

Half-Year Report 2023

cyan



Key Figures

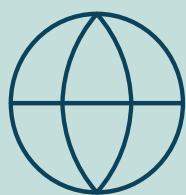
Half-Year 2023

2.1

Revenue
Cybersecurity
in EUR Million

1.7

Revenue
BSS/OSS
in EUR Million



-5.7

Group EBITDA
in EUR Million

2.1

Net Debt in
EUR Million

132

Total Number
of Staff



Earnings Figures		H1 2023	H1 2022
Revenue	in EUR million	3.8	4.1
Total earnings ^a	in EUR million	4.5	6.4
EBITDA	in EUR million	-5.7	-4.0
EBITDA-margin ^b	in %	-151%	-97%
EBIT	in EUR million	-8.4	-6.9
EBIT-margin ^b	in %	-223%	-167%
Net income/loss	in EUR million	-7.7	-2.7
Earnings per share (undiluted)	in EUR	-0.43	-0.19

^a consists of sales revenues EUR 3.8 million plus other operating income EUR 1.3 million, income from reversals of impairment losses EUR 0.0 million and changes in inventories EUR - 0.7 million

^b Calculated as EBITDA or EBIT divided by revenues.

Segment Figures		H1 2023	H1 2022
Revenue BSS/OSS	in EUR million	1.7	2.6
EBITDA BSS/OSS	in EUR million	-2.9	-1.4
Revenue Cybersecurity	in EUR million	2.1	1.5
EBITDA Cybersecurity	in EUR million	-2.3	-2.0

Cash Flow Figures		H1 2023	H1 2022
Operating cash flow	in EUR million	-3.0	-3.1
Investment cash flow	in EUR million	-0.1	-0.1
Financing cash flow	in EUR million	-0.6	-0.8

Balance Sheet Figures		30/06/2023	31/12/2022
Total assets	in EUR million	76.0	84.0
Equity	in EUR million	61.2	65.8
Net debt incl. IFRS 16 ^c	in EUR million	2.1	1.3

^c Consists of lease liabilities of EUR 2.9 million and financial liabilities of EUR 0.7 million less cash and cash equivalents of EUR 1.5 million.

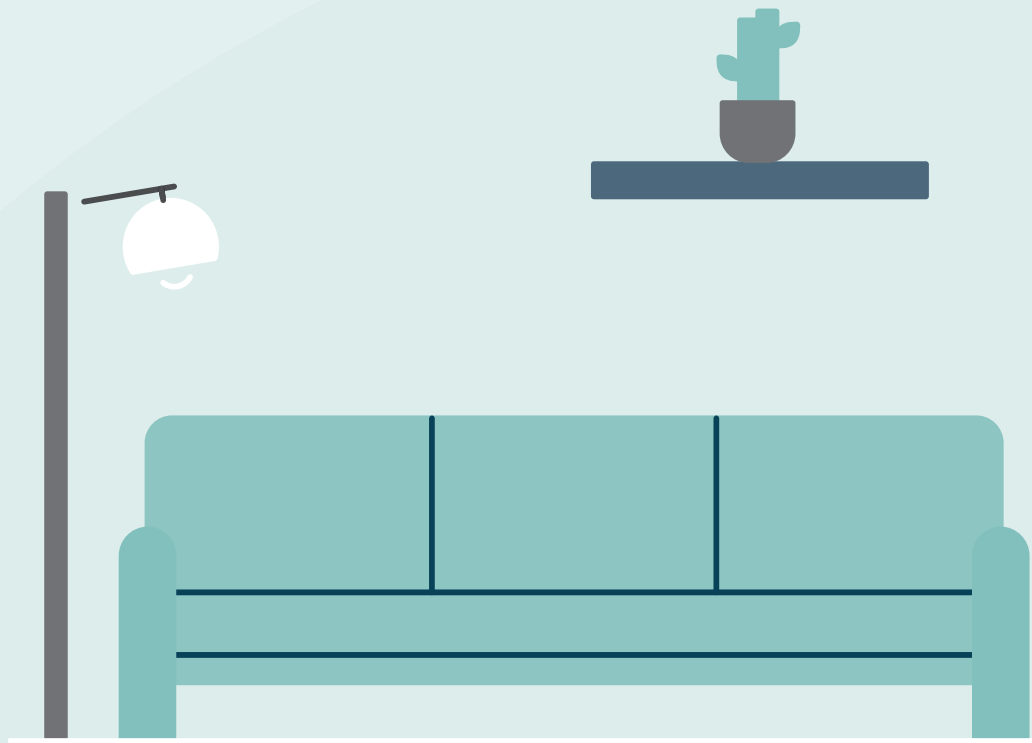
Key Operating Figures		30/06/2023	31/12/2022
Number of staff	FTE	124	123



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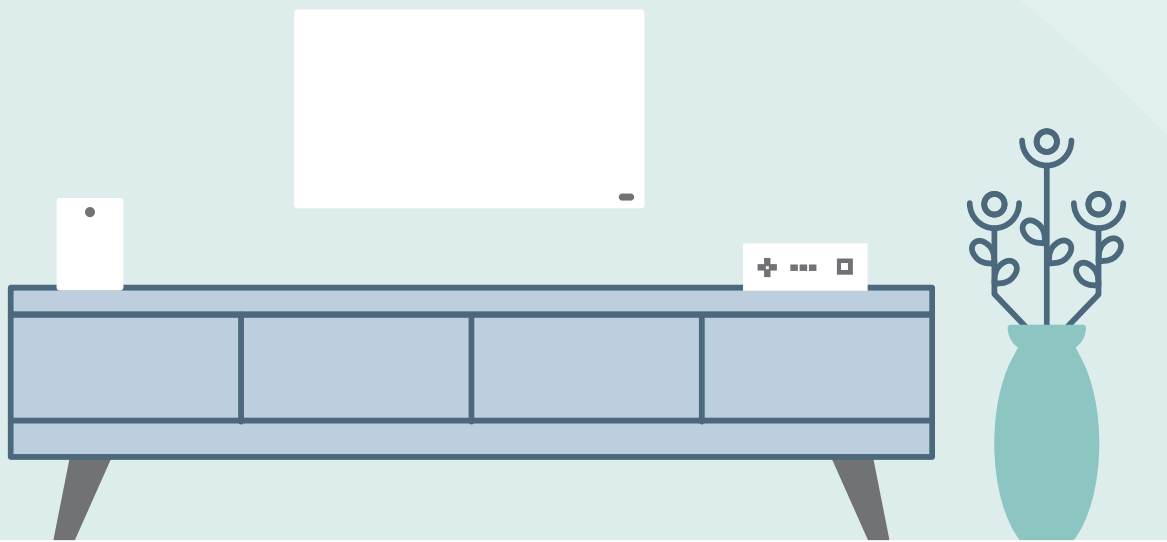


OnNet Security



cyan goes beyond simply connecting

It's a vast world-wide-web out there. Casting a wide net with our OnNet Security, a network-based solution, ensures the best chance of catching what needs to be caught



OnDevice Security

cyan unleashes the user's digital potential

In this world of endless opportunities and technological advancements, cyan's OnDevice Protection offers tools to make the digital experience safe. Seamlessly integrated and powered by the heart of our technology.



Child Protection

cyan protects the youngest digital explorers

Exploring all opportunities is the essence of how the next generations will grow up to make a difference. We ensure they make use of all their given means in the digital realm in a secured and protected way.



Exploring the new world of i-new Unified Mobile Solutions



With i-new's BSS/OSS Solutions, evolving from a traditional MVNO to a provider of future ready connectivity is within reach.



**Lightweight
platform**

i-new's BSS/OSS/MVNE platform delivers comprehensive out-of-the-box functionality and provides **strong USPs to enable long term success of mobile virtual providers & brands.**



**Building high-
growth business**

Leveraging the full potential of our state-of-the-art integrated telecom **services to support our customers sales growth strategy.**





Letter to the Shareholders



Dear shareholders,

The first half of 2023 has been characterized by a difficult economic environment in most industrialized nations, with persistently high inflation and several increases in the key interest rates by central banks. Fortunately, the negative impact on digitization is limited; in particular, the topic of cybersecurity continues to be omnipresent in society as well as among corporate decision-makers. Significant improvements in the infrastructure, especially in mobile-first countries in Asia and Africa, make these markets more attractive for cybersecurity solutions as well as for new MVNOs.

We have been targeting these two business areas with two brands for several months now. As part of the strategy implemented in 2022, the brands "cyan digital security" and "i-new unified mobile solutions" were created for the two business segments cybersecurity and BSS/OSS, respectively, and publicly presented in February 2023. On the one hand, this will give us room in the BSS/OSS segment for the "i-new" brand, which is well-known in the relevant markets, so that we can benefit from this reputation in the best possible way. On the other hand, we can focus the cybersecurity brand "cyan digital security" on effortless seamless online protection of end users, in the consumer as well as in the business sector. This strategy has been well received by existing customers as well as new leads. We are able to differentiate our cybersecurity solutions from the telecom-heavy business and better address other customer segments, such as insurances. It has also allowed us to make progress in cross-selling cybersecurity solutions to our MVNO customers. The first partner, MTEL, launched our cybersecurity solution in April 2023, just shortly after signing the contract, enabled through our tight integration with our BSS/OSS platform and the direct collaboration between i-new and cyan digital security.

At cyan digital security, we observed solid growth in subscribers in the first six months of 2023. As a result, we have also seen an increase in Annual Recurring Revenues (ARR). This is due to the fact that we have multiplied the number of cybersecurity partners in the telecom sector. While there were only two major telecom partners in 2021, in the first half of 2023 we already have more than ten customers who have launched our cybersecurity products or selected us as their cybersecurity partner. The partnership with the Orange Group was expanded to include additional countries in 2023 and the collaboration with T-Mobile was strengthened through new upgrades.

In BSS/OSS segment in the first half of 2023 we focused on the marketing of the established but new brand "i-new". In addition, important strategic topics such as the standardization of platforms and cloudification were advanced. With the targeted use of the cloud for BSS/OSS solutions, faster rollouts can be achieved after contract conclusion and deployments can be made more flexible – but most importantly, capex can be reduced at the start of the project. On the customer side, the focus in Europe was on the launch of MTEL's third country, Germany. In addition, we continued customer projects in Latin America. We completed numerous projects and the customers, especially MVNOs, were able to start operations. At the same time, however, this means that instead of a one-time high project revenue, we are now recording smaller but growing and recurring revenue. The number of end customers on the platforms and i-new technology increased significantly by almost half a million in the first half of the year.

In conclusion, as a positive after-effect of the performance improvement program completed in 2022, we achieved a slight reduction in operating expenses (compared to the prior period, excluding currency effects) despite high inflation. We were thus able to continue the trend initiated in the fiscal year of 2022. Even though at first glance our EBITDA deteriorated, our efforts are most evident in cash flow, where the

relevant metrics improved. Our focus remains on ensuring sustainable operations in the Group with the main objective of self-financing, but without significantly diminishing our opportunities. Therefore, at the beginning of 2023 we exchanged main financial liabilities in the context of a capital increase against contributions in kind in return for the granting of shares. This will enable us to devote ourselves to customer projects in the second half of the year to implement them in a timely manner so that they too can generate sales.

Finally, I would like to personally thank as well as on behalf of the entire team, my former colleague on the Management Board, Frank von Seth, and the former members of the Supervisory Board, Alexandra Reich and Stefan Schütze, for their excellent cooperation over several years - in both difficult and good times. Further, I would like to also thank all our investors for their continued support. We are steadily moving closer to our goals.

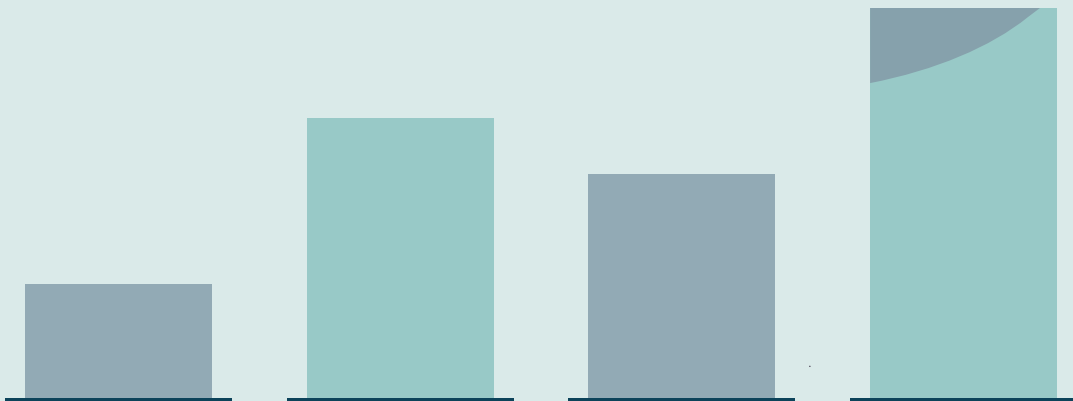
With kind regards,

Munich, September 2023

A handwritten signature in black ink, appearing to read 'M Cserna', written in a cursive style.

Markus Cserna
CEO & CTO

cyan-Share



Share price

cyan share price development 02/01/2023 – 30/06/2023 (rebased)^a

^a XETRA closing price indexed to 100



cyan AG has been listed in the Scale segment (Open Market) of the Frankfurt Stock Exchange since March 2018. The Scale All Share Index, which covers the performance of all companies listed in the Scale segment (including cyan), declined by 2.1 % in the reporting period. The cyan share opened on January 2, 2023 (first trading day XETRA) at EUR 1.395 and closed on June 30, 2022 (last trading day XETRA) at EUR 1.95. For the first six months of 2023, this results in a positive performance of 39.8 % for the cyan share which outperformed the index by 41.9 %. On June 30, 2023, the highest intraday price (XETRA) of the year was reached at EUR 2.08. The lowest intraday low was recorded on March 28 at EUR 1.23. The market capitalization of cyan AG as of June 30, 2023, based on the closing price of EUR 1.95 and the 18,885,392 bearer shares outstanding at that time, was EUR 36.8 million.

	H1 2023	2022
Share capital at the end of the period ^a	18,885,392	17,016,800
Market capitalization at the end of the period (EUR million)	36.8	29.9
Period high (Intraday)	2.08	3.45
Period low (Intraday)	1.23	1.35
Opening price at the beginning of the period (first trading day XETRA)	1.395	2.70
Closing price at the end of the period (last trading day XETRA)	1.95	1.4
Performance (Change in %)	+39.8	-49.0

^a A capital increase was carried out from authorized capital.

Key share data

WKN	A2E4SV
ISIN	DE000A2E4SV8
Stock symbol	CYR
Trading segment	Open Market (Scale)
Sector	Software
Exchange	XETRA and Frankfurt
Type of shares	Bearer Share
First trading day	28/03/2018
First issue price in EUR	23.00

Analyst coverage

As of June 30, 2023, cyan shares were covered by a total of two analysts. Both issued a buy recommendation. The contract with Kepler Cheuvreux was terminated at the beginning of 2023; instead, Alster Research initiated coverage in April 2023.

	Date	Target price	Recommendation
Alster Research	05/09/2023	EUR 3.90	Buy
SMC Research	10/05/2023	EUR 3.60	Spec. Buy

Corporate actions

In February 2023, cyan AG entered into an agreement with creditors of the Company, according to which their joint receivables in the amount of EUR 3.0 million will be contributed to the Company in the context of a capital increase against contributions in kind in return for the granting of shares. As a result, the nominal capital increased from EUR 17,016,800.00 by EUR 1,868,592.00 to EUR 18,885,392.00 by issuing 1,868,592 shares at an issue price of EUR 1.63. The capital increase against contributions in kind was entered in the commercial register in April 2023.

Furthermore, the Management Board of cyan AG resolved on June 21, 2023, with the approval of the Supervisory Board, to increase the Company's capital. This resolution was revoked on July 18, 2023, due to the Annual General Meeting held on July 10, 2023, in which the authorized capital was cancelled and a new one was resolved (details on the Annual General Meeting can be found in the next section). At the same time, with the approval of the Supervisory Board, a new capital increase was implemented increasing the nominal capital of EUR 18,885,392.00 by up to EUR 526,316.00 to up to EUR 19,411,708.00 by issuing up to 526,316 new no-par value bearer shares against cash contributions. The New Shares were issued at a placement price of EUR 1.90 per New Share. The subscription rights of the shareholders were excluded. The capital increase was filed in the commercial register in August 2023.

Annual general meeting

The Annual General Meeting of cyan AG took place on July 10, 2023, in Munich and for all shareholders as a virtual Annual General Meeting. All items on the agenda were approved by a clear majority. The agenda items were:

- Presentation of the approved annual report of cyan AG as of December 31, 2022, the approved consolidated financial statements and the combined management report as of December 31, 2022, as well as the report of the Supervisory Board on the fiscal year 2022
- Resolution on the discharge of the members of the Management Board for the business year 2022
- Resolution on the discharge of the members of the Supervisory Board for the financial year 2022
- Resolution on the election of the auditor of the financial statements and the auditor of the consolidated financial statements for the business year 2023
- Resolution on the elections to the Supervisory Board
- Resolution on the cancellation of the existing Authorized Capital 2022, the creation of a new Authorized Capital 2023 with possible exclusion of subscription rights and the corresponding amendment of the Articles of Association
- Resolution on an amendment to the Articles of Association to enable virtual general meetings in the future
- Resolution on an amendment to the Articles of Association to enable the participation of members of the Supervisory Board in General Meetings by means of video and audio transmission in the future

Further details on the Annual General Meeting and the voting results are available on the website in the Investor Relations section.

Financial calendar

In the remaining year, cyan AG will also regularly inform the capital market about its business performance and will be represented at analyst and investor conferences internationally.

Event	Date	Location
Deutsche Börse Equity Forum	27- 29/11/2023	Frankfurt

Current dates, upcoming events and news for the remainder of 2023 are continuously updated on the website.

▼ ir.cyansecurity.com/news-and-events

Interim Group Management Report



The statements made on the business model, the Group's operating segments, the management system, and research and development in the Annual Report 2022 are still applicable for the reporting period of the interim report as of June 30, 2023. Changes are addressed in the relevant sections of the report.

Principles of the group

The cyan Group (hereinafter "cyan") is a provider of intelligent IT security solutions and telecommunication services with more than 15 years of experience in the IT industry. The main business of the company involves cybersecurity solutions for the end customers of mobile and fixed-line internet providers (MNO, ISP), financial service providers, mobile virtual network operators (MVNO) as well as the convergent BSS/OSS platform (Business Support System and Operations Support System) as a mobile virtual network enabler (MVNE). The security solutions from cyan are integrated in the infrastructure of the business partner, who then offers these in a B2B2C model to its own end users under its own brand. With the BSS/OSS business, services such as connection to the network operator, billing, provisioning, and similar services relating to the operational aspects of running an MVNO are offered.

Today, the Group has a large number of international customers through which cyan products are sold to millions of end users. cyan is able to offer products and services along the entire value chain, from the platform, data optimization, to cybersecurity. In addition, cyan runs its own research and development with the aim of identifying trends in the industry at an early stage and developing optimal product solutions.

Group structure

As of the reporting date, cyan was represented in thirteen countries by its own local subsidiaries. In addition, sales and service hubs are operated worldwide. Further information on the scope of consolidation as of the respective reporting date is provided in the Notes to the Consolidated Interim Financial Statements.

Segments of the group

The Group's business activities are split into two segments, which are used to manage the company and form the basis for segment reporting: Cybersecurity under the brand "cyan digital security" and BSS/OSS under the brand "i-new unified mobile solutions". At the beginning of the year, the brands were positioned independently as part of the rebranding.

Organizational structure

The strategic management of the Group takes place at the headquarters of the Group holding company in Munich (Germany). The stock corporation under German law has a dual management structure consisting of a Management Board and a Supervisory Board. The Management Board consists of one person, as Frank von Seth retired from this position effective August 31, 2023. Frank von Seth has played a decisive role in the successful transformation process and repositioning of the Group in recent years. Markus Cserna, hitherto CTO, has since taken over the agenda of the former CEO and Chairman of the Management Board on an interim basis.

There have been two changes on the Supervisory Board. Markus Messerer took over the seat of Alexandra Reich on an interim basis in March 2023, who left the Company for private reasons. He is Chief Strategy & Commercial Officer at Telia Company AB,

the leading technology, media and telecommunications group in the Nordic and Baltic countries; he is also a member of the Board of Directors of the Telia Group companies TV4 AB and MTV Oy. He has 20 years of experience in the telecom and technology sector. He holds a PhD in International Management and an Executive MBA and is a CFA charter holder.

At this year's Annual General Meeting, the two previous Supervisory Board members Lucas Prunbauer and Markus Messerer were confirmed in their positions. Alexander Singer was newly elected to the Supervisory Board and subsequently as Chairman of the Supervisory Board, after the previous Chairman, Stefan Schütze, did not run for reelection. Alexander Singer is a lawyer and partner of Singer Fössl Rechtsanwälte OG. He has more than 30 years of professional experience as a lawyer and entrepreneur and is the author of numerous legal publications in the field of Austrian and German corporate law.

Personnel development

As of June 30, 2023, cyan employed 132 people, or 124 FTEs, excluding freelancers and employees on leave. A significant proportion of the workforce continues to be employed in operations, development, product management, and research and development. A quarter of the workforce was employed outside the European Union. Diversity, with women accounting for one-sixth of the workforce, continues to be a central focus in recruiting.

As of 30/06/2023	Total	EU	Rest of world
Personnel	132	98	34
<i>thereof in operations, development, research</i>	<i>95</i>	<i>73</i>	<i>26</i>

Economic report

Economic environment

The global economy started on a more solid footing this year than in the fourth quarter of 2022, one reason being the easing of very strict COVID restrictions in China and the resilience of the US labor market. However, global economic activity was mainly driven by the services sector, while manufacturing output remained subdued. Global inflation experienced a slight decline but remained at a high level. In addition, interest rate increases, and tighter credit conditions contributed to the euro zone economy contracting by 0.1 % in the first quarter of 2023. This was mainly due to the decline in private and public consumption. However, economic growth is expected to pick up slightly later in the year as a further moderate decline in inflation can be observed and supply bottlenecks are easing.¹ This was already apparent in the second quarter of 2023, after GDP increased by 0.3 % according to Eurostat's estimate.²

For the upcoming quarters, the European Central Bank expects an economic upswing, supported by declining energy prices and higher export demand, which will allow companies to continue working off their order backlogs. In addition, real incomes are expected to improve, supported by a robust labor market where unemployment has recently reached a new historic low. Overall, average real GDP growth is expected to decelerate from 3.5 % in 2022 to 0.9 % in 2023, before picking up again to 1.5 % in 2024 and 1.6 % in 2025.³ Inflation has been stubbornly persistent so far in 2023. However, reduced demand and falling commodity prices are expected to contribute to a slow easing of inflation. However, the slow pace also means that core inflation in many countries is expected to remain above central bank targets until 2024.⁴

In the telecommunications sector, the roll-out of 5G infrastructure continues to be a major growth driver. This year alone, 30 new markets predominantly in developing countries in Africa and Asia will launch 5G services, making the new technology a global trend once and for all. Operators will increasingly focus their marketing efforts on highlighting the link between mobile devices, 5G and new digital services. In terms of numbers, the industry association GSMA projects 8.5 billion mobile connections by the end of 2023.⁵ The Allianz Risk Barometer identifies cyber risk as the most globally significant risk for the second year in a row. As large companies have increasingly invested in expanding their cyber security in recent years, more and more small and medium-sized enterprises are now becoming targets of cyber-attacks. There is high potential for investment here in the future.⁶

Course of business

At the beginning of the year, the capital increase against contributions in kind completed an important step towards the complete deleveraging of the Group, thus paving the way for the fresh start of the business areas. In the course of the capital increase through contributions in kind, financial liabilities in the amount of EUR 3.0 million were contributed in exchange for 1,868,592 shares at an issue price of EUR 1.63.

¹ ECB (2023), Economic Bulletin, Issue 4 / 2023

² ECB (2023), Economic Bulletin, Issue 5 / 2023

³ ECB (2023), Eurosystem staff macroeconomic projections for the euro area - June 2023

⁴ World Bank (2023), Global Economic Prospects - June 2023

⁵ GSMA (2023), The Mobile Economy 2023

⁶ Allianz Global Corporate & Specialty (2023), Allianz Risk Barometer: Identifying The Major Business Risks For 2023

As a result of this measure, the share capital increased to EUR 18,885,392.00 upon entry in the commercial register in April 2023.

In February, the new brand presences "cyan digital security" and "i-new unified mobile solutions" for the two business segments Cybersecurity and BSS/OSS were presented to the public. These reflect the vision of the Group's solutions under the key words "Connect, detect, and protect". The BSS/OSS segment will henceforth operate under the "i-new" brand, which is respected and well-known in the market. The new strategy has been generally well received by the various stakeholders.

Furthermore, a capital increase with exclusion of subscription rights and an issue price of EUR 1.90 has been resolved on June 21, 2023, in order to strengthen the Group's liquidity in view of ongoing projects that will not generate sales until the end of 2023 or the beginning of 2024. This measure had to be resolved anew due to the Annual General Meeting that took place in July in the meantime. More details can be found in the section on subsequent event of this report.

Cybersecurity segment

In the cybersecurity segment, the cooperation with MTEL, a partner that already uses i-new's MVNO platform in the DACH region, was expanded to include network-integrated cybersecurity solutions. Due to the close cooperation and the platform-integrated solution, the implementation could be accomplished in only a few weeks. This makes MTEL the first customer to use solutions from both segments BSS/OSS and Cybersecurity in parallel. In addition to a strong development of existing customers, newly acquired partners and (re-)launches in the previous year and the past months contributed significantly to the increase in the number of subscribers. In the first half of the year, the number of active end customers increased by around 35 % and the number of paying end customers by around 40 %.

In addition, the project teams were kept working to expand the cooperation with the Orange Group in existing and new countries, preparing the launch at Claro Chile, and upgrades at T-Mobile. In the middle of the year, resources were also allocated to the cooperation with leading European InsurTech Wefox, which was announced in July. In security research, a long-term project focusing on improved protection through the use of artificial intelligence was completed. In addition, threat analyses on current topics were prepared together with Austrian research partners.

BSS/OSS segment

While many activities at the beginning of the year were focused on marketing and on aligning the segment under the "i-new" brand, other important strategic topics, such as the standardization of platforms and cloudification, were also driven forward. These activities are aimed at accelerating roll-out, making deployments more flexible, and reducing capex. In addition, the teams in Europe and Latin America worked on projects such as the launch of MTEL in Germany and further customers in Colombia and Mexico.

The partner in Africa for which i-new has been designated a "preferred vendor" was not able to win a license. Instead, i-new was approached by other licensees only a short time later, where possible projects were drafted during the first half of the year. In parallel, further traction was established with potential partners in both Europe and the Americas. The number of end customers on the platforms and of the i-new technology increased significantly by several hundred thousand in the first and

second quarter of 2023. This development was supported by the strong growth of over 30 % at Skitto in Bangladesh, but also by other customers.

Earnings, assets and financial position

Earnings position

Revenue

In the first six months of 2023, group revenues declined by 8 % to EUR 3.8 million from EUR 4.1 million in the first half of last year. The change is due to a decrease in revenues in the BSS/OSS segment as a result of completed implementation projects (H1 2023: EUR 1.7 million, H1 2022 EUR 2.6 million). While significant project revenues were still generated in the previous year, with the launches of the MVNOs revenues increasingly shifted to subscription fees, which are lower in the beginning of a new MVNO. In contrast, the Cybersecurity segment achieved significant revenue growth of EUR 0.5 million to EUR 2.1 million (H1 2022 EUR 1.5 million) due to the strong subscriber development.

The share of recurring revenues, which includes in particular revenues from subscriptions and recurring service and maintenance fees, amounted to 88 %. Annual Recurring Revenue (ARR), calculated from recurring revenues including pro rata cash flows from license agreements at constant currency, amounted to EUR 10.5 million as of June 30, 2023.

generated 15% (H1 2022: 22 %) of consolidated revenue in the Americas region, 20 % (H1 2022: 20 %) in the APAC region, and 66 % (H1 2022: 58 %) in the EMEA region. The changes are predominantly due to the revenue growth at several customers in EMEA and dtac in APAC in the Cybersecurity segment.

In addition to revenues from sales, other operating income of EUR 1.3 million (H1 2022: EUR 2.6 million) and changes in inventories of EUR - 0.7 million (H1 2022: EUR - 0.3 million) were recorded in the Group. Other operating income mainly included exchange rate differences in the amount of EUR 0.8 million (H1 2022: EUR 2.0 million) and income from research grants for research conducted in the amount of EUR 0.3 million (H1 2022: EUR 0.4 million). The changes in inventories are negative due to the release of incurred contract costs since the launch of Orange 2021; the change results from other successfully implemented projects. Furthermore, income from reversals of impairment losses in the amount of EUR 0.03 million was generated (H1 2022 EUR 0.04 million).

Accordingly, total earnings for H1 2023 amounted to EUR 4.5 million (H1 2022: EUR 6.4 million).

EBITDA

EBITDA decreased to EUR - 5.7 million in H1 2023 (H1 2022: EUR - 4.0 million). This is due to the EUR 0.3 million decrease in revenues, exclusively from the BSS/OSS segment; in addition, lower other operating income due to lower exchange rate effects (EUR - 1.2 million compared to the first half of 2022) and higher negative changes in inventories (EUR - 0.3 million compared to the first half of 2022) contributed significantly to the decrease. Under inflationary pressure, operating expenses improved slightly to EUR 10.2 million from EUR 10.3 million in the first half of the previous year.

The cost of materials and services remained unchanged at EUR 2.5 million in the period under review (H1 2022: EUR 2.5 million). Personnel expenses increased from EUR 4.5 million to EUR 4.7 million, in particular due to the collective bargaining agreement increase in Austria in 2023 but decreased slightly compared to the second half of 2022 (by EUR - 0.1 million). Impairment losses and other operating expenses

amounted to EUR 2.9 million (H1 2022: EUR 3.3 million). This decrease is mainly due to lowered consulting costs in the course of the performance improvement program. In the financial year, foreign currency effects had a similar impact on other operating expenses as in the previous period, amounting to EUR - 1.0 million (H1 2022: EUR - 1.0 million).

Segments

With EUR 1.7 million (H1 2022: EUR 2.6 million), 45 % of sales in the first half of 2023 are attributable to the BSS/OSS segment (i-new). As previously mentioned, the decline is a consequence of completed implementation projects from which significant project sales were generated. In the months following the sales launch of a new MVNO, the number of end customers is generally not yet sufficient to offset the last project revenue. As in previous years, Virgin Mobile and Flash Mobile customers were the main contributors to the cash flow but only minor to revenue due to multi-year license agreements from 2020 and 2019. Total earnings amounted to EUR 2.7 million (H1 2022: EUR 4.7 million) and the segment EBITDA to EUR - 2.9 million (H1 2022: EUR - 1.4 million) due to lower revenues and at the same time lower foreign currency income.

At EUR 2.0 million (H1 2022: EUR 1.5 million), the Cybersecurity segment generated around 55 % of Group revenues. This represents an increase of 36 % compared to the same period of the previous year and is a result of the positive developments with end customers and projects. Total earnings increased to EUR 1.70 million from EUR 1.66 million in H1 2022. Segment EBITDA decreased from EUR - 2.0 million to EUR - 2.3 million compared to the same half of the previous year. Despite the higher revenues, higher negative changes in inventories (H1 2022 EUR - 0.3 million; H1 2023 EUR - 0.7 million negatively impacted total earnings and EBITDA.

EBIT and net income

Earnings before interest and taxes (EBIT) for the first half of the year amounted to EUR - 8.4 million (H1 2022: EUR - 6.9 million). Depreciation and amortization expense decreased from EUR 2.9 million to EUR 2.7 million, of which EUR 2.2 million was for intangible assets and EUR 0.5 million for depreciation of property, plant and equipment. Depreciation and amortization are mainly scheduled and include depreciation expenses in accordance with IFRS 16.

The financial result remained unchanged at EUR 0.3 million in the comparative period 2023 (H1 2022: EUR 0.3 million), which resulted primarily from interest income from contract assets.

Earnings before taxes (EBT) amounted to EUR - 8.2 million for the first half of the year (H1 2022: EUR - 6.6 million). Deferred tax income decreased significantly to EUR 0.5 million in the first half of 2023 (H1 2022: tax income of EUR 3.9 million) due to a revised tax planning at the end of 2022. As a result, the net loss for the year amounted to EUR - 7.7 million (H1 2022: EUR - 2.7 million). Accordingly, undiluted earnings per share were EUR - 0.43 (H1 2022: EUR - 0.19).

Asset position and capital structure

Total assets decreased from EUR 84.0 million as of December 31, 2022 to EUR 76.0 million as of June 30, 2023. Non-current assets decreased from EUR 68.9 million to EUR 63.4 million, mainly due to scheduled depreciation/amortization and the reduction of contract assets and contract costs. Current assets decreased from EUR 15.1 million to EUR 12.6 million.

Equity totaled EUR 61.2 million the end of June 2023 (Dec. 31, 2022: EUR 65.8 million). This corresponds to an equity ratio of 81 % (Dec. 31, 2022: 78%). Total liabilities decreased significantly from EUR 18.2 million in the previous year to EUR 14.8 million as a result of the capital increase through contributions in kind. Non-current liabilities, which included the contributed financial liabilities, amounted to EUR 8.2 million (Dec. 31, 2022: EUR 11.9 million) and current liabilities to EUR 6.6 million (Dec. 31, 2022: EUR 6.3 million) as of June 30, 2023.

Net debt thus totaled EUR 2.1 million (Dec. 31, 2022: EUR 1.3 million), including IFRS 16 liabilities of EUR 2.9 million (Dec. 31, 2022: EUR 3.0 million) and cash and cash equivalents of EUR 1.5 million (Dec. 31, 2022: EUR 4.2 million). Financial liabilities, which amounted to EUR 3.7 million as of December 31, 2022. At the beginning of the year 2023, loans in the amount of EUR 3.0 million were contributed to the Company as part of a capital increase through contributions in kind. Consequently, as of June 30, 2023 financial liabilities totaled only EUR 0.7 million.

Financial position

Cash flow from operating activities improved slightly to EUR - 3.0 million in the first half of 2023 (H1 2022: EUR - 3.1 million) despite lower revenues. The license agreements with Virgin Mobile and ACN/Flash Mobile continued to contribute significantly to cash flow but only marginally to revenue in the reporting period.

cyan's business is not particularly investment-intensive in the Cybersecurity segment. In the BSS/OSS segment, capex investments are made for the company's own platforms. The cash flow from investing activities therefore totaled EUR - 0.1 million (H1 2022: EUR - 0.06 million). Hardware and software investments are made for the company's own platforms as required.

The cash outflow from financing activities changed slightly in the period to EUR - 0.6 million (H1 2022: EUR - 0.8 million). Financing cash flow includes payments in connection with IFRS 16 leases, as well as the repayment of loans.

In total, there has been a lower cash outflow of EUR 3.8 million in H1 2023 (H1 2022: EUR 3.9 million).

Opportunity and risk report

The statements made in the 2022 Annual Report on cyan AG's opportunity and risk management system remain valid as of the reporting date. The risk groups are essentially unchanged.

Subsequent events

Operational progress

In July 2023, the partnership with wefox, the leading European Insurtech company, was concluded. The goal of the collaboration is to bundle cybersecurity solutions with insurance products to facilitate digital risk management for individuals and businesses. The products leverage cyan's proprietary and patented Threat Intelligence platform, which detects cyber threats in real-time, efficiently reducing cyber risk.

In addition, the project with MTEL was completed in August 2023 in the DACH region with the launch in Germany. After many years of cooperation in Austria, MTEL started sales in Switzerland last year and is now also available in Germany. Thanks to its ability to connect multiple clients (multi-tenant) and multiple host operators (multi-MNO), the i-new platform makes it possible to manage all three countries centrally and efficiently on a single platform.

Capital increase

On July 18, 2023, cyan AG resolved with resolution of the Management Board and the approval of the Supervisory Board, to rescind the capital increase resolution of June 21, 2023 and to increase the Company's nominal capital of EUR 18,885,392.00 by up to EUR 526,316.00 to up to EUR 19,411,708.00 by issuing up to 526,316 new no-par value bearer shares against cash contributions. The new shares have been issued at a placement price of EUR 1.90 per new share. The capital increase was recorded in the commercial register in August 2023.

Further on September 7, 2023, the Management Board with consent of the Supervisory Board and making partial use of the Authorized Capital 2023, resolved to increase Company's nominal capital of EUR 19,411,708.00 by up to EUR 777,778.00 to up to EUR 20,189,486.00 by issuing up to 777,778 new no-par value bearer against cash contributions. The new shares have been issued at a placement price of EUR 1.80 per new Share. The capital increase was recorded in the commercial register in September 2023.

Forecast adjustment

On August 17, 2023, the Management Board announced the adjustment of the forecast. Further details are provided in the forecast report.

Forecast report

Although recurring revenues, particularly in the Cybersecurity segment, are even developing above expectations, cyan AG had to adjust its forecast for the fiscal year 2023. This year, lower revenue realization from major projects in the BSS/OSS segment than originally forecast is assumed. A significant, planned project in the MEA region (Middle East and Africa) was not realized and the most recently launched greenfield MVNOs do not yet have the size to compensate for the lower project revenue. Therefore, at Group level, revenues are now expected in range between EUR 8 million and EUR 9 million for fiscal 2023 (previously: EUR 10.5 million to EUR 13.5 million). The operating margin (EBITDA) is still expected to improve compared to the previous year.

Munich, September 2023

The Management Board

Interim Consolidated Financial Statements



Statement of comprehensive income

Statement of profit and loss

in EUR thousand	Notes	H1 2023	H1 2022
Revenues	1	3,766	4,098
Other operating income	2	1,308	2,557
Income from reversals of impairment losses	2	32	42
Change in inventories and capitalized own work	2	-652	-306
Costs of materials and services	3	-2,505	-2,547
Personnel expenses	4	-4,753	-4,475
Value adjustments	5	-0	-
Other expenses	6	-2,899	-3,328
EBITDA		-5,705	-3,958
Depreciation and amortization	7	-2,708	-2,894
Operating result (EBIT)		-8,412	-6,852
Financial income	8	298	344
Financial expenses	8	-46	-63
Loss from net position of monetary items	8	-	-5
Earnings before taxes		-8,160	-6,576
Taxes on income and earnings	9	503	3,869
Result after taxes		-7,657	-2,707

Other comprehensive income (OCI)

in EUR thousand	Notes	H1 2023	H1 2022
Gains (losses) from exchange rate differences ^a		-1	172
Total result for the fiscal year^b		-7,659	-2,536

^a recyclable

^b The entire results are attributable to the shareholders of the company.

Earnings per share

in EUR per share	Notes	H1 2023	H1 2022
Undiluted earnings per share		-0.43	-0.19
Diluted earnings per share		-0.43	-0.19

Consolidated statement of financial position

Assets

in EUR thousand	Notes	30/06/2023	31/12/2022
Intangible assets		48,059	50,264
<i>Patents, trademark rights, customer relationships and similar rights</i>	10	9,022	9,823
<i>Software</i>	10	7,501	8,879
<i>Development costs</i>	10	756	783
<i>Goodwill</i>	10	30,779	30,779
Tangible assets		3,685	3,332
<i>Land and buildings</i>	11	2,739	2,664
<i>Machines and other equipment</i>	11	747	468
<i>Business and office equipment</i>	11	199	201
Other receivables		22	23
Financial receivables	13	83	118
Contract costs	12	2,073	3,908
Contract assets	12	8,835	10,726
Deferred tax assets		619	558
Non-current assets		63,376	68,928
Trade receivables and other receivables	12, 13	3,598	2,881
Contract Costs	12	1,122	-
Contract assets	12	4,189	4,208
Inventories		19	40
Tax receivables		398	342
Other receivables and assets		1,608	2,067
Financial receivables	13	165	186
Cash and cash equivalents	13	1,543	5,349
Current assets		12,641	15,073
Total assets		76,017	84,001

Equity and liabilities

in EUR thousand	Notes	30/06/2023	31/12/2022
Share capital	14	18,885	17,017
Reserves		42,301	48,782
<i>Capital reserves</i>		85,535	84,358
<i>Other reserves</i>		97	99
<i>Reserves according to IAS 19</i>		-1	-1
<i>Profit / loss carried forward</i>		-43,331	-35,674
Equity		61,186	65,799
Provisions		13	11
Leasing liabilities	13	2,000	2,091
Other financial liabilities	13	654	3,705
Other non-current liabilities	13	207	207
Deferred tax liabilities		5,371	5,855
Non-current liabilities		8,244	11,869
Trade payables and other liabilities	13	4,272	4,331
Provisions	15	8	21
Financial liabilities	13	1	2
Leasing liabilities	13	945	861
Convertible notes		101	-
Tax liabilities		1,260	1,117
Current liabilities		6,587	6,332
Total liabilities		14,831	18,201
Total equity and liabilities		76,017	84,001

Consolidated statement of cashflow

in EUR thousand	Notes	H1 2023	H1 2022
Result before tax from continuing operations		-8,160	-6,576
Earnings before tax		-8,160	-6,576
Profit/loss from the decrease in assets		2	1
Depreciation of intangible and tangible assets		2,708	2,894
Change in provisions		-12	-294
Financial income		-298	-344
Financial expenses		46	63
Other expenses/income with no influence on liquid funds		846	-66
Adjustments to reconcile profit before tax to net cash flows		-4,869	-4,323
Change in inventories		21	11
Change in contract assets and contract costs		2,169	2,724
Change in receivables trade receivables and other receivables		-76	-
Change in trade payables and other liabilities		-257	-15
Change in contract liabilities		-48	-1,478
Working capital adjustments		1,808	1,242
Net cash flow from earnings before taxes		-3,060	-3,080
Income taxes paid		33	9
Cash flow from operating activities	16	-3,027	-3,072
Purchases of intangible and tangible assets		-359	-202
Purchase of financial assets		176	141
Disposal of tangible and intangible assets		-	1
Interest received		44	0
Cash flow from investing activities	17	-138	-59
Proceeds from the issue of share capital		3,046	3,940
Repayments of financial liabilities		-3,052	-1,569
Repayments of participation rights		-	-2,450
Repayments of leasing liabilities		-624	-646
Interest paid		-10	-33
Cash flow from financing activities	18	-641	-758
Change in cash and cash equivalents		-3,806	-3,889
Cash and cash equivalents at the beginning of the fiscal year		5,349	8,504
Cash and cash equivalents at the end of the period		1,543	3,691
<i>thereof effect of exchange rate differences on cash and cash equivalents received in foreign currency</i>		-1	-924

Consolidated statement of changes in equity

in EUR thousand	Nominal capital	Capital reserves	Currency reserve	Reserves according to IAS 19	Profit / loss carried forward	Total
01/01/2022	13,386	78,455	113	-1	-19,174	72,779
Net loss /profit for the year					-2,707	-2,707
Miscellaneous result after taxation			183	-		183
Total result for the financial year	-	-	183	-	-2,707	-2,524
Capital increase	1,504	2,436				3,940
30/06/2022	14,890	80,891	296	-1	-21,881	74,195
01/01/2023	17,017	84,358	99	-1	-35,674	65,799
Net loss /profit for the year					-7,657	-7,657
Miscellaneous result after taxation			-1	0		-1
Total result for the financial year			-1	0	-7,657	-7,658
Capital increase	1,869	1,177				3,046
30/06/2023	18,885	85,535	97	-1	-43,331	61,187

Notes to the Interim Consolidated Financial Statements



Information about the company

cyan AG, headquartered in Munich (Theatinerstraße 11, 80333 Munich, Germany), is a stock corporation registered in the Commercial Register B of the Munich Local Court under HRB 232764. cyan AG has been listed on the Frankfurt Stock Exchange in the Scale Segment of the Open Market since March 2018. cyan AG acts as a holding company within the Group. Operational services are provided by the Austrian subsidiary I-New Unified Mobile Solutions GmbH and its subsidiaries, in particular cyan Security Group GmbH. I-New Unified Mobile Solutions GmbH operates as a Mobile Virtual Network Enabler (MVNE). cyan Security Group GmbH offers cybersecurity solutions for end customers of mobile network operators (MNOs), mobile virtual network operators (MVNOs), and financial service providers.

Accounting principles

Basis of preparation

The consolidated interim financial statements for the fiscal year ended June 30, 2023 were prepared on a voluntary basis in accordance with the International Financial Reporting Standards (IFRS) applicable on the reporting date, as applied in the EU. The designation IFRS comprises the International Accounting Standards (IAS) which remain valid, the International Financial Reporting Standards (IFRS) as well as interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The interim consolidated financial statements have been prepared in accordance with the instructions of the European Union (EU). The condensed scope of the interim consolidated financial statements is in accordance with IAS 34 "Interim Financial Reporting". For further information and disclosures, please refer to the consolidated financial statements as of December 31, 2022. These form the basis for these interim consolidated financial statements.

Functional currency

The consolidated interim financial statements of cyan AG are prepared in thousand Euro. The use of automatic calculation aids may result in rounding differences when adding up rounded amounts.

The management takes the view that the consolidated interim financial statements include all adjustments required to give a true and fair view of cyan's assets, financial and earnings positions.

The financial statements of subsidiaries whose functional currency is other than the Euro are translated in accordance with the functional currency principle. Balance sheet items are translated at the closing rate. Income and expense items are translated at the average exchange rate for the year. Resulting translation differences are recognized in other comprehensive income (OCI) and presented in the currency translation reserve in equity until the disposal of the subsidiary.

Currency translation differences arising from exchange rate fluctuations between the recognition of the transaction and its cash effect or measurement at the balance sheet date are recognized in profit or loss and reported in the operating result.

The following table shows the foreign exchange rates of those foreign currencies in which cyan AG and its subsidiaries transacts their business:

	Average rate		Closing rate	
	H1 2023	H1 2022	30/06/2023	31/12/2022
Argentine Peso (ARS)	279.957	123.880	236.519	189.587
Bangladeshi Taka (BDT)	120.821	95.599	116.598	108.940
Brazilian Real (BRL)	5.270	-	5.483	5.559
Chilean Peso (CLP)	872.480	906.563	873.065	916.910
Colombian Peso (COP)	4,554.245	4,276.963	4,921.783	5,130.559
Mexican Peso (MXN)	18.699	22.175	19.655	20.761
Peruvian Sol (PEN)	3.969	4.196	4.104	4.115
Thai Baht (THB)	37.852	-	36.968	36.817
Hungarian Forint (HUF)	370.600	374.712	380.710	407.680
US Dollar (USD)	1.084	1.094	1.081	1.059

As cyan Security Argentina SRL is located in a hyperinflationary economy, IAS 29 is applicable. Due to the immateriality of the amounts, no further disclosure is required.

Scope of consolidation and consolidation methods

The scope of consolidation is determined in accordance with the provisions of IFRS. In addition to the financial statements of cyan AG, the consolidated interim financial statements also include the financial statements of the companies controlled by cyan AG (and its subsidiaries).

Subsidiaries are companies that are controlled by cyan AG. Control exists when cyan AG is able to exercise control over these associated entities, is exposed to variable returns from its involvement with those entities and has the ability to affect the amount of those returns through its control over those entities. The financial statements of subsidiaries are included in the consolidated interim financial statements from the date cyan AG obtains control over the subsidiary until the date cyan AG ceases to have control.

The consolidated financial statements were produced on the premise that cyan AG is the parent company of cyan. The consolidated financial statements include all companies under the controlling influence ("control") of the parent company by way of full consolidation.

The scope of consolidation as of June 30, 2023 is as follows:

Company	Registered office	Share	Fully consolidated since
cyan AG	Germany		
CYAN Licencing GmbH	Austria	100%	01/01/2018
cyan Seamless Solution Mèxico, S.A. de C.V. (vormals I-New Unified Mobile Solutions, S.A. de C.V.)	Mexico	100%	31/07/2018
cyan digital security (Thailand) Ltd. ^a	Thailand	100%	30/11/2022
cyan Security Argentina SRL ^b	Argentina	100%	30/06/2021
cyan security Brasil Ltd ^a	Brazil	100%	31/12/2022
cyan security Chile S.p.A	Chile	100%	31/07/2018
cyan security Colombia S.A.S.	Columbia	100%	31/07/2018
cyan security Ecuador SAS	Ecuador	100%	31/12/2020
cyan Security Group GmbH	Österreich	100%	01/01/2018
cyan security Peru S.A.C.	Peru	100%	31/07/2018
cyan security USA, Inc.	USA	100%	31/07/2018
I-New Bangladesh Ltd.	Bangladesh	100%	31/07/2018
I-New Hungary Kft.	Hungary	100%	31/07/2018
I-New Unified Mobile Solutions GmbH	Austria	100%	31/07/2018
smartspace GmbH	Austria	100%	31/07/2018

^a In 2022 cyan digital security (Thailand) Ltd. and cyan security Brasil Ltd were founded.

^b In 2021 Cyan Security Argentina SRL was founded. This company is in liquidation as of June 30, 2023.

The following table shows the changes in the scope of consolidation:

	Full consolidation		At-equity	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
Balance at the beginning of the reporting period	16	14	0	0
Included for the first time	0	2	0	0
Deconsolidation due to mergers	0	0	0	0
Deconsolidated	0	0	0	0
Balance at the end of the reporting period	16	16	0	0

Accounting and valuation methods

In accordance with IAS 34, income tax expense for the interim consolidated financial statements is calculated on the basis of the average annual tax rate expected for the full financial year. The same accounting policies have been applied in these interim consolidated financial statements as in the consolidated financial statements as of December 31, 2021. A detailed description of these policies is published in the notes to the consolidated financial statements 2022.

Newly applicable and amended accounting standards

For the first time, application of the following amended standards is mandatory:

Standard	Content	Effective
IFRS 17, IFRS 4	Insurance contracts	01/01/2023
IAS 1	Changes relating to the disclosure of accounting policies	01/01/2023
IAS 8	Accounting-related estimates – changes	01/01/2023
IAS 12	Changes relating to deferred taxes on leases and decommissioning obligations; changes to grant a temporary exemption from the rules on deferred tax assets and -liabilities related to OECD second pillar income taxes	01/01/2023

The changes had no material effect on cyan's assets, financial and earnings positions.

The following amendments or new versions of standards and interpretations are not yet mandatory or applicable or have not yet been adopted by the EU:

Standard	Content	Effective
IFRS S1	General requirements for the disclosure of sustainability-related financial information	01/01/2024
IFRS S2	Climate related specification	01/01/2024
IFRS 16	Changes to clarify the subsequent measurement of sale-and-leaseback transactions by a seller-lessee	01/01/2024
IAS 1	Changes in relation to the classification of debt and ancillary conditions	01/01/2024
IFRS 7, IAS 7	Changes relating to supplier financing agreements	01/01/2024
IAS 28, IFRS 10	Changes relating to the sale or contribution of assets between an investor and an associated company or joint venture	postponed
IAS 21	Changes in relation to lack of exchangeability	01/01/2025

The standards listed – if adopted by the EU – will not be applied early. From today's perspective, the amendments and new versions of the standards and interpretations are not expected to have a material impact on cyan's assets, financial and earnings positions.

Segment reporting

cyan's business activities, the business divisions and the products and services with which the reportable segments generate revenues are consistent with those described in the 2022 consolidated financial statements. The statements contained therein regarding the general disclosures on segment reporting continue to be accurate and valid.

in EUR thousand	BSS/OSS		Cybersecurity		Transition		Total	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Segment total revenues ^a	2,746	4,676	1,707	1,656	-	60	4,453	6,391
Segment revenues ^b	1,700	2,584	2,065	1,514	-	-	3,766	4,098
EBITDA	-2,924	-1,413	-2,272	-2,032	-509	-513	-5,705	-3,958

^a Sum of revenue, other operating income, income from reversals of impairment losses and changes in inventories

^b Segment revenue result exclusively from sales revenues with external customers.

Employees are allocated to the segments as follows (average for the period):

	BSS/OSS		Cybersecurity		Transition		Total	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Employees (FTE)	81	87	50	49	0	0	131	136

The following table shows cyan's non-current tangible assets, intangible assets and deferred tax assets by country of origin:

in EUR thousand	BSS/OSS		Cybersecurity		Transition		Total	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022	30/06/2023	31/12/2022	30/06/2023	31/12/2022
Americas	1,905	1,348	-	-	-	-	1,905	1,348
APAC	6	9	98	102	-	-	104	111
EMEA	12,219	13,800	38,117	38,870	19	24	50,354	52,694
Non-current tangible assets, intangible assets and deferred tax assets	14,130	15,158	38,214	38,972	19	24	52,363	54,154

The countries of the respective customers or companies are allocated to the Americas, APAC and EMEA regions as follows:

- Americas: Argentina, Chile, Ecuador, Colombia, Mexico, Peru, USA
- APAC (Asia and Pacific): Bangladesh, New Zealand, Thailand
- EMEA (Europe, Middle East and Africa): Germany, France, Italy, Ireland, Austria, Poland, Switzerland, Slovakia, Slovenia, Spain, Hungary, Cyprus

The following table shows how the additions of long-term tangible assets and intangible assets of cyan by their region of origin:

in EUR thousand	BSS/OSS		Cybersecurity		Transition		Total	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022	30/06/2023	31/12/2022	30/06/2023	31/12/2022
Americas	671	140	-	-	-	-	671	140
APAC	-	-	3	103	-	-	3	103
EMEA	209	672	64	427	2	2	275	1,101
Additions to non-current tangible assets, intangible assets	880	812	67	530	2	2	949	1,344

Note to the statement of comprehensive income

[1] Revenues

All revenues result from contracts with customers as defined by IFRS 15 and include all revenues resulting from cyan's ordinary business activities.

The following chart shows cyan's revenues broken down by the region and country of origin of the business partner.

in EUR thousand	BSS/OSS		Cybersecurity		Total	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Americas	547	899	-	-	547	899
<i>thereof Colombia</i>	144	351	-	-	144	351
<i>thereof Mexico</i>	226	286	-	-	226	286
<i>thereof other countries</i>	178	261	-	-	178	261
APAC	613	824	132	-	745	824
<i>thereof Bangladesh</i>	103	338	-	-	103	338
<i>thereof New Zealand</i>	510	487	-	-	510	487
<i>thereof other countries</i>	-	-	132	-	132	-
EMEA	540	861	1,933	1,514	2,473	2,375
<i>thereof Austria</i>	294	160	1,417	1,309	1,711	1,469
<i>there of Slovenia</i>	237	655	-	-	237	655
<i>thereof other countries</i>	10	46	516	205	526	252
Revenues	1,700	2,584	2,065	1,514	3,766	4,098

[2] Other operating income, income from reversals of impairment losses and changes in inventories

Other income, income from reversals of impairment losses and changes in inventories comprise the following items:

in EUR thousand	H1 2023	H1 2022
Change in inventories and capitalized own work	- 652	- 306
Income from subsidies/research grants	341	449
Income from reversal of impairment losses	32	42
Exchange rate gains	820	2,032
Other	143	76
Other income, income from reversals of impairment losses and changes in inventories	684	2,293

The changes in inventories shown relate to contract costs to fulfill customer contracts in accordance with IFRS 15. In 2020, contract costs were capitalized. From April 2021, the contract costs will be amortized over the term of the contract due to the commencement of service provision. In addition, further contract costs were capitalized in 2022, which will also be amortized over the term of the contract once the service has been rendered.

The research grant refers to an Austrian grant for research and development expenses, which is paid out by the Austrian tax authorities.

The exchange rate gains largely stem from the valuation of contract assets. The increase results from the change in the US dollar exchange rate.

[3] Costs of material and services procured

The Statement of Profit and Loss and the Statement of Comprehensive Income include expenses for materials and services procured as follows:

in EUR thousand	H1 2023	H1 2022
Cost of materials	- 8	- 22
Cost of services procured	- 2,497	- 2,525
Cost of materials and services procured	- 2,505	- 2,547

The purchased services mainly relate to various external services (e.g. maintenance services and technical consulting) in the domestic country, in the EU and in third countries.

[4] Personnel expenses

Personnel expenses include the following items:

in EUR thousand	H1 2023	H1 2022
Salaries	- 3,798	- 3,532
Expenses for social security contributions and payroll taxes	- 916	- 854
Other personnel expenses	- 40	- 89
Personnel expenses	- 4,753	- 4,475

[5] Impairment of trade receivables, and contract assets

In 2023, insignificant write-downs of receivables were recognized. No impairment loss has yet been recognized in 2022.

[6] Other expenses

Other expenses include the following items (type of expenses):

in EUR thousand	H1 2023	H1 2022
Consulting fees	- 556	- 1,143
Advertising expenses	- 111	- 66
Rental expenses	- 168	- 153
Fees	- 84	- 65
Insurance	- 113	- 122
Research and development	- 38	- 76
Travel expenses	- 142	- 109
Exchange rate differences	- 1,039	- 1,023
Other	- 649	- 571
Other expenses	- 2,899	- 3,328

Consulting expenses include expenses for technical advice, legal and tax advice and other consulting services. Other expenses include maintenance, licenses, administrative expenses, monetary transaction charges and contributions.

The exchange rate differences originate to a large extent from the change in the Mexican peso and the U.S. dollar.

[7] Depreciation

The statement of comprehensive income includes expenses for depreciation and amortization as follows:

in EUR thousand	H1 2023	H1 2022
Amortization of intangible assets	- 2,232	- 2,330
Depreciation on property, plant and equipment	- 475	- 564
Depreciation and amortization	- 2,708	- 2,894

[8] Financial income and financial expenses

Other interest income results from the recognition of financing components included in customer contracts in accordance with IFRS 15. Interest expense is attributable to debt financing (e.g. bank and other loans).

in EUR thousand	H1 2023	H1 2022
Interest income		
Loans	10	0
Other	288	344
Financial income	298	344
Interest and similar expenses		
Leasing liabilities	-36	-30
Interest on loans	-9	-25
Other	-2	-8
Financial expenses	-46	-63
Loss from the net position of monetary items	-	-5
Financial result	253	276

The decrease in interest on loans is due to the repayment of a loan with Erste Bank.

[9] Taxes on income

in EUR thousand	H1 2023	H1 2022
Expenses for current income taxes	-28	-44
Tax credits/back payments for previous years	-17	35
Change in deferred income taxes	548	3,878
Income taxes	503	3,869

In the first half of 2022, deferred taxes in the amount of approximately EUR 3 million were recognized in connection with the loss carryforwards. Deferred tax assets included the effects of changes in the corporate income tax rate in Austria in accordance with the Eco-social Tax Reform Act, which came into force on January 20, 2022. Based on this legislation, corporate income tax rates will be reduced from 25% to 24% in 2023 and further to 23% from 2024.

Notes to the statement of financial income

[10] Intangible assets

The following table shows the development of intangible assets:

in EUR thousand	Patents, customer relations & similar rights	Software	Development costs	Goodwill	Total
As of 01/01/2022					
Acquisition costs	17,844	20,640	966	30,779	70,229
Accumulated depreciation	-6,439	-9,208	-129	-	-15,776
Book value	11,405	11,432	837	30,779	54,453
Financial year 31/12/2022					
Initial book value	11,405	11,432	837	30,779	54,453
Additions - purchases	72	282	-	-	354
Disposals acquisition costs	0	-	-	-	0
Disposals accumulated depreciation	-0	-	-	-	-0
Depreciation	-1,655	-2,835	-54	-	-4,543
Currency difference depreciation	-	1	-	-	1
Book value	9,823	8,879	783	30,779	50,264
Currency translation acquisition costs	-	1	-	-	1
Currency translation accumulated depreciation	-	-1	-	-	-1
As of 01/01/2023					
Acquisition costs	17,916	20,923	966	30,779	70,584
Accumulated depreciation	-8,093	-12,044	-183	-	-20,320
Book value	9,823	8,879	783	30,779	50,264
Financial year 30/06/2023					
Initial book value	9,823	8,879	783	30,779	50,264
Additions - purchases	8	16	-	-	24
Rebooking of acquisition costs	27	-27	-	-	-
Rebooking of accumulated depreciation	-	-	-	-	-
Disposals Acquisition cost	-	-54	-	-	-54
Disposals Accumulated depreciation	-	52	-	-	52
Depreciation	-834	-1,365	-27	-	-2,227
Depreciation	-	-	-	-	-
Currency difference depreciation	-	-0	-	-	-0
Book value	9,022	7,501	756	30,779	48,059
Currency translation acquisition costs	-	4	-	-	4
Currency translation accumulated depreciation	-	-4	-	-	-4
Acquisition costs	17,950	20,862	966	30,779	70,557
Accumulated depreciation	-8,928	-13,361	-210	-	-22,499
Book value	9,022	7,501	756	30,779	48,059

Regular checks are carried out to determine whether there are any indications of impairment of assets, particularly with regard to the value of goodwill. There were no indications of impairment at the end of the first half of the year 2023.

[11] Tangible assets

The development of tangible assets can be depicted as follows:

in EUR thousand	Building equipment	Machinery and similar equipment	Other equipment/ office equipment	Total
As of 01/01/2022				
Acquisition costs	6,487	184	1,024	7,696
Accumulated depreciation	-2,055	-68	-630	-2,752
Book value	4,432	117	394	4,943
Financial year 31/12/2022				
Initial book value	4,432	117	394	4,943
Additions - purchases	529	435	26	990
Reclassification of acquisition costs	24	-24	-0	-0
Reclassification of accumulated depreciation	-9	9	0	0
Disposals acquisition costs	-2,479	8 ^a	-253	-2,725
Disposals accumulated depreciation	993	-0	203	1,196
Depreciation	-822	-80	-169	-1,071
Currency difference	31	0	-0	31
Book value	2,699	465	200	3,364
Currency translation acquisition costs	-80	2	2	-76
Currency translation accumulated depreciation	45	1	-2	44
As of 01/01/2023				
Acquisition costs	4,481	606	798	5,885
Accumulated depreciation	-1,817	-138	-598	-2,553
Book value	2,664	468	201	3,332
Financial year 30/06/2023				
Initial book value	2,664	468	201	3,332
Additions - purchases	554	319	52	925
Reclassification of acquisition costs	-	-	-	-
Reclassification of accumulated depreciation	-	-	-	-
Disposals acquisition costs	-161	-	20 ^a	-140
Disposals accumulated depreciation	-	-	-20	-20
Depreciation	-371	-50	-55	-475
Currency difference	-8	-0	-0	-8
Book value	2,678	737	198	3,613
Currency translation acquisition costs	158	13	6	177
Currency translation accumulated depreciation	-97	-3	-5	-105
As of 30/06/2023				
Acquisition costs	5,032	938	877	6,847
Accumulated depreciation	-2,293	-191	-678	-3,162
Book value	2,739	747	199	3,685

^a Correction from disposal previous year

This table also includes the rights of use that arise due to IFRS 16. The additions as well as the disposals in 2022 largely relate to rights of use in accordance with IFRS 16.

The following table shows the development of rights of use within property, plant and equipment:

in EUR thousand	Buildings	Vehicles	Fibre Optic	Total
As of 01/01/2022				
Acquisition costs	5,706	116	228	6,050
Accumulated depreciation	-1,898	-78	-103	-2,079
Book value	3,807	38	125	3,971
Financial year 31/12/2022				
Initial book value	3,807	38	125	3,971
Additions	488	-	4	493
Disposals acquisition costs	-2,206	-35	-111	-2,352
Disposals accumulated depreciation	914	20	111	1,045
Depreciation	-738	-16	-50	-805
Currency difference	31	-	-1	30
Book value	2,296	7	79	2,382
Currency difference acquisition costs	-81	-	7	-74
Currency difference accumulated depreciation	44	-	-5	39
As of 01/01/2023				
Acquisition costs	3,907	82	129	4,117
Accumulated depreciation	-1,647	-75	-49	-1,770
Book value	2,260	7	80	2,347
Financial year 30/06/2023				
Initial book value	2,260	7	80	2,347
Additions	554	34	8	596
Disposals acquisition costs	-161	-	-	-161
Disposals accumulated depreciation	-	-	-	-
Depreciation	-341	-8	-14	-363
Currency difference	-8	-	-	-8
Book value	2,305	32	74	2,411
Currency translation acquisition costs	150	-	-	150
Currency translation acquisition costs	-92	-	-	-92
As of 30/06/2023				
Acquisition costs	4,450	115	137	4,702
Accumulated depreciation	-2,087	-83	-63	-2,233
Book value	2,363	32	74	2,469

[12] Contract assets, contract costs and contract liabilities from contracts with customers

The following table shows the amount of contract costs (costs of initiating a contract and contract performance costs), receivables, contract assets and contract liabilities arising from contracts with customers in accordance with IFRS 15:

in EUR thousand	30/06/2023	31/12/2022
Costs of initiating a contract	29	34
<i>thereof non-current</i>	29	34
<i>thereof current</i>	-	-
Contract performance costs	3,166	3,874
<i>thereof non-current</i>	2,045	3,874
<i>thereof current</i>	1,122	-
Trade accounts receivable	3,597	2,881
<i>thereof non-current</i>	-	-
<i>thereof current</i>	3,597	2,881
Contract assets	13,024	14,933
<i>thereof non-current</i>	8,835	10,726
<i>thereof current</i>	4,189	4,208
Contract liabilities	101	-
<i>thereof non-current</i>	-	-
<i>thereof current</i>	101	-

The costs of initiating a contract include special bonuses for the conclusion of customer contracts. These have been capitalized and are amortized over the term of the contract. They are shown on the balance sheet as non-current assets, as the contract term is longer than 1 year. Contract performance costs largely comprise personnel costs, services procured and travel expenses. As the performance obligations agreed in the contracts have been partially fulfilled, the capitalized contract performance costs are amortized over the term of the contract according to their maturity.

The contract assets were divided into non-current and current contract assets in accordance with the requirements of IAS 1.

[13] Financial instruments

in EUR thousand	IFRS 9^a	Level	Book values 30/06/2023	Book values 31/12/2022
Assets				
Leasing receivables (non-current)	AC	n/a	83	118
Leasing receivables (current)	AC	n/a	165	186
Cash and cash equivalents	AC	n/a	1,543	5,349
Trade receivables and other receivables	AC	n/a	3,598	2,881
Liabilities				
Leasing liabilities (non-current)	AC	n/a	2,000	2,091
Leasing liabilities (current)	AC	n/a	945	861
Financial liabilities	AC	n/a	1	2
Trade payables and other liabilities	AC	n/a	4,272	4,331
Other non-current financial liabilities	AC	n/a	654	3,705
Other non-current liabilities	AC	n/a	207	207

^a Classification according to IFRS 9 (AC = accumulated cost).

A fair value measurement according to Level 3 (based on IFRS 13) resulted in a fair value of EUR 238 thousand for the lease receivables and EUR 2,720 thousand for the leasing liabilities as of June 30, 2023.

Non-current financial liabilities include fixed-interest loans from the Austrian Research Promotion Agency (FFG). The loans from FFG are measured at amortized acquisition costs and amount to EUR 654 thousand as of June 30, 2023. A fair value measurement according to Level 3 (based on IFRS 13) resulted in a fair value of EUR 611 thousand.

In the case of trade accounts receivable, other receivables, cash and cash equivalents, trade accounts payable and other liabilities, it is assumed that the carrying amounts essentially correspond to the fair values due to the predominantly short-term nature of the items.

In 2021, an agreement regarding the issuance of convertible bonds was reached between cyan AG (issuer) and NICE & GREEN S.A. (investor), which was cancelled in 2022. Details are explained in the Annual Report 2022.

[14] Equity

On June 30, 2023, the nominal capital has a value of EUR 18,885,392.00 (December 31, 2022: EUR 17,016,800.00) and is fully paid-up. The development of nominal capital and capital reserves is shown in the consolidated statement of changes in equity.

On the reporting date, 18,885,392 shares were outstanding (December 31, 2022: 17,016,800 shares) with a par value of EUR 1.00 per share (December 31, 2022: EUR 1.00).

A bank loan in the amount of EUR 3.0 million was contributed as a contribution in kind against the granting of 1,868,592.00 new shares. This led to an increase of the capital reserve in the amount of EUR 1.2 million.

[15] Provisions

The provisions include the following items:

in EUR thousand	Personnel expenses	Consulting expenses	Other	Total
Book value at 01/01/2022	305	3	9	317
Use/resolution	305	0	39	344
Allocations to provisions	-	1	48	48
Book value at 31/12/2022	-	4	18	21
Use/resolution	-	0	18	18
Allocations to provisions	-	-	5	5
Book value at 30/06/2023	-	4	5	8

Notes to the consolidated cash flow statement

The cash flow statement has been prepared using the indirect method. It shows the changes in cash and cash equivalents resulting from the inflow and outflow of funds during the reporting period and distinguishes between cash flows from operating, investing, and financing activities. The funds reported in the cash flow statement are cash and cash equivalents.

[16] Cash flow from operating activities

The cash flow from operating activities shows the cash flows from the provision and acceptance of services during the reporting period and includes changes in current assets.

[17] Cash flow from investing activities

The cash flow from investing activities mainly comprises cash outflows for the purchase of tangible assets and intangible assets.

[18] Cash flow from financing activities

The cash flow from financing activities comprises the capital increase and the repayment of convertible notes and loans.

Other explanations

Related parties and people

As of June 30, 2023, there have been no changes to the related party disclosures described in the consolidated financial statements as of December 31, 2022.

Information on the compensation of the Management Board and the Supervisory Board

Remuneration of the members of the Management Board

As of June 30, 2023, the Management Board of cyan AG comprises the following members:

- Markus Cserna
- Frank von Seth (until 31/08/2023)

The compensation of the members of the Management Board of cyan AG comprises the following components:

in EUR thousand	Current remuneration H1 2023			Current remuneration H1 2022		
	fix	variable	Total	fix	variable	Total
Frank von Seth	55	-	55	38	-	38
Markus Cserna	38	-	38	25	-	25
Total remuneration	93	-	93	63	-	63

In previous years, the current Management Board members have cancelled the existing bonus arrangements. No new bonus arrangements have yet been agreed.

No advances or loans have been granted.

The Management Board members also receive remuneration from subsidiaries that is not included in the above disclosures. The remuneration of the members of the Management Board of cyan AG, which originates from subsidiaries, breaks down as follows.

in EUR thousand	Current remuneration H1 2023			Current remuneration H1 2022		
	fix	variable	Total	fix	variable	Total
Frank von Seth	117	-	117	88	-	88
Markus Cserna	125	-	125	91	-	91
Total remuneration	243	-	243	178	-	178

Besides the regular fixed remuneration, benefits in kind total EUR 15 thousand (H1 2022: EUR 10 thousand) and cash expenses total EUR 0.8 thousand (H1 2022: EUR 2 thousand).

Compensation of the members of the Supervisory Board

The members of the Supervisory Board of cyan AG are:

- Lucas Prunbauer
- Markus Messerer (since 31/03/2023)
- Alexander Singer (since 10/07/2023)
- Stefan Schütze (until 10/07/2023)
- Alexandra Reich (until 31/03/2023)

The members of the Supervisory Board of cyan AG received the following remuneration:

in EUR thousand	Period of appointment	H1 2023	H1 2022
Stefan Schütze	01/01/2018 - 31/12/2023	30	20
Lucas Prunbauer	30/11/2018 - 31/12/2023	20	15
Markus Messerer	31/03/2023 - 31/12/2023	9	-
Alexandra Reich	23/06/2021 - 31/03/2023	6	15
Trevor Traina	23/06/2021 - 22/06/2022	-	15
Adrian Shatku	07/01/2022 - 22/06/2022	-	14

Details on employees

The average number of employees during the financial year 2023 was 131 (December 31, 2023: 136).

The composition of personnel expenses can be found in Note 4, Personnel expenses.

Contingent liabilities and obligations

Contingent liabilities comprise guarantees for rental deposits and credit cards and amount to EUR 776 thousand as of the reporting date (December 31, 2022: EUR 1,008 thousand).

Audit fees

The expenses for the auditor attributable to the financial year are as follows:

in EUR thousand	H1 2023	H1 2022
Expenses for audit services	120	150
<i>thereof from previous years</i>	20	41
Expenses for other certification services	-	-

Negative note

The interim consolidated financial statements of cyan as of June 30, 2023 have not been audited or reviewed by the auditor.

Significant events after the balance sheet date

Between the balance sheet date on June 30, 2023 and the publication date on September 28, 2023, the Company's share capital was increased, making partial use of the Authorized Capital. Also changes to the Management Board and Supervisory Board were announced. This event is explained in the supplementary report of the interim management report.



Markus Cserna
CEO & CTO

Assurance by the Legal Representative



I assure that, to the best of our knowledge, the consolidated interim financial statements convey a true and fair picture of the actual assets, financial and earnings positions of the Group, in accordance with the applicable accounting principles and that the representations in the management report on the business performance, including on the results and the position of the Group are such that an image is provided that is a true and fair reflection of the actual conditions and that the essential risks and opportunities in terms of expected development of the group are described in it.

Munich, in September 2023

Management Board of cyan AG

A handwritten signature in black ink, appearing to read 'M Cserna', with a stylized flourish at the end.

Markus Cserna
CEO & CTO

Further Information



Disclaimer

Statements on future events and developments

This report contains statements on future events and developments, based on current assessments of the management. Such statements are based on current expectations and certain assumptions and estimates made by the management. They are subject to risks, uncertainties and other factors that may cause the actual circumstances, including cyan's assets, financial and earnings positions, to differ materially or to be more negative than those expressly or implicitly assumed or described in these statements.

The business activities of cyan are subject to a number of risks and uncertainties that may cause statement, estimate or prediction in relation to future events and developments to be inaccurate. Statements on future events and developments must not be perceived as guaranties or assurances that such future events or developments will actually materialize.

Note on rounding

The figures in this report have been rounded in accordance with prevailing commercial principles. Consequently, rounding differences may occur. Therefore, the sum of the individual values shown may differ from the precisely shown total.

Gender-neutral formulation

In the interest of legibility, gender-differentiating formulations have been dispensed with throughout. The relevant terms apply to all sexes within the framework of equal rights. The shortened manner of speech has only editorial reasons and does not represent any evaluations on the part of cyan.

English translation

This English version has been translated based on the German report. In case of deviations, the German version prevails. The report is available for download in both languages in the Investor Relations section of the website.

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