

2023

**Half-Year
Financial
Report**

secunet – protecting 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 computing. With security solutions from secunet, companies can maintain the highest security standards in digitalisation projects and thus expedite their digital transformation.

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.

Key Figures

secunet Group at a glance (according to IFRS)

Figures in million euros

Key operating figures	H1/2023	H1/2022	Change
Sales revenue	151.5	135.5	12%
Earnings before interest and taxes (EBIT)	4.0	14.9	-73%
EBIT margin	2.6%	11.0%	-8.4 Pp.
Earnings before taxes (EBT)	3.6	14.9	-76%
Group profit for the period	2.4	10.1	-76%
Earnings per share (in euros)	0.39	1.57	-76%

Key cash flow figures	H1/2023	H1/2022	Change
Cash flow from operating activities	-3.0	-32.7	-%
Cash flow from investing activities	-3.4	-51.6	-%
Cash flow from financing activities	-11.9	-30.0	-%

Key balance sheet figures	30 Jun 2023	31 Dec 2022	Change
Balance sheet total	281.1	315.4	-11%
Equity (including non-controlling interests)	111.7	127.8	-13%
Equity ratio	39.7%	40.5%	-0.8 Pp.
Cash and cash equivalents	3.2	21.5	-85%
Liabilities	169.4	187.6	-10%
Loans	9.9	0.5	>100%
Order book	191.6	197.6	-3%
Permanent employees	1,013	958	+6%

Key share figures	30 Jun 2023	31 Dec 2022	Change
Shares outstanding	6,469,502	6,469,502	-%
Closing price (Xetra, in euros)	217.5	196.4	11%
Market capitalisation (in billion euros)	1.4	1.3	11%

Quarterly overview

Figures in million euros

	Q1/2022	Q2/2022	Q3/2022	Q4/2022	Q1/2023	Q2/2023
Sales revenue	65.4	70.1	77.5	134.2	55.2	96.3
Earnings before interest and taxes (EBIT)	8.5	6.4	9.0	23.1	-6.2	10.2

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Interim Group Management Report

for the First Half-Year 2023

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Results of operations

Sales revenue performance

In the first half of 2023, secunet generated Group sales revenue of 151.5 million euros. This corresponds to a 12% increase on the result for the same period of the previous year (135.5 million euros). The growth in sales revenue is attributable to positive business development in the Public Sector segment.

In the second quarter of 2023, sales revenue of 96.3 million euros was generated. Sales revenue was 37% higher than in the same quarter of the previous year (70.1 million euros). The seasonal sales pattern of secunet Group during the year usually shows a disproportionately rising trend from the first to the last quarter. This is also evident this year: Following a restrained start to the year in operational terms, the second quarter already saw a clear turnaround.

Earnings performance

In the second quarter of 2023, secunet Group recorded a significant improvement in earnings. Following a negative EBIT of -6.2 million euros in the first quarter, a positive EBIT of 10.2 million euros was achieved in the second quarter. This corresponds to a 59% increase on the same period of the previous year (6.4 million euros).

Overall, secunet Group's EBIT amounted to 4.0 million euros in the first half of 2023, compared with 14.9 million euros in the same period of the previous year. This decline is attributable in particular to the cost of sales, which increased by 27% to 127.5 million euros (previous year: 100.2 million euros). This is explained by an increase in the cost of materials due to growth in the product business and a change in the product mix. Furthermore, the strong expansion of the workforce in the productive areas led to an increase in personnel expenditure.

Selling expenses increased to 12.7 million euros in the reporting period (previous year: 10.6 million euros), which is attributable to increased sales activities and the associated higher personnel requirements. At 5.4 million euros, general administrative costs were at the same level as the previous year (5.4 million euros), as were research and development costs at 4.6 million euros (previous year: 4.5 million euros).

In the course of the half-year financial statements as at 30 June 2023, the payout clause contractually agreed in conjunction with the acquisition of SysEleven GmbH was revalued. The revaluation resulted in an impairment of the payout clause of 2.6 million euros. This led to a corresponding one-time positive effect on earnings in the reporting period in the amount of 2.6 million euros, which was recognised as other operating income.

Interest income was insignificant in the first half of 2023. Interest expenses totalled 0.3 million euros (previous year: 0.2 million euros). In addition to the interest on pension provisions, the increase resulted mainly from the interest expense for a temporary current-account credit facility that was taken out as well as expenses within the scope of lease accounting in accordance with IFRS 16.

Earnings before taxes (EBT) of secunet Group amounted to 3.6 million euros in the first half of 2023 (previous year: 14.9 million euros). Tax expenses amounted to 1.2 million euros (previous year: 4.8 million euros). This corresponds to a tax ratio of 32% (previous year: 32%). As a result, Group profit for the period amounted to 2.4 million euros (previous year: 10.1 million euros). Diluted and undiluted earnings per share are reported at 0.39 euros (previous year: 1.57 euros).

Segment reporting

secunet Group is segmented into two business units according to target groups.

Public Sector

secunet Group's business is focused on public authorities, ministries and defence organisations. The contribution of the corresponding Public Sector division to Group sales revenue is accordingly high and amounted to 86% in the first half of 2023 (previous year: 84%). Sales revenues amounted to 130.2 million euros, an increase of 15% compared to the same period of the previous year (113.1 million euros). Both the product business and the service business contributed to this positive development.

As at Group level, expenses in the Public Sector also increased at a higher rate than sales revenue. The causes are analogous to those in the Group. Cost of sales amounted to 105.9 million euros (previous year: 83.3 million euros) and represented the largest cost item. Selling expenses totalled 10.0 million euros (previous year: 8.3 million euros), general administrative expenses 4.6 million euros (previous year: 4.5 million euros) and research and development expenses 4.1 million euros (previous year: 2.9 million euros).

Due to this cost development, EBIT in the Public Sector decreased to 5.6 million euros (previous year: 14.2 million euros).

Business Sector

The Business Sector division generated about 14% of Group sales revenue (previous year: 16%). This division serves two markets in the private sector: healthcare and industry. Sales revenue amounted to 21.2 million euros in the first half of 2023, only slightly below the figure for the same period of the previous year (22.4 million euros).

Costs developed as follows: cost of sales and selling expenses increased to 18.9 million euros (previous year: 16.9 million euros) and 2.7 million euros (previous year: 2.2 million euros) respectively. By contrast, general administrative costs and research and development costs decreased to 0.8 million euros (previous year: 1.0 million euros) and 0.5 million euros (previous year: 1.6 million euros) respectively. Due to these developments, EBIT in the Business Sector decreased to -1.6 million euros (previous year: 0.7 million euros).

Order situation

The Group's order book remained at a very high level as at 30 June 2023. In total, firm orders added up to 191.6 million euros. This corresponds to an increase of 20% on the order book as at the previous year's reporting date (159.9 million euros).

Assets and financial position

Capital structure of the Group

At the end of the first half of 2023, secunet Group's balance sheet total amounted to 281.1 million euros (31 December 2022: 315.4 million euros). On the liabilities side, equity accounted for 111.7 million euros (31 December 2022: 127.8 million euros) and debt capital for 169.4 million euros (31 December 2022: 187.6 million euros).

The financing of current business and necessary replacement investments was ensured by cash and cash equivalents in the reporting period. Additionally, secunet has a credit line of 30 million euros at its disposal.

Assets

The assets side of the consolidated balance sheet showed current assets of 148.7 million euros as at 30 June 2023 (31 December 2022: 179.8 million euros). The following balance sheet items show a significant change compared with the figures as at 31 December 2022:

Trade receivables decreased to 53.0 million euros (31 December 2022: 75.8 million euros). As the focus of secunet's business is in the fourth quarter, there are high receivables at the end of the year, which decrease significantly in the course of the first months of the year.

Contract assets increased to 4.8 million euros (31 December 2022: 2.6 million euros), and represent services already rendered under contracts for work and services for which no unconditional claim for payment has yet arisen.

Due to the dividend payment of 18.5 million euros made in June 2023, cash and cash equivalents decreased to 3.2 million euros (31 December 2022: 21.5 million euros).

Non-current assets totalled 132.4 million euros as at 30 June 2023 (31 December 2022: 135.7 million euros). There were no significant changes in the related balance sheet items.

Debt and equity

The liabilities side of the consolidated balance sheet showed lower current liabilities, i.e. liabilities with a remaining term of less than one year, of 93.4 million euros as at 30 June 2023 (31 December 2022: 103.3 million euros). Non-current liabilities decreased to 76.0 million euros (31 December 2022: 84.3 million euros). The following balance sheet items show a significant change compared with the figures as at 31 December 2022:

Trade payables amounted to 35.9 million euros as at the reporting date of 30 June 2023 (31 December 2022: 36.2 million euros). The item “Short-term loans and current portion of long-term loans” increased to 9.9 million euros as a result of drawing down a current-account credit facility, compared to 0.3 million euros as at 31 December 2022.

Other provisions fell to 11.3 million euros (31 December 2022: 18.8 million euros), mainly due to lower liabilities to personnel resulting from the payment of variable remuneration components during the reporting period.

Other non-current liabilities include a success-related purchase price component agreed in the context of the acquisition of SysEleven GmbH. The success-related purchase price payments are dependent on quantitative and qualitative targets. As at 30 June 2023, the discounted fair value of the contingent purchase price payment amounted to 8.4 million euros (31 December 2022: 11.1 million euros).

secunet Group’s equity at the end of the first half-year 2023 amounted to 111.7 million euros (31 December 2022: 127.8 million euros). In relation to the balance sheet total, this results in a slightly reduced equity ratio of 39.7% compared to 31 December 2022 (31 December 2022: 40.5%).

Cash flow and liquidity

In the first half of 2023, secunet Group recorded a cash flow from operating activities of -3.0 million euros, which represents a significant improvement compared to the same period of the previous year (-32.7 million euros). This positive development was achieved by reducing working capital. This more than compensated for the effects of the lower earnings before taxes. It should be noted that negative cash flow from operating activities is common in the first half of the year due to the seasonal pattern of the business model.

Cash flow from investing activities amounted to -3.4 million euros in the reporting period and mainly comprised investments in intangible assets and property, plant and equipment. In comparison, the corresponding figure of -51.6 million euros in the previous year was strongly influenced by the acquisition of SysEleven GmbH. No acquisitions were made in the current reporting period.

The cash flow of -11.9 million euros from financing activities (previous year: -30.0 million euros) essentially reflects the dividend payment of 18.5 million euros (previous year: 34.8 million euros) and proceeds from the drawdown of a current-account credit facility of 9.6 million euros.

After the end of the first half of 2023, there was an overall outflow of cash and cash equivalents totalling 18.3 million euros, compared to a cash outflow of 114.3 million euros in the same period of the previous year. Cash and cash equivalents amounted to 3.2 million euros as at 30 June 2023 (31 December 2022: 21.5 million euros). In order to ensure additional financial flexibility, secunet has a current-account credit facility of 30 million euros. Of this amount, a total of 20.4 million euros was freely available as at the balance sheet date.

Capital expenditure

Capital expenditure amounted to 3.4 million euros in the first half of 2023 and mainly comprised investments in intangible assets and property, plant and equipment. These were primarily expenditures for the new acquisition and replacement of hardware, software and other operating equipment. In comparison, the corresponding figure of 51.6 million euros in the previous year was strongly influenced by the acquisition of SysEleven GmbH. No acquisitions were made in the current reporting period.

The investments were made primarily by secunet Security Networks AG and funded mainly from cash and cash equivalents.

Employees

As at the end of the first half of 2023, secunet employed 1,013 permanent employees across the Group. The number of permanent employees thus increased by 79 permanent employees or 8% compared to the date in the previous year (934 permanent employees). In addition, secunet Group employed 63 temporary staff as at the reporting date (previous year's reporting date: 100 temporary staff). This means that a total of 1,076 employees were working for secunet Group. (Previous year's reporting date: 1,034 employees).

Over the past few years, secunet Group has recorded strong growth in the number of employees. This is particularly evident when looking at the last one and a half years: since the balance sheet date of 31 December 2021 (755 permanent employees), the number of permanent employees has grown by 258 employees or 34%. This increase resulted both from new hires and from the acquisition of SysEleven GmbH with over 100 employees.

The growth in the number of employees primarily serves the expansion and diversification of the product range, for example in the area of cloud security for particularly security-critical applications. Furthermore, the increase in the number of employees creates additional operational capacity, which is necessary for the future growth of the company.

Outlook, risks and opportunities

Since the publication of the 2022 Annual Report (March 2023), the Management Board's view of opportunities and risks for secunet Group has not changed. Risks that jeopardise the continued existence of the company are currently not discernible.

The Management Board's assessment of the business development in the current year 2023 also remains unchanged. The seasonal pattern of sales revenue and EBIT during the year traditionally shows a focus in the second half of the year. This is related to the procurement processes of public sector clients, who make up the majority of our customer base. Based on the well-filled order book, the Management Board expects this pattern to continue in 2023. Therefore, sales revenue and EBIT are expected to increase strongly in the second half of the year.

In this context, the Management Board confirms its forecast for the 2023 financial year. Significant sales growth to around 375 million euros (2022: 347.2 million euros) is still expected. EBIT is predicted to increase slightly to around 50 million euros (2022: 47.0 million euros).

Forward-looking statements

This financial report contains statements regarding the future performance of secunet Group, as well as 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.

Condensed Consolidated Interim Financial Statements

for the period from 1 January to 30 June 2023

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Consolidated balance sheet

as at 30 June 2023

Assets

in euros	30 Jun 2023	31 Dec 2022
Current assets		
Cash and cash equivalents	3,189,917.62	21,479,549.36
Trade receivables	52,963,040.04	75,818,259.18
Intercompany financial assets	442,575.88	304,018.98
Contract assets	4,768,938.85	2,596,942.21
Inventories	72,402,994.52	72,298,654.03
Other current assets	5,704,817.56	6,084,621.52
Income tax receivables	9,250,382.36	1,174,591.64
Total current assets	148,722,666.83	179,756,636.92
Non-current assets		
Property, plant and equipment	11,453,422.24	10,720,417.00
Right-of-use assets	15,846,748.78	18,288,681.46
Intangible assets	35,877,085.25	39,006,599.04
Goodwill	47,627,601.69	47,627,601.69
Non-current financial assets	6,561,293.90	6,549,879.00
Deferred taxes	3,451,643.93	2,547,651.27
Other non-current assets	11,556,482.46	10,922,602.38
Total non-current assets	132,374,278.25	135,663,431.84
Total assets	281,096,945.08	315,420,068.76

Liabilities

in euros	30 Jun 2023	31 Dec 2022
Current liabilities		
Trade accounts payable	35,898,736.19	36,185,965.84
Intercompany payables	236,086.75	79,789.82
Lease liabilities	5,466,937.43	3,947,364.31
Short-term loans and current portion of long-term loans	9,919,025.77	312,500.00
Other provisions	9,729,300.20	17,211,643.67
Income tax liabilities	0.00	3,068,902.97
Other current liabilities	6,092,950.12	12,290,604.69
Contract liabilities	26,090,257.75	30,231,243.38
Total current liabilities	93,433,294.21	103,328,014.68
Non-current liabilities		
Lease liabilities	10,784,065.35	14,709,981.23
Other non-current liability	10,109,578.45	12,638,551.04
Deferred taxes	11,012,406.83	11,999,696.98
Provisions for pensions	5,922,622.42	5,604,437.00
Other provisions	1,585,725.88	1,585,725.88
Contract liabilities	36,598,428.80	37,562,964.37
Liabilities to banks	0.00	156,250.00
Total non-current liabilities	76,012,827.73	84,257,606.50
Equity		
Subscribed capital	6,500,000.00	6,500,000.00
Capital reserves	21,922,005.80	21,922,005.80
Other reserves	-340,218.99	-211,218.99
Retained earnings	83,391,266.70	99,378,962.70
Equity attributable to parent company shareholders	111,473,053.51	127,589,749.51
Non-controlling interests	177,769.63	244,698.07
Total equity	111,650,823.14	127,834,447.58
Total equity and liabilities	281,096,945.08	315,420,068.76

Consolidated income statement

for the period from 1 January to 30 June 2023

in euros	1 Jan – 30 Jun 2023	1 Jan – 30 Jun 2022
Sales revenue	151,482,304.21	135,490,681.85
Cost of sales	-127,483,327.47	-100,181,241.63
Gross profit on sales	23,998,976.74	35,309,440.22
Selling expenses	-12,709,731.15	-10,550,748.29
Research and development costs	-4,572,898.40	-4,465,112.39
General administrative costs	-5,391,514.52	-5,416,961.37
Other operating income	2,660,297.60	8,494.89
Other operating expenses	-4,154.00	0.00
Earnings before interest and taxes (EBIT)	3,980,976.27	14,885,113.06
Interest income	232.00	14,539.10
Interest expenses	-335,405.44	-158,803.83
Other financial result	0.00	183,967.79
Earnings before taxes (EBT)	3,645,802.83	14,924,816.12
Taxes on income	-1,197,651.55	-4,826,747.34
Group profit for the period	2,448,151.28	10,098,068.78
of which attributable to shareholders of secunet AG	2,515,079.72	10,156,147.66
of which attributable to non-controlling interests	-66,928.44	-58,078.88
Earnings per share (diluted/undiluted)	0.39	1.57
Average number of shares outstanding (diluted/undiluted, units)	6,469,502	6,469,502

Group statement of comprehensive income

for the period from 1 January to 30 June 2023

in euros	1 Jan – 30 Jun 2023	1 Jan – 30 Jun 2022
Group profit for the period	2,448,151.28	10,098,068.78
Items not reclassified to the income statement		
Revaluation of defined benefit pension plans	-190,000.00	2,720,000.00
Taxes attributable to components of the other comprehensive income/loss	61,000.00	-868,496.00
Other comprehensive income/loss	-129,000.00	1,851,504.00
Consolidated comprehensive income/loss	2,319,151.28	11,949,572.78
of which attributable to shareholders of secunet AG	2,386,079.72	12,007,651.66
of which attributable to non-controlling interests	-66,928.44	-58,078.88

Consolidated cash flow statement

for the period from 1 January to 30 June 2023

in Euro	1 Jan – 30 Jun 2023	1 Jan – 30 Jun 2022
Cash flow from operating activities		
Earnings before taxes (EBT)	3,645,802.83	14,924,816.12
Depreciation and amortisation of tangible assets, right-of-use assets and intangible assets	8,543,016.82	5,840,348.48
Other non-cash income	-2,652,000.00	-268,469.10
Changes in provisions	-7,383,798.05	-13,339,425.88
Book losses on the sale of intangible assets and of property, plant and equipment	1,303.10	24,489.00
Interest result	335,173.44	144,264.73
Change in receivables, contract assets, inventories	20,186,248.99	-31,158,466.27
Change in liabilities and contract liabilities	-11,499,669.49	2,806,956.07
Tax paid	-14,172,628.05	-11,716,762.00
Cash outflow from operating activities	-2,996,550.41	-32,742,248.85
Cash flow from investing activities		
Purchase of intangible assets and of property, plant and equipment	-3,388,189.41	-2,288,281.73
Proceeds from the sale of intangible assets and of property, plant and equipment	3,921.90	23,541.00
Purchase of financial assets	-30,810.70	-30,809.77
Proceeds from financial assets	19,395.80	52,350.00
Acquisition of subsidiaries less cash and cash equivalents acquired	0.00	-49,369,823.53
Cash outflow from investing activities	-3,395,682.41	-51,613,024.03
Cash flow from financing activities		
Proceeds from short-term or long-term loans	10,058,685.15	6,822,557.34
Loan repayments	-419,820.97	0.00
Dividend payment	-18,502,775.72	-34,805,920.76
Repayment portion of lease payments	-2,727,953.94	-1,881,674.27
Interest received	232.00	14,539.10
Interest paid	-305,765.44	-129,163.83
Cash outflow from financing activities	-11,897,398.92	-29,979,662.42
Reduction in cash and cash equivalents	-18,289,631.74	-114,334,935.30
Cash and cash equivalents at the beginning of the period	21,479,549.36	119,476,061.19
Cash and cash equivalents at the end of the period	3,189,917.62	5,141,125.89

Consolidated statement of changes in equity

for the period from 1 January to 30 June 2023

in euros	Subscribed capital	Capital reserves	Other reserves	
			Reserve for treasury shares	Currency conversion differences from the currency conversion of financial statements of foreign subsidiaries
Equity as at 31 Dec 2021 / 1 Jan 2022	6,500,000.00	21,922,005.80	-103,739.83	268,469.10
Group profit for the period 1 Jan – 30 Jun 2022			0.00	0.00
Other comprehensive income/loss – Change in the consolidated Group			0.00	-268,469.10
Miscellaneous other comprehensive income/loss 1 Jan – 30 Jun 2022			0.00	0.00
Consolidated comprehensive income 1 Jan – 30 Jun 2022			0.00	-268,469.10
Dividend payment			0.00	0.00
Equity as at 30 Jun 2022	6,500,000.00	21,922,005.80	-103,739.83	0.00
Group profit for the period 01 Jan – 30 Jun 2022			0.00	0.00
Miscellaneous other comprehensive income/loss 1 Jan – 30 Jun 2022			0.00	0.00
Consolidated comprehensive income 1 Jul – 31 Dec 2022			0.00	0.00
Equity as at 31 Dec 2022 / 1 Jan 2023	6,500,000.00	21,922,005.80	-103,739.83	0.00
Group profit for the period 1 Jan – 30 Jun 2023			0.00	0.00
Miscellaneous other comprehensive income/loss 1 Jan – 30 Jun 2023			0.00	0.00
Other comprehensive income/loss 1 Jan – 30 Jun 2023			0.00	0.00
Consolidated comprehensive income 1 Jan – 30 Jun 2023			0.00	0.00
Dividend payment			0.00	0.00
Equity as at 30 Jun 2023	6,500,000.00	21,922,005.80	-103,739.83	0.00

Other reserves

	Revaluation of performance-oriented pension plans	Income taxes attributable to components of the other comprehensive income/loss	Total other reserves	Retained earnings	Equity of secunet AG shareholders	Non-controlling interests	Total
	-2,830,316.20	927,654.60	-1,737,932.33	102,876,356.60	129,560,430.07	263,410.66	129,823,840.73
	0.00	0.00	0.00	10,156,147.66	10,156,147.66	-58,078.88	10,098,068.78
	0.00	0.00	-268,469.10	0.00	-268,469.10	0.00	-268,469.10
	2,720,000.00	-868,496.00	1,851,504.00	0.00	1,851,504.00	0.00	1,851,504.00
	2,720,000.00	-868,496.00	1,583,034.90	10,156,147.66	11,739,182.56	-58,078.88	11,681,103.68
	0.00	0.00	0.00	-34,805,920.76	-34,805,920.76	0.00	-34,805,920.76
	-110,316.20	59,158.60	-154,897.43	78,226,583.50	106,493,691.87	205,331.78	106,699,023.65
	0.00	0.00	0.00	21,152,379.20	21,152,379.20	39,366.29	21,191,745.49
	-81,190.00	24,868.44	-56,321.56	0.00	-56,321.56	0.00	-56,321.56
	-81,190.00	24,868.44	-56,321.56	21,152,379.20	21,096,057.64	39,366.29	21,135,423.93
	-191,506.20	84,027.04	-211,218.99	99,378,962.70	127,589,749.51	244,698.07	127,834,447.58
	0.00	0.00	0.00	2,515,079.72	2,515,079.72	-66,928.44	2,448,151.28
	-190,000.00	61,000.00	-129,000.00	0.00	-129,000.00	0.00	-129,000.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	-190,000.00	61,000.00	-129,000.00	2,515,079.72	2,386,079.72	-66,928.44	2,319,151.28
	0.00	0.00	0.00	-18,502,775.72	-18,502,775.72	0.00	-18,502,775.72
	-381,506.20	145,027.04	-340,218.99	83,391,266.70	111,473,053.51	177,769.63	111,650,823.14

Selected consolidated explanatory notes

These Consolidated Interim Financial Statements as at 30 June 2023 have been prepared in compliance with the provisions of International Accounting Standard (IAS) 34 “Interim Financial Reporting”, which governs interim financial statements in accordance with International Financial Reporting Standards (IFRS). They are Condensed Consolidated Interim Financial Statements in accordance with IAS 34 as adopted by the EU, which means they do not include all the information required by IFRS for consolidated financial statements at the end of a financial year. The Consolidated Interim Financial Statements must therefore be read in conjunction with the IFRS consolidated financial statements as at 31 December 2022 (Consolidated Financial Statements). These Consolidated Interim Financial Statements have not been audited, but have been reviewed by an auditor pursuant to Article 115 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG). The Condensed Consolidated Interim Financial Statements and the Interim Group Management Report for the first half-year 2023 were approved by the Management Board of secunet Security Networks AG on 9 August 2023.

Accounting principles

The consolidation principles and the method of currency translation correspond to those used for the Consolidated Annual Financial Statements for the 2022 financial year. The accounting and valuation methods were retained. The Consolidated Financial Statements of secunet Security Networks AG as at 31 December 2022 were prepared on the basis of Articles 315 and 315e of the German Commercial Code (Handelsgesetzbuch, HGB) and in accordance with the International Financial Reporting Standards as they are to be applied in the European Union.

The values shown in the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity correspond to the normal course of business of secunet Group and do not include any extraordinary items.

The calculation of income taxes for domestic companies is based on a tax rate of 31.97%.

The preparation of the Consolidated Interim Financial Statements requires a series of assumptions and estimates on the part of management. As a result, it is possible that the figures reported in the Consolidated Interim Financial Statements may deviate from the actual future figures. The main assumptions and estimates are fundamentally unchanged compared to the Consolidated Financial Statements as at 31 December 2022. The business operations and therefore the net assets, financial position and earnings situation of secunet Group are not significantly impacted by the effects of the war in Ukraine.

New accounting rules

The following standards were to be applied for the first time in the 2023 financial year:

Standard / Interpretation	Content of the amendment
IFRS 17	Including Amendments to IFRS 17 and Initial Application of IFRS 17 and IFRS 9 Comparative Information
IAS 1	Classification of Liabilities as Current or Non current including Deferral of Effective Date and Disclosure of Accounting Policies
IAS 8	Definition of Accounting Estimates
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amended standards and interpretations that came into force on 1 January 2023 have no significant effect on secunet Group.

Consolidated group

In addition to secunet Security Networks AG, the Consolidated Financial Statements include all associate companies that are controlled by secunet Security Networks 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.

Non-controlling interests (minority shareholders) exist as a result of the consolidation of secustack GmbH, Dresden.

Stock of treasury shares

As at 30 June 2023, the Company held 30,498 treasury shares, unchanged from 31 December 2022; this corresponds to 0.5% of the share capital.

Recognition of actuarial gains and losses in equity (“other comprehensive income”) from the revaluation of defined benefit pension plans

In the first six months of the financial year, a total of 0.2 million euros from the revaluation of the defined benefit pension plans as at 30 June 2023 was recognised in the other comprehensive income of secunet Group, with no effect on profit or loss, which increased equity. The revaluation includes the effects of the increase in the actuarial interest rate from 3.40% as at 31 December 2022 to 3.50% as at 30 June 2023. In this connection, an effect from deferred taxes totalling 0.1 million euros had an opposite impact on equity.

Capitalisation of development costs

The development project “secustack as a service” has met the conditions for the capitalisation of development costs. In total, 0.4 million euros of development costs were capitalised as intangible assets in the last financial year and in the first half of 2023.

Revaluation of the payout clause

In conjunction with the half-year financial statements as at 30 June 2023, a revaluation of the contractually agreed payout clauses was carried out in relation to the acquisition of SysEleven GmbH. The revaluation resulted in an impairment of the payout clause, resulting in an increase of 2.6 million euros in other operating earnings and a significant increase compared with the previous year (0.0 million euros) was recorded.

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.

The Public Sector division offers its customers the SINA product family, comprising solutions (software, hardware and management) for highly secure, cryptographic processing, transmission and storage of classified information with varying levels of confidentiality. Further solutions from the Public Sector division include products for electronic passports, automated (biometric) border controls and the ELSTER electronic tax declaration. Furthermore, a wide range of IT security products and services for public customers, ranging from IT security consulting and training to the equipment of large infrastructures with high-security technology and public key infrastructures, are also offered.

The Business Sector division provides IT security consulting and solutions for 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.

Segment report H1 2023

in thousand euros	Public Sector	Business Sector	secunet H1 2023
Segment revenue	130,234	21,248	151,482
Cost of sales	-105,894	-18,933	-124,827
Selling expenses	-10,025	-2,685	-12,710
Research and development costs	-4,072	-500	-4,572
Administrative costs	-4,617	-775	-5,392
Segment result (EBIT)	5,626	-1,645	3,981
Interest result			-335
Group profit before tax			3,646
Goodwill	46,328	1,300	47,628

Segment report H1 2022

in thousand euros	Public Sector	Business Sector	secunet H1 2022
Segment revenue	113,140	22,351	135,491
Cost of sales	-83,257	-16,924	-100,181
Selling expenses	-8,340	-2,211	-10,551
Research and development costs	-2,856	-1,609	-4,465
Administrative costs	-4,453	-955	-5,408
Segment result (EBIT)	14,234	652	14,886
Interest result			-145
Income from investments			183
Group profit before tax			14,924
Goodwill	46,328 ¹	1,300	47,628

¹ In the context of reporting as at 30 June 2022, only provisional values for intangible assets, goodwill and deferred taxes could be included in the Consolidated Financial Statements. The reported goodwill as at 30 June 2022 was subsequently adjusted to the final value as at 31 December 2022.

The accounting principles for the segments are identical to those used for the Consolidated Interim Financial Statements. Using apportionments, expenses (e.g. overhead costs) that are not directly allocable to the reportable segments are allocated to the reportable segments. A revenue-based allocation table is used for most cost items.

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.

In segment reporting, income from the revaluation of the payout clause which is recorded in the income statement under other operating income is offset against the cost of sales.

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.

in thousand euros	Public Sector		Business Sector		Group	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Geographical allocation						
Domestic	118,971.8	100,022.4	20,983.8	22,129.9	139,955.6	122,152.3
Abroad	11,262.2	13,117.6	264.2	221.1	11,526.4	13,338.7
Total	130,234.0	113,140.0	21,248.0	22,351.0	151,482.0	135,491.0
Revenue generation						
Consultancy business	23,413.8	14,826.1	2,955.0	3,181.0	26,368.8	18,007.1
Product business	106,820.2	98,313.9	18,293.0	19,170.0	125,113.2	117,483.9
Total	130,234.0	113,140.0	21,248.0	22,351.0	151,482.0	135,491.0
Recognition of sales revenue						
Over time	36,163.9	27,576.2	11,691.8	13,065.5	47,855.7	40,641.7
At a point in time	94,070.1	85,563.8	9,556.2	9,285.5	103,626.3	94,849.3
Total	130,234.0	113,140.0	21,248.0	22,351.0	151,482.0	135,491.0

Additional notes on financial instruments

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

30 June 2023	Carrying amounts			
	Mandatory as FVTPL	At amortised cost	Not allocated to any IFRS 9 category	Financial liabilities at amortised cost
in euros				
Financial assets measured at fair value				
Non-current financial assets	0.00	0.00	6,561,293.90	0.00
Financial assets not measured at fair value				
Cash and cash equivalents	0.00	3,189,917.62	0.00	0.00
Trade receivables	0.00	52,963,040.04	0.00	0.00
Intercompany financial assets	0.00	442,575.88	0.00	0.00
Other current and non-current assets	0.00	0.00	0.00	0.00
	0.00	56,595,533.54	0.00	0.00
Financial liabilities measured at fair value				
Other non-current liabilities	8,491,643.00	0.00	0.00	0.00
Financial liabilities not measured at fair value				
Trade accounts payable	0.00	0.00	0.00	35,898,736.19
Intercompany payables	0.00	0.00	0.00	236,086.75
Other current and non-current liabilities	0.00	0.00	0.00	2,200,342.73
	0.00	0.00	0.00	38,335,165.67

	Carrying amounts	Fair value			Total fair values
	Total carrying amounts	Level 1	Level 2	Level 3	
	6,561,293.90	0.00	6,561,293.90	0.00	6,561,293.90
	3,189,917.62	0.00	0.00	0.00	0.00
	52,963,040.04	0.00	0.00	0.00	0.00
	442,575.88	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	56,595,533.54	0.00	0.00	0.00	0.00
	8,491,643.00	0.00	0.00	8,491,643.00	8,491,643.00
	35,898,736.19	0.00	0.00	0.00	0.00
	236,086.75	0.00	0.00	0.00	0.00
	2,200,342.73	0.00	0.00	0.00	0.00
	38,335,165.67	0.00	0.00	0.00	0.00

31 December 2022

Carrying amounts

in euros	Mandatory as FVTPL	At amortised cost	Not allocated to any IFRS 9 category	Financial liabilities at amortised cost
Financial assets measured at fair value				
Non-current financial assets	0.00	0.00	6,549,879.00	0.00
Financial assets not measured at fair value				
Cash and cash equivalents	0.00	21,479,549.36	0.00	0.00
Trade receivables	0.00	75,818,259.18	0.00	0.00
Intercompany financial assets	0.00	304,018.98	0.00	0.00
Other current and non-current assets	0.00	900,068.00	0.00	0.00
	0.00	98,501,895.52	0.00	0.00
Financial liabilities measured at fair value				
Other non-current liabilities	11,143,643.00	0.00	0.00	0.00
Financial liabilities not measured at fair value				
Trade accounts payable	0.00	0.00	0.00	36,185,965.84
Intercompany payables	0.00	0.00	0.00	79,789.82
Current and non-current liabilities to banks	0.00	0.00	0.00	468,750.00
Other current and non-current liabilities	0.00	0.00	0.00	2,091,397.47
	0.00	0.00	0.00	38,825,903.13

	Carrying amounts	Fair value			Total fair values
	Total carrying amounts	Level 1	Level 2	Level 3	
	6,549,879.00	0.00	6,549,879.00	0.00	6,549,879.00
	21,479,549.36	0.00	0.00	0.00	0.00
	75,818,259.18	0.00	0.00	0.00	0.00
	304,018.98	0.00	0.00	0.00	0.00
	900,068.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	11,143,643.00	0.00	0.00	11,143,643.00	11,143,643.00
	36,185,965.84	0.00	0.00	0.00	0.00
	79,789.82	0.00	0.00	0.00	0.00
	468,750.00	0.00	468,750.00	0.00	468,750.00
	2,091,397.47	0.00	1,941,397.47	0.00	1,941,397.47
	38,825,903.13	0.00	2,410,147.47	0.00	2,410,147.47

Related party disclosures

The consolidated companies of secunet Group have dealings with the main shareholder Giesecke+Devrient GmbH, Munich, and its affiliated companies in the course of their normal business activities. Furthermore, the main shareholder is granted short-term loans. All transactions are conducted in accordance with standard market terms.

In the first six months of the 2023 financial year, no members of the Management Board were promised or granted any benefits by a third party with regard to their activities as members of the Management Board. In the first six months of the 2023 financial year, the members of the Supervisory Board did not receive any further remuneration for services provided personally, in particular consulting and agency services, beyond the remuneration of the Supervisory Board regulated in the Articles of Association of secunet Security Networks AG. The employee representatives on the Supervisory Board receive remuneration at a normal market rate for their work. Neither the members of the Management Board nor the members of the Supervisory Board receive any loans from the Company.

Events after the end of the interim reporting period

There were no significant events after the balance sheet date.

Essen, 9 August 2023

Axel Deininger

Torsten Henn

Dr Kai Martius

Thomas Pleines

Responsibility Statement

“To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Consolidated Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Group, and the Interim Group Management Report includes a true and fair presentation of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remainder of the financial year.”

Essen, 9 August 2023

Axel Deininger

Torsten Henn

Dr Kai Martius

Thomas Pleines

Review Report

To secunet Security Networks Aktiengesellschaft, Essen

We have reviewed the Condensed Consolidated Interim Financial Statements – comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity and selected explanatory notes – and the Interim Group Management Report of secunet Security Networks Aktiengesellschaft, Essen, for the period from 1 January 2023 to 30 June 2023, which are integral parts of the Half-Year Report pursuant to Article 115 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG). The preparation of the Condensed Consolidated Interim Financial Statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the Interim Group Management Report in accordance with the requirements of the German Securities Trading Act (WpHG) applicable to interim group management reports is the responsibility of the Company's Management Board. Our responsibility is to issue a review report on the Condensed Consolidated Interim Financial Statements and the Interim Group Management Report based on our review.

We conducted our review of the Condensed Consolidated Interim Financial Statements and the Interim Group Management Report in accordance with the German Generally Accepted Standards for Financial Statement Audits as promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the review in such a way that we can preclude, through critical appraisal and with reasonable assurance, that the Condensed Consolidated Interim Financial Statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the Interim Group Management Report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act (WpHG) applicable to interim group management reports. A review is essentially limited to the questioning of Company personnel and analytical assessments and therefore does not provide the same assurance as is attainable in a financial statement audit. Since, in accordance with our mandate, we have not performed an audit of the financial statements, we cannot issue an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the Condensed Consolidated Interim Financial Statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the Interim Group Management Report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act (WpHG) applicable to interim group management reports.

Essen, 9 August 2023

BDO AG
Wirtschaftsprüfungsgesellschaft

Marc Fritz
Wirtschaftsprüfer
(German Public Auditor)

Dr Marcus Falk
Wirtschaftsprüfer
(German Public Auditor)

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Financial Calendar

10 August

**Half-Year Financial Report
as at 30 June 2023**

9 November

**Group Quarterly Statement
as at 30 September 2023**

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Information

This financial report contains statements regarding the future performance of secunet Group, as well as 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.

Due to rounding, it is possible that individual figures in this financial report may not add up precisely to the totals provided and percentages presented may not accurately reflect the absolute values to which they relate.

For better readability, we use only the grammatically masculine form in this financial report. References to persons always apply to all genders involved: male, female, diverse.

All the brand and trade names or product names mentioned in this financial 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.

This financial report was published on 10 August 2023. It is available in German and English. Both versions are available for download at www.secunet.com. The German version is legally binding in cases of doubt.

secunet

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