



Half-Year Report

cyan AG

2021



Key Figures

Earnings Figures		H1 2021	H1 2020
Revenues	in EUR million	3.5	16.9
Total earnings ^a	in EUR million	4.6	19.2
EBITDA	in EUR million	-7.4	2.2
EBITDA-margin ^b	in %	-208%	13%
EBIT	in EUR million	-10.2	-0.8
EBIT-margin ^b	in %	-289%	-5%
Net income/loss	in EUR million	-7.8	0.6
Earnings per share (undiluted)	in EUR	-0.75	0.06

Segment Figures		H1 2021	H1 2020
Revenue BSS/OSS	in EUR Mio.	2.2	15.4
EBITDA BSS/OSS	in EUR Mio.	-2.5	9.7
Revenue Cybersecurity	in EUR Mio.	1.4	1.6
EBITDA Cybersecurity	in EUR Mio.	-3.9	-7.1

Cash Flow Figures		H1 2021	H1 2020
Operating cash flow	in EUR million	-5.0	-4.4
Investment cash flow	in EUR million	0.0	-0.5
Financing cash flow	in EUR million	5.1	-0.4

Balance Sheet Figures		30/06/2021	31/12/2020
Assets, total	in EUR million	92.3	96.3
Equity	in EUR million	66.6	72.7
Net debt ^c	in EUR million	10.8	7.3

Key Operating Figures		30/06/2021	31/12/2020
Number of staff		148	149
Leads ^d		98	106
Addressable market ^e	in million	80	74

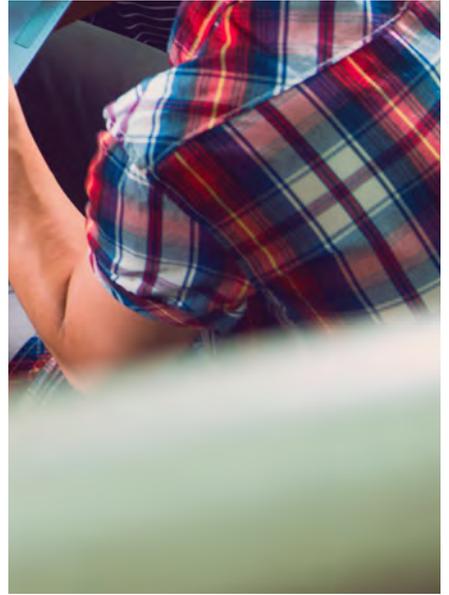
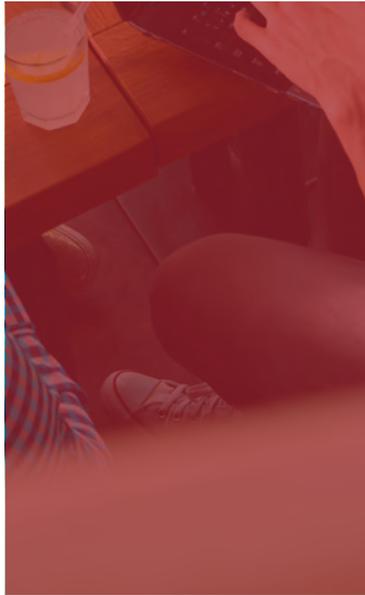
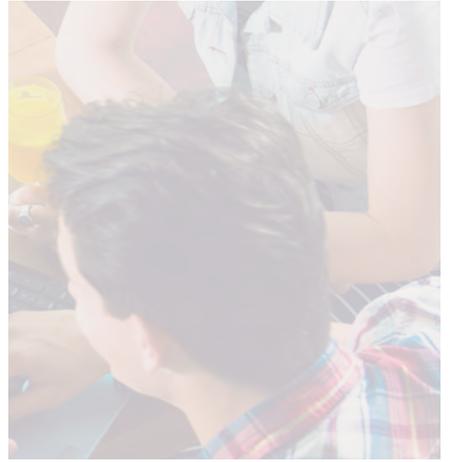
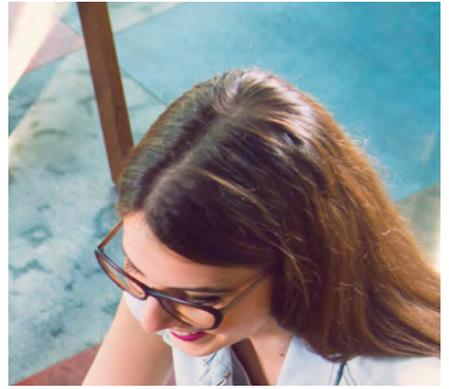
^a Consisting of: Revenues EUR 3.5 million plus other income EUR 1.1 million. EUR 1.1 million, income from reversal of impairment losses EUR 0.1 million and change in inventories and capitalized own work EUR -0.1 million.

^b Calculated as EBITDA or EBIT divided by revenues.

^c Consists of leasing liabilities EUR 5.6 million and financial liabilities EUR 5.2 million, convertible notes EUR 2.5 million less cash and cash equivalents EUR 2.5 million.

^d Corresponds to leads of internal sales cycle phases: NDA, Proof of Concept, Request for Proposal/Quote, Close to Signing.

^e Existing contractual relationship for which the technical integration has already been started/implemented.



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Letter from the Executive Board

Letter from the Executive Board

Dear shareholders,

A few weeks ago, we adjusted our forecasts for the current fiscal year, based on the results of the first half of the year. The year 2021 was always going to be a transition year as we align the company to the new challenges in cybersecurity in order to take full advantage of our opportunities. For various reasons the results and performance in the first half of the year have not been, and will also not be for the rest of the year, as planned at the beginning of the year. We have reduced our dependence on one-off project revenues and have now placed our full focus on recurring revenues. However, this strategy has shown that an extensive cost saving program and a capital increase are necessary to be successful with the adjusted strategy in the medium and long term. Furthermore, all options for the future role of the BSS/OSS segment are currently being evaluated. These far-reaching developments now give us the opportunity to leave the past behind definitively and make a fresh start.

In order to successfully implement this transformation, we have initiated a cash capital increase with subscription rights for shareholders in the amount of up to EUR 8 million. The subscription period took place between September 2 and September 15, 2021 with subsequent private placement and was fully subscribed ahead of schedule. We would like to thank you, dear shareholders, very much for the trust you have placed in us.

The announced cost savings program will affect all areas of our company and is already being implemented. Our goal is for cyan to become profitable as early as next year, even with conservative forecasts for future sales development. To achieve this, savings in services procured, personnel and other expenses are possible and necessary. Great care has been taken to ensure that our existing customers, as well as those potential new customers, will see a further increase in professionalism and have the necessary capacities available, so that we will be able to serve them even better thanks to our partnership-based sales support.

Since 2018, we have been able to successfully integrate and stabilize the former i-new and its BSS/OSS segment. However, the expected product and revenue synergies could never be fully leveraged. Today, with around 35 direct customers and millions of active end customers around the world, the segment contributes positively to the results in the Group, albeit with a lower share of recurring revenue compared to the Cybersecurity business. Ultimately, i-new represented more of a distraction from our core business. Therefore, even though 2021 has been a very successful year so far with various new customers, a clearer separation of the BSS/OSS business and a possible sale is now being considered. The financial and management resources freed up by this thus can be fully invested in the Cybersecurity segment.

The focus of our adapted strategy, as already mentioned, is now on recurring revenues from telecom customers in our Cybersecurity segment, where we can achieve high margins with our leading technology. We will put our ambitions to win customers in the insurance segment on hold, for the moment, so that we can focus on our already known and successful core business. We will support our partners, the telecom companies, much more actively in a more partner-like approach to protecting end customers, even after contracts have been signed. Above all, we want to increase support in the process of selling our solutions to end customers and thus improve the monetization of our products. In addition, we are ensuring greater standardization of the solutions we offer, which will enable us to significantly reduce implementation time. This has clear benefits for us and the respective telecom partner, as the faster onboarding of end customers means that fine-tuning of technology and marketing can be carried out earlier. Together with the improved customer understanding based on a large data pool, higher penetration rates will then also be possible with new and existing partners. This concept is already being well received by our partners and represents an additional service that differentiates us apart from competitors in the field.

Notwithstanding the adjusted strategy and forecast, the first half of the year was successful in terms of projects with customers. As announced, we were able to achieve a contract extension with our long-standing customer Skitto in Bangladesh in the BSS/OSS segment at the beginning of the year. Grameenphone's B-Brand (Telenor Group) is planning strong growth in the coming years and is fully relying on our BSS/OSS platform to operate its digital brand. In March, we also announced the expansion with MTEL, an existing customer in Austria, into Switzerland and Germany. More customers have since been won for the BSS/OSS solution.

In the Cybersecurity segment, the official launch with Orange in France in April represented a long-awaited milestone for our company and an important reference for other telecom partners. Orange is testing and optimizing its strategy in the B2B market (Orange Pro) region by region – important insights are gathered for the launch in B2C, as well as for further expansion in other countries. With Orange in Slovakia, we were able to completely hand over the first phase to our partner this summer and are supporting the final preparations for the launch. This is already demonstrating the success of our new standardized and partnership-based approach, which has significantly reduced the implementation time for the first phase. In addition, another important product, the fixed-line solution "Internetschutz Home" now complements the existing Internet Security and Child Protection offering at Magenta in Austria.

Furthermore, we were able to win Claro Chile, a company in the América Móvil Group, for our cybersecurity solutions. We were also able to convince two other mobile network operators, one in Europe and one in Southeast Asia, of the benefits of our cybersecurity products. This shows that mobile cybersecurity has already gained significant importance globally and that telecommunications companies recognize this need of their customers. However, a revenue effect from these is not expected until the end of the second half of the year or 2022. With the adjusted strategy, the pipeline in cybersecurity is now more focused, enabling us to better serve the relevant prospects from the very first moment. We are in advanced discussions with some, which give us a positive outlook for the future, for 2022 and beyond.

Finally, we would like to thank you for the trust expressed at the (virtual) Annual General Meeting in June 2021. Important resolutions were passed; these include the supplementary election of Alexander Schütz to the Supervisory Board, the addition of two Supervisory Board members, and capital measures. We were able to gain two internationally successful entrepreneurs for these additional positions. Alexandra Reich has over 20 years of experience in the telecommunications industry. She is currently serving as a member of the Board of Directors of the Dutch company Delta Fiber and the Spanish company Cellnex Telecom. Trevor Traina is a successful founder of several startups in the Silicon Valley, an investor and active in non-profit organizations. The Supervisory Board has thus gained in diversity, internationality and expertise.

In mid-September, we announced a change in the cyan AG Executive Board. Michael Sieghart, who as CFO had successfully taken the company public and had since been responsible for Finance, Legal, HR, and Office Management, will be succeeded by Martin Wachter, who will formally take office on December 1, 2021 after a transition period. Martin Wachter has over 35 years of financial experience, 25 of those years in management positions. He has a long career in banking, most recently as a member of the management board of LGT Bank in Austria and as a member of the management board of Bank Alpinum.

Dear shareholders, 2021 is a transformation year. The challenges that such a transformation brings with it are particularly noticeable throughout this year. We would therefore like to thank you for the trust you have placed in us and look forward to moving ahead together with you into a promising and sustainably profitable future.

Your Executive Board,



Frank von Seth
CEO

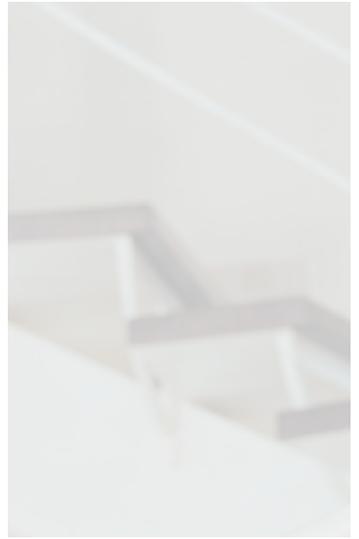


Markus Cserna
CTO



Michael Sieghart
CFO

Munich, September 2021

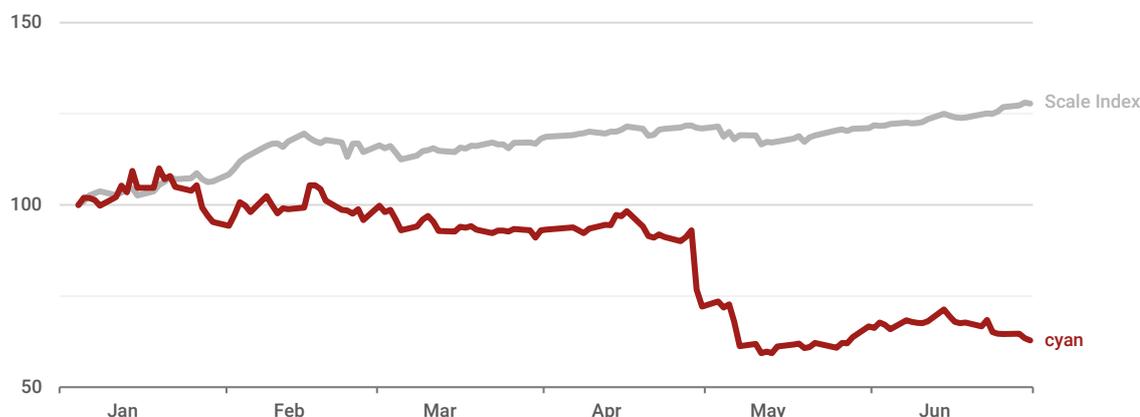


cyan-Share

cyan-Share

Share Price

cyan share price development 01/01/2021 – 30/06/2021 (rebased)^a



^a Xetra closing prices rebased to 100

cyan AG has been listed in the Scale segment (Open Market) of the Frankfurt Stock Exchange since March 2018. While the capital market showed a mixed performance initially in fiscal 2020 due to the COVID-19 pandemic, the leading indices developed more positively in the first half of 2021. The cyan share opened on January 4, 2021 (first trading day Xetra) at EUR 13.19 and initially developed in line with or even above the benchmark scale index. cyan closed on June 30, 2021 (last trading day Xetra) at EUR 8.11. For the first half of the year, the cyan share thus showed a negative performance of 38.5%. The Scale All Share Performance Index, which covers the performance of all companies listed in the Scale segment (including cyan), rose by 29.4% in the same period; the DAX (Performance Index), on the other hand, rose by only 11.8%. On January 19 and 20, 2021, the highest intraday price (Xetra) of the first six months of 2021 was reached at EUR 14.2. The lowest daily low was recorded on May 11 at EUR 7.46. The market capitalization of cyan AG as of June 30, 2021, based on the bearer shares outstanding at that time, was EUR 80.5 million.

	30/06/2021	2020
Share capital ^a	9,926,745	9,774,538
Market capitalization at the end of the period (EUR million)	80.5	125.1
Period high (Intraday)	14.20	24.50
Period low (Intraday)	7.46	6.12
Opening price at the beginning of the period (First trading day Xetra)	13.19	20.71
Closing price at the end of the period (Last trading day Xetra)	8.11	12.80
Performance (Change in %)	-38.5	-38.2

^a The capital was increased from 9,774,538 shares by 152,207 shares from conditional capital (Conditional Capital 2019/I) to 9,926,745 shares by resolution of May 12, 2021, published on July 17, 2021.

Analyst Coverage

As of June 30, 2021, there was research coverage of cyan shares by a total of five research analysts. Of these, two institutions issued a buy rating for cyan shares and two issued a hold rating; one did not publish a recommendation. The mean value of the issued price targets was EUR 15.88.

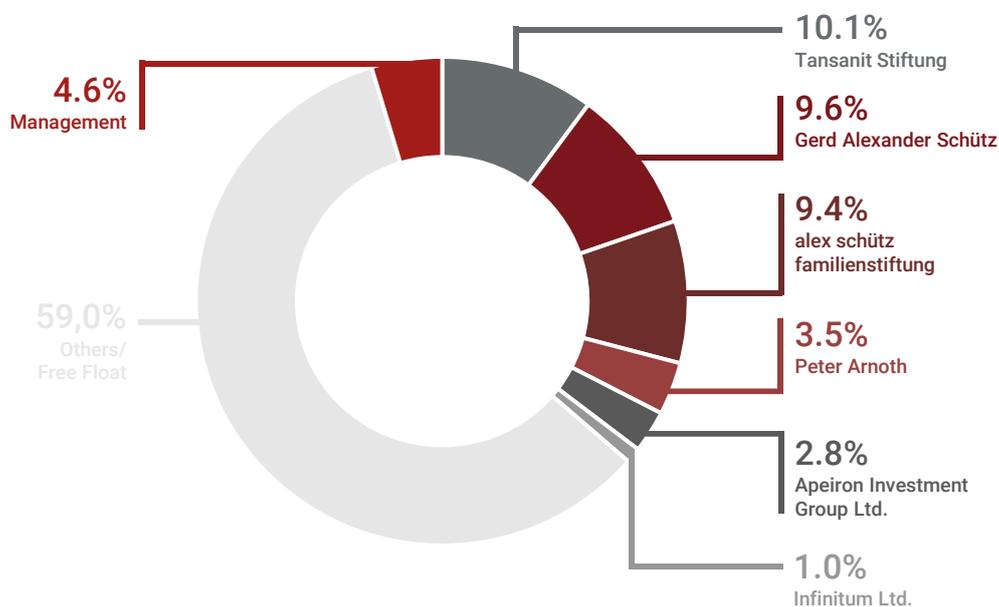
	Date	Target price (EUR)	Recommendation
Edison Research	14/05/2021	-	-
Kepler Cheuvreux	30/04/2021	EUR 20.00	Buy
Stifel Europe	08/04/2021	EUR 14.00	Hold
Berenberg	17/12/2020	EUR 15.00	Hold
Hauck & Aufhäuser	19/10/2020	EUR 14.50	Buy

Stifel Europe ended its coverage as of August 23, 2021. Berenberg does not plan any further research updates during the restructuring period. In the wake of cyan's announced third-quarter forecast adjustments, Kepler Cheuvreux adjusted the price target to EUR 6.50 on September 3, 2021, with an unchanged rating ("Buy"). The mean value of the issued price targets thus most recently amounted to EUR 11.67.

Shareholder Structure

The shareholder structure as of June 30, 2021, based on the votes registered at the virtual Annual General Meeting of cyan AG in June 2021 (record date June 2, 2021), is as follows: Tansanit Stiftung 10.1%, Gerd Alexander Schütz 9.6%, alex schütz familienstiftung 9.4%, Peter Arnoth 3.5%, Apeiron Investment Group Ltd. 2.8%, Inifinitum Ltd. 1.0%. The Executive Board of cyan AG held 4.6% of the shares. The other shareholders and the free float totaled 59.0%.¹

Shareholder structure as of June 30, 2021



¹ Due to the listing in the Scale Segment (open market), the reporting obligations of shareholders are limited to the thresholds of the German Stock Corporation Act (AktG). Disclosures below these thresholds are generally made on a voluntary basis, with the exception of executives.

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 shares
First trading day	28/03/2018
First issue price in EUR	23.00
Number of shares as of Jun 30, 2021	9,926,745

Investor Relations Activities

The ongoing global COVID-19 pandemic, continued to impact IR activities. International conferences and roadshows were exclusively held digitally by the organizers, with all the advantages and disadvantages. Nevertheless, Investor Relations and Executive Board members were present at five analyst and capital market conferences to present the strategy and cyan in virtual presentations and meetings. On June 23, 2021, the Annual General Meeting was held in virtual format in Munich. On the occasion of the forecast adjustment and capital increase, a webcast with subsequent Q&A was conducted on September 13, 2021.

In addition to quarterly financial reporting, investors and the public were also informed about current developments in the Group by means of numerous news and ad hoc announcements. In total, 19 capital market publications and news items were published in the first six months of the year. In addition, numerous investor calls and e-mail inquiries were answered.

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Convertible Notes Funding Program (CNFP)

At the beginning of the fiscal year 2021, the Convertible Notes Funding Program (CNFP) was approved, which authorizes the issuance of convertible notes with a total volume of up to EUR 8.4 million. The exclusive investor for the CNFP is the Swiss Nice & Green SA, which specializes in equity-related investments and financing of medium-sized growth companies. The program comprises eight successive tranches with a maturity of two years from issuance. The issuance excludes the subscription rights of existing shareholders. A total of EUR 4.2 million was issued from the program in the first half of 2021 and partially converted into a total of 152,207 shares. Accordingly, the share capital was increased from 9,774,538 shares by 152,207 shares from conditional capital (Conditional Capital 2019/I) to 9,926,745 shares by resolution of May 12, 2021, announced on July 17, 2021. Further details of the program are provided in the Notes to the Consolidated Financial Statements.

Annual General Meeting

The third Annual General Meeting since the IPO of cyan AG was held in Munich on June 23, 2021. Due to the continued uncertain situation, the meeting was held as a virtual AGM. At the AGM, 67.85% of the registered share capital was represented. All twelve resolution items on the agenda were adopted by a clear majority.

- Presentation of the approved annual financial statements of CYAN AG as at December 31, 2020, the approved consolidated financial statements and combined management report of CYAN AG and the Group as at December 31, 2020, and the report of the Supervisory Board for the 2020 financial year.
- Resolution on the allocation of balance sheet profit for the 2020 financial year
- Resolution on discharge of the members of the Executive Board for the financial year 2020
- Resolution on discharge of the members of the Supervisory Board for the 2020 financial year
- Resolution on the election of the auditor of the annual financial statements and the interim financial statements for the financial year 2021
- Resolution on the cancellation of the existing and the creation of new authorized capital as well as the corresponding amendment of the Articles of Association
- Resolution on the reduction of the existing authorization to issue convertible bonds and/or bonds with warrants and the Conditional Capital 2019/I as well as resolution on a new authorization to issue convertible bonds and/or bonds with warrants with possible exclusion of subscription rights, on the creation of a Conditional Capital 2021/I and the corresponding amendment to the Articles of Association
- Resolution on an authorization to grant subscription rights to members of the Management Board and employees (Stock Option Program 2021) and creation of a conditional capital 2021/II as well as amendment of the Articles of Association
- Supplementary election to the Supervisory Board: Mr. Alexander Schütz
- Resolution on the expansion of the Supervisory Board and the corresponding amendment of §9 para. 1 of the Articles of Association
- New elections to the Supervisory Board: Individual election of Mr. Trevor Dow Traina
- New elections to the Supervisory Board: Individual election of Ms. Alexandra Reich
- Resolution on the amendment of §1 para. 1 of the Articles of Association (company name)

Details of the Annual General Meeting, including the voting results, are available on the investor relations section of the website.

🔗 ir.cyansecurity.com/news-events

Cash Capital Increase with Subscription Rights

On August 16, 2021, the Executive Board of cyan AG announced a revised forecast and extensive restructuring measures. As reported at the Annual General Meeting, the strategy is to focus on recurring revenues in Cybersecurity. As a result, cyan is in a year of transformation in 2021. To finance this, the Executive Board and Supervisory Board of cyan AG resolved a cash capital increase with subscription rights on August 25, 2021. The capital increase was fully subscribed ahead of schedule through the exercise of subscription rights and subscriptions in the private placement, on September 15, 2021. Consequently, the share capital of the Company will increase by EUR 2,481,686.00 from EUR 9,926,745.00 to EUR 12,408,431.00 by partially utilizing the Authorized Capital. 2,481,686 new no-par value bearer shares will be issued for this purpose. The issue price per new share is EUR 3.22, resulting in gross issue proceeds of EUR 7,991,028.92 for the Company. The new shares carry full dividend rights from January 1, 2021.

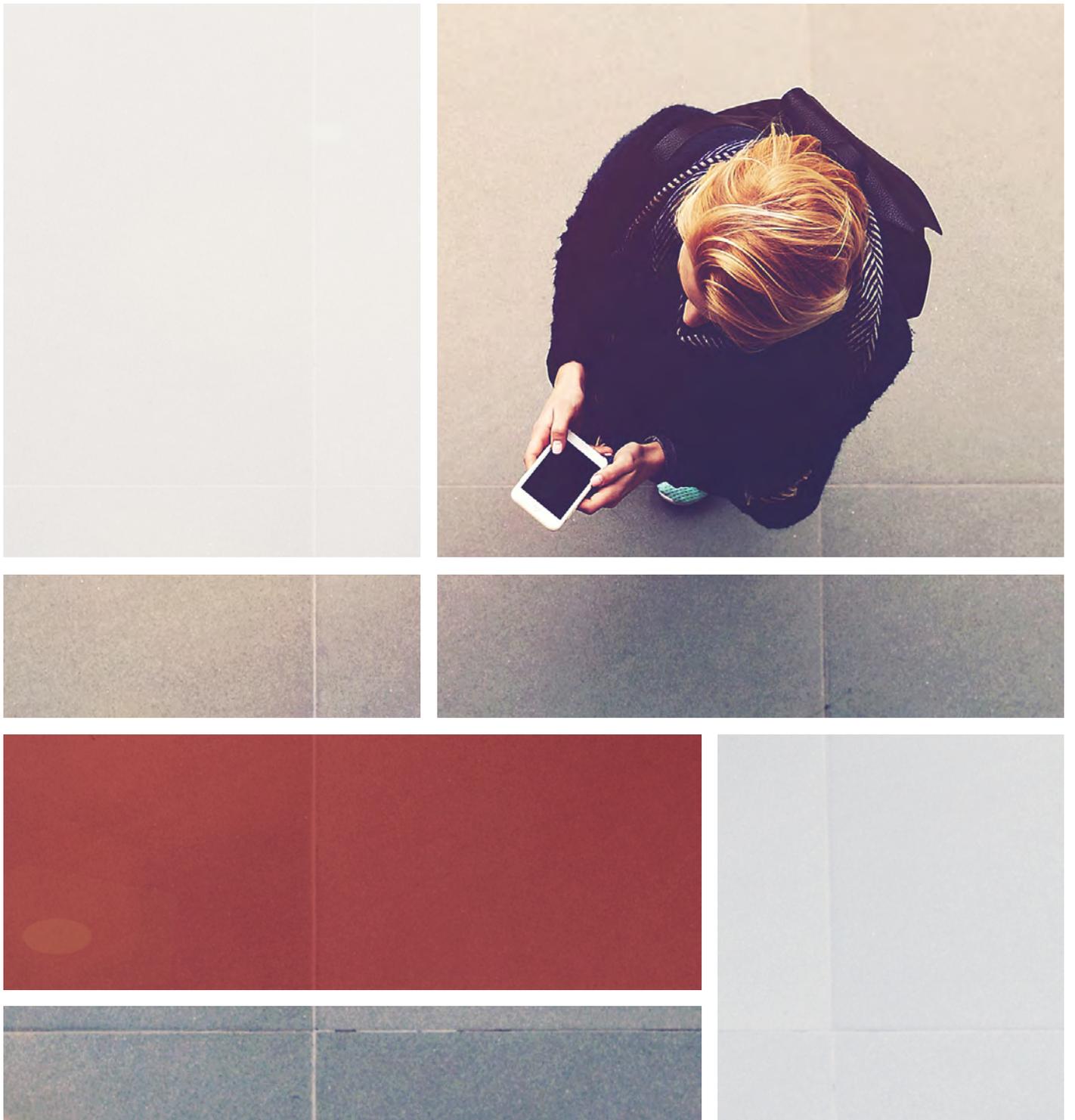
Financial Calendar

In the second half of the year, cyan AG will also regularly inform the capital market about its business performance and will be (virtually) represented at several analyst and investor conferences internationally.

Event	Date	Location
CF&B 21 st MidCap Event	12-13/10/2021	Paris
Deutsche Börse Equity Forum	22-24/11/2021	Virtual
Quarterly Statement Q3 2021	30/11/2021	-

Current dates, upcoming events and news for 2021 are continuously updated on the website.

🔗 ir.cyansecurity.com/en/news-events



Interim Group Management Report

Interim Group Management Report

Principles of the Group

The statements made on the business model, the Group's segments, the management system, and research and development in the Annual Report 2020 are still applicable for the reporting period of the Interim Report as of June 30, 2021. Changes are addressed in the relevant sections of the report.

Organizational Structure

The strategic management of the Group takes place at the headquarters of the Group holding company in Munich (Germany). cyan AG is listed in the Scale Segment (open market) of the Frankfurt Stock Exchange in Frankfurt am Main (Germany). The stock corporation under German law has a dual management structure consisting of an Executive Board and a Supervisory Board. The Executive Board, consisting of three members, is responsible for the strategic and operational management of the Group. The Supervisory Board appoints, advises and monitors the Executive Board. The Supervisory Board was expanded by two seats to five members by resolutions of the 2021 Annual General Meeting. No committees were formed in the Supervisory Board.

With the start of the fiscal year 2021, there were changes in the organization of cyan AG. With his appointment to the Executive Board effective on January 1, 2021, Frank von Seth assumed the role of CEO in the Group. Furthermore, in January Alexander Schütz was appointed by court order to replace Volker Rofalski, who resigned from the Supervisory Board by December 31, 2020. Subsequently, he was elected Chairman at the first meeting of the Supervisory Board; Stefan Schütze became Deputy Chairman of the Supervisory Board.

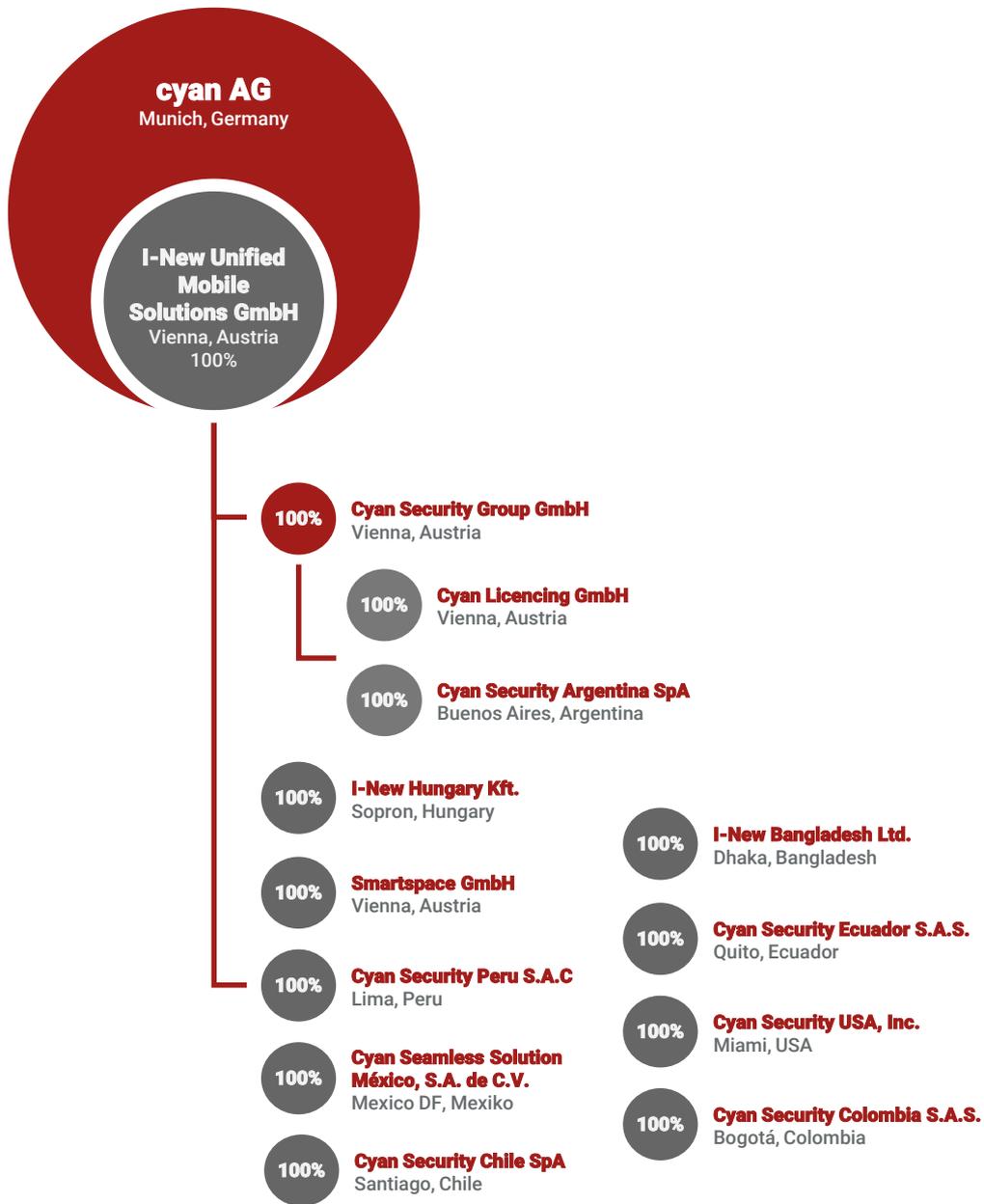
At the Annual General Meeting, Alexander Schütz was confirmed by the shareholders by means of a supplementary election. In addition, the Supervisory Board was expanded to five members. Alexandra Reich and Trevor Traina were elected by the Annual General Meeting to fill the two additional seats. Alexandra Reich has over 20 years of management experience in the telecommunications sector. She is currently a member of the board of directors of the Dutch company Delta Fiber and a member of the board of directors of the Spanish company Cellnex Telecom. Trevor Traina is an entrepreneur from the Silicon Valley and was most recently the U.S. Ambassador to Austria.

In September 2021, Michael Sieghart, CFO in the cyan Group, announced his departure from the Company by the end of the year. He will be succeeded as of December 1, 2021 by Martin Wachter, who will support the further development and repositioning of cyan AG with his international management experience. Martin Wachter has over 35 years of experience in finance with 25 of those years in management positions. He has a long career in banking, most recently as a member of the management board of LGT Bank in Austria and as a management board member of Bank Alpinum, among other positions.

Group Structure

cyan AG, headquartered in Munich (Germany) acts as the holding company within the cyan Group. The majority of operational services are provided by the subsidiary I-New Unified Mobile Solutions GmbH ("i new"; formerly I-New Unified Mobile Solutions AG) and its subsidiary cyan Security Group GmbH, both headquartered in Vienna (Austria).

Group structure as of June 30, 2021 (Consolidation)



In the past financial year and in the first half of this year, companies were merged or newly established. As of the reporting date, cyan was represented in eleven 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 dates is provided in the Notes to the Consolidated Financial Statements.

Objectives and Strategy

The objectives and strategy were adapted in connection with the adjustment of the forecast, which is also discussed in detail in the Letter from the Executive Board. The overarching goal of the strategy remains to increase recurring revenues. To do this, the focus will be on Cybersecurity, where a partnership-based B2B2C model (B2P2C) and operational excellence measures will be used to accelerate and improve monetization.

In the third quarter, a comprehensive restructuring plan was presented with the aim of turning cyan profitable in 2022. The measures are expected to reduce planned costs by approximately 30%. As a result, major investments in new markets and products will no longer be pursued as a priority for the time being. Instead, the standardization of products and projects will be pursued in order to reduce costs and the time required for implementation. At the same time, the positioning of the BSS/OSS segment within the Group is being evaluated. As synergies, particularly in terms of sales, have not yet been realized as anticipated, a sale of the segment is also among the options considered.

Personnel Development

The first half of the year initially saw a continuation of (partial) lockdowns due to the pandemic in large parts of the world, as was also the case at cyan. As a measure to ensure the safety of employees, home office recommendations applied in all areas to the greatest possible extent. At the beginning of the year, the new strategy has started to be implemented. Therefore, specific areas and teams in sales, customer support and engineering/development were modified. As a result of these changes, certain positions were not reoccupied. A slight reduction is expected in the second half of the year as part of the restructuring.

As of June 30, 2021, cyan employed 170 people (equivalent to 167 FTEs) including 23 freelancers. This represents an increase of 12 FTEs compared to December 31, 2020. A significant portion of employees, slightly more than 75%, are employed in operations, development, product management, and research and development. At the same time, just under 23% of employees were based outside the European Union. Women account for around one-fifth of the workforce globally and the aim is to further increase their share.

in FTE as of June 30, 2021	Total	EU	Rest of world
Personnel incl. Freelancers	170	132	38
<i>thereof in Operations, Development, Research</i>	<i>132</i>	<i>102</i>	<i>30</i>

Economic Report

Economic Environment

While 2020 was characterized by a considerable shock, the economic activity returned to normal, despite measures to contain the pandemic still in place. At the global level, there was a clear recovery dynamic – in Europe, a slight contraction on a real GDP basis was still recorded in the first quarter. The easing of pandemic control measures in the second and especially the third quarter caused people to return to stores, restaurants and travel, resulting in a rebound in consumer spending. In addition, positive employment prospects and continued government intervention are supporting spending. The ongoing recovery in domestic and global demand is boosting business optimism, which is encouraging investment.²

The Purchasing Managers' Index data for June showed historically high levels overall for the second quarter of 2021 amid continued supply constraints from the ensuing supply shortages. These factors are also reflected in rising inflation. Globally, this translates into a 1.5 percentage point increase in GDP forecasts since January to 5.6% for 2021, with economic activity in the EU expected to return to pre-crisis levels in the first quarter of next year.³ Nevertheless, developments concerning the pandemic remain a source of uncertainty for the global economic recovery and could lead to an increasingly uneven growth path between countries.⁴

Growth in the East Asia and the Pacific region is forecast to increase to 7.7% by 2021. This is mainly due to a strong rebound in China; two-thirds of the region's countries will remain below pre-pandemic levels through 2022. Latin America and the Caribbean are forecast to grow by 5.2% in 2021. This is a significant improvement from the last forecast. GDP, however, remains below pre-crisis levels following a historically deep recession in 2020. For the Middle East and North Africa region, subdued growth of 2.4% is forecast for 2021. In addition to uncertainties regarding the pandemic development, climate change and social unrest, particularly in developing countries, impact the forecasts in all regions as a risk.⁵

While the pandemic still had a negative impact on economic activity in the telecommunications sector in 2020, a significant recovery is expected in 2021. This is also associated with increased investment in infrastructure, which in Europe and North America will initially focus heavily on 5G. Substantial growth is expected above all in mobile-first regions such as Asia and Latin America.⁶

Course of Business

In the first half of the year, important progress was made with existing partners, new customers were acquired, and strategic decisions were adopted. Nevertheless, revenues in particular did not develop according to plan in this year of transformation. On the one hand, this was due to the prioritization of deals with recurring revenues, which will also contribute to growth in the long term. Therefore, large license agreements were strategically avoided in the interest of qualitative sustainability of the business at cyan. On the other hand, this development was due to the restrictions imposed to combat the

² ECB (2021), Economic Bulletin, Issue 5 / 2021.

³ World Bank (2021), Global Economic Prospects – June 2021.

⁴ ECB (2021), Economic Bulletin, Issue 5 / 2021.

⁵ World Bank (2021), Global Economic Prospects – June 2021.

⁶ GSMA (2021), The Mobile Economy 2021.

pandemic, which persisted well into the second quarter; in particular, closed sales outlets initially had a negative impact on sales at cyan's telecom and MVNO partners. Adding to this were the delays resulting from the previous waves of the pandemic.

In order to secure further liquidity for cyan in this crucial phase, the Executive Board, with the approval of the Supervisory Board, decided in January 2021 to launch a Convertible Notes Funding Program (CNFP), which authorizes the issuance of convertible notes with a total volume of up to EUR 8.4 million. The exclusive investor for the CNFP is the Swiss company Nice & Green SA, which specializes in equity-related investments and financing of medium-sized growth companies. From the program, a total of four tranches in the total amount of EUR 4.2 million were issued in the first half of 2021 and partially converted into a total of 152,207 shares. Accordingly, the capital was increased from 9,774,538 shares by 152,207 shares from conditional capital (Conditional Capital 2019/I) to 9,926,745 shares by resolution of May 12, 2021, announced on July 17, 2021. Further details on the program are provided in the Notes to the Interim Consolidated Financial Statements.

Cybersecurity Segment

One of the most significant milestones in the first half of the year was the launch of the cybersecurity solution at Orange France on April 8. Following a successful test phase and the acquisition of several hundred thousand existing customers for child protection, the value-added services "Cyberfiltre" and "Cyberfiltre Avancé" entered marketing in the Orange Pro B2B segment. Despite initially closed stores in the launch regions, the market launch was very successful and Orange is continuously entering additional regions. Various sales strategies are being tested, also with the planned launch in the B2C segment in mind. Intensified marketing measures resulted in significant growth in the user base, especially at the end of the second quarter. A high conversion rate from active trial subscriptions to paying customers after the free trial period is observed. The low churn rates among paying subscribers are particularly encouraging. First revenues are not expected until the second half of the year and more significant contributions to the top line from 2022 onwards.

The rollout of cyan products in other national companies of the Orange Group is also progressing rapidly. The next scheduled country is Slovakia, where the implementation project is already following the new accelerated go-to-market strategy. The project is therefore proceeding in more standardized phases, which allowed for a first handover already during summer. The partner, Orange Slovakia, has since been conducting its own tests and preparations for the launch. Intensive negotiations have recently been undertaken with other national companies.

Notwithstanding the highlight with Orange, other partnerships and contracts were also reached. In April, the partnership with Seguros Equinoccial, the leading insurance company in Ecuador, was announced. cyan's cybersecurity solutions are to be integrated into Seguros Equinoccial's cyber insurance offering, with further product combinations to follow.

Claro Chile, a subsidiary of América Móvil Group, which is one of the largest Tier-1 telecommunications providers, is another major international partner that will offer cyan cybersecurity solutions. In the future, Claro Chile's customers will be able to obtain security solutions from cyan in both the B2B and B2C sector. The entire spectrum, OnNet Security, OnDevice Security and Child Protection will be offered.

On the existing customer side, the expansion of cyan technology to fixed-network customers of Magenta (T-Mobile Austria) in Austria was an important project, which was finalized in May. As a convergent provider, Magenta can thus provide cyan cybersecurity solutions to both fixed-network and mobile customers. This enables Magenta to bundle mobile and fixed-network products, which are marketed under the common brand more intensively. As a result, cyan was able to win an additional end-customer segment and expand the addressable market by 700,000 end-customers. The partnership with MobiFone in Vietnam has so far been less successful, with very slow commercialization after the launch. cyan is supporting its partner in a possible relaunch with an improved sales strategy.

In the third quarter, further customers in Southeast Asia and Europe have been won for cyan's cybersecurity. With a now focused pipeline, fewer but more promising leads are pursued in a more targeted manner.

BSS/OSS Segment

For cyan's BSS/OSS segment, 2021 has so far been a successful half year in terms of progress with existing customers and new customer wins. Early in the year, the company announced the extension of its partnership with Grameenphone, one of the leading telecom providers in Bangladesh, for another five years. Its telecom B-brand Skitto is expected to reach a customer base in the double-digit millions over the next few years. Initial talks were also held for cybersecurity products.

After years of successful cooperation with MTEL, a subsidiary of Telekom Srbija, in the Austrian market, a partnership was agreed for joint expansion into the much larger markets of Germany and Switzerland. This will lead to a significant increase in the number of end customers and thus to additional revenue for cyan. The project was already launched in the first quarter.

In addition, four further MVNOs in Latin America and Europe were signed in the third quarter. cyan will provide solutions for both young and existing MVNOs including migration of customers to 4G and 5G. The pipeline in the BSS/OSS segment is promising and includes leads in both existing markets and new geographies.

Earnings, Asset and Financial Position

Earnings Position

Revenue

Group revenue for the first half of 2021 totaled EUR 3.5 million (H1 2020: EUR 16.9 million). Revenues in the first half of 2020 included revenues from the old Virgin Mobile business and also the capex contract for 83 million end user licenses recognized in accordance with IFRS 15. Adjusted for these special effects, revenue was approximately on a par with the prior-year period. The proportion of recurring revenue, which includes in particular revenue from subscriptions and recurring service and maintenance fees, was 73%. Annual Recurring Revenue (ARR) calculated from recurring revenues including pro rata revenues from license agreements stood at EUR 9.6 million as of June 30, 2021.

Of the revenues, 61% were attributable to the BSS/OSS segment at EUR 2.2 million (H1 2020: EUR 15.4 million) and 39% to the Cybersecurity segment at EUR 1.4 million (H1 2020: EUR 1.6 million). In the BSS/OSS segment, a multi-year license agreement was concluded with Virgin Mobile in the previous year, most of the revenues from which were already recognized in the first half of 2020. No such agreement was concluded in 2021, which is the reason why the reported revenue in 2021 was significantly lower – these

capex/licensing agreements therefore mainly just contribute to the cash flow. In the Cybersecurity segment, recognized revenue decreased slightly from EUR 1.6 million to EUR 1.4 million. The decrease is primarily due to the planned end of support for the products of the former cyan Networks Software GmbH's original B2B business. cyan generated 65% (H1 2020: 11%) of group revenues in the EMEA region, 20% (H1 2020: 8%) in the APAC region and 15% (H1 2020: 81%) in the Americas region. The relative increases in APAC are due to ongoing upgrade or expansion projects with customers in the BSS/OSS segment.

Furthermore, other operating income of EUR 1.1 million (H1 2020: EUR 0.5 million), income from reversals of impairment losses of EUR 0.1 million (H1 2020: EUR 0.3 million) and changes in inventories of EUR -0.1 million (H1 2020: EUR 1.4 million) were recognized. Other operating income includes, among others, an Austrian research grant in the amount of EUR 0.6 million. Changes in inventories are negative due to the start of the amortization phase upon the launch of the solution at Orange in France. Consequently, no further contract costs related to the implementation work at Orange are capitalized. Total revenues for the first half of 2021 therefore amounted to EUR 4.6 million (H1 2020: EUR 19.2 million).

EBITDA

EBITDA amounted to EUR -7.4 million in the first six months (H1 2020: EUR 2.2 million). The change is mainly related to the significantly lower revenue compared to the previous year. Costs decreased by 30% from EUR 17.0 million, which were exceptionally high due to one-off effects, to EUR 12.0 million. The cost of materials and services procured increased to EUR 2.8 million in the past financial year (H1 2020: EUR 2.0 million); personnel expenses also rose to EUR 5.9 million (H1 2020: EUR 5.5 million) with an average of 148 employees (H1 2020: 145). Value adjustments, derecognitions and other operating expenses decreased to EUR 3.3 million (H1 2020: EUR 9.5 million), which were extraordinarily high in the previous year, in particular due to the value adjustment of the receivable from Wirecard attributable to the Cybersecurity segment.

Segment EBITDA for BSS/OSS was EUR -2.5 million (H1 2020: EUR 9.7 million) and for Cybersecurity EUR -3.9 million (H1 2020: EUR -7.1 million). In the BSS/OSS segment, no license agreements were recognized in the reporting period; at the same time, more project revenues were generated, which are associated with higher expenses. In the Cybersecurity segment, the solution with Orange France has been launched commercially in April, which is why expenses are now no longer capitalized but contract costs incurred previously are amortized. Significant revenues are not expected until the second half of the year or 2022.

EBIT and Net Income

The operating result (EBIT) amounted to EUR -10.2 million (H1 2020: EUR -0.8 million). Depreciation and amortization expense decreased slightly from EUR 3.0 million to EUR 2.9 million, of which EUR 2.4 million or 84% (H1 2020: EUR 2.6 million) was incurred for intangible assets and EUR 0.4 million for depreciation of property, plant and equipment. Depreciation is mainly scheduled and includes depreciation expenses in accordance with IFRS 16.

In the first six months of 2021, a positive financial result in the amount of EUR 0.3 million was recorded, which mainly results from the interest income of the contract assets. Accordingly, earnings before taxes (EBT) amounted to EUR -9.9 million (H1 2020: EUR -0.6 million). The net loss for the year amounted to EUR -7.8 million (H1 2020: EUR 0.6 million) due to deferred tax income. Accordingly, undiluted earnings per share

were EUR 0.75 (H1 2020: EUR 0.06). Due to the partial conversion of the convertible notes issued, diluted earnings for the period amounted to EUR -0.70.

Asset Position and Capital Structure

Total assets amounted to EUR 92.3 million (Dec. 31, 2020: EUR 96.3 million) as of June 30, 2021. Non-current assets decreased from EUR 85.4 million to EUR 80.9 million due to scheduled depreciation and amortization and current assets increased from EUR 10.9 million to EUR 11.3 million as inventories and contract assets related to projects increased. Equity totaled EUR 66.6 million (Dec. 31, 2020: EUR 72.7 million), which corresponds to an equity ratio of 72% (Dec. 31, 2020: 75%). Non-current liabilities decreased from EUR 14.4 million in the previous year to EUR 13.5 million. EUR 5.2 million thereof were non-current financial liabilities, which increased due to a research loan received and the utilization of the credit line with Erste Bank. Current liabilities increased to EUR 12.2 million (December 31, 2020: EUR 9.2 million) due to the issuance of convertible notes that have not yet been converted.

Net debt including IFRS 16 liabilities in the amount of EUR 5.6 million thus totaled EUR 10.8 million as of June 30, 2021 (Dec. 31, 2020: EUR 7.3 million), with cash and cash equivalents unchanged at EUR 2.5 million. The change in debt was mainly related to the raising of financial liabilities and the issuance of convertible notes.

Financial Position

Cash flow from operating activities amounted to EUR -5.0 million in the first half of 2021 (H1 2020: EUR 4.4 million). The license agreements with Virgin Mobile and ACN did not contribute to revenue but to cash flow in the reporting period. cyan's business is not particularly investment-intensive in either segment. Cash flow from investing activities therefore totaled EUR 0 million (H1 2020: EUR -0.5 million). Cash inflow from financing activities increased from EUR -0.4 million to EUR 5.1 million due to the raising of further debt capital. Financing cash flow in the reporting period included proceeds from loans of EUR 1.5 million and proceeds from the convertible notes issued in the amount of EUR 4.2 million, of which EUR 1.8 million have already been converted into shares. In total, there was a cash inflow of EUR 0.1 million in the financial year (H1 2020: cash outflow EUR 5.2 million).

Subsequent Events after the Balance Sheet Date

Forecast Adjustment

cyan AG announced a downward revision of its forecasts by ad hoc announcement on August 16, 2021. The revenue and earnings forecast made at the beginning of the year was revised, according to which revenue in the financial year 2021 is now expected to be between EUR 10 million and EUR 14 million. Due to the high cost structure of the company compared to the currently expected revenues, EBITDA will be significant negative. In 2020, very high one-off revenues were recorded, which were not repeated in the financial year 2021. In addition, despite the many new contracts in the Cybersecurity segment, revenues are materializing more slowly than expected.

Change in Strategy

In 2021, cyan is in a transformation year in which recurring revenues are being emphasized. Due to the lower forecast, an adjustment of the strategy was necessary. In the short term, extensive restructuring measures, such as cost reductions, sale of business units (BSS/OSS segment) and a cash capital increase to finance the repositioning, were initiated. The aim of these measures is to focus cyan on the high-growth area of cybersecurity for end customers of telecom companies and to make a sustainably successful new start from existing partners as well as from opportunities in the pipeline. Further information on the strategy adjustment is provided in the Letter from the Executive Board and under Objectives and Strategy in the Interim Management Report.

Capital Increase

On August 25, 2021, the Executive Board, with the approval of the Supervisory Board, resolved a cash capital increase with subscription rights (subscription ratio 4 to 1) for existing shareholders. The offer period was set to September 2 until September 15 and the issue price per new share was set at EUR 3.22. Shares not subscribed by shareholders were then offered to interested investors at the subscription price in a private placement. The capital increase was fully subscribed before the end of the subscription period and the private placement was significantly oversubscribed. As a result, the nominal capital of the Company will be increased by EUR 2,481,686.00 from EUR 9,926,745.00 to EUR 12,408,431.00, making partial use of the authorized capital. The new shares carry full dividend rights from January 1, 2021. The capital increase generated gross issue proceeds of EUR 7,991,028.92.

Change in the Executive Board

On September 14, 2021, it was announced that the Supervisory Board of cyan AG appointed Martin Wachter as the Company's new Chief Financial Officer (CFO) effective December 1, 2021 until the end of 2023. The management contract with Michael Sieghart, who has been a member of the Executive Board (CFO) of cyan AG for many years, will be ended amicably as of December 31, 2021. With Martin Wachter, a proven financial specialist will join cyan and support the further development and repositioning of the Company with his international management experience. He has over 35 years of experience in finance with 25 of those in management positions. He looks back on a long career in banking, most recently as a member of the Executive Board of LGT Bank in Austria and as Executive Board member of Bank Alpinum.

Opportunity and Risk Report

The statements made in the 2020 Annual Report on cyan AG's opportunity and risk management system remain valid as of the reporting date. The risk groups are unchanged; only the significant changes in opportunities and risks compared with the Annual Report 2020 are described below.

In the first half of 2021, the share price at the end of April and in the following months fell below 115% of the minimum price of EUR 10.472 stipulated in the Convertible Notes Funding Program; according to which the investor would be entitled to dissolve the agreement. The available cash as of June 30, 2021 in the amount of EUR 2.5 million was thus offset by EUR 2.5 million in non-convertible convertible notes. At the same time, revenues in the first half of the year developed significantly below expectations, resulting in a short, uncovered financing gap. At this point, the company's liquidity was in danger, but was defused by further financing commitments in the following quarter and ultimately by the capital increase in September. The Executive Board has announced a comprehensive restructuring program with the aim of increasing revenue quality and reducing costs in order to reach the profitability threshold in 2022. The liquidity risk is therefore classified as high, at least for the duration of the restructuring.

Outlook and Forecast

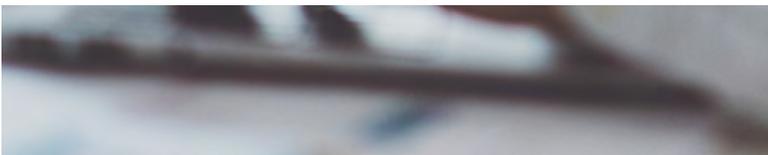
Current economic and industry forecasts are developing positively and are recovering from the shock caused by the pandemic. Nevertheless, these are still strongly subject to downside risks regarding the development of the pandemic.

cyber's strategic focus is on increasing recurring revenues from the Cybersecurity segment. However, as already explained in the report, the first half of the year did not unfold according to plan due to various circumstances, which is why the Executive Board adjusted the forecast in August 2021 and announced a comprehensive restructuring program. Originally, it was assumed that revenues from the completed projects would contribute earlier and thus more strongly in the financial year 2021, which meant that revenues were expected to be at the level of the previous year, but with a significantly increased share from the Cybersecurity segment. The current forecast reflects the latest business development in the year of transformation and therefore assumes revenues of EUR 10 million to EUR 14 million for the financial year 2021.

Due to the lower revenue forecast, the EBITDA forecast also had to be withdrawn from an approximately break-even EBITDA. The announced restructuring measures are already being implemented, but the effect will not become apparent until the fourth quarter and 2022. Consequently, the Executive Board is assuming a considerably negative EBITDA for the financial year. The goal is to become profitable in the Group in 2022.

Munich, in September 2021

The Executive Board



Interim Consolidated Financial Statements

Interim Consolidated Financial Statements

Statement of Comprehensive Income

Statement of Profit and Loss

in EUR thousand	Notes	H1 2021	H1 2020
Revenues	1	3,544	16,932
Other operating income	2	1,107	548
Income from reversals of impairment losses	2	71	327
Change in inventories and capitalized own work	2	-80	1,443
Costs of materials and services	3	-2,761	-1,999
Personnel expenses	4	-5,908	-5,510
Value adjustments	5	-366	-4,546
Loss from derecognition of financial assets	6	-	-1,678
Other expenses	7	-2,968	-3,317
EBITDA		-7,360	2,200
Depreciation and amortization	8	-2,883	-3,000
Operating result (EBIT)		-10,243	-800
Financial income	9	376	262
Financial expenses	9	-70	-27
Earnings before taxes		-9,937	-566
Taxes on income and earnings	10	2,114	1,197
Net profit/-loss for the year		-7,823	631

Other Comprehensive Income (OCI)

in EUR thousand	Note	H1 2021	H1 2020
Gains (losses) from exchange rate differences		1	45
Total result for the fiscal year		-7,822	677

Earnings per Share

in EUR per share	Note	H1 2021	H1 2020
Undiluted earnings per share		-0.75	0.06
Diluted earnings per share		-0.70	0.06

Consolidated Statement of Financial Position

Assets

in EUR thousand	Notes	30/06/2021	31/12/2020
Intangible assets		56,631	58,864
<i>Patents, trademark rights, customer relationships and similar rights</i>	11	12,145	12,894
<i>Software</i>	11	12,843	14,300
<i>Development costs</i>	11	864	891
<i>Goodwill</i>	11	30,779	30,779
Tangible assets		5,422	5,999
<i>Land and buildings</i>	12	4,859	5,321
<i>Machines and other equipment</i>	12	87	89
<i>Business and office equipment</i>	12	476	589
Other receivables	14	38	41
Financial receivables	14	436	572
Contract costs	13	4,982	5,118
Contract assets	13	13,142	14,588
Deferred tax assets		261	192
Non-current assets		80,913	85,373
Trade receivables and other receivables	14	2,705	3,149
Contract assets	13	3,325	2,934
Inventories		365	10
Tax receivables		535	548
Other receivables and assets	14	1,690	1,502
Financial receivables	14	271	272
Cash and cash equivalents	14	2,458	2,490
Current assets		11,349	10,905
Total assets		92,261	96,278

Equity and Liabilities

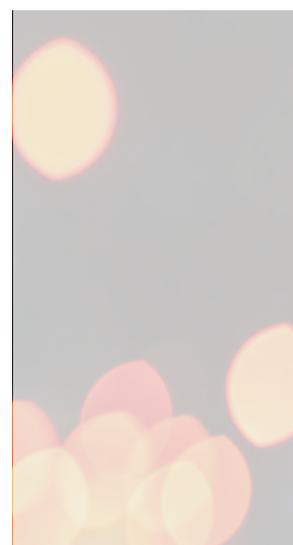
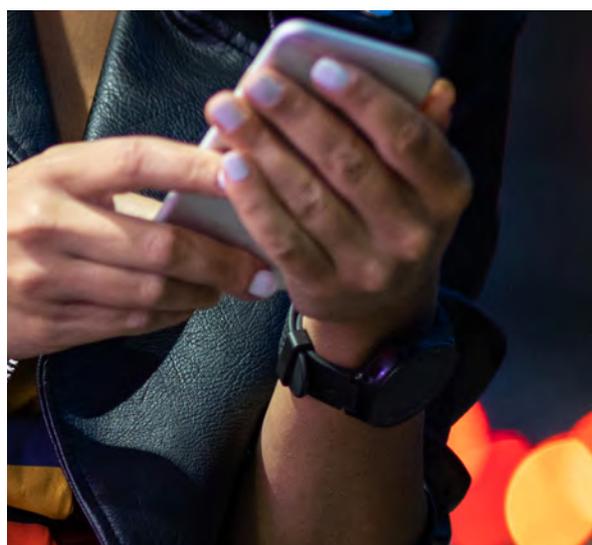
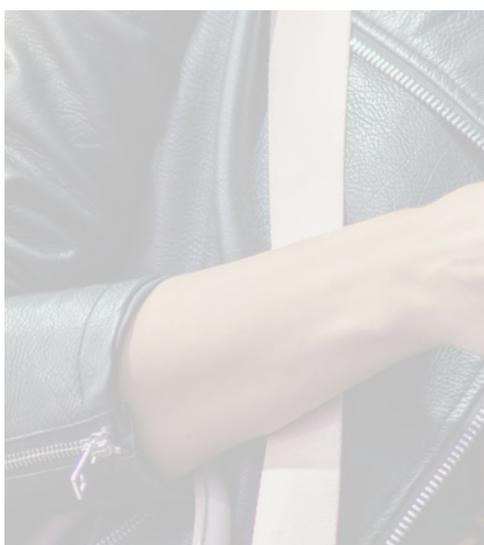
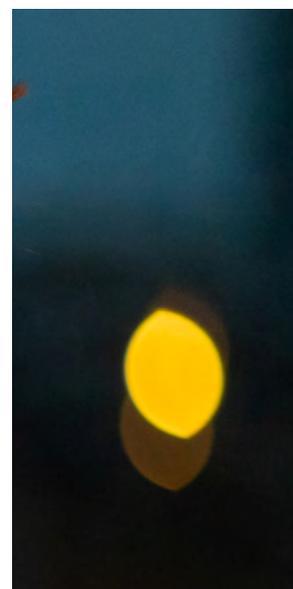
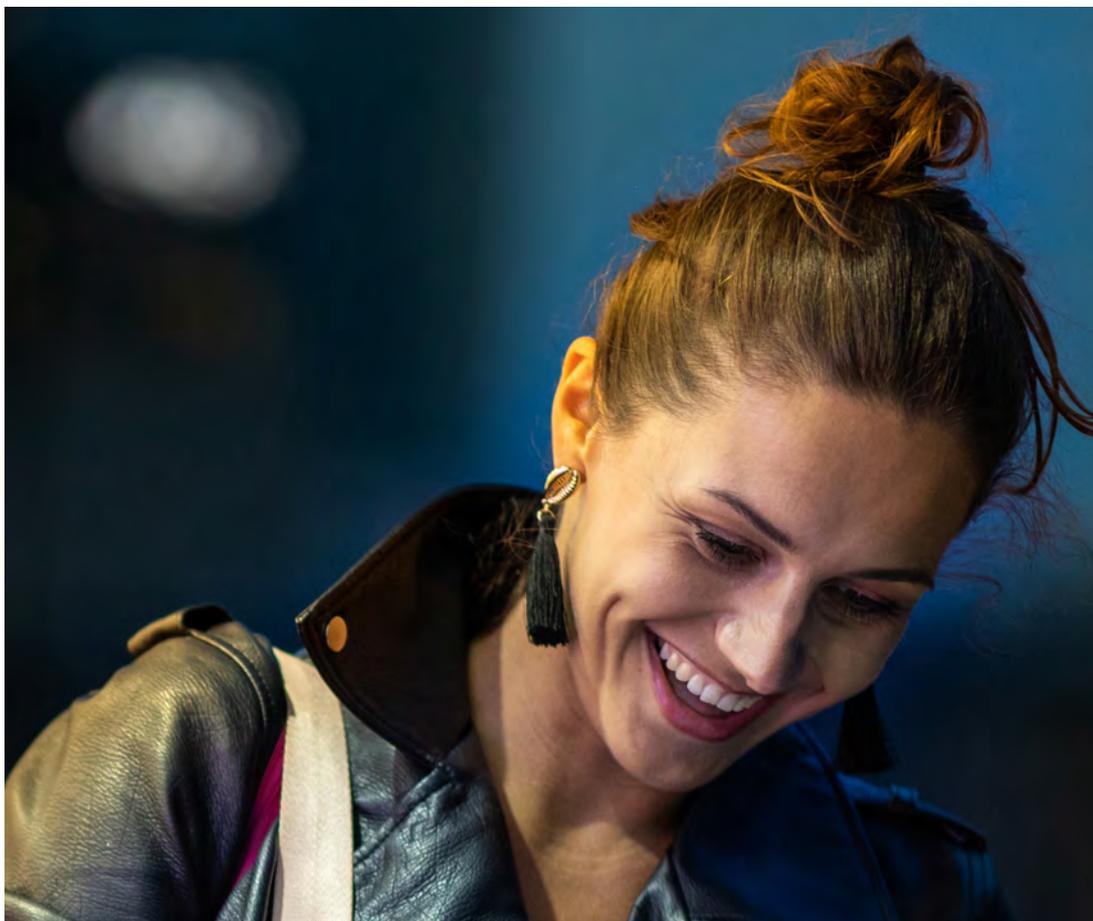
in EUR thousand	Notes	30/06/2021	31/12/2020
Share capital	15	9,927	9,775
Reserves		56,681	62,905
<i>Capital reserves</i>		69,866	68,269
<i>Other reserves</i>		-65	-66
<i>Reserves according to IAS 19</i>		-1	-1
<i>Profit / loss carried forward</i>		-13,120	-5,297
Equity		66,608	72,680
Provisions	16	7	7
Contract liabilities	13	330	230
Leasing liabilities	14	4,402	4,970
Other financial liabilities	14	5,159	3,650
Other non-current liabilities	14	206	206
Deferred tax liabilities		3,359	5,311
Non-current liabilities		13,464	14,374
Trade payables and other liabilities	14	5,027	4,887
Provisions	16	1,871	1,903
Financial liabilities	14	12	6
Leasing liabilities	14	1,186	1,180
Convertible notes	14	2,450	-
Tax liabilities		1,644	1,248
Current liabilities		12,190	9,224
Total liabilities		25,654	23,599
Total equity and liabilities		92,261	96,278

Consolidated Statement of Cash Flows

in EUR thousand	Notes	H1 2021	H1 2020
Result before tax from continuing operations		-9,937	-566
Result before tax from discontinued operations		-	-
Earnings before tax		-9,937	-566
Adjustments to reconcile profit before tax to net cash flows			
Profit/loss from the decrease in assets		0	-
Depreciation of intangible and tangible assets		2,883	3,000
Change in provisions		-32	-728
Financial income		-376	-262
Financial expenses		70	27
Other expenses/income with no influence on liquid funds		-563	-7,754
		-7,955	-6,283
Working capital adjustments			
Change in inventories		-355	1
Change in contract assets and contract costs		2,294	484
Change in receivables trade receivables and other receivables		261	1,275
Change in trade payables and other liabilities		635	33
Change in contract liabilities		125	99
Net cash flow from earnings before taxes		-4,995	-4,391
Income taxes paid		7	31
Cash flow from operating activities	17	-4,988	-4,359
Purchases of intangible and tangible assets		-125	-554
Purchase of financial assets		137	78
Disposal of tangible and intangible assets		1	11
Interest received		0	2
Cash flow from investing activities	18	13	-464
Proceeds from the issue of share capital		1,750	-
Proceeds from loans and borrowings		1,515	-
Proceeds from the issue of convertible notes		2,450	-
Repayments of financial liabilities		-0	-7
Repayments of leasing liabilities		-624	-404
Interest paid		-33	-5
Cash flow from financing activities	19	5,057	-416
Change in cash and cash equivalents		81	-5,239
Cash and cash equivalents at the beginning of the fiscal year		2,490	8,512
Cash and cash equivalents at the end of the period		2,458	3,791
<i>thereof effect of exchange rate differences on cash and cash equivalents held in foreign currency</i>		-113	519

Consolidated Statement of Changes in Equity

in EUR thousand	Nominal capital	Capital reserves	Currency reserve	Retained earnings	Reserves according to IAS 19	Profit / loss carried forward	Total
01/01/2020	9,775	68,269	143	0	-1	3,971	82,157
Net loss /profit for the year						631	631
Changes in the scope of consolidation							-
Miscellaneous result after taxation			45	0			45
Total result for the financial year	-	-	45	0	-	631	677
Capital increase							-
30/06/2020	9,775	68,269	188	0	-1	4,603	82,833
01/01/2021	9,775	68,269	-66	0	-1	-5,297	72,680
Net loss /profit for the year						-7,823	-7,823
Changes in the scope of consolidation							-
Miscellaneous result after taxation			1		0		1
Total result for the financial year	-	-	1	-	0	-7,823	-7,822
Capital increase	152	1,598					1,750
30/06/2021	9,927	69,866	-65	0	-1	-13,120	66,608



Notes to the Interim Consolidated Financial Statements

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 (formerly I-New Unified Mobile Solutions AG) and its subsidiaries, in particular cyan Security Group GmbH. cyan Security Group GmbH offers cybersecurity solutions for end customers of mobile network operators (MNOs), mobile virtual network operators (MVNOs), and financial service providers. I-New Unified Mobile Solutions GmbH operates as a Mobile Virtual Network Enabler (MVNE).

Accounting Principles

Basis of Preparation

These interim consolidated financial statements as of June 30, 2021 have been prepared voluntarily in accordance with the applicable International Financial Reporting Standards (IFRS) as adopted by the EU. The term IFRS also includes the still effective International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) as well as the 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, 2020. These form the basis for these interim consolidated financial statements.

Implications due to COVID-19

As already stated in the Interim Management Report, the coronavirus pandemic has developed into a global economic crisis. In this respect, cyan is mainly affected by delays in project implementations and postponements of contract conclusions. Due to the reduced forecast, the effect on earnings will be negative in the financial year 2021 despite cost-saving measures, particularly in travel expenses, trade fair expenses, but also in the area of personnel.

In connection with COVID-19, cyan has also assessed whether there is an indication of impairment of an asset according to IFRS 9. Assuming that the lockdown will lead to increased investments in digitalization and, due to the increased home office activity in all industries, also in the protection against cybercrime, cyan assumes that the general economic downturn will not affect the telecommunications industry in particular and thus our main customers, which is why the expected loss rates have not been adjusted.

In addition, it was assessed whether there is an indication for impairment according to IAS 36 due to the outbreak of the COVID-19 pandemic and the partly related reduced forecast for the financial year 2021. Based on the observable change in market interest rates, a new impairment assessment was performed. For this purpose, the weighted average cost of capital (WACC) was adjusted. The analysis showed that the values in use

of the assets continue to be higher than the book values and therefore there was no need for impairment.

Functional Currency

The interim consolidated financial statements of cyan AG are prepared in 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 the net assets, financial position and results of operations.

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 financial result.

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

	Average rate		Closing rate	
	H1 2021	H1 2020	30.06.2021	31.12.2020
Argentine Peso (ARS)	110.581		113.334	
Bangladeshi Taka (BDT)	101.972	93.271	95.388	103.874
Chilean Peso (CLP)	872.695	905.893	916.330	870.660
Colombian Peso (COP)	4,427.578	4,126.892	4,209.227	4,212.021
Mexican Peso (MXN)	24.321	23.857	25.083	24.291
Peruvian Sol (PEN)	4.581	3.812	4.026	4.676
Hungarian Forint (HUF)	357.853	345.395	347.690	359.020
US Dollar (USD)	1.206	1.101	1.126	1.217

Scope of consolidation and consolidation method

The scope of consolidation is determined in accordance with the provisions of IFRS. In addition to the interim 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 power 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 power over those entities. The financial statements of subsidiaries are included in the interim consolidated financial statements from the date cyan AG obtains control over the subsidiary until the date cyan AG ceases to have control.

The scope of consolidation as of June 30, 2021 is as follows:

Company	Registered office	Share	Fully consolidated since	Fully consolidated until
cyan AG	Germany			
CYAN International Solutions GmbH ^a	Austria	100%	01.01.2018	30.06.2020
CYAN Licencing GmbH	Austria	100%	01.01.2018	
CYAN Mobile Security GmbH ^a	Austria	100%	01.01.2018	30.06.2020
CYAN Networks Software Gesellschaft mbH ^a	Austria	100%	01.01.2018	30.06.2020
Cyan Seamless Solution México, S.A. de C.V.	Mexico	100%	31.07.2018	
Cyan Security Argentina SpA ^b	Argentina	100%	30.06.2021	
Cyan Security Chile S.p.A	Chile	100%	31.07.2018	
Cyan Security Colombia S.A.S.	Colombia	100%	31.07.2018	
Cyan Security Ecuador SAS ^c	Ecuador	100%	31.12.2020	
Cyan Security Group GmbH	Austria	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	
Say:Hola! S.A.S. ^d	Colombia	100%	31.07.2018	31.03.2020
smartspace GmbH	Austria	100%	31.07.2018	

^a With the merger agreements dated August 20, 2020 and August 28, 2020, the companies were merged into the parent company by way of an up-stream merger.

^b In 2021, Cyan Security Argentina SpA was established.

^c In 2020, Cyan Security Ecuador SAS was founded.

^d With the closing balance sheet of March 31, 2020, the liquidation of Say: Hola! S.A.S. was completed and it was therefore deconsolidated in 2020.

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

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

	Full consolidation		At-equity	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Balance at the beginning of the reporting period	13	16	0	0
Included for the first time	1	1	0	0
Deconsolidation due to mergers	0	3	0	0
Deconsolidated	0	1	0	0
Balance at the end of the reporting period	14	13	0	0

Accounting and Valuation Methods

In accordance with IAS 34, the income tax expense for the interim consolidated financial statements has been 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, 2020, with the exception of the standards described below. A detailed description of these methods is published in the notes to the 2020 consolidated financial statements.

Newly applicable and amended accounting standards

Standard	Content	Effective
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform Phase II	01/01/2021
IFRS 16	COVID-19-related amendments to rental concessions - date of application.	01/04/2021
IFRS 4	Insurance contracts - extension of the period for temporary exemption from the application of IFRS 9	01/01/2021

The changes had no material effect on cyan's net assets, financial position and results of operations.

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 17	Insurance Contracts	01/01/2023
IAS 1	Classification of liabilities as current or non-current	01/01/2023
IAS 8	Accounting estimates - changes	01.01.2023
IAS 12	Changes relating to deferred taxes on leases and decommissioning obligations	01/01/2023
Miscellaneous	Improvements to IFRS, Cycle 2018-2022	01/01/2022
IFRS 3	Amendments to references to the framework in IFRSs	01/01/2022
IAS 16	Property, plant and equipment	01/01/2022
IAS 37	Provisions, contingent liabilities and contingent receivables	01/01/2022

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 net assets, financial position and results of operations.

Segment Reporting

cyan's business activities, the business units and the products and services with which the reporting segments generate revenues are consistent with those described in the consolidated financial statements for 2020. 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 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
Segment total earnings^a	2,766	15,855	1,868	3,394	8	0	4,642	19,250
Segment revenues	2,152	15,369	1,392	1,563	-	-	3,544	16,932
EBITDA	-2,530	9,663	-3,944	-7,094	-887	-370	-7,360	2,200

^a Total of revenues, other operating income, income from reversals of impairment losses and changes in inventories

Segment revenues result exclusively from revenues from external customers.

	BSS/OSS		Cybersecurity		Transition		Total	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Employees (FTE)	81	83	67	66	0	0	148	149

in EUR thousand	BSS/OSS		Cybersecurity		Transition		Total	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
Impairment	-	-229	-	-	-	-	-	-229

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

in EUR thousand	BSS/OSS		Cybersecurity		Transition		Total	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Americas	1,468	1,625	-	-	-	-	1,468	1,625
APAC	17	23	-	-	-	-	17	23
EMEA	18,060	15,974	42,728	47,386	41	47	60,829	63,407
Non-current tangible assets, intangible assets and deferred tax assets	19,545	17,622	42,728	47,386	41	47	62,315	65,055

The countries of the respective customers / 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
- EMEA (Europe, Middle East and Africa): Austria, Cyprus, France, Germany, Hungary, Italy, Ireland, Poland, Slovenia, Switzerland

The following table shows the additions to non-current assets and intangible assets of cyan, broken down by the company's region of origin.

in EUR thousand	BSS/OSS		Cybersecurity		Transition		Total	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Americas	27	1,261	-	-	-	-	27	1,261
APAC	-5	75	-	-	-	-	-5	75
EMEA	201	223	71	2,668	-	40	272	2,931
Additions to non-current tangible assets, intangible assets	223	1,559	71	2,668	-	40	294	4,267

In 2020, an intra-Group addition was declared in the APAC region in the BSS/OSS segment. Due to immateriality, the correction was made in 2021.

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. In the current financial year, a number of new customer contracts were concluded, which will, however, only be relevant to sales in the second half of the year 2021 or in the next financial year. In the first half of 2020, a license deal was concluded with Virgin Mobile, which explains the significantly higher revenues in the BSS/OSS segment compared to 2021.

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

in EUR thousand	BSS/OSS		Cybersecurity		Total	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
Americas	521	13,764	-	-	521	13,764
<i>thereof Colombia</i>	142	902	-	-	142	902
<i>thereof Mexico</i>	163	12,663	-	-	163	12,663
<i>thereof other countries</i>	216	200	-	-	216	200
APAC	717	1,363	-	-	717	1,363
<i>thereof Bangladesh</i>	579	525	-	-	579	525
<i>thereof New Zealand</i>	138	837	-	-	138	837
EMEA	915	242	1,392	1,563	2,307	1,805
<i>thereof Austria</i>	144	70	1,277	1,420	1,420	1,489
<i>thereof other countries</i>	771	172	115	143	886	315
Revenues	2,152	15,369	1,392	1,563	3,544	16,932

[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 2021	H1 2020
Change in inventories and capitalized own work	-80	1,443
Income from subsidies/research grants	551	473
Income from reversal of impairment losses	77	327
Exchange rate gains	495	24
Other	55	51
Other income, income from reversals of impairment losses and changes in inventories	1,098	2,318

The research grant refers to an Austrian research and development grant of 14% of research and development expenses, which is paid out by the Austrian tax authorities. The changes in inventories shown relate to contract costs to fulfill customer contracts in accordance with IFRS 15, as well as capitalized development costs in accordance with IAS 38. In 2020, contract costs were capitalized. From April 2021, the contract costs will be dissolved over the term of the contract due to the commencement of service provision.

[3] Costs of Materials 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 2021	H1 2020
Cost of materials	-230	-238
Cost of services procured	-2,531	-1,761
Cost of materials and services procured	-2,761	-1,999

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

[4] Personnel Expenses

Personnel expenses include the following items:

in EUR thousand	H1 2021	H1 2020
Salaries	-4,612	-4,136
Expenses for social security contributions and payroll taxes	-931	-1,047
Other personnel expenses	-364	-328
Personnel expenses	-5,908	-5,510

[5] Impairment of Trade Receivables, and Contract Assets

In 2021, the impairment loss on trade accounts receivable and contract assets relates to write-downs of receivables in the amount of EUR 7 thousand. In addition, specific valuation allowances of EUR 359 thousand were recognized for the customer Truu (Mexico). In 2020, the impairment loss of trade receivables and contract assets mainly related to the impairment of contract assets due to Wirecard's filing for insolvency in the amount of EUR 4,785 thousand.

[6] Losses from Derecognition of Financial Assets

In 2020, the losses from the derecognition of financial assets measured at amortized acquisition costs result from a waiver of receivables in the amount of EUR 1,678 thousand from the customer Virgin Mobile.

[7] Other Expenses

Other expenses include the following items (type of expenses)

in EUR thousand	H1 2021	H1 2020
Consulting fees	-1,387	-1,139
Advertising expenses	-510	-367
Rental expenses	-158	-206
Fees	-106	-79
Insurance	-82	-108
Research and development	-41	-138
Travel expenses	-33	-161
Other	-651	-1,118
Other expenses	-2,968	-3,317

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

[8] Depreciation

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

in EUR thousand	H1 2021	H1 2020
Amortization of intangible assets	-2,436	-2,568
Depreciation on property, plant and equipment	-447	-432
Depreciation and amortization	-2,883	-3,000

[9] Financial Income and Financial Expenses

Other interest income comprise EUR 259 thousand from the recognition of financing components included in customer contracts in accordance with IFRS 15. The interest expenses are attributable to external financing (e.g. bank and other loans). As further loans were taken out at the end of 2020, interest on loans increased in 2021.

in EUR thousand	H1 2021	H1 2020
Interest income		
Loans	0	0
Other	376	262
Financial income	376	262
Interest and similar expenses		
Leasing liabilities	-36	-22
Interest on loans	-23	-1
Other	-10	-4
Financial expenses	-70	-27
Financial result	306	234

[10] Taxes on income

in EUR thousand	H1 2021	H1 2020
Expenses for current income taxes	-32	-318
Tax credits/back payments for previous years	123	-
Change in deferred income taxes	2,023	1,515
Income taxes	2,114	1,197

The change in current income taxes is due to the fact that I-New Unified Mobile Solutions GmbH generated a loss in the first half of 2021, which is why, from today's perspective, only the minimum corporate income tax will be incurred.

Notes to the Statement of Financial Position

[11] 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 01/01/2020					
Acquisition costs	17,689	22,247	966	30,779	71,681
Accumulated depreciation	-3,168	-4,748	-21	-	-7,937
Book value	14,520	17,499	945	30,779	63,744
Financial year 31/12/2020					
Initial book value	14,520	17,499	945	30,779	63,744
Additions - purchases	-	43	-	-	43
Additions - internal development	-	-	-	-	-
Reclassifications	-	-	-	-	-
Disposals acquisition costs	-0	-1,716	-	-	-1,716
Disposals accumulated depreciation	0	1,705	-	-	1,705
Depreciation	-1,626	-3,234	-54	-	-4,914
<i>thereof impairment</i>	-	-229	-	-	-229
Currency difference depreciation	-	4	-	-	4
Book value	12,894	14,301	891	30,779	58,865
Currency translation acquisition costs	-	-1	-	-	-1
Currency translation accumulated depreciation	-	0	-	-	0
As of 1/1/2021					
Acquisition costs	17,688	20,572	966	30,779	70,006
Accumulated depreciation	-4,794	-6,273	-75	-	-11,142
Book value	12,894	14,300	891	30,779	58,864
Financial year 30/06/2021					
Initial book value	12,894	14,300	891	30,779	58,864
Additions	71	8	-	-	79
Disposals	-	-	-	-	-
Depreciation	-820	-1,465	-27	-	-2,312
<i>thereof impairment</i>	-	-	-	-	-
Currency difference depreciation	-	0	-	-	0
Book value	12,145	12,843	864	30,779	56,631
Currency translation acquisition costs	-	-1	-	-	-1
Currency translation accumulated depreciation	-	1	-	-	1
As of 30/06/2021					
Acquisition costs	17,759	20,579	966	30,779	70,084
Accumulated depreciation	-5,614	-7,737	-102	-	-13,453
Book value	12,145	12,843	864	30,779	56,631

In connection with COVID-19, it was also determined whether there was any indication of impairment of an asset, specifically also with regard to the recoverability of goodwill. An impairment test was performed for this purpose. For more information, please refer to the section "Impacts due to COVID-19".

[12] Tangible Assets

The development of tangible assets (property, plant and equipment) is as follows:

in EUR thousand	Building equipment	Machinery and similar equipment	Other equipment/ office equipment	Total
As of 01/01/2020				
Acquisition costs	3,452	371	1,144	4,967
Accumulated depreciation	-1,245	-311	-495	-2,052
Book value	2,207	60	649	2,916
Financial year 31/12/2020				
Initial book value	2,207	60	649	2,916
Additions	3,896	50	279	4,225
Reclassification of acquisition costs	-	5	-5	-
Reclassification of accumulated depreciation	-	-0	0	-
Disposals acquisition costs	-700	-351	-272	-1,323
Disposals accumulated depreciation	688	351	265	1,304
Depreciation	-715	-23	-317	-1,056
Currency difference	7	1	2	10
Book value	5,382	92	601	6,075
Currency translation acquisition costs	-85	52	-14	-48
Currency translation accumulated depreciation	24	-55	2	-29
As of 01/01/2021				
Acquisition costs	6,562	127	1,132	7,821
Accumulated depreciation	-1,242	-38	-542	-1,822
Book value	5,321	89	589	5,999
Financial year 30/06/2021				
Initial book value	5,321	89	589	5,999
Additions	46	21	148	215
Disposals acquisition costs	-40	-	-277	-318
Disposals accumulated depreciation	-	-	137	137
Depreciation	-421	-23	-121	-565
Currency difference	3	0	-0	3
Book value	4,909	87	476	5,471
Currency translation acquisition costs	-63	0	0	-62
Currency translation accumulated depreciation	14	-0	-0	13
As of 30/06/2021				
Acquisition costs	6,505	148	1,003	7,656
Accumulated depreciation	-1,646	-61	-526	-2,233
Book value	4,859	87	476	5,422

The additions as well as the disposals in 2021 mainly relate to rights of use in accordance with IFRS 16.

[13] 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	30/06/2021	30/06/2020
Costs of initiating a contract	51	57
<i>thereof non-current</i>	51	57
<i>thereof current</i>	-	-
Contract performance costs	4,931	5,061
<i>thereof non-current</i>	4,931	5,061
<i>thereof current</i>	-	-
Trade accounts receivable	2,705	3,149
<i>thereof non-current</i>	-	-
<i>thereof current</i>	2,705	3,149
Contract assets	16,467	17,522
<i>thereof non-current</i>	13,142	14,588
<i>thereof current</i>	3,325	2,934
Contract liabilities	330	230
<i>thereof non-current</i>	330	230
<i>thereof current</i>	-	-

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 in 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 as of April, the capitalized contract performance costs are amortized over the term of the contract and are presented as non-current.

The contract liabilities are based on services already invoiced under the Orange contract, which will also be dissolved over the term of the contract.

[14] Financial Instruments

in EUR thousand	IFRS 9^a	Level	Book values 30/06/2021	Book value 31/12/2020
Assets				
Leasing receivables (non-current)	AC	n/a	436	572
Leasing receivables (current)	AC	n/a	271	272
Cash and cash equivalents	AC	n/a	2,458	2,490
Trade receivables and other receivables	AC	n/a	2,705	3,149
Other receivables	AC	n/a	38	41
Other receivables and assets	AC	n/a	1,690	1,502
Liabilities				
Leasing liabilities (non-current)	AC	n/a	4,402	4,970
Leasing liabilities (current)	AC	n/a	1,186	1,180
Financial liabilities	AC	n/a	12	6
Convertible notes	AC	n/a	2,450	-
Trade payables and other liabilities	AC	n/a	5,027	4,887
Other non-current financial liabilities	AC	n/a	5,159	3,650
Other non-current liabilities	AC	n/a	206	206

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

A fair value measurement according to Level 2 (based on net present value) resulted in a fair value of EUR 700 thousand for the lease receivables as of June 30, 2021.

Non-current financial liabilities include fixed-interest loans from the Austrian Research Promotion Agency (FFG) and a fixed-interest loan from Erste Bank. The FFG loans are measured at amortized acquisition costs and amount to EUR 305 thousand as of June 30, 2021. A fair value measurement according to Level 2 (based on net present value) resulted in a fair value of EUR 309 thousand. The fixed-interest loan from Erste Bank is also measured at amortized acquisition costs and amounts to EUR 4,565 thousand as of June 30, 2021. A fair value measurement according to Level 2 (capital value-oriented) resulted in a fair value of EUR 4,635 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). The nominal value of the convertible note amounts to EUR 8.4 million and will be drawn in eight tranches of EUR 1.05 million each. The investor can dissolve the agreement if the share price falls below 115% of the fixed minimum price (EUR 10.472). In the event of a termination, the investor will receive the outstanding nominal value of the drawn tranches either in the form of converted shares based on the conversion price or the tranches will be repaid, in which case the outstanding nominal value will be divided by 0.97. The investor has the right to choose the conversion price. The issuer has the right to choose which option is executed. If the tranches are drawn, the investor is generally obliged to convert. cyan has the option to prevent a conversion by repaying the investor the amount stated in the conversion notice divided by 0.97. If conversion is not prevented, conversion takes place at the conversion price. The conversion price is defined as the maximum value between the fixed minimum price (EUR 10.472) and 95% of the value of the lowest share price of the last 6 trading

days. If the share price is greater than or equal to EUR 12.043, the investor has the obligation to draw the tranches, below that it is optional. There is no regular interest. Currently, 4 tranches (totaling EUR 4.2 million) have already been drawn. As can be seen in the statement of changes in equity, 152,207 shares amounting to EUR 1.75 million have already been converted.

[15] Equity

As of June 30, 2021, the nominal capital amounts to EUR 9,926,745.00 (Dec. 31, 2020: EUR 9,774,538.00) and is fully paid in. The development of the nominal capital and the capital reserves is shown in the statement of changes in equity.

As of the reporting period date, there are 9,926,745 shares outstanding (Dec. 31, 2020: 9,774,538 shares), the nominal value is EUR 1.00 per share (Dec. 31, 2020: EUR 1.00).

[16] Provisions

Provisions comprise the following items:

in EUR thousand	Personnel expenses	Consulting expenses	Other	Total
Book value at 01/01/2020	1,694	452	182	2,328
Use/resolution	1,271	594	174	2,039
Allocations to provisions	960	373	281	1,614
Book value at 31/12/2020	1,384	231	289	1,903
Use/resolution	912	208	202	1,323
Allocations to provisions	1,002	91	199	1,291
Book value at 30/06/2021	1,473	113	285	1,871

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.

[17] 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.

[18] Cash flow from Investing Activities

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

[19] Cash flow from Financing Activities

The cash flow from financing activities comprises the issue and conversion of convertible notes and the proceeds from borrowings.

Other Explanations

Related Companies and People

Up to June 30, 2021, there were no changes to the related party disclosures described in the consolidated financial statements as of December 31, 2020.

Information on the Compensation of the Executive Board and the Supervisory Board

Remuneration of the Members of the Executive Board

As of June 30, 2021 the Executive Board of cyan AG comprises three members:

- Frank von Seth (since 01/01/2021)
- Markus Cserna
- Michael Sieghart
- Peter Arnoth (until 31/12/2020)

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

in EUR thousand	H1 2021			H1 2020		
	Current fixed compensation	Current variable compensation	Total	Current fixed compensation	Current variable compensation	Total
Frank von Seth	50	-	50	-	-	-
Markus Cserna	34	-	34	34	31	65
Michael Sieghart	50	-	50	50	25	75
Peter Arnoth	-	-	-	36	48	84
Compensation	134	-	134	120	104	224

The compensation of the Executive Board consists of fixed salaries and one-time bonuses. The bonus payments amounted to 2.45% of Group EBITDA for Peter Arnoth in 2020. A target bonus of EUR 250,000.00 was agreed for Markus Cserna, a target bonus of EUR 200,000.00 for Michael Sieghart and a target bonus of EUR 90,000.00 for Frank von Seth, which are calculated depending on the achievement of precisely defined targets (linked to EBITDA and operating cash flow).

No advances or loans have been granted to members of the Executive Board.

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

in EUR thousand	H1 2021			H1 2020		
	Current fixed compensation	Current variable compensation	Total	Current fixed compensation	Current variable compensation	Total
Frank von Seth	117	-	117	-	-	-
Markus Cserna	134	-	134	134	-	134
Michael Sieghart	118	-	118	118	-	118
Peter Arnoth	-	-	-	146	-	146
Compensation	369	-	369	398	-	398

Remuneration in kind totaled EUR 21 thousand (H1 2020: EUR 16 thousand) and cash expenses EUR 1 thousand.

A target bonus of EUR 210,000.00 was agreed for Frank von Seth, which is also calculated depending on the achievement of precisely defined targets (linked to EBITDA and operating cash flow).

Compensation of the Members of the Supervisory Board

The members of the Supervisory Board of cyan AG are:

- Gerd Alexander Schütz (since 05/01/2021)
- Stefan Schütze
- Lucas Prunbauer
- Volker Rofalski (until 31/12/2020)
- Alexandra Reich (since 23/06/2021)
- Trevor D. Traina (since 23/06/2021)

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

in EUR thousand	Period of appointment	H1 2021	H1 2020
Gerd Alexander Schütz	05/01/2021 - 31/12/2022	-	-
Stefan Schütze	01/01/2018 - 31/12/2022	-	11
Volker Rofalski	01/01/2018 - 31/12/2020	-	-
Lucas Prunbauer	30/11/2018 - 31/12/2022	-	-
Alexandra Reich	23/06/2021 - 31/12/2026	-	-
Trevor D. Traina	23/06/2021 - 31/12/2026	-	-

Details on Employees

The average number of employees during the first six months of the financial year 2021 was 148 (Dec. 31, 2020: 149).

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 1,552 thousand as of June 30, 2021 (Dec. 31, 2020: EUR 1,552 thousand).

Audit Fees

The expenses for the auditor of the consolidated financial statements attributable to the financial year are itemized as follows:

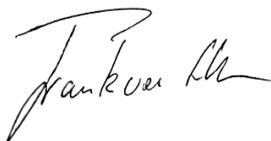
in EUR thousand	H1 2021	H1 2020
Expenses for audit services	17	271
<i>thereof from previous years</i>	-	218
Expenses for other certification services	-	-

Negative Note

The expenses for the auditor of the consolidated financial statements attributable to the financial year break down as follows:

Significant Events after the Balance Sheet Date

Events between the balance sheet date of June 30, 2021 and the publication date of September 30, 2021 include a forecast adjustment, a change in strategy, a capital increase and a change in the Executive Board. These events are noted on page 23 of the interim management report.



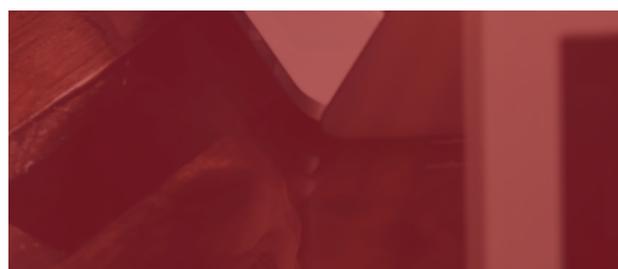
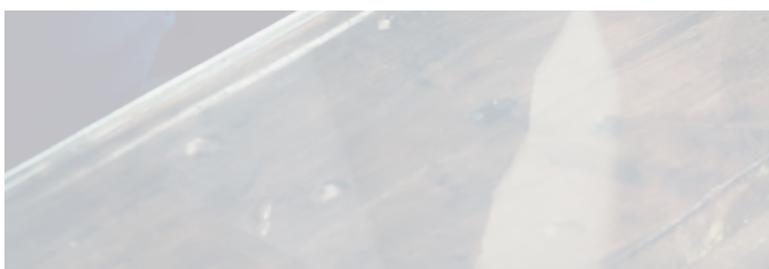
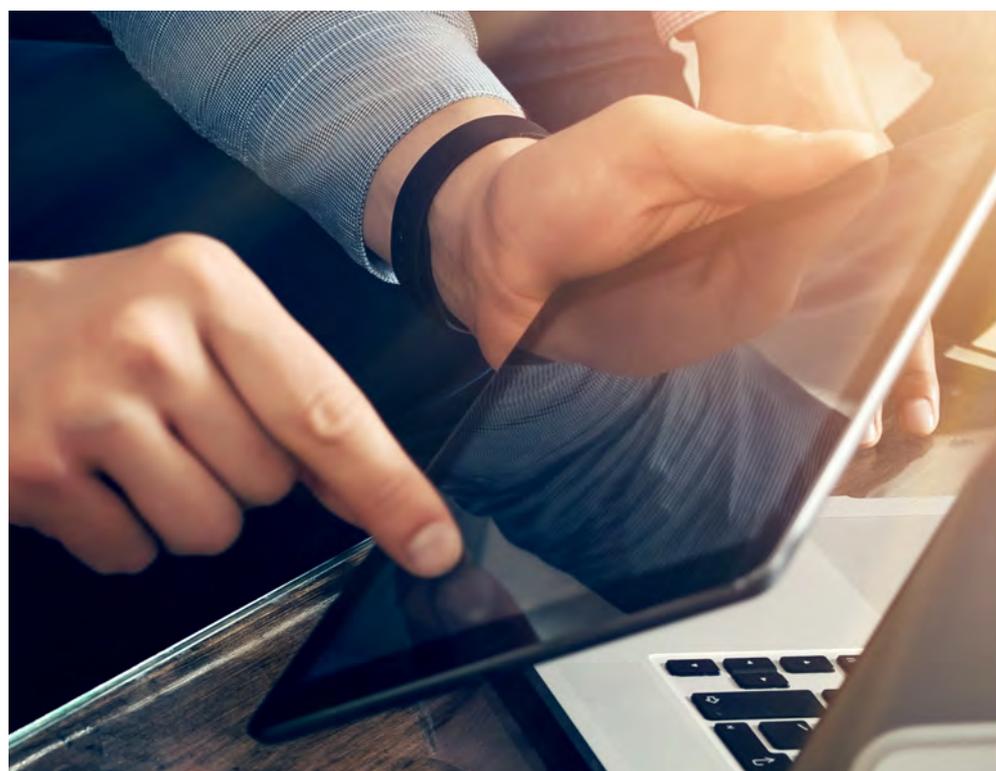
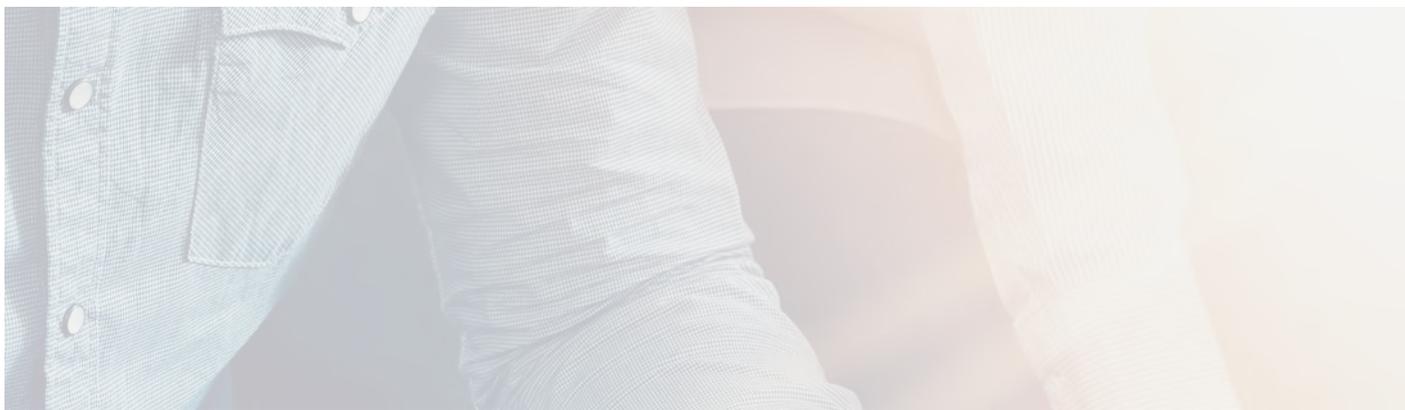
Frank von Seth
CEO



Markus Cserna
CTO



Michael Sieghart
CFO



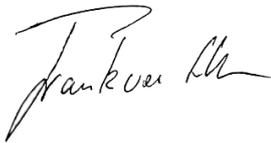
Assurance by the Legal Representatives

Assurance by the Legal Representatives

We assure to the best of our knowledge, that the consolidated interim financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the applicable financial reporting framework for interim financial reporting, and that the interim management report of the Group includes a true and fair view 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 remaining months of the financial year.

Munich, September 2021

Executive Board of cyan AG



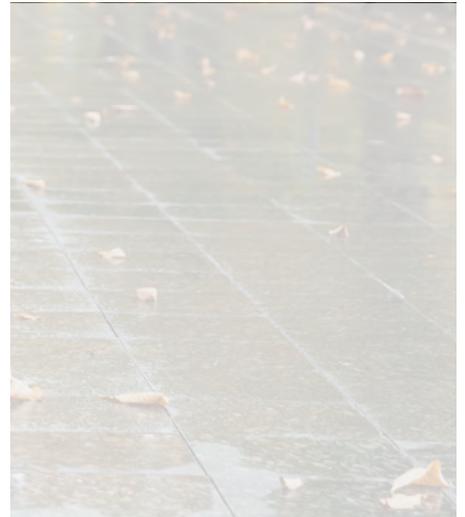
Frank von Seth
CEO



Markus Cserna
CTO



Michael Sieghart
CFO



Further Information

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 interim report is available for download in both languages in the Investor Relations section of the website.

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🔗 cyansecurity.com

Investor Relations

cyan AG
Investor Relations
ir@cyansecurity.com

🔗 ir.cyansecurity.com

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cyan AG

Theatinerstraße 11
80333 Munich, Germany

www.cyansecurity.com

