production and service processes (Industry 4.0). The portfolio contains, for example, the eID PKI Suite solution, which is used to generate, use and manage digital certificates. The certificates serve the purpose of authenticating users and technical components as well as signing and encrypting data and messages. Also included is the secunet edge product, which protects networked sensors, machines and systems in Industry 4.0 against cyberattacks.

The accounting principles for the segments are identical to those used for the Consolidated Financial Statements. Using apportionments, expenses (e.g. overhead costs) that are not directly allocable to the reportable segments are allocated to the reportable segments.

The segments are managed on the basis of the segment results.

With the exception of non-essential components, the segments' assets are focused on the domestic market. There were no significant changes to the segment assets as at the balance sheet date.

Further details on sales revenue can be found in Note 15.

In segment reporting, the general administrative costs as well as other operating expenditure and income from the profit and loss account are summarised under administrative costs.

The selling expenses are combined with the net impairment loss on trade receivables and contract assets.

22. Other disclosures

Employees

In the 2020 financial year, the Group had an average of 687 employees (614 permanent employees and 73 temporary workers; previous year: 630 employees (559 permanent employees and 71 temporary workers)).

Capital management

The capital management of secunet Group is geared primarily to the provisions and requirements of company law. The aim is to ensure that all Group companies can operate as going concerns. Where no special provisions dictate otherwise, the equity for tax purposes is the same as the balance sheet equity. In all other cases the balance sheet equity is adjusted in line with regulatory or contractual requirements. The Group is not subject to any minimum equity requirements.

The Group's equity (including non-controlling interests) as at 31 December 2020 was 102,765,624.27 euros (previous year: 77,962,085.52 euros).

Financial instruments

Risks from financial instruments

The risks arising from financial instruments relate to liquidity, default and market risks.

Liquidity risks

To ensure that it has sufficient funds at its disposal, the Group prepares a liquidity plan as part of its three-year planning. This is then compared against each set of month-end figures and subsequently analysed.

The finance department informs the CFO of the current level of available funds on a daily basis. In conjunction with a permanent reminder function, this ensures a high cash reserve at all times.

Given the high level of available funds, the Group has, to date, not needed to make use of credit lines.

Guarantee facilities totalling 12.0 million euros existed as at the balance sheet date (previous year: 12.0 million euros), of which 2.7 million euros (previous year: 2.1 million euros) has been drawn down.

At the end of the year, the Group had cash and cash equivalents amounting to 101,648,590.01 euros at its disposal (previous year: 64,492,741.83 euros). Current financial liabilities stood at 62,436,731.18 euros (previous year: 49,863,672.36 euros).

Default risks

Default risks, or risks that counterparties cannot meet their payment obligations on time, are addressed with approval and control processes.

The Group also assesses the solvency of its customers on a regular basis.

The maximum amount of the default risks arising for the Group corresponds to its total receivables. The Group is not exposed to any unusual default risks in respect of individual contracting partners or groups of contracting partners. Default risks are recognised through valuation allowances.

There are no concentrations of default risks in respect of individual customers. The overall default risk is estimated to be low.

An analysis of the trade receivables that were overdue can be found in the overview under Note 2.

Market risks

The Group generates the majority of its sales in the European currency area. The risks resulting from exchange rate fluctuations are therefore not significant. Fixed interest rates are agreed for the Company's interest-bearing call deposits and time deposits. Due to the high level of cash and cash equivalents, no financing through loans is required. Risks resulting from changes in interest rates can therefore also be regarded as low.

Other notes on financial instruments

During the reporting year, there were no reclassifications of financial assets between the measurement categories under IFRS 9. With the exception of the premium reserve from reinsurance contracts (non-current financial assets), no financial assets or liabilities were measured at fair value through profit or loss (FVTPL).

The carrying amounts of current financial assets and liabilities as well as non-current trade receivables represent an appropriate approximation of fair value for the purposes of IFRS.

The fair value of non-current financial instruments – disclosed under non-current financial assets – corresponds to the carrying amount. They developed as follows:

in euros	2020	2019
Carrying amount as at 1 Jan	6,141,883.00	5,860,888.00
Incoming payments	61,625.68	61,625.61
Outgoing payments	-103,407.84	-95,496.51
Income recorded in the income statement	175,248.16	314,865.90
Carrying amount as at 31 Dec	**6,275,349.00**	**6,141,883.00**

No OCI effects resulted from the subsequent measurement of the premium reserve shares of reinsurance contracts.

For financial instruments measured at amortised cost, expenses of 77 thousand euros (previous year: 0 thousand euros) due to impairments and write-downs, and income of 0 thousand euros (previous year: 20 thousand euros) due to write-ups were reported in the 2020 financial year.

Additional notes on financial instruments

The carrying amounts and fair values of the financial instruments reported in the balance sheet are as follows:

31 Dec 2020	Carrying amounts			
in euros	Mandatory as FVTPL	At amortised cost	Other financial liabilities	Total carrying amounts
Financial assets measured at fair value				
Non-current financial assets	6,275,349.00	–	–	6,275,349.00
Financial assets not measured at fair value				
Cash and cash equivalents	–	101,648,590.01	–	101,648,590.01
Trade receivables	–	52,158,122.74	–	52,158,122.74
Intercompany financial assets	–	134,047.27	–	134,047.27
Other current and non-current assets	–	7,618,459.54	–	7,618,459.54
	0.00	**161,559,219.56**	**0.00**	**161,559,219.56**
Financial liabilities not measured at fair value				
Trade accounts payable	–	–	25,513,127.45	25,513,127.45
Intercompany payables	–	–	75,120.94	75,120.94
Other current liabilities	–	–	5,997,733.75	5,997,733.75
	0.00	**0.00**	**31,585,982.14**	**31,585,982.14**

31 Dec 2019	Carrying amounts			
in euros	Mandatory as FVTPL	At amortised cost	Other financial liabilities	Total carrying amounts
Financial assets measured at fair value				
Non-current financial assets	6,141,883.00	–	–	6,141,883.00
Financial assets not measured at fair value				
Cash and cash equivalents	–	64,492,741.83	–	64,492,741.83
Trade receivables	–	49,670,658.22	–	49,670,658.22
Intercompany financial assets	–	117,904.76	–	117,904.76
Other current and non-current assets	–	3,952,097.64	–	3,952,097.64
	0.00	**118,233,402.45**	**0.00**	**118,233,402.45**
Financial liabilities not measured at fair value				
Trade accounts payable	–	–	27,953,644.22	27,953,644.22
Intercompany payables	–	–	280,968.68	280,968.68
Other current liabilities	–	–	3,621,460.71	3,621,460.71
	0.00	**0.00**	**31,856,073.61**	**31,856,073.61**

	Fair value			
	Level 1	Level 2	Level 3	Total fair values
	–	6,275,349.00	–	6,275,349.00
	–	–	–	0.00
	–	–	–	0.00
	–	–	–	0.00
	–	–	–	0.00
	0.00	0.00	0.00	0.00
	–	–	–	0.00
	–	–	–	0.00
	–	–	–	0.00
	0.00	0.00	0.00	0.00

	Fair value			
	Level 1	Level 2	Level 3	Total fair values
	–	6,141,883.00	–	6,141,883.00
	–	–	–	0.00
	–	–	–	0.00
	–	–	–	0.00
	–	–	–	0.00
	0.00	0.00	0.00	0.00
	–	–	–	0.00
	–	–	–	0.00
	–	–	–	0.00
	0.00	0.00	0.00	0.00

Net profit/loss from financial instruments for the two financial years was as follows:

in euros	2020	2019
Loans and receivables		
Interest result	27,731.34	69,557.48
Losses from derecognised receivables	-14,250.00	0.00
Gains on receivables written off	0.00	3.98
Impairment losses (–)/ impairment reversals (+)	-77,653.33	19,932.61
	-64,171.99	89,494.07
Financial assets measured at fair value through profit or loss		
Interest result	175,248.16	314,865.90
Total	111,076.17	404,359.97

Corporate Governance

The Management Board and Supervisory Board issued the declaration pursuant to Section 161 AktG in respect of secunet AG and made it permanently available to the shareholders on the Company website (www.secunet.com) under >> The Company >> Investor Relations >> Corporate Governance >> Declaration of Conformity under Section 161 AktG

Corporate bodies

In the reporting year, the Company's Management Board comprised the following members:

Qualified industrial engineer Axel Deininger
Qualified business economist (FH) Thomas Pleines
Dr-Ing Kai Martius
Qualified engineer Torsten Henn

Fees for auditors of Consolidated Financial Statements

In the financial year and in the previous year, the following fees paid to the auditors of the Consolidated Financial Statements, PricewaterhouseCoopers GmbH (previous year: KPMG AG), were recognized.

in thousand euros	2020	2019
Audit services		
Auditing of consolidated financial statements and annual financial statements, auditor's review of 6-month report	198	277
of which relating to audit of the previous year	0	77
Other certification services		
Audit of the non-financial statement	10	17
Other services		
Consulting in connection with a controlling instrument	21	0
Support in the implementation of EU directives and regulations	0	27
Efficiency review of the Supervisory Board	0	10
	229	331

For the audit of the previous year's financial statements, an expense of 50 thousand euros was recognised in the 2020 financial year for the previous year's auditors KPMG AG.

Related party disclosures

Transactions with related persons

The remuneration of key management personnel breaks down into the following categories pursuant to IAS 24:

in thousand euros	2020	2019
Management Board		
Short-term employee benefits	1,842.9	1,602.3
Post-employment benefits	66.7	36.9
Other long-term employee benefits	400.0	358.3
Total	2,309.6	1,997.5
Supervisory Board		
Short-term employee benefits	88.0	77.8

The remuneration of members of the Management Board active during the reporting year totalled 2,243 thousand euros for the reporting year (previous year: 1,961 thousand euros). Provisions for pensions for former members of the Management Board are recognised in the amount of 1,857 thousand euros (previous year: 1,640 thousand euros).

Pension payments for former members of the Management Board were made in the amount of 44.1 thousand euros (previous year: 27.1 thousand euros).

Former members of the Management Board received fees of 39.3 thousand euros (previous year: 6 thousand euros) in connection with consultancy contracts.

Supervisory Board remuneration for the reporting year totalled 88.0 thousand euros (previous year: 77.8 thousand euros).

Disclosure of the individual amounts paid to members of the Management Board and Supervisory Board, along with further details of the remuneration system for the members of corporate bodies, can be found in the remuneration report that forms part of the combined Management Report of secunet AG.

In the financial year, members of the Management Board held 880 shares (previous year: 880 shares) in secunet Security Networks AG. As in the previous year, members of the Supervisory Board held no shares in secunet AG.

Transactions with related companies of MC Familiengesellschaft mbH

secunet AG is a majority holding of Giesecke+Devrient GmbH, Munich, which has a 78.96% stake in the Company. secunet AG is included in the Consolidated Financial Statements of MC Familiengesellschaft mbH, Tutzing.

The following transactions were carried out in the specified period with companies in the MC Familiengesellschaft mbH Group, Tutzing on the usual market terms:

1. Sales revenues resulting from services performed for affiliated companies in the MC Familiengesellschaft Group

in euros	2020	2019
Parent company		
Giesecke+Devrient GmbH, Munich	36,577.51	19,350.46
Other affiliated companies		
Giesecke+Devrient Mobile Security GmbH, Munich	58,634.95	64,550.75
Veridos GmbH, Berlin	204,859.00	251,157.00
Giesecke+Devrient Currency Technologies GmbH, Munich	266,973.90	59,010.63
Giesecke+Devrient Mobile Security Asia Pte. Ltd., Singapore	1,153.38	0.00
Giesecke and Devrient Mobile Security Australia Pty Ltd, Knoxfield, Victoria	1,646.94	0.00
Total	569,845.68	394,068.84

The sales revenues with affiliated companies of the MC Familiengesellschaft Group are generated within the framework of hardware and service projects.

For projects with affiliated companies in the MC Familiengesellschaft Group, provisions for deferred costs of 0 thousand euros (previous year: 0 thousand euros) were created.

2. Financial result for services performed for affiliated companies in the MC Familiengesellschaft Group

Interest income of 26,075.00 euros (previous year: 68,923.61 euros) was generated from the provision of short-term loans to Giesecke+Devrient GmbH, Munich.

3. Services purchased from affiliated companies in the MC Familiengesellschaft Group

in euros	2020	2019
Parent company		
Giesecke+Devrient GmbH, Munich	97,858.35	206,580.95
Other affiliated companies		
Giesecke+Devrient Mobile Security GmbH, Munich	509,164.33	802,554.16
Giesecke and Devrient Mobile Security Australia Pty Ltd, Knoxfield, Victoria	5,849.69	163,910.10
Giesecke+Devrient Mobile Security Asia Pte. Ltd., Singapore	160,907.57	72,879.29
Giesecke + Devrient Immo-bilien Management GmbH, Munich	0.00	48,815.00
Veridos GmbH, Berlin	21,632.00	439,00
Giesecke+Devrient advance52, Munich	63,969.43	0.00
Giesecke+Devrient Currency Technology FZE, Dubai, UAE	146,818.97	0.00
Total	**1,006,200.34**	**1,295,178.50**

4. Receivables from affiliated companies in the MC Familiengesellschaft Group

in euros	2020	2019
Parent company		
Giesecke+Devrient GmbH, Munich	12,224.99	0.00
Other affiliated companies		
Giesecke+Devrient Mobile Security GmbH, Munich	0.00	105,063.91
Giesecke+Devrient Currency Technologies GmbH, Munich	252,30	12,840.85
Veridos GmbH, Berlin	121,569.98	0.00
Total	**134,047.27**	**117,904.76**

Receivables from Group companies comprise 134,047.27 euros (previous year: 117,904.76 euros) as trade receivables and 0.00 euros (previous year: 0.00 euros) as other receivables.

5. Payables to affiliated companies in the MC Familiengesellschaft Group

in euros	2020	2019
Parent company		
Giesecke+Devrient GmbH, Munich	4,969.97	138,442.55
Other affiliated companies		
Giesecke + Devrient Immo-bilien Management GmbH, Munich	4,155.61	58,089.85
Giesecke+Devrient Currency Technology FZE, Dubai, UAE	48,595.36	0.00
Giesecke and Devrient Mobile Security Australia Pty Ltd, Knoxfield, Victoria	0.00	16,975.61
Giesecke+Devrient Mobile Security Asia Pte. Ltd., Singapore	0.00	10,053.17
Giesecke+Devrient Mobile Security GmbH, Munich	17.400.00	57,407.50
Total	**75,120.94**	**280,968.68**

Payables to Group companies consist entirely of trade accounts payable.

Events after the balance sheet date

There were no significant events after the balance sheet date.

The Management Board

Essen, 16 March 2021

Axel Deininger	Torsten Henn
Dr Kai Martius	Thomas Pleines

Independent Auditor’s Report

To secunet Security Networks Aktiengesellschaft, Essen

The following copy of the auditor’s report also includes a “Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB” (“Separate report on ESEF conformity”). The subject matter (ESEF documents to be audited) to which the separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

Report on the audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of secunet Security Networks Aktiengesellschaft, Essen, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of secunet Security Networks Aktiengesellschaft, which is combined with the Company’s management report, for the financial year from January 1 to December 31, 2020. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the “Other Information” section of our auditor’s report. In our opinion, on the basis of the knowledge obtained in the audit,

» a. the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to [§ [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code]] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2020, and of its financial performance for the financial year from January 1to December 31, 2020, and

» b. the accompanying group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the “Other Information” section of our auditor’s report.

Pursuant to §322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with §317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

Revenue recognition

Our presentation of this key audit matter has been structured as follows:

» Matter and issue

» Audit approach and findings

» Reference to further information

Hereinafter we present the key audit matter:

Revenue recognition

» Revenue amounting to EUR 286 million is reported in the income statement in the consolidated financial statements of secunet Security Networks Aktiengesellschaft. Revenue is recognized as of the date on which it arises or in the period during which it arises, depending on which services are rendered to customers.
The Secunet Group generates revenue from the sale of hardware products and software licenses, which it recognizes at the time the power of disposition transfers to the customer. If at that time further services are agreed with the customer, particularly for maintenance, updates and extended warranty commitments, revenue is realized for the period in which it arises over the term of the agreement. To that end, the individual components are allocated in the agreement to separate performance obligations and the agreed transaction price is allocated to the individual performance obligations according to the relative individual selling prices.
Furthermore, the Secunet Group realizes revenue from the provision of specialized services relating to consulting on the implementation of comprehensive IT security solutions as well as the development of software, on the basis of work hours performed as of the reporting date or based on the percentage of completion.
Due to the structure of the customer base, which largely comprises public entities and entities from the industrial sector, such as automotive manufacturers, the number of orders and accordingly the volume of work contracted and performed is relatively greater in the fourth quarter of a given financial year than in the other quarters.
In light of the large number of business transactions at the end of the financial year, combined with the different contractual agreements and a high share of multiple-component agreements, there is a material risk that the revenue in the financial year ended is not allocated to the correct period. Against this background, this matter was of particular significance for our audit.

» As part of our audit, we used IT-based audit techniques to assess, among other things, the appropriateness and effectiveness of the Company's established internal control system with respect to the full and correct recognition of revenue as well as the allocation of that revenue to the correct periods. Furthermore, we obtained an understanding of the underlying contractual agreements and assessed it with regard to the time at which revenue can be recognized in accordance with the rules of IFRS 15. We consulted and evaluated the corresponding contractual documents to assess the recognition of revenue, and primarily compared invoices for revenue, which were selected on a test basis for revenue which was realized in December 2020 and January 2021, against the associated orders, contracts, external delivery documentation, acceptance certificates and timesheets. Moreover, we obtained balance confirmations for trade receivables on a test basis. In instances where we did not receive responses with respect to the requested balances, we reviewed those balances on the basis of alternative audit procedures, particularly by comparing balances against the aforementioned external documents.
We were able to satisfy ourselves that the systems and processes in place, as well as the established controls, are appropriate overall for the purpose of ensuring that revenue is allocated to the correct periods.

» The disclosures relating to revenue are contained in the section "Accounting policies" of the notes to the financial statements as well as in note 15 "Revenue".

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to §289f HGB and §315d HGB included in section 7 of the group management report
- the non-financial statement pursuant to §289b Abs. 1 HGB and §315b Abs. 1 HGB included in section 8 of the group management report

The other information comprises further the remaining parts of – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to §315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with §317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

» Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

» Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

» Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

» Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

» Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to §315e Abs. 1 HGB.

» Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

» Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

» Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Assurance Report in Accordance with §317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with §317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file secunet Security Networks Aktiengesellschaft _KA+KLB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of §328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of §328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with §317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with §317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with §328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with §328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of §328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of §328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material non-compliance with the requirements of §328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.

- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on July 8, 2020. We were engaged by the supervisory board on July 27, 2020. We have been the group auditor of secunet Security Networks Aktiengesellschaft, Essen, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German public auditor responsible for the Engagement

The German Public Auditor responsible for the engagement is Lutz Granderath.

Essen, 16 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Lutz Granderath
German Public Auditor

Michael Herting
German Public Auditor

Responsibility Statement

"To the best of our knowledge, and in accordance with the applicable accounting principles, the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Company, and the Management Report includes a true and fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company."

Essen, 16 March 2021

Axel Deininger   Torsten Henn

Dr Kai Martius   Thomas Pleines

Annual Financial Statements

of secunet Security Networks Aktiengesellschaft, Essen

Balance sheet

(according to HGB) as at 31 December 2020

Assets

in euros	Note	31 Dec 2020	31 Dec 2019
A. Fixed assets			
I. Intangible fixed assets		2,802,112.00	2,791,289.43
II. Tangible fixed assets		6,041,135.84	5,416,709.00
III. Financial assets		7,920,526.76	7,787,060.76
Total fixed assets	1	16,763,774.60	15,995,059.19
B. Current assets			
I. Inventories	2	28,424,764.72	23,307,459.09
II. Receivables and other assets	3	54,259,169.32	50,026,173.05
III. Cash in hand and balances with credit institutions	4	93,401,283.42	61,141,900.00
Total current assets		176,085,217.46	134,475,532.14
C. Prepaid expenses and accrued income		7,155,565.18	3,090,266.15
Total assets		200,004,557.24	153,560,857.48

Liabilities

in euros	Note	31 Dec 2020	31 Dec 2019
A. Equity			
Subscribed capital		6,500,000.00	6,500,000.00
Nominal value of treasury shares		-30,498.00	-30,498.00
I. Issued capital		6,469,502.00	6,469,502.00
II. Issued capital		21,656,305.42	21,656,305.42
III. Revenue reserves			
1. Reserve due to treasury shares		0.00	30,498.00
2. Other revenue reserves		49,281,399.89	32,872,483.59
IV. Net accumulated profit		16,432,535.08	10,092,423.12
Total equity	5	93,839,742.39	71,121,212.13
B. Provisions	6	39,315,854.01	23,950,148.93
C. Liabilities	7	28,851,229.10	30,347,531.49
D. Deferred income and accrued expenses	8	37,997,731.74	28,141,964.93
Total liabilities		200,004,557.24	153,560,857.48

Income statement

(according to HGB) for the period from 1 January 2020 to 31 December 2020

in euros	Note	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Sales revenue	9	279,064,555.59	221,621,354.04
Increase of unfinished services, work in progress & finished goods		1,160,216.41	727,512.53
Other operating income	10	5,909,098.54	3,831,369.29
Materials expenses	11	-149,963,047.13	-119,535,449.10
Personnel expenses	12	-54,160,343.12	-43,678,694.33
Depreciation and amortisation of intangible fixed assets and tangible fixed assets	13	-3,383,773.86	-2,661,610.67
Other operating expenses	14	-30,091,790.29	-26,611,071.69
Income from equity investments	15	826,610.24	63,011.40
Financial result	16	-610,656.33	-2,851,799.60
Income taxes	17	-15,917,552.67	-10,686,450.54
Earnings after taxes		**32,833,317.38**	**20,218,171.33**
Other taxes	17	-22,364.00	-40,000.04
Net income for the year		**32,810,953.38**	**20,178,171.29**
Accumulated profit carryforward		10,092,423.73	13,197,784.08
Dividend payment		-10,092,423.73	-13,197,784.08
Transfer to other revenue reserves		-16,378,418.30	-10,085,748.17
Net accumulated profit	**18**	**16,432,535.08**	**10,092,423.12**

Notes

regarding secunet Security Networks Aktiengesellschaft for the 2020 financial year (according to HGB)

General principles

secunet Security Networks Aktiengesellschaft in Essen, Germany (hereinafter referred to as “secunet AG” or the “Company”) is a large public liability company within the meaning of Section 267 (3), sentences 1 and 2 of the German Commercial Code (Handelsgesetzbuch, HGB) and is entered in the Commercial Register at Essen Local Court (Reg. No. 13615).

The Annual Financial Statements of secunet AG are prepared in accordance with the regulations of the HGB and taking the supplementary provisions of the German Stock Corporation Act (Aktiengesetz, AktG) into account.

The valuations as at 31 December 2019 were adopted unchanged.

The financial statements have been prepared on the assumption that the Company is a going concern.

The income statement is based on the total expenditure format.

In order to enhance the clarity and transparency of the reporting, the balance sheet and the income statement combine certain individual items, which are reported in depth and explained in the Notes. In addition to the standard breakdown under commercial law, the item “Premium reserve shares from reinsurance contracts” was added to the item “Financial assets” in the “Changes in fixed assets” overview (Appendix to the Notes).

Accounting and valuation methods

Recognition and measurement are performed according to the principles set out below:

Assets

Fixed assets

Intangible and tangible fixed assets

The purchased intangible fixed assets are capitalised at their historical costs upon acquisition and are depreciated on a scheduled straight-line basis over their expected useful life. An impairment loss is recognized in the event of permanent impairment. Using the option permitted under Section 248 (2), sentence 1 HGB, development costs are not capitalized.

Under this item, goodwill purchased during the 2016 financial year is being depreciated on a straight-line basis over a useful life of ten years in accordance with Section 253 (3), sentence 4 HGB, as the expected useful life cannot be estimated reliably.

Assets were acquired as part of an asset deal as of 1 July 2017. The assets and liabilities acquired are recognised at the fair value, and the purchase price in excess of this value has been reported as goodwill. This goodwill will be depreciated on a straight-line basis over an average remaining useful life of nine years, since the software purchased as part of the asset deal must be retained for a customer project with an average lifetime of nine years.

Tangible fixed assets are measured at the lower of historical cost or fair value if a long-term impairment is expected and are depreciated on a straight-line basis over the expected useful life. An impairment loss is recognized in the event of permanent impairment.

Since 2008, newly acquired assets have been depreciated exclusively on a straight-line basis.

Fixed assets with historical costs of less than 1,000 euros (low-value fixed assets) are divided into two groups. Since the 2018 financial year, assets with historical costs of up to 250 euros have been written off to their full amount in the year of purchase. Assets with historical costs between 250 euros (previously 150 euros) and 1,000 euros are placed in a so-called “collective item” and written off in the year of purchase and over the next four years on a straight-line basis.

Financial assets

Shares in affiliated companies and holdings are recognised at historical cost.

Value adjustments to the lower fair value are made if there is likely to be a permanent impairment. Lower valuations are retained unless a higher carrying amount up to a maximum of the original historical cost is required.

Loans to affiliated companies and to companies in which there is a participating interest are shown at nominal value.

Reinsurance contracts are measured at fair value.

Current assets

Inventories are measured at historical cost or production cost or at the lower fair value on the balance sheet date. The production cost of unfinished services as well as work in progress and finished goods includes not only the directly allocable costs, but also necessary material and production overheads as well as general administrative expenses. Voluntary social security contributions, occupational pension expense and interest on borrowings are not carried as an asset. The principles of loss-free valuation are applied.

Trade goods are measured at the lower of historical cost calculated using a sliding average and fair value.

Receivables and other assets are measured at nominal value less appropriate discounts for identifiable individual risks. The general credit risk is taken into account by means of a general loan loss provision of 1%.

Cash in hand and balances with credit institutions are measured at their nominal value.

Expenses prior to the balance sheet date, insofar as they represent expenses for a specific period after the balance sheet date, are reported under **prepaid expenses and accrued income**.

Liabilities

Provisions

Provisions for pensions and similar liabilities are determined in accordance with the expert opinion of an actuary, based on the projected one-off contribution method (“Projected Unit Credit Method”), using Prof. Klaus Heubeck’s 2018 G mortality tables. For this valuation, an actuarial interest rate of 2.42% (previous year: 2.85%) was used, which was determined in accordance with the provisions of Section 253 (2), sentence 2 HGB in December 2020 on the basis of the average market interest rate from the past ten (previous year: ten) financial years with an assumed residual term of 19 (previous year: 20) years, forecast to 31 December 2020.

Applying an average market interest rate from the past seven financial years (1.73% (previous year: 2.13%)), this would lead to an obligation in the amount of 6,826,892 euros as at 31 December 2020. The difference in relation to the pension provisions evaluated with an average market interest rate from the past ten financial years (2.42%) stood at 857,904 euros as at 31 December 2020 (previous year: 864,860 euros); this amount must be taken into account in determining the amount blocked for distribution purposes (Section 253 (6), sentence 2 HGB).

The impact on income from the change to the actuarial interest rate is recorded in the financial result. Furthermore, the valuation of direct pension obligations is based on the assumption of 2.5% dynamic growth of eligible remuneration (previous year: 2.5%), 1.7% dynamic adjustment of current pensions (previous year: 2.0%) and a fluctuation of 5.5% (previous year: 5.5%) on average.

In accordance with the valuation rules of Section 253 (1), sentence 2 HGB, provisions for pensions must be reported at their settlement value with effect from 2010.

The amount required to be allocated to the pension provisions was calculated as at the transition date of 1 January 2010. The difference at that time from the revaluation of the obligations totalled 746,432 euros. With reference to the option provided for under Article 67 (1), sentence 1 of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch, EGHGB), secunet AG allocated the amount of 49,763 euros (1/15 minimum allocation p.a.) to other operating expenditure in the 2020 financial year. The resulting coverage shortfall as at 31 December 2020 is therefore 199,039 euros.

Tax provisions and other provisions are created according to prudent business judgement, taking account of all identifiable and uncertain obligations and the required settlement amount expected. Provided that provisions with a residual term of longer than one year exist, these are discounted at the average market interest rate from the past seven financial years corresponding to their residual term (1.60% (previous year: 1.97%)).

The **liabilities** are recognised at their settlement value.

Earnings prior to the balance sheet date that represent income for a certain period after this date are reported under **deferred income and accrued expenses**.

Assets and liabilities denominated in foreign currency with a remaining term of up to one year are converted on the basis of the average spot exchange rate on the reporting date.

Deferred taxes

The table below shows asset and liability surpluses, these being only asset surpluses in the case of secunet AG.

in euros	Assets	Liabilities
Fixed assets	48,926.00	0.00
Goodwill	51,615.00	0.00
Provisions for pensions	905,902.00	0.00
Other provisions	168,309.00	0.00
Total	**1,174,752.00**	**0.00**

A tax rate of 31.99% (previous year: 31.91%) is applied. Using the option permitted under Section 274 (1), sentence 2 HGB, deferred tax assets were not posted in the balance sheet.

Income statement

The sales revenue is recognised once the service has been provided or the risk associated with the products sold has passed to the customer. Services are usually invoiced on the basis of the hours worked. For mixed transactions, the recognition criteria must be applied separately for each partial delivery. Satisfaction of a performance obligation in project business is basically defined by means of acceptance protocols.

Sales revenue is shown less value-added tax and any discounts when the sale of goods or services has taken place and the risks and rewards associated with ownership have been substantially transferred.

Notes to the balance sheet and income statement

1. Fixed assets

The breakdown of and changes in the fixed assets of secunet AG can be found in the statement of fixed assets, included as an Appendix to the Notes.

The ownership of shares can be shown as follows at the balance sheet date:

» secunet s.r.o., Czech Republic, Prague, 100% participation, equity of the Company as at 31 December 2020 85 thousand euros, net income for 2020 -11 thousand euros.

» secunet Service GmbH, Essen, 100% participation, equity of the Company as at 31 December 2020 1,534 thousand euros, net income for 2020 642 thousand euros.

» secunet International GmbH&Co. KG, Essen, 100% participation, equity of the Company as at 31 December 2020 935 thousand euros, net income for 2020 1,587 thousand euros.

» secunet International Management GmbH, Essen, 100% participation, equity of the Company as at 31 December 2020 45 thousand euros, net income for 2020 8 thousand euros.

» finally safe GmbH i.L., Essen, 100% participation, equity of the Company as at 30 November 2020 85 thousand euros, net income for 2020 -7 thousand euros.

» secustack GmbH, Dresden, 51% participation, equity of the Company as at 31 December 2020 637 thousand euros, net income for 2020 -312 thousand euros.

» secunet Inc.,Austin, Texas, USA, 100% participation; the equity and net income for the year have not been disclosed due to the secondary importance of the company.

2. Inventories

in euros	31 Dec 2020	31 Dec 2019
Unfinished services	1,643,493.84	2,134,210.62
Work in progress	1,208,442.00	541,780.71
Finished goods	1,211,635.25	399,483.35
Trade goods	24,287,677.03	20,168,984.41
Advance payments	73,516.60	63,000.00
Total	**28,424,764.72**	**23,307,459.09**

The increase in the levels of trade goods at the balance sheet date was due to efforts to ensure the short to medium-term delivery capacity of the product business.

3. Receivables and other assets

in euros	31 Dec 2020	31 Dec 2019
Trade receivables	46,069,469.66	45,576,203.38
Intercompany receivables	6,990,713.60	3,658,027.75
of which trade receivables	(6,164,103.36)	(3,632,246.24)
of which transfer of net income	(826,610.24)	(0.00)
of which other services	(0.00)	(25,781.51)
Other assets	1,198,986.06	791,941.92
Total	**54,259,169.32**	**50,026,173.05**

Trade receivables include receivables of 3,151,338.97 euros (previous year: 4,727,008.44 euros) with a residual term of more than one year.

The residual term of all other receivables and other assets was up to one year.

4. Cash in hand and balances with credit institutions

The liquid funds comprise cash in hand and bank balances amounting to a total of 93,401,283.42 euros (previous year: 61,141,900.00 euros). Occasionally, investments are made in the form of fixed-term current deposits with Giesecke + Devrient GmbH, Munich, over the course of the year.

5. Prepaid expenses and accrued income

Prepaid expenses include accruals of 7,155,565.18 euros (previous year: 3,090,266.15 euros). These are mainly short and long-term advance payments for product services sold as part of customer projects.

6. Equity

The share capital is 6,500,000.00 euros. It is divided into 6,500,000 bearer shares without par value.

In total, the Company continued to hold 30,498 treasury shares (previous year: 30,498 shares) at the balance sheet date, equating to 0.469% or 30,498 euros of its share capital (previous year: 0.469%). The nominal value of the treasury shares was openly offset against share capital.

In the current financial year, the reserve due to treasury shares was reversed and posted to other revenue reserves.

The treasury shares were purchased as part of a share option programme for secunet employees in the years from 2001 to 2002.

The Annual General Meeting on 8 July 2020 resolved to appropriate the balance sheet profit of 10,092,423.12 euros for the 2019 financial year to pay out a dividend. As of 13 July 2020, a payment of 1.56 euros per share (6,469,502 individual shares) was made, making a total of 10,092,423.12 euros.

16,378,418.30 euros (= 49.92%) of the net income for the year 2020 totalling 32,810,953.38 euros will be deposited in the other revenue reserves in accordance with Section 58 (2), sentence 1 AktG.

The balance sheet profit as at 31 December 2020 is therefore 16,432,535.08 euros (previous year: 10,092,423.12 euros).

The majority shareholder, Giesecke+Devrient GmbH, continues, as in the previous year, to hold a stake of 78.96% in secunet AG.

7. Provisions

in euros	31 Dec 2020	31 Dec 2019
Provisions for pensions and similar liabilities	5,720,186.00	5,395,695.00
Provisions for taxes	12,351,523.00	3,941,175.08
Other provisions	21,244,145.01	14,613,278.85
Total	**39,315,854.01**	**23,950,148.93**

The breakdown of other provisions is shown in the table below:

in euros	31 Dec 2020	31 Dec 2019
Non-current provisions		
Provisions for anniversary bonuses	348,360.00	314,974.00
Current provisions		
Annual employee bonuses	12,884,033.00	9,097,263.00
Commissions	1,967,229.26	1,484,914.54
Warranties	422,000.00	576,000.00
Outstanding incoming invoices	2,535,566.70	1,294,454.40
Accrued holidays	1,317,753.72	824,642.00
Deferred costs	631,830.15	184,972.73
Asset retirement and maintenance measures	666,594.18	403,219.18
Accounting and auditing costs	158,500.00	160,500.00
Professional association contributions	170,000.00	145,200.00
Others	142,278.00	127,139.00
Total	**21,244,145.01**	**14,613,278.85**

For the 2020 financial year, the provision for commissions comprises payments due for the distribution of SINA licences, Elster sticks and connectors.

The warranty provisions pertain to a provision for obligations arising from a three-year warranty agreement for specific SINA core modules in the amount of 422 thousand euros.

The provision for asset retirement and maintenance measures essentially involves asset retirement and maintenance measures to be performed by the Company for leased properties in Dresden and Essen.

8. Liabilities

in euros	31 Dec 2020	31 Dec 2019
Advance payments received on account of orders	900,838.94	119,590.01
Trade accounts payable	19,803,406.71	24,817,191.62
Intercompany payables	1,929,647.64	796,104.20
of which trade receivables	(1,929,647.64)	796,104.20
Other liabilities	6,217,335.81	4,614,645.66
of which taxes	(6,155,023.11)	(4,535,608.90)
of which relating to social security	(5,120.33)	(4,635.47)
Total	**28,851,229.10**	**30,347,531.49**

All liabilities have a term of less than one year.

9. Deferred income and accrued expenses

Given the increase in the support business, earnings are increasingly accrued in conjunction with performance after the balance sheet date.

10. Sales revenue

The sales revenue was generated in the following regions:

in euros	2020	2019
Domestic	273,242,745.91	216,701,720.14
Abroad	5,821,809.68	4,919,633.90
Total	**279,064,555.59**	**221,621,354.04**

This sales revenue can be attributed to the divisions as follows:

in euros	2020	2019
Public	230,839,517.49	164,671,722.25
Business	48,225,038.10	56,776,637.51
Others	0.00	172,994.28
Total	**279,064,555.59**	**221,621,354.04**

11. Other operating income

The other operating income of 5,909,098.54 euros (previous year: 3,831,369.29 euros) mainly includes public project grants (3,807,406.00 euros, previous year: 1,601,779.59 euros), offsetting items from the utilisation of provisions (451,717.62 euros, previous year: 905,055.34 euros), reimbursements from damages (206,498.08 euros, previous year: 428,690.00 euros), income from the release of provisions (1,055,723.67 euros, previous year: 339,173.20 euros), actuarial income from the adjustment of old-age and survivors' insurance premium reserve (175,248.16 euros, previous year: 314,865.90 euros) and other income (212,505.01 euros, previous year: 241,805.26 euros).

Income from currency conversion stood at 2,983.76 euros (previous year: 2,711.34 euros).

Approximately 1,055 thousand euros (17.9%) of the other operating income relates to other periods and results from the release of provisions.

12. Materials expenses

in euros	2020	2019
Cost of purchased goods	136,199,155.76	106,010,051.14
Cost of purchased services	13,763,891.37	13,525,397.96
Cost of purchased services	**149,963,047.13**	**119,535,449.10**

13. Personnel expenditure

in euros	2020	2019
Wages and salaries	47,374,744.62	37,811,463.76
Social security costs	6,734,348.48	5,725,912.64
Expenses for retirement pensions	8,029.53	99,896.26
Expenses for support	43,220.49	41,421.67
Total	**54,160,343.12**	**43,678,694.33**

14. Depreciation and amortisation of intangible fixed assets and tangible fixed assets

Depreciation and amortisation are broken down by individual item in the statement of fixed assets (see Appendix to the Notes).

15. Other operating expenses

in euros	2020	2019
secunet Group services	8,988,722.69	7,710,813.47
Rental costs	4,562,866.76	3,996,811.26
Inspection, consulting, legal protection	1,988,171.40	1,400,034.18
Travel expenses	1,032,973.28	2,464,639.23
Sales commission	1,967,090.82	1,696,827.04
Addition to other provisions	785,387.00	644,800.00
Advertising costs	536,476.73	831,643.79
Ancillary personnel expenses	763,744.22	993,857.97
Communication costs	1,335,460.02	952,643.78
Company car costs	828,204.35	900,201.68
Maintenance costs	1,546,862.99	1,694,656.55
Other third-party services	2,196,825.56	649,188.94
Entertainment and representation	217,735.20	253,688.59
Insurance premiums	283,587.50	208,663.08
Fees	247,559.28	180,331.17
Extraordinary items arising in relation to BilMoG – Revaluation of pension provisions	49,763.00	49,763.00
Other costs	2,760,359.49	1,982,507.96
Total	**30,091,790.29**	**26,611,071.69**

Expenses resulting from currency conversion stood at 7,917.40 euros (previous year: 9,456.94 euros).

16. Income from equity investments

Income from equity investments includes the net income for the year of secunet International GmbH & Co. KG, Essen, in the amount of 826,610.24 euros (previous year: 0.00 euros).

In the previous year, the payout of the bank account of secunet Swiss IT AG, Solothurn, Switzerland, was reported here after the completion of liquidation in June 2019 (63,011.40 euros).

17. Financial result

in euros	2020	2019
Other interest and similar income	27,562.28	78,888.71
of which from affiliated companies	(26,075.00)	(78,254.84)
Depreciation of financial assets – all affiliated companies	0.00	-2,249,960.31
Interest and similar expenses	-638,218.61	-680,728.00
of which from accrued interest on provisions for pensions	(-627,863.00)	(-680,122.00)
Total	**-610,656.33**	**-2,851,799.60**

18. Taxes

in euros	2020	2019
Income taxes	15,917,552.67	10,686,450.54
Other taxes	22,364.00	40,000.04
Other taxes	**15,939,916.67**	**10,726,450.58**

The income taxes relate predominantly to the 2020 financial year. Expenses of 132,960.75 euros and income of 33,822.08 euros are related to other accounting periods.

19. Appropriation of the balance sheet profit

Proposal for the appropriation of distributable earnings

From the balance sheet profit of 10,092,423.12 euros reported for the 2019 financial year, dividends of 1.56 euros per share (totalling 10,092,423.12 euros) were distributed in the 2020 financial year in accordance with the resolution of the Annual General Meeting on 8 July 2020.

secunet AG's Annual Financial Statements under commercial law for the 2020 financial year show net income for the year of 32,810,953.38 euros. Of this sum, 16,378,418.30 euros (= 49.92%) will be transferred to the other revenue reserves in accordance with Section 58 (2), sentence 1 AktG. This results in a balance sheet profit of 16,432,535.08 euros.

The Management Board will propose to the Annual General Meeting that a regular dividend of 2.54 euros per dividend-bearing share be distributed on the dividend-bearing share capital of 6,469,502.00 euros (corresponding to a regular distribution of around 50% of the net profit for the year), i.e. a total of 16,432,535.08 euros. When determining the share capital entitled to a dividend, the total of 30,498 treasury shares was deducted.

in euros	2020
Carryforward as at 1 Jan 2020	10,092,423.12
Net income for the year 2020	32,810,953.38
Net income for the year 2020	-10,092,423.12
Transfer to other revenue reserves	-16,378,418.30
Balance sheet profit at 31 Dec 2020	**16,432,535.08**
Proposal for the appropriation of distributable earnings	
Dividend payment in 2021	-16,432,535.08
Carryforward	0.00

Other Notes

Employees

The average headcount over the year was 528 (previous year: 468). In addition, 65 temporary workers (previous year: 57) were also employed, making a total of 593 (previous year: 525) employees.

Other financial liabilities

As at the balance sheet date, other financial liabilities totalled 19,197,163.22 euros. They consisted mainly of the nominal amount of liabilities arising from office tenancy agreements and lease agreements for company vehicles, of which 3,351,030.40 euros have less than one year to run and 10,752,896.82 euros are due within a period of between one year and five years. Liabilities amounting to 5,093,236.00 euros are due after more than five years. None of the total liabilities are towards affiliated companies.

An agency agreement exists with the affiliated company secunet Service GmbH, Essen, for the central provision of services for secunet AG. A flat monthly fee of 595 thousand euros is charged for these services, the balance being settled on a quarterly basis through the allocation of costs. The contract has been concluded for an indefinite period and can be terminated with a notice period of 6 months to the end of a calendar year.

Open purchase orders

As at 31 December 2020, there were liabilities with regard to open purchase orders for goods and services in the amount of 16,289,955.60 euros.

Contingent liabilities

The Company has contingent liabilities in the amount of 203,835.00 euros (previous year: 165,541.00 euros) from a debt entry and release agreement with secunet Service GmbH, Essen, and secunet International GmbH & Co. KG, Essen, with regard to secured direct commitments (pension, anniversary and death benefit obligations) to employees, which were transferred to the respective company as part of the transfer of operations in accordance with Section 613a of the German Civil Code (BGB) with effect from 1 January 2018.

It is not expected that these contingent liabilities will be realised due to the current economic situation of the subsidiaries.

Relations with affiliated companies

Through Giesecke+Devrient GmbH, Munich, the Company is an affiliated company of MC Familiengesellschaft mbH, Tutzing, which prepares the Consolidated Financial Statements for the largest group of companies. Additionally, the Company is included in the Consolidated Financial Statements of Giesecke+Devrient GmbH, Munich. Giesecke+Devrient GmbH accounts for the smallest group of companies. The Consolidated Financial Statements are published in the Federal Gazette.

Auditors' fees

In the financial year, the following amounts were recognised as expenses for services provided by the auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (for the previous year KPMG Wirtschaftsprüfungsgesellschaft):

in thousand euros	2020	2019
Audit services		
Auditing of consolidated financial statements and annual financial statements, auditor's review of 6-month report	170	244
of which relating to audit of the previous year	50	71
Other certification services		
Audit of the non-financial statement	10	17
Other services		
Consulting in connection with a controlling instrument	21	0
Support in the implementation of EU directives and regulations	0	0
Efficiency review of the Supervisory Board	0	10
Total	201	298

For the audit of the previous year's financial statements, an expense of 50 thousand euros was recognised in the 2020 financial year for the previous year's auditors KPMG AG.

Miscellaneous

The remuneration of members of the Management Board active during the reporting year totalled 2,243 thousand euros for the reporting year (previous year: 1,961 thousand euros). For former members of the Management Board, liabilities from pension commitments amounted to 1,265 thousand euros as at the reporting date (previous year: 1,287 thousand euros).

Pension payments for former members of the Management Board were made in the amount of 44.1 thousand euros (previous year: 27.1 thousand euros).

Supervisory Board remuneration in the financial year totalled 88.0 thousand euros (previous year: 77.8 thousand euros).

Members of the Management Board held 880 shares in the Company as at the reporting date.

The members of the Supervisory Board held no shares in the Company as at the reporting date.

Disclosure of the individual amounts paid to members of the Supervisory Board, along with further details of the remuneration system and pensions for members of the Management and Supervisory Boards, can be found in the remuneration report that forms part of the combined Management Report of the Company and the Group.

The Management Board and Supervisory Board issued the declaration pursuant to Section 161 AktG in respect of secunet AG. This has been made permanently accessible to shareholders on the Company website (www.secunet.com) under >> The Company >> Investor Relations >> Corporate Governance >> Declaration of Conformity under Section 161 AktG.

Former members of the Management Board received fees of 39.3 thousand euros (previous year: 6.0 thousand euros) in connection with consultancy contracts.

Declarations pursuant to Section 160 (1), no. 8 AktG:
Voting rights are held in the Company as at the balance sheet date for 2020. The following disclosures are based on those disclosures made by the parties subject to notification obligations in accordance with Section 33 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG).

11 October 2012: Publication of voting-right notices in accordance with Section 21 (1) WpHG (old version)
MC Familiengesellschaft mbH, headquartered in Tutzing, Germany informed us in accordance with Section 21 (1) WpHG on 9 October 2012 that the MC Familiengesellschaft mbH share of the voting rights in secunet Security Networks AG, Essen, Germany, ISIN: DE0007276503, WKN: 727650, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% of the voting rights on 8 October 2012, and on this date totalled 79.43% (corresponding to 5,163,102 voting rights).

Of these, in accordance with Section 22 (1), sentence 1, no. 1 WpHG, 78.96% are attributable to MC Familiengesellschaft mbH (corresponding to 5,132,604 voting rights) via Giesecke+Devrient Gesellschaft mit beschränkter Haftung, Munich, and 0.47% (corresponding to 30,498 voting rights) via secunet Security Networks AG, Essen.

10 October 2011: Publication of a voting-right notice in accordance with Section 21 (1) WpHG (old version)
Axxion S.A., L-5365 Luxemburg-Munsbach, Luxembourg informed us in accordance with Section 21 (1) WpHG on 6 October 2011 that its share of the voting rights in secunet Security Networks AG, Essen, Germany, ISIN: DE0007276503, WKN: 727650, exceeded the threshold of 3% of the voting rights on 4 October 2011, and on this date totalled 3.18% (corresponding to 206,766 voting rights).

12 February 2009: Publication of a voting-right notice in accordance with Section 21 (1) WpHG (old version)
Giesecke & Devrient Holding GmbH, Munich, Germany, informed us in accordance with Section 21 (1) WpHG on 10 February 2009 that its share of the voting rights in secunet Security Networks AG, Kronprinzenstrasse 30, 45128 Essen, Germany, ISIN: DE0007276503, exceeded the thresholds of 5%, 10%, 25%, 50% and 75% on 30 November 2006 and amounted to 76.38% (corresponding to 4,964,958 voting rights) as of that date.

Of these, 50% + 1 share (corresponding to 3,250,001 voting rights) are attributable to Giesecke & Devrient Holding GmbH pursuant to Section 22 (1), sentence 1, no. 1 WpHG via Giesecke & Devrient GmbH, Munich, and 26.38% (corresponding to 1,714,957 voting rights) pursuant to Section 22 (2) WpHG via RWTÜV AG, Essen.

Corporate bodies

Management Board

Qualified industrial engineer Axel Deininger, Chairman of the Management Board

Qualified business economist (FH) Thomas Pleines

Dr Kai Martius

Torsten Henn

Supervisory Board

Ralf Wintergerst, Baldham
Chairman

Chairman of the Management Board and CEO of Giesecke+Devrient GmbH, Munich

Other directorships:
» Cyber Defence research institute, Bundeswehr University Munich
» Chairman of the shareholders' committee of Veridos GmbH
» President of the Board of Directors of Netcetera AG, Zurich, Switzerland (since 18 September 2020)

Dr oec Peter Zattler, Grünwald
Vice Chairman

Member of the Management Board of Giesecke+Devrient GmbH, Munich

Other directorships:
» Veridos Matsoukis S.A., Athens, Greece
» Member of the shareholders' committee of Veridos GmbH, Berlin

Hans-Wolfgang Kunz, Munich, until 15 May 2019
Member of the Supervisory Board (until the Annual General Meeting on 15 May 2019)

CEO of Veridos GmbH, Berlin

Other directorships:
» Veridos Matsoukis S.A., Athens, Greece

Dr rer pol Elmar Legge, Schermbeck
Member of the Supervisory Board

Member of the Management Board of RWTÜV e. V., Essen (until 30 September 2020)

Member of the Management Board of the RWTÜV Foundation, Essen (until 30 September 2020)

Member of the Management Board of the GREIF Foundation, Mülheim an der Ruhr

Other directorships:

» AKTAIOS GmbH, Essen (since 14 September 2020)
» RWTÜV GmbH, Essen
» TÜV Thüringen e.V., Erfurt
» AHV VVAG, Essen (until 13 May 2020)
» Cetecom GmbH, Essen (until 30 September 2020)
» CTC advanced GmbH, Saarbrücken (until 30 September 2020)
» TÜV NORD AG, Hannover (until 30 June 2020)
» VAI Van Ameyde International B.V., Rijswijk, Netherlands (until 30 September 2020)

Jörg Marx, Dresden
Employee representative

No other directorships

Gesa-Maria Rustemeyer, Berlin
Employee representative

No other directorships

Prof Dr-Ing Günter Schäfer, Berlin
Member of the Supervisory Board

University professor, University of Technology, Ilmenau

No other directorships

Events after the balance sheet date

There were no significant events after the balance sheet date.

Essen, 16 March 2021

Axel Deininger   Torsten Henn

Dr Kai Martius   Thomas Pleines

Changes in fixed assets

of secunet Security Networks Aktiengesellschaft in the 2020 financial year (Appendix to the Notes)

	Historical costs				
in euros	as at 1 Jan 2020	Additions	Reclassifica-tions	Disposals	as at 31 Dec 2020
I. Intangible fixed assets					
1. Acquired concessions, industrial property rights and similar rights and values, and licences to such rights	120,000.00	0.00	0.00	0.00	120,000.00
2. Acquired software	2,390,151.45	733,722.73	863,674.43	-2,146.20	3,985,402.41
3. Goodwill	3,795,966.00	0.00	0.00	0.00	3,795,966.00
4. Advance payments for intangible assets	863,674.43	0.00	-863,674.43	0.00	0.00
Intangible fixed assets, total	**7,169,791.88**	**733,722.73**	**0.00**	**-2,146.20**	**7,901,368.41**
II. Tangible fixed assets					
1. Other equipment, factory and office equipment	16,570,265.28	3,330,195.19	0.00	-795,417.91	19,105,042.56
2. Assets under construction	0.00	18,509.84	0.00	0.00	18,509.84
Tangible fixed assets, total	**16,570,265.28**	**3,348,705.03**	**0.00**	**-795,417.91**	**19,123,552.40**
III. Financial assets					
1. Shares in affiliated companies	3,922,439.75	0.00	0.00	0.00	3,922,439.75
2. Loans to affiliated companies	613,550.26	0.00	0.00	0.00	613,550.26
3. Premium reserve shares from reinsurance contracts	6,141,883.00	133,466.00	0.00	0.00	6,275,349.00
Financial assets, total	**10,677,873.01**	**133,466.00**	**0.00**	**0.00**	**10,811,339.01**
Total fixed assets	**34,417,930.17**	**4,215,893.76**	**0.00**	**-797,564.11**	**37,836,259.82**

	Accumulated depreciations				Carrying amounts	
	as at 1 Jan 2020	Additions	Disposals	as at 31 Dec 2020	as at 31 Dec 2020	as at 31 Dec 2019
	120,000.00	0.00	0.00	120,000.00	0.00	0.00
	1,061,627.45	631,280.16	-2,146.20	1,690,761.41	2,294,641.00	1,328,524.00
	3,196,875.00	91,620.00	0.00	3,288,495.00	507,471.00	599,091.00
	0.00	0.00	0.00	0.00	0.00	863,674.43
	4,378,502.45	**722,900.16**	**-2,146.20**	**5,099,256.41**	**2,802,112.00**	**2,791,289.43**
	11,153,556.28	2,660,516.19	-731,655.91	13,082,416.56	6,022,626.00	5,416,709.00
	0.00	0.00	0.00	0.00	18,509.84	0.00
	11,153,556.28	**2,660,516.19**	**-731,655.91**	**13,082,416.56**	**6,041,135.84**	**5,416,709.00**
	2,277,261.99	0.00	0.00	2,277,261.99	1,645,177.76	1,645,177.76
	613,550.26	0.00	0.00	613,550.26	0.00	0.00
	0.00	0.00	0.00	0.00	6,275,349.00	6,141,883.00
	2,890,812.25	**0.00**	**0.00**	**2,890,812.25**	**7,920,526.76**	**7,787,060.76**
	18,422,870.98	**3,383,416.35**	**-733,802.11**	**21,072,485.22**	**16,763,774.60**	**15,995,059.19**

Independent Auditor’s Report

To secunet Security Networks Aktiengesellschaft, Essen

The following copy of the auditor’s report also includes a “Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB” (“Separate report on ESEF conformity”). The subject matter (ESEF documents to be audited) to which the separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

Report on the audit of the Annual Financial Statements and of the Management Report

Audit Opinions

We have audited the annual financial statements of secunet Security Networks Aktiengesellschaft, Essen, which comprise the balance sheet as at December 31, 2020, the statement of profit and loss for the financial year from January 1 to December 31, 2020, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of secunet Security Networks Aktiengesellschaft, which is combined with the group management report, for the financial year from January 1 to December 31, 2020. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the “Other Information” section of our auditor’s report. In our opinion, on the basis of the knowledge obtained in the audit,

» the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2020 and of its financial performance for the financial year from January 1 to December 31, 2020 in compliance with German Legally Required Accounting Principles, and

» the accompanying management report as a whole provides an appropriate view of the Company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the “Other Information” section of our auditor’s report.

Pursuant to [§ [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code]], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with §317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

Revenue recognition
Our presentation of this key audit matter has been structured as follows:

» Matter and issue

» Audit approach and findings

» Reference to further information

Hereinafter we present the key audit matter:

Revenue recognition

» Revenue amounting to EUR 279 million is reported in the income statement in the annual financial statements of secunet Security Networks Aktiengesellschaft. secunet Security Networks Aktiengesellschaft generates revenue from the sale of hardware products and software licenses, which it recognizes at the time the service is rendered and the risks transfer to the customer. If at that time further services are agreed with the customer, particularly for maintenance, updates and extended warranty commitments, the realization criteria for each component are applied separately. Furthermore, secunet Security Networks Aktiengesellschaft realizes revenue from the provision of specialized services relating to consulting on the implementation of comprehensive IT security solutions as well as the development of software, essentially on the basis of work hours performed as of the reporting date.
Due to the structure of the customer base, which largely comprises public entities and entities from the industrial sector, such as automotive manufacturers, the number of orders and accordingly the volume of work contracted and performed is relatively greater in the fourth quarter of a given financial year than in the other quarters.
In light of the large number of business transactions at the end of the financial year, combined with the different contractual agreements and a high share of multiple-component agreements, there is a material risk that the revenue in the financial year ended is not allocated to the correct period. Against this background, this matter was of particular significance for our audit.

» As part of our audit, we used IT-based audit techniques to assess, among other things, the appropriateness and effectiveness of the Company's established internal control system with respect to the full and correct recognition of revenue as well as the allocation of that revenue to the correct periods. Furthermore, we obtained an understanding of the underlying contractual agreements and assessed it with regard to the time at which revenue can be recognized. We consulted and evaluated the corresponding contractual documents to assess the recognition of revenue, and primarily compared invoices for revenue, which were selected on a test basis for revenue which was realized in December 2020 and January 2021, against the associated orders, contracts, external delivery documentation, acceptance certificates and timesheets. Moreover, we obtained balance confirmations for trade receivables on a test basis. In instances where we did not receive responses with respect to the requested balances, we reviewed those balances on the basis of alternative audit procedures, particularly by comparing balances against the aforementioned external documents.
We were able to satisfy ourselves that the systems and processes in place, as well as the established controls, are appropriate overall for the purpose of ensuring that revenue is allocated to the correct periods.

» The Company's disclosures relating to revenue are contained in the section "Accounting policies" of the notes to the financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

» the statement on corporate governance pursuant to §289f HGB and §315d HGB included in section 7 of the management report

» the non-financial statement pursuant to §289b Abs. 1 HGB and §315b Abs. 1 HGB included in section 8 of the management report

The other information comprises further the remaining parts of – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with §317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Assurance Report in Accordance with §317 Abs. 3b HGB on the Electronic Reproduction of the Annual Financial Statements and the Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with §317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the attached electronic file secunet Security Networks AG AG _JA+LB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of §328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of §328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from January 1 to December 31, 2020 contained in the "Report on the Audit of the Annual Financial Statements and on the Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the annual financial statements and the management report contained in the above mentioned attached electronic file in accordance with §317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with §317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with §328 Abs. 1 Satz 4 Nr. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of §328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of §328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of §328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.

- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on July 8, 2020. We were engaged by the supervisory board on July 27, 2020. We have been the auditor of secunet Security Networks Aktiengesellschaft, Essen, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German public auditor responsible for the Engagement

The German Public Auditor responsible for the engagement is Lutz Granderath.

Essen, 16 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Lutz Granderath	Michael Herting
Wirtschaftsprüfer	Wirtschaftsprüfer

Responsibility Statement

"To the best of our knowledge, and in accordance with the applicable accounting principles, the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Company, and the Management Report includes a true and fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company."

Essen, 16 March 2021

Axel Deininger Torsten Henn

Dr Kai Martius Thomas Pleines

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting

To secunet Security Networks AG, Essen

We have performed a limited assurance engagement on the combined non-financial statement pursuant to §§ (Articles) 289b (paragraph) Abs. 1 and 315b Abs. 1 HGB ("Handelsgesetzbuch": "German Commercial Code") of secunet Security Networks AG, Essen, (hereinafter the "Company") for the period from 1 January to 31 December 2020 (hereinafter the "Non-financial Report").

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Statement in accordance with §§315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as they have considered necessary to enable the preparation of a Non-financial Statement that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the information in the Non-financial Statement based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Statement.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Statement for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with §§315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

» Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement

» Inquiries of the Company's management and personnel involved in the preparation of the Non-financial Statement regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Statement

» Identification of the likely risks of material misstatement of the Non-financial Statement

» Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report

» Evaluation of the presentation of the non-financial information

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Statement for the period from 1 January to 31 December 2020 has not been prepared, in all material aspects, in accordance with §§315c in conjunction with 289c to 289e HGB.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt am Main, 16 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke
Wirtschaftsprüfer
(German public auditor)

ppa. Juliane von Clausbruch

Report on Gender Equality and Equal Pay pursuant to Section 21 of the Transparency in Wage Structures Act (EntgTranspG)

Appendix to the Management Report

In accordance with the Act to promote Transparency in Wage Structures among Women and Men (Entgelttransparenzgesetz – EntgTranspG), which came into force on 6 July 2017, companies with more than 500 employees are obliged to prepare a report on gender equality and equal pay between women and men – the so-called "Equal pay report" (Section 21 EntgTranspG).

The following published equal pay report describes the measures implemented at secunet to ensure that the objectives set out in the EntgTranspG are met. The measures are continuously reviewed and enhanced.

Measures for promoting equality between women and men and their impact

secunet not only regards diversity in its workforce as a source of personal enrichment, it also sees potential for success in the plurality of its employees. It is important to us that diversity and equal opportunities are lived out responsibly by all employees and the management and supervisory bodies in all areas of the Group and across all hierarchical levels and genders.

Measures for ensuring equal pay for women and men

Attractive, transparent remuneration is an important argument in recruitment and a key component in retaining employees at secunet. secunet's remuneration models are based exclusively on the scope of tasks, responsibility and performance and are referenced on the market by means of appropriate benchmarking instruments.

In addition to fixed remuneration components, performance and success-related salary components are also paid. No differentiation in salaries is made on the basis of gender. Particularly when hiring and developing employees, managers are strongly sensitized to equal opportunities and salaries for women and men in coordination with the HR department and implement this accordingly.

Reconciliation of work and family life as well as life phase-oriented working

secunet offers its workforce the opportunity to structure and develop their own working hours to meet their individual needs. The offerings include a wide variety of part-time options, flexible working time models and mobile office schemes, which allow a more flexible time and location framework and thus greater freedom to look after children or family members in need of care as well as work arrangements that are tailored to different phases of life.

Statistical data

As at 31 December 2020, secunet Group consists of three companies, whose average numbers of employees for 2020 are shown below:

	Employees of secunet Group			Employees of secunet Security Networks AG			Employees of secunet International GmbH & Co. KG			Employees of secunet Service GmbH		
of which		Part time	Full time		Part time	Full time		Part time	Full time		Part time	Full time
Women	124.5	37.0	87.5	63.0	15.0	48.0	3.5	0.0	3.5	58.0	22.0	36.0
Men	510.0	61.5	448.5	471.0	57.0	414.0	10.5	0.5	10.0	28.5	4.0	24.5
Total	**634.5**	**98.5**	**536.0**	**534.0**	**72.0**	**462.0**	**14.0**	**0.5**	**13.5**	**86.5**	**26.0**	**60.5**

Service

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Ammonstraße 74
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Financial Calendar 2021

19 March
Annual Report 2020

24 March
Analysts' conference

5 May
Group Quarterly Statement as at 31 March 2021

12 May
Annual General Meeting

11 August
Half-year Financial Report as at 30 June 2021

3. November
Group Quarterly Statement as at 30 September 2021

Information

Annual Report on the Internet
The secunet Security Networks AG Annual Report can be viewed as a PDF file on the Internet at www.secunet.com This Annual Report is also available in German. In the event of conflicts the German-language version shall prevail.

Brand names
All the brand and trade names or product names mentioned in this Annual Report are the property of the corresponding holder. This applies in particular for DAX, MDAX, SDAX, TecDAX and Xetra as registered trademarks and property of Deutsche Börse AG.

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