2023 Annual Report


cyan
digital
security

Network Security

Going beyond connection

With our easy-to-implement, network-based security solutions, we enable telecommunications providers to effortlessly protect their end users online.

Endpoint Security

Reaching full digital potential

Our device-based security solutions can be implemented in any end-customer app or as a standalone app. Fully branded in the style of our customers. For convenient digital security everywhere.

Child Protection

Digital safety from day one

Using new technologies is essential for the young generation to fully realize their potential. We provide the secure digital environment to make this possible.


SUBSCRIBERS INCREASE %
71
71%
DATA ANALYSIS
DATA ANALYSIS
PHISHING MAIL COUNTER : 3.400.000.000.000
LOCKED DEVICES AMOUNT 1.700.000

Contents

This annual report is a convenience translation of the German original.
The auditor's report is solely issued on the German original.

Please find the German original under the following link:
ir.cyansecurity.com

Letter to the Shareholders

Dear Shareholders,

We are proud that our proprietary software and technology protects our end customers from potential internet threats such as phishing, malware and identity theft at all times. We accomplish this important task through our proprietary threat intelligence platform, which can be used network-integrated via telecom operators and device-based via app. With a leaner and more agile team, our goal is to further expand our partners in the telecommunications sector and to penetrate new business areas such as insurances to further protect the digital lives of our partners' end customers with our solutions.

Focus on the core business cybersecurity

With the sale of our BSS/OSS (Business Support System / Operations Support System) segment at the end of 2023, cyan is now fully focused on its core business cybersecurity. Therefore, we sold the BSS/OSS segment under the i new brand to Compax International Holding GmbH (Compax). The operations of i-new Unified Mobile Solutions GmbH were transferred as part of an asset deal and the subsidiaries belonging to the business segment were sold as part of a share deal. The transaction significantly streamlined the cyan Group. Operating costs reduce by around 60%, whereas the segment was responsible for only 45% of revenue in 2023. In addition, we will use the proceeds from the sale to invest in product development and in the expansion and improvement of our AI-based algorithms in order to further consolidate our strengths. We have agreed a strategic partnership with Compax for technology and sales activities. The customer landscape of both groups is highly interconnected. In particular, we will support Compax with the customers that have been transferred and are already in the bidding process. Conversely, Compax will place our cybersecurity products in their sales discussions with telecommunications providers.

Significant gains among subscribers (end customers)

In the cybersecurity segment, we recorded a pleasing 71% growth in subscribers in 2023. This trend is also continuing in the first few months of 2024 and gives us a good starting point for the new fiscal year. The growth in the past financial year is due to the fact that we were able to further expand our cooperation with the Orange Group and launch a major product upgrade with T-Mobile Poland. In 2023, we also gained a new partner in MTEL, which offers our products integrated into tariffs and has become a major MVNO (Mobile Virtual Network Operator) in the entire DACH region. The German market in particular offers significant growth potential for the future. In addition, we have already announced our collaboration with Orange Spain, another major customer from the Orange Group, in the current year 2024. Overall, we want to secure our long-term success and look forward to keeping you up to date on our further progress.

Growth and figures

We were able to significantly increase the particularly important part of revenue, recurring revenue in the Cybersecurity segment, by 41% compared to 2022. Due to the sale of the BSS/OSS segment at the end of 2023, the segment will be removed from the balance sheet and income statement as a discontinued operation in accordance with IFRS 5 to ensure comparability. After the spin-off, consolidated operating revenue in 2023 amounts to EUR 4.7 million, which is therefore fully attributed to the Cybersecurity segment. This means that cyan was able to increase its operating revenue in the segment by 23% (2022 Cybersecurity segment: EUR 3.8 million). The difference in increase in revenue and recurring revenue is due to higher implementation revenues in 2022. In order to invest in our sustainable growth, we carried out three capital increases and issued a convertible bond in the 2023 financial year, all of which were fully signed. This is a clear vote of confidence from our investors, for which we would like to express our sincere thanks.

Outlook

Thanks to the proceeds from the sale of the BSS/OSS segment and the steady growth in recurring revenue, no further capital increase is currently planned for operations in the future. In the first months of 2024, we initiated a strategy program with which we will achieve improvements in the areas of product, markets, internal processes and administration. This will be implemented by our partially new and, above all, leaner team. A cornerstone on the product side in our core market OnNet is an improved product under the name OnNet Core, which enables much faster implementation, allowing our partners to plan for faster sales. On the market side, we will penetrate new industries, such as the insurance sector, primarily with technology and product partnerships using our end device-based solution and the SDK (Software Development Kit) in order to protect their end customers from digital threats. We are currently developing WeProtect, a product that will be offered as bundled cyber and insurance protection together with the insurtech company wefox in cooperation with Allianz Partners. Most recently, we have already initiated internal process optimizations with the aim of further streamlining the Group structure from 16 to three companies, reducing costs through external service providers and introducing new internal financial reporting. In addition, we will increasingly report on further progress in our business via corporate news, the press and social media in 2024.

As a dynamic company, we are fully focused on our core business Cybersecurity, where we are on an international growth path with a strong proprietary technology.

Acknowledgement

Finally, we would like to thank our shareholders, employees, customers and suppliers for their continued support and co-operation. We look forward to making continuous progress towards our goals with you.

Yours sincerely,
The Management Board of cyan AG

Munich, May of 2024

Thomas Kicker
CEO

Markus Cserna
CTO

Report of the Supervisory Board

Dear Shareholders,

In the 2023 financial year, the Supervisory Board of cyan AG duly and fully performed the duties incumbent upon it in accordance with the law and the Articles of Association. It dealt regularly and in detail with the situation and development of the company. To this end, the Supervisory Board regularly consulted with the company's Management Board and carefully monitored its activities. The Supervisory Board not only monitored but also supported the Management Board; in particular, the individual members of the Supervisory Board were available to the members of the Management Board for a regular exchange of ideas.

The Management Board informed the Supervisory Board cyclically, promptly and comprehensively in written and verbal form about the key aspects of the company and about current issues (see list of key topics below). Where the approval of the Supervisory Board was required by law, the articles of association or the rules of procedure for management decisions or measures, the Supervisory Board was involved in the process, in some cases in the form of written circular resolutions.

Composition of the Supervisory Board

There were changes to the Supervisory Board in 2023.

Ms Alexandra Reich resigned from the Supervisory Board in March 2023. Mr Markus Messerer was appointed to the Supervisory Board by the Munich Registry Court on 31 March 2023 and elected to the company's Supervisory Board at the 2023 Annual General Meeting for the period until the end of the Annual General Meeting that approves the actions of the Supervisory Board for the 2027 financial year.

Mr Lucas Prunbauer, who has been a member of the company's Supervisory Board since 14 November 2018, was re-elected at the 2023 Annual General Meeting, also for the period until the end of the Annual General Meeting that resolves on the discharge of the Supervisory Board for the 2027 financial year.

Mr Stefan Schütze, who had been a member of the company's Supervisory Board since 19 January 2018, did not stand for re-election for a further term of office at the 2023 Annual General Meeting, meaning that Mr Alexander Singer was elected to the company's Supervisory Board, also for the period until the end of the Annual General Meeting that resolves on the formal approval of the actions of the Supervisory Board for the 2027 financial year.

Until the end of the 2023 Annual General Meeting, Mr Stefan Schütze was Chairman of the company's Supervisory Board and Mr Lucas Prunbauer was his deputy. Immediately after this Annual General Meeting, on 10 July 2023, Mr Alexander Singer was elected Chairman of the company's Supervisory Board and Mr Lucas Prunbauer was elected Deputy Chairman.

The Supervisory Board would like to thank Ms Alexandra Reich and Mr Stefan Schütze for their valuable work on the Supervisory Board.

Meetings and resolutions

A total of nineteen Supervisory Board meetings were held (once three meetings on the same day, twice two meetings on the same day) on the following dates

- 26 January 2023
- 16 February 2023

- 24 April 2023
- 31 July 2023 (three meetings)
- 15 August 2023
- 24 August 2023
- 25 August 2023 (two meetings)
- 29 August 2023 (two meetings)
- 7 September 2023
- 21 September 2023
- 27 September 2023
- 23 October 2023
- 23 November 2023
- 13 December 2023
- 18 December 2023

These meetings of the Supervisory Board were generally held in person with the members of the Supervisory Board attending in person or in the form of video conferences with two-way audio and visual connections in real time. Only one meeting of the Supervisory Board, namely that of 15 August 2023, was held in the form of a mere conference call.

Outside of these nineteen Supervisory Board meetings, the Supervisory Board passed eight circular resolutions on the following dates

- 16 February 2023
- 10 July 2023
- 18 July 2023
- 25/26 July 2023
- 4 September 2023
- 7 September 2023
- 3-4 October 2023
- 4 December 2023

Between these meetings, the Supervisory Board and its Chairman were informed by the Management Board in written and telephone reports about particularly important projects and plans of the company.

The Deputy Chairman of the Supervisory Board, Mr Lucas Prunbauer, had regular telephone contact with the auditors from Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft during the preliminary audit (December 2023) and during the main audit (February to May 2024 inclusive).

At its meetings in 2023 and when adopting its circular resolutions, the Supervisory Board focussed on

- the 2023 budget,
- the audit of the 2022 annual financial statements,
- the preparation and follow-up of the 2023 Annual General Meeting,
- the selection of a new auditor for the 2023 financial year
- the transition from the previous auditor to the current auditor,
- the election of the Chairman of the Supervisory Board and his deputy,
- the organisation of the Supervisory Board's cooperation from the 2023 Annual General Meeting onwards (taking minutes, insider training, etc.)
- the rules of procedure for the Supervisory Board,
- Management Board matters, in particular the selection of a new member of the Management Board required with the departure of Mr Frank von Seth and

accompanied by Amrop GmbH, as well as contract negotiations with and appointment of Mr Thomas Kicker as the new Chairman of the company's Management Board,
- the rules of procedure for the Management Board,
- the allocation of responsibilities among the members of the Management Board,
- the operational business of cyan Security Group GmbH and I-New Unified Mobile Solutions GmbH (in each case with their "ABC Customers & Markets" (sales, earnings and customer development), "Research & Development" and with their "Risks" and "Opportunities"),
- marketing and sales as well as public relations,
- the shareholding structure,
- the sale of the operations of I-New Unified Mobile Solutions GmbH,
- the examination of a possible but unrealised acquisition of a company well suited to the company,
- the organisation of the accounting system,
- the audit of the accounting processes,
- regular target/actual comparisons (forecasts),
- liquidity, liquidity planning, in particular with the assumptions and background to the individual items in the liquidity planning and the probability that the assumptions will materialise,
- the capital increases in July and September 2023 and the associated amendments to the Articles of Association
- the issue of the unrealised convertible bond in September 2023
- the issue of the convertible bond in December 2023,
- necessary ad hoc notifications,
- Personnel matters, in particular the retention of key employees at the company,
- Legal matters (legal advice and representation, including legal disputes),
- insurance (in particular D&O insurance),
- the half-year report 2023,
- the business model / strategy

and
- the 2024 budget and longer-term planning (2025).

The Supervisory Board did not form any committees in the 2023 financial year either.

There were no conflicts of interest on the part of Supervisory Board members in connection with their work for the company.

Annual and consolidated financial statements

The auditor elected at the Annual General Meeting on 10 July 2023 and appointed by the Supervisory Board,

**Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft, München**

issued a declaration of independence to the Supervisory Board, audited the annual and consolidated financial statements and the summarised management report and Group management report of the company for the 2023 financial year and issued an unqualified audit opinion. In its audit report, the auditor explained the auditing principles. The auditor did not raise any objections to the annual financial statements, the consolidated financial statements or the summarised management report and Group management report.

Both the annual financial statements and the management report as well as the auditor's report for the single-entity and consolidated financial statements were made available to all members of the Supervisory Board in good time. The financial statement documents were discussed in detail at the Supervisory Board meeting on 19 April 2024 in the presence of Mr Felix Haendel and Mr Andreas Appelt from Rödl & Partner Germany as well as Mr Phillipp Rath and Ms Sevda Yildirim from Rödl & Partner Austria and at the Supervisory Board's balance sheet meeting on 21 May 2024 in the presence of Mr Felix Haendel and Mr Andreas Appelt from Rödl & Partner Germany. The Supervisory Board examined the annual and consolidated financial statements as well as the summarised management report and Group management report in detail. No objections were raised following this review. The Supervisory Board agreed with the results of the audit and approved the annual and consolidated financial statements prepared by the Management Board for the 2023 financial year. The annual financial statements were thus adopted unanimously. The consolidated financial statements were unanimously acknowledged by the Supervisory Board. The Supervisory Board agreed with the summarised management and Group management report and the assessment of the company's future development.

Thanks

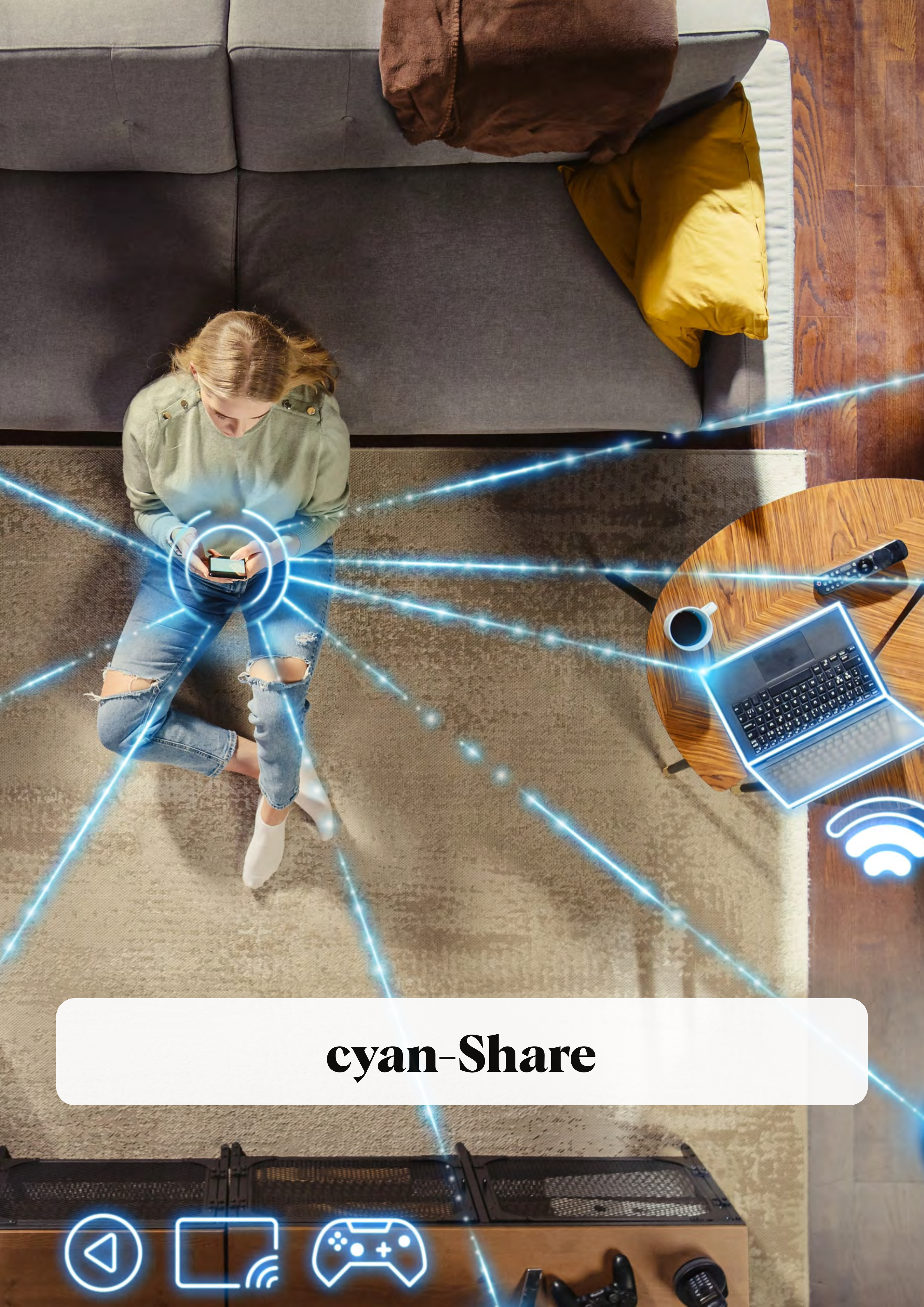
The Supervisory Board would like to thank the members of the Management Board and all employees worldwide for their energetic and successful commitment in the past 2023 and the current 2024 financial year and looks forward with confidence to further fruitful cooperation.

The Supervisory Board also appreciates the loyalty of customers and the reliability of suppliers and would like to thank Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft in particular for their pleasant and professional cooperation.

Finally, the Supervisory Board appreciates the trust and commitment of the shareholders.

Vienna, 21 May 2024
For the Supervisory Board

Alexander Singer
Chairman of the Supervisory Board



cyan-Share

Share price performance

Relative Share Performance[a] January 1, 2023 – May 15, 2024 (rebased)[b]

[a] compared to the Scale All-Share Index
[b] Xetra closing prices rebased to 100

cyan AG is listed in the Scale segment (Open Market) of the Frankfurt Stock Exchange since March 2018. The Scale All Share Index, which covers the performance of all companies listed in the Scale segment, fell slightly by -4.7% in the reporting period. The cyan share opened at EUR 1.395 on January 2, 2023 (first trading day Xetra) and closed at EUR 1.05 on December 29, 2023 (last trading day Xetra). cyan shares therefore posted a negative performance of -24.7 % in 2023. On August 16, 2023, the highest intraday price (Xetra) of the year was reached at EUR 2.16. The lowest daily low was recorded on December 22 at EUR 0.98. Based on the closing price of EUR 1.05 and the 20,189,486 bearer shares outstanding at that time, cyan AG's market capitalization as at 31 December 2023 was EUR 21.2 million. In the following months of 2024, the share price recovered steadily to over EUR 2.00.

	2023	2022
Share capital at the end of the period[a]	20.189.486	17.016.800
Market capitalization at the end of the period (EUR million)	21,2	29,9
High for the period (intraday)	2,16	3,45
Period low (intraday)	0,98	1,35
Opening price at the beginning of the period (first trading day Xetra)	1,395	2,70
Closing price at the end of the period (last trading day Xetra)	1,05	1,40
Change (%)	-24,7	-49,0

[a] The capital was increased in three capital increases from authorized capital.

Key Characteristics

WKN	A2E4SV
ISIN	DE000A2E4SV8
Ticker symbol	CYR
Trading segment	Open Market (Scale)
Stock exchange segment	Software
Marketplace	XETRA / Frankfurt
Class of shares	Inhaberaktien
Initial listing	28.3.2018
Initial issue price in EUR	23,0

Analyst Coverage

As of December 31, 2023, there was research coverage of the cyan share by two analysts. Both issued a buy recommendation. The contract with Kepler Cheuvreux was terminated at the beginning of 2023; Alster Research took up coverage instead in April 2023. Alster Research has been operating under the name mwb Research since March 2024.

	Date	Target Price	Recommendation
mwb Research	17/04/2024	EUR 3,50	Buy
SMC Research	11/10/2023	EUR 2,90	Spec. Buy

Capital Increases

In February 2023, cyan AG concluded an agreement with creditors of the company, according to which their joint claim in the amount of EUR 3.0 million was contributed as part of a non-cash capital increase in return for the granting of shares. The share capital increased by EUR 1,868,592.00 from EUR 17,016,800.00 to EUR 18,885,392.00 against the issue of 1,868,592 shares at an issue price of EUR 1.63. The non-cash capital increase was entered in the commercial register in April 2023.

Furthermore, the Management Board of cyan AG resolved on June 21, 2023, with the approval of the Supervisory Board, to increase the company's share capital. As a new authorized capital was approved at the Annual General Meeting on 10 July 2023, the capital increase was cancelled on 18 July 2023. At the same time, with the approval of the Supervisory Board, the company's share capital was increased by EUR 526,316.00 from EUR 18,885,392.00 to EUR 19,411,708.00 by issuing 526,316 new no-par value bearer shares against cash contributions. The shares were issued at a placement price of EUR 1.90 per new share. Shareholders' subscription rights were excluded. The capital increase was entered in the commercial register in August 2023.

On 7 September 2023, the Management Board resolved, with the approval of the Supervisory Board, to increase the company's share capital by up to EUR 777,778.00 from EUR 19,411,708.00 to up to EUR 20,189,486.00 against cash contributions, making partial use of Authorized Capital 2023/I. The new shares were issued at a placement price of EUR 1.80 per new share. Shareholders' subscription rights were excluded. The capital increase was entered in the commercial register in September 2023.

On 4 December 2023, the Management Board resolved, with the approval of the Supervisory Board, to issue a 1% convertible bond 2024 with a total nominal value of up to EUR 1,500,000.00, divided into up to 1,500,000 bearer bonds with equal rights and a nominal value of EUR 1.00 each. The convertible bonds were offered to shareholders for subscription by way of indirect subscription rights. The subscription ratio was 13:1 (13 shares entitled the holder to subscribe to one convertible bond). Convertible bonds not subscribed to by shareholders on the basis of subscription rights within the subscription period were also offered to investors in parallel to the subscription offer as part of a private placement at the fixed subscription price of EUR 1.00. All capital measures were carried out in full.

All capital measures were fully signed.

Investor Relation Activities

In the 2023 financial year, Investor Relations and the Management Board attended the CF&B Small Cap Event in Paris and the Deutsche Börse Equity Forum in Frankfurt to present the corporate strategy and cyan to analysts and investors. Finally, the Annual General Meeting was held in virtual format in Munich on July 10, 2023. In addition to quarterly financial reporting, investors and the public were also kept up to date on current developments within the Group by means of numerous news and ad hoc announcements. A total of 23 capital market publications (directors' dealings, ad hoc) and news were published in the reporting year. In addition, numerous investor calls and e-mail inquiries were answered.

◥ ir.cyansecurity.com

Financial Calendar

In the current year, cyan AG will increasingly inform the capital market about the course of business and will be represented at several analyst and investor conferences internationally.

Events	Dates	Location
Investor Access Paris	04-05/04/2024	Paris
Round Table mit mwb Research	15/04/2024	Virtual
Spring conference Equity Forum	13-15/05/2024	Frankfurt
Annual General Meeting	12/07/2024	Munich/Virtual
Fall conference Equity Forum	02-03/09/2024	Frankfurt
Half-year-report 2024	26/09/2024	-
Deutsche Börse Eigenkapitalforum	25-27/09/2024	Frankfurt

Current dates, upcoming events and news for 2024 are continuously updated on the Group website.

◥ ir.cyansecurity.com/news-and-events

Management Report

of cyan AG, Munich for the fiscal year
from January 1 to December 31, 2023

Group Fundamentals

The cyan Group (XETR: CYR; hereinafter “cyan”) is a provider of intelligent cybersecurity solutions with almost 20 years of experience in the IT industry. With its solutions, cyan protects millions of end customers from the dangers of the Internet such as phishing, malware and identity theft. The IT security products for end customers of mobile and fixed network internet providers, mobile phone providers and financial service providers are bundled under the “cyan digital security” brand. Four product types are marketed under the names OnNet Core, OnNet Plus, Endpoint/SDK and Child Protection. cyan's security solutions are integrated into the customer's infrastructure or via a cloud solution at the business partner, which then offers them in its own name (“white labeled”) to its end customers as a value-added service (“B2B2C”). Contracts in the cybersecurity segment usually provide for a revenue share or software license model, which generates recurring revenue. The business is essentially made up of the cyan Security Group GmbH subgroup and has a global focus. cyan's customers include the Orange Group, Magenta Austria and T-Mobile Poland (Deutsche Telekom/T-Mobile), Claro Chile (América Móvil Group) and dtac (Telenor Group).

OnNet Security
OnNet Security is cyan's fully network-integrated cybersecurity solution, which is used, for example, in the regional networks of Orange or Deutsche Telekom. The DNS-based filter is integrated directly into the network infrastructure of the respective mobile network operator (MNO), enabling them to generate revenue with their end customers through additional packages and at the same time strengthen their own brand with a white-label approach from cyan. cyan either receives a monthly license fee per active end customer for providing the cybersecurity solution or receives a direct percentage of the revenue.

Using cyan technology, unwanted data packets are filtered out of the data stream, which can lead to significant cost savings and is sometimes necessary to meet compliance requirements. In addition to blocking dangerous websites, cyan technology can also block background trackers and advertisements that load in the background, thereby improving the customer's surfing experience, reducing the amount of data consumed and increasing security on the Internet. Thanks to the data reduction of the Clean Pipe DNS solution, network operators are also confronted with a lower number of network load peaks, which can save their investments in the network.

Since the beginning of 2024, two product variants have been offered, OnNet Core, which ensures a much faster implementation, and OnNet Plus with greater customization and additional analytics and reporting functions.

Endpoint/SDK Security
cyan's Endpoint Security provides an additional layer of security that is installed directly on the end user's device. End users protect their smartphone via an app - this can either be offered as a standalone app or integrated into an existing app using a SDK. In addition to the cybersecurity filter, it has additional features such as identity and website checks or virus scanners. They are connected to the cyan filter system, which is implemented in the partner's infrastructure, stationary or via the cloud. The app is a stand-alone solution and is often sold to customers as a premium extension to the OnNet Security solution based on the same model.

Child Protection
The Child Protection solution gives parents the tools they need to optimally protect their children from online dangers. Personal profiles can be created for each child in a central menu. The app offers age-dependent default settings that can be easily and individually adjusted by parents. The solution is sold as a white label solution primarily to telecommunications companies, which offer it to their customers as an additional package (B2B2C).

Discontinued Business

cyan would like to focus on its core cybersecurity segment and therefore sold the BSS/OSS segment of cyan AG, with the operation of i new Unified Mobile Solutions GmbH as part of an asset deal and all subsidiaries belonging to the segment as part of a share deal to Compax International Holding GmbH in the 2023 reporting year. A corresponding agreement was signed on December 19, 2023 and the transaction was closed on January 1, 2024. The segment's services and technology for operating on the market as a virtual network operator, sub-brand or agile telecom operator were offered under the i-new brand. cyan provided a modular product, the MVNO platform, as a one-stop store for MVNOs. MVNOs (Mobile-Virtual-Network-Operators) are mobile network providers that do not have their own mobile network, but instead use the network infrastructure of the major mobile network operators (MNOs) as service providers by means of cooperation agreements. MVNOs and digital communication service providers were offered the entire product range for the operation of a virtual mobile communications company. The spectrum of functions offered by cyan ranged from the connection to the MNO network, the core network, service delivery, (online) charging, billing, rating and policy control through to customer and product management with tools for customer experience, customer management, PoS support and loyalty campaigns.

Group Structure

cyan AG, based in Munich (Germany), acts as a holding company within the cyan Group. The majority of operational services are provided by the subsidiary cyan digital security GmbH (formerly i-new Unified Mobile Solutions GmbH) and its subsidiary cyan Security Group GmbH, both based in Vienna (Austria). The subsidiary in Argentina was liquidated in the 2023 financial year. As at the reporting date, cyan was represented by its own local subsidiaries in eleven countries. Eight companies in Austria, the US, Ecuador, Peru, Hungary, Colombia, Mexico, Chile and Bangladesh were sold to Compax International Holding GmbH as part of a share deal. In addition, sales and service hubs are operated worldwide. Further information on the scope of consolidation as at the respective reporting date is provided in the notes.

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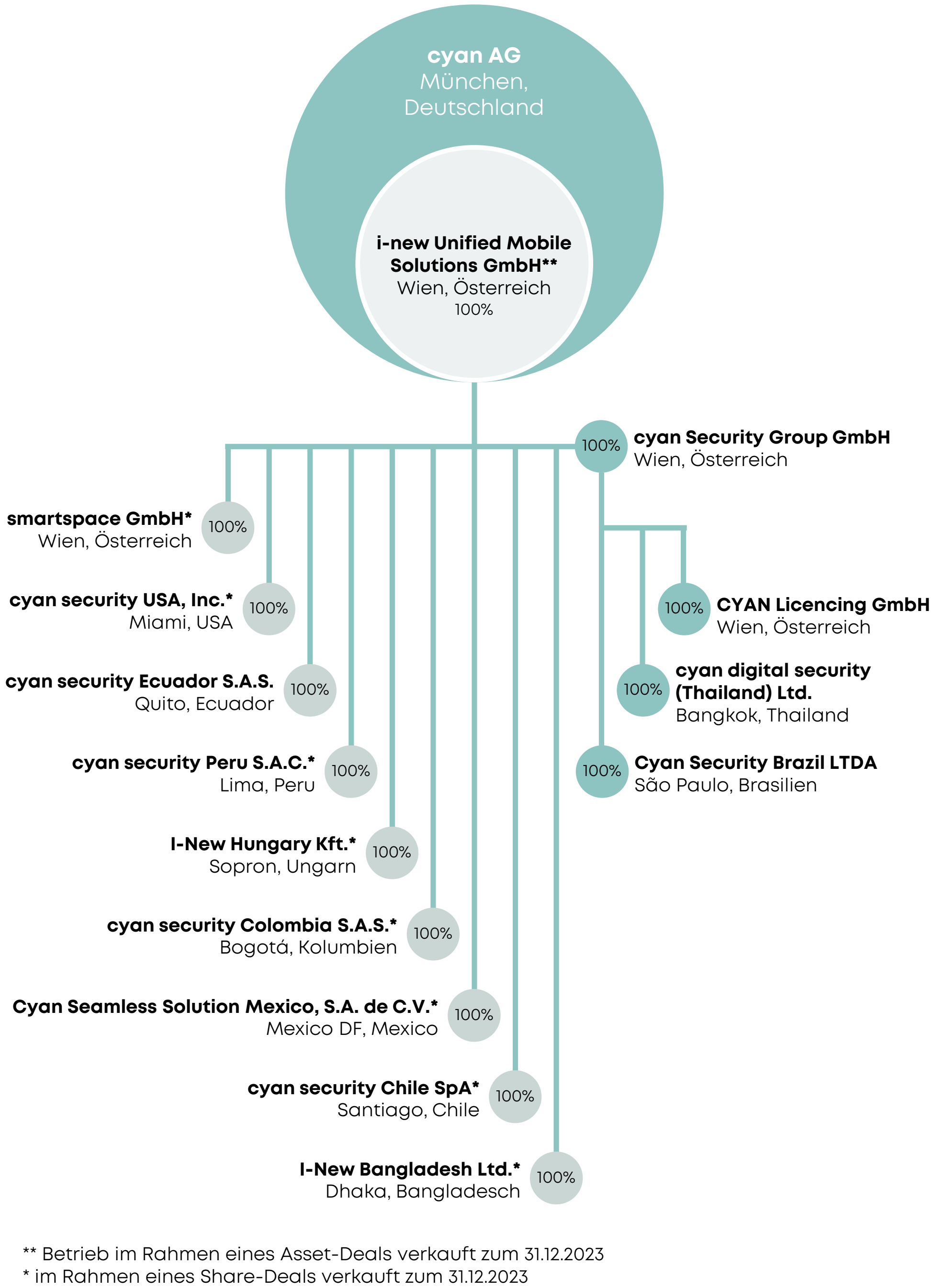
Group structure as of December 31, 2023 (consolidation) before spin-off of the BSS/OSS segment



Following the sale, i-new Unified Mobile Solutions GmbH was renamed cyan Digital Security GmbH. The entry was made in the commercial register on January 10, 2024

Financial Performance Indicators

The key Group performance indicators and significant financial performance indicators in the past year were revenue and EBITDA, as reported in the consolidated financial statements. As a growth company, the (operating) cash flow and, subsequently, the net liquidity of the individual subsidiaries are also taken into account. In addition to the financial performance indicators, other financial indicators such as recurring revenue (monthly and annual) are also considered. These reflect the sustainability and stability of cyan's business model. Non-financial indicators, in particular the number of employees and subscriber development, are also used in the operational management system. These performance indicators are also used in internal reporting.

Research and Development

Research and development plays a major role in safeguarding the competitiveness and lasting success of the Group. There is a lively exchange with research institutions that are researching various areas of internet security, such as threat detection with new approaches, the use of artificial intelligence (AI) and the analysis of internet traffic using machine learning (ML).

In 2023, cyan was involved in two collaborative research projects that were carried out together with leading Austrian security research organizations, in particular with the long-standing research partner SBA (Secure Business Austria) and the AIT (Austrian Institute of Technology). In the two research projects "Adaptive AI for cybersecurity systems" and "Resilience in online retail", cyan focused on new online threats, such as the detection of fake stores and malware domains. Some of the findings were published in scientific articles and used to improve threat data. In addition, the long-term strategic research project "WeProtectYou" was successfully completed in July of the past financial year. This led to the development of several proof-of-concept algorithms, some of which are already being used in products to protect cyan's customers by identifying thousands of potentially dangerous websites every day.

Research and development expenses amounted to EUR 4.6 million in total. This comprises direct research and development costs (EUR 1.0 million), direct personnel costs for research and development (EUR 1.9 million) and overhead costs for research and development (EUR 1.8 million), less grants already received from research projects in 2023 (EUR 0.2 million). The research and development ratio (development expenses in relation to Group sales) amounted to 39.3% (2022: 49.1%). Research and development expenditure was mainly incurred for the innovations mentioned above. cyan received funding in the form of research grants and subsidized loans for research projects. Further information on the recognition of intangible assets and development costs can be found in the notes to the consolidated financial statements.

in EUR thousands	2023	2022
R&D expenditure	4.598	4.293

Personnel Development

As a company in the knowledge-intensive IT and software sector, highly qualified employees are one of the most important factors for cyan's long-term success. Great importance is attached to the selection of the right employees and their further development. The aim is to retain employees in the company in the long term. Care is taken to promote the diversity of employees in terms of gender, origin, age or other individual characteristics at all levels.

As of December 31, 2023, cyan employed 124 people, excluding external employees and employees on maternity leave. This corresponded to 121 FTEs. A significant proportion of employees work in the areas of operations, development, product management and research and development. Globally, women accounted for just under a quarter of the workforce and the proportion is set to increase further. As of January 1, 2024, following the closing of the sale of the BSS/OSS segment, cyan employed 43 people, excluding external employees and employees on maternity leave. This corresponds to 40 FTEs.

As of 31.12.2023	**Total**	**EU**	**Rest o. World**
Staff	124	89	35
of which in operations, development, research	*97*	*70*	*27*

Economic Report

Economic Environment

The year 2023 was characterized by several economic challenges and developments, in particular high inflation and countermeasures by national banks, which were further exacerbated by geopolitical tensions. Central banks, including the US Federal Reserve and the European Central Bank, responded to inflation with a tight monetary policy, which led to rising interest rates. The global inflation rate was forecast to be around 6.9% in 2023.[1] Despite these challenges, some sectors of the economy showed resilience - technology leaders and major AI pioneers from the US in particular held their ground - and there were signs of economic recovery in various regions, supported by strong consumer demand and a gradual normalization of supply chains. The labor market also proved to be largely resilient.[2] Nevertheless, global economic growth remained mixed, with significant differences between individual countries and regions. According to Eurostat, economic output (GDP) in the eurozone and the EU rose by 0.5% over the course of 2023, while GDP in the USA increased by 2.5% in 2023 compared to the previous year. [3]

Sector specific Business Environment

Telecommunications Secctor

In the telecommunications sector, the expansion of the 5G infrastructure continued last year. As a result, 5G subscriptions increased significantly worldwide to 1.6 billion by the end of 2023. This also encouraged the expansion of fixed wireless access (FWA), as 5G offers higher speeds, lower latency and improved capacity, making FWA a more attractive solution for broadband access, but also benefiting regions where broadband or fiber optic lines are generally not yet available. Among other things, this opens up new business opportunities and services for consumers and companies, such as the introduction of “reduced capability” devices like wearables, IoT devices and AR glasses. The increase in internet-enabled devices and increased data consumption per user means that global data traffic is also growing unabated. This underlines the need for providers to continuously modernize and expand their networks in order to meet the growing demands.[4]

Cybersecurity

According to the Allianz Risk Barometer, cyber incidents represent the main global risk for companies for the third time in a row and for the first time by a clear margin of over five percent. More than half of companies are particularly concerned about the significant increase in ransomware attacks. The number of incidents has risen by more than 50% compared to the previous year. New technologies such as generative artificial intelligence (AI) are being used by criminals to carry out more effective malware and phishing attacks against companies and individuals. The increased penetration of smartphones and internet-enabled devices also opens up additional attack vectors and thus increases the cyber risk. The majority of business executives state that advances in attacker capabilities, such as phishing, malware and deepfakes, are the most worrying cybersecurity implications of generative AI. In addition, the cyber defense workforce shortage is growing at an alarming rate, with small and

[1] Internationaler Währungsfonds (IWF)
[2] ECB (2023), Economic Bulletin, Issue 4 / 2023
[3] Eurostat / Euroindikatoren 20/2024
[4] Ericsson Mobility Report, November 2023

medium-sized enterprises being the most affected. In 2023, almost 30% of companies worldwide were the target of cyberattacks. The increasingly networked infrastructure poses a significant risk, as third-party providers were involved in half of all cases of damage caused by cyberattacks. Overall, the topic of cybersecurity continues to be omnipresent. The use of artificial intelligence in particular plays into the hands of cyber criminals and presents companies and individuals with ever greater challenges.

Group's Business Performance

In its operating business, cyan was able to expand its cooperation with MTEL, a partner that already uses i-new's MVNO platform in the DACH region, to include network-integrated cybersecurity solutions. Furthermore, an update of cyan's cybersecurity products was carried out together with T-Mobile Poland. These new customer acquisitions and (re-)launches in the reporting year and solid development among other existing customers contributed significantly to the 71% increase in the number of end customers. Monthly recurring revenue also increased steadily from EUR 295 thousand in December 2022 to EUR 453 thousand in December 2023. Compared to 2022, recurring revenue increased by 41%. In addition, our project teams were busy working on expanding our collaboration with the Orange Group in existing and new countries and preparing for the launch at Claro Chile and the collaboration with the InsurTech company wefox. On the technical side, important topics such as the standardization of platforms and cloudification were driven forward. These were aimed at a faster roll-out, more flexible deployments and a reduction in capex. In addition, our teams in Europe and Latin America were busy with projects such as the launch of MTEL in Germany and other customers in Colombia and Mexico. The number of end customers on the platforms and i-new technology increased by several hundred thousand over the course of the reporting year. In December, the purchase agreement for the sale of the BSS/OSS business was signed with effect from January 1, 2024.

Earnings, assets, and financial position

Due to the sale of the BSS/OSS segment as of January 1, 2024, the segment is reported separately in the income statement and balance sheet as a discontinued operation in accordance with IFRS 5. The previous year's figures will also be adjusted in the consolidated statement of comprehensive income. The application of IFRS 5 ensures future comparability. The items of the BSS/OSS segment are presented in the consolidated financial statements in the income statement under "Losses from discontinued operations" and in the balance sheet on the assets side under "Assets held for sale" and on the liabilities side under "Liabilities directly associated with assets held for sale". The notes on the previous year relate to the figures as presented in the consolidated balance sheet, the consolidated statement of comprehensive income and the consolidated cash flow statement.

Due to the sale of the BSS/OSS division and the associated adjustment of the previous year's figures in accordance with IFRS 5, the previous year's figures reported in the income statement do not correspond to the previous year's annual report. Due to the change in presentation in the consolidated balance sheet, the comparability of the balance sheet figures is limited.

Earnings position

Revenue

Following the spin-off of the discontinued BSS/OSS business unit in accordance with IFRS 5, consolidated operating revenue in 2023 amounted to EUR 4.7 million, which is thus fully attributed to the Cybersecurity segment (2022 Cybersecurity segment: EUR 3.8 million). This corresponds to an increase of 23% in the segment. This is due to solid growth among existing customers, the launch of MTEL in the entire DACH region and the product update at T-Mobile Poland.

The original sales forecast for both segments was between EUR 10.5 and 13.5 million. Due to unrealized projects in the sold BSS/OSS segment, total sales according to the old Group structure remained below the originally expected level. As a result, cyan adjusted its forecast for 2023. The share of recurring revenue, which includes in particular revenue from subscriptions and recurring service and maintenance fees, amounted to 93%. The key figure Annual Recurring Revenue (ARR) is calculated from recurring revenue including pro rata revenue from license agreements.

In addition to revenue, the Group generated other operating income of EUR 0.8 million (2022: EUR 1.2 million). This mainly includes income from research grants for research services of EUR 0.8 million (2022: EUR 0.9 million). Further details on research are explained in the section on research and development. After the spin-off of the BSS/OSS business, total income for the 2023 financial year amounted to EUR 5.5 million (2022: EUR 5.0 million).

The cost of materials and purchased services increased by EUR 0.4 million from EUR 0.9 million to EUR 1.3 million. This was due to the increased use of external personnel as a result of higher project activity. Personnel costs increased from EUR 5 million to EUR 5.1 million. The number of employees for the continuing operations was approximately 49, the same as in the previous year. The reason for the increase in personnel costs was moderate wage increases due to the inflationary environment.

In 2023, the loss from the derecognition of financial assets measured at amortized cost relates to a debt waiver in the amount of EUR 577 thousand, which relates to a receivable from a customer.

In the financial year, foreign currency effects had a marginal impact of EUR -0.01 million (2022: EUR 0.01 million) on other operating expenses, as these were mainly allocated to BSS/OSS in the past.

“Other expenses” fell from EUR 3.4 million to EUR 3.0 million. This was due to lower staff recruitment costs, lower advertising costs and fewer legal and consulting costs

EBITDA
The slight decrease in EBITDA from continuing operations from EUR -4.4 million to EUR -4.5 million was due to one-off impairment losses of EUR 0.6 million and a EUR 0.4 million increase in external services, which slightly exceeded the 23% increase in sales and savings in other expenses.

Depreciation and amortization fell slightly. This was due to the spin-off of leasing contracts.

The original forecast of an improvement in the operating margin (EBITDA) in the Group as a whole before special effects could not be achieved due to the sale of the BSS/OSS business and the continued weak development in the BSS/OSS segment. The EBITDA of the discontinued operations was significantly affected by the adjustment of the assets and liabilities to be sold to the net selling price, which resulted in impairment losses of EUR -9.5 million. The remaining EUR -5.3 million reflects the operating loss of the division.

EBIT and net income
The loss from operating activities (EBIT) from continuing operations for the 2023 financial year amounted to EUR 7.009 million (2022: EUR -7.007 million) and is therefore on a par with the previous year. In operational terms, sales increased significantly by 23%. However, the positive development in sales was offset by one-off impairments and higher third-party services to such an extent that there was no net improvement in EBIT.

Taxes on income from continuing operations improved from EUR -2.9 million in 2022 to EUR +1.7 million in tax income. The increase is mainly due to the capitalization of tax loss carryforwards and the reversal of deferred tax liabilities from the purchase price allocation (see notes) from past acquisitions.

Total earnings after taxes amounted to EUR 20.7 million (2022: EUR -14.7 million), of which EUR -5.3 million is attributable to the continuing operations and EUR -15.4 million to the discontinued operations.

Accordingly, basic earnings per share from continuing operations amounted to EUR 0.28 (2022: EUR -0.67) and from discontinued operations to EUR -0.82 (2022: EUR -0.32). Basic earnings per share for both divisions amounted to EUR -1.10 (2022: EUR -0.99).

Asset position and capital structure

The comparability of the figures is limited due to the IAS 8 correction and the separate disclosure of the assets and liabilities of the discontinued operation. For the changes as at January 1, 2022, please refer to the explanations in the notes to the consolidated financial statements under “Error corrections”.

Total assets decreased from EUR 60.5 million as at December 31, 2023 to EUR 43.7 million as at December 31, 2023. This is due to the reduction in assets, in particular as a result of the disposal-related losses of the BSS/OSS segment in the amount of EUR 9.5 million.

Intangible assets decreased by the scheduled amortization. At 64% (2022: 51%), they continue to represent the majority of assets.

Investments in property, plant and equipment amounting to EUR 1.5 million were largely offset by depreciation and disposals.

Trade receivables fell from EUR 2.8 million to EUR 1.0 million, mainly due to the reclassification of trade receivables in the BSS/OSS segment to “Assets held for sale”. Current contract assets fell from EUR 4.2 million to EUR 0.5 million, also mainly due to the reclassification of the BSS/OSS segment to “Assets held for sale”.

The increase in other receivables from EUR 1.7 million as at December 31, 2022 to EUR 2.4 million as at December 31, 2023 is primarily due to a fiduciary claim to the remaining amount of the sales price for the BSS/OSS segment.

The assets held for sale include all assets of the BSS/OSS business in the amount of EUR 6.6 million. These are mainly trade receivables, contract assets and right-of-use assets. Together with the associated lease liabilities, trade payables and tax liabilities amounting to EUR 3.5 million, they form a disposal group.

Equity amounted to EUR 32 million at the end of the year (2022: EUR 45.6 million). The reduction is due to the loss for the period of EUR 20.7 million. The entire decline could not be offset by the issue of a convertible bond of EUR 1.5 million recognized as equity and capital increases of EUR 5.4 million. The equity ratio is 73% (2022: 75%).

Lease liabilities decreased from EUR 3 million to EUR 1.5 million due to the spin-off of the BSS/OSS segment in accordance with IFRS 5. Non-current liabilities amounted to EUR 2.7 million (2022: EUR 8.5 million) and current liabilities to EUR 9.0 million (2022: EUR 6.3 million).), whereby these include prepayments from other liabilities in the course of the i-new sale in the amount of EUR 3.1 million (2022: EUR 0 million). The decrease in non-current and current lease liabilities totalling EUR 1.5 million is partly due to the reclassification to assets and liabilities held for sale and repayments of EUR 1.0 million.

Other non-current financial liabilities decreased by EUR 3.0 million from EUR 3.7 million to EUR 0.7 million in 2023 as a result of the non-cash capital increase at the beginning of 2023. The liabilities were therefore transferred to equity through the issue of new shares.

The decrease in tax liabilities from EUR 1.1 million to EUR 0.5 million is due to the reclassification to assets held for sale as part of the i-New sale.

Trade payables and other liabilities increased from EUR 4.3 million to EUR 4.7 million. The change is due to offsetting effects. The reclassification of social security liabilities and trade payables to assets and liabilities held for sale reduced the item, while the accrual of the purchase price payment of EUR 3.1 million as an advance payment received increased the item.

Cash and cash equivalents (cash and cash equivalents) amounted to EUR 2.9 million (2022: EUR 5.3 million). This includes bank balances in fixed-term deposit accounts amounting to EUR 0.3 million, which cannot be accessed on a daily basis.

More detailed explanations of individual balance sheet items can be found in the notes to the consolidated financial statements.

Financial Position

Due to the provisions of IFRS 5, the cash flow statement is again presented for the entire Group. Cash flow from operating activities improved to EUR -4.3 million in the 2023 financial year (2022: EUR -6.9 million). The improvement is due to customer payments received and high corrections for non-cash expenses.

In principle, the provision of solutions in the cybersecurity segment requires only low investments. In the BSS/OSS segment in particular, CAPEX investments, such as for server infrastructure, are required for the company's own platforms. Cash flow from investing activities therefore amounted to EUR 0.5 million in total (2022: EUR 0.5 million). Hardware and software investments are made for the company's own platforms as required.

The cash inflow from financing activities fell to EUR 2.9 million in the financial year (2022: EUR 4.3 million). Inflows were generated by the issue of shares through cash capital increases and the issue of convertible bonds. Outflows resulted in particular from payments from financing obligations.

In total, there was a cash outflow of EUR 1.6 million in the financial year (2022: cash inflow of EUR 3.2 million), as expenses for operating activities exceeded income from financing activities, among other things. Due to its access to cash and cash equivalents and financing, the Group was able to meet its payment obligations at all times despite the losses. The cash and cash equivalents were mainly used to finance ongoing operations.

Overall Statement

Overall, the Group closed the 2023 financial year with earnings after taxes of EUR -20.7 million (2022: EUR -14.7 million). The Group initiated the start of a turnaround by selling the less profitable BSS/OSS business, although the resulting anticipatory impairments and earnings contributions had a negative impact of EUR -15.4 million on the result for the Group as a whole. There was also a 41% increase in recurring revenue. In particular, the expansion of the cooperation with MTEL in the entire DACH region, the product upgrade at T-Mobile Poland and solid growth among existing customers contributed to the increase in recurring revenue. Nevertheless, the increase in expense items could not be compensated for, so that a negative operating result remains. The negative results also had a negative impact on the Group's financial position, while the asset situation continues to be characterized by the high proportion of intangible assets. The Group's solvency was secured at all times during the financial year. Despite the loss, the Management Board is positive about the course of business in 2023 due to the growing number of end customers and increased revenue in the Cybersecurity segment, as well as the successful sale of the BSS/OSS division, which was loss-making in the past.

Risk and Opportunity Report

Risks

Risks are aggregated into five categories at cyan. These categories are based on the internal structure of the risk discussion, as it is also conducted in meetings with the Management Board and the responsible divisional managers. The risks now only relate to continuing operations, as the BSS/OSS business will be excluded from the business as of January 1, 2024.

Operational Risk

As a matter of principle, cyan's solutions aim for failure-free operation. In doing so, cyan is dependent on its partners, including data center and network operators, who act as integration and sales partners. This means that cyan, or the customers from whom cyan receives a fee for each active end customer (subscriber), is dependent on the functionality of the infrastructure. Even short-term poor service can affect end customer satisfaction. In the event of a failure of the platform/software itself or of one or more suppliers (e.g. data centers), this can lead to a standstill of operations and unprotected end customers, which in turn can lead to a reduction in the number of end customers and, if cyan is at fault, to claims for damages. To prevent failures, cyan relies on several data centers, an appropriately qualified operations team and continuous monitoring of the systems.

Attracting and retaining highly qualified employees is a key success factor for the entire technology and software industry. Key employees, particularly in the areas of cybersecurity research, development and operations, but also sales, are essential for the development, distribution and implementation of solutions thanks to their knowledge, skills and contacts. Unemployment figures are still quite low - this shortage of personnel can lead to positions remaining unfilled for longer periods of time and increase the effort involved in recruiting and retention. Increased marketing as a strategic goal of the Management Board will not only improve the perception of cyan among direct customers, partners and end users, but will also make it easier to recruit staff.

Competition Risk

The market for cybersecurity is characterized by above-average growth with continued strong growth forecasts. This makes new market entries relatively attractive for start-ups and established providers despite high barriers to entry. cyan was able to position itself early on with its cybersecurity technology and still sees itself in a window of opportunity, driven by publicly known cyber incidents and at the same time the goal of telecom companies to grow through relevant additional services. No direct competitor currently has solutions on the market that combine network and device-based cybersecurity in the form of an in-house solution. The current technological competitive edge is illustrated by the leading international customer references.

Technological Risk

In the fight against cybercrime and threats on the Internet, cyan is not only exposed to continuous competition with other companies, but also to a race with cybercriminals. Among other things, cyan develops network-integrated, highly complex cybersecurity solutions for the detection of potential threats such as phishing, malware or identity theft for users of smartphones and tablets. By using machine learning and artificial intelligence in the threat analysis processes, cyan can react promptly to new threats. Nevertheless, there is a risk that cyan will not react in time to technical progress or changing requirements for cybersecurity products and services or the entire cybersecurity market. Risks are also reduced through active research and development. In addition, any software can have bugs and gaps. cyan also uses software components (e.g. libraries) from third parties and open source code for development and in its own products, which contain a residual risk in terms of compatibility and security despite extensive testing in advance. In order to maintain its market position, the company is constantly developing and optimizing its products and investing in research and development (see also Research and development). Furthermore, a far-reaching information security management system has already been established to monitor risks, particularly in connection with data processing.

Reputation and Brand Risk

cyan's direct customers are mostly large international corporations that entrust cyan with the security of their end customers' data traffic. Professional implementation and ongoing operation are important criteria by which technology companies like cyan are measured. The launch of the solutions at several internationally renowned customers such as Orange, T-Mobile and dtac has made a significant contribution to cyan's strong reputation. The cybersecurity solutions are offered “white-labeled”, so it is crucial to ensure the best possible protection for end customers' mobile devices, as any damage to the partner's reputation could fall back on cyan. Equally important is the medium and long-term marketing success. Targeted marketing is intended to further emphasize the strengths of the solutions with direct partners and potential customers, thereby supporting sales. Subsequently, penetration rates among existing customers should also be increased as a result of increased awareness among end consumers. This results in a risk from the strategic orientation of the measures.

Market Concentration Risk

The market for telecommunications providers is characterized by an oligopoly, which is why the majority of cyan's revenues are attributable to a few major customers, as shown in Note 1 to the consolidated financial statements. However, the barriers to market entry are high and a short-term loss of customers is unlikely due to long-term framework agreements, so that cyan currently considers the risk to be acceptable. However, should major customers decide to switch providers at the end of the contract terms in the future, this could have a negative impact on earnings. However, the Management Board also plans to further reduce the risk in the future through further growth and new customers.

Financial Risks

Financial risks primarily include default and credit risk, liquidity risk, interest rate risk and currency risk. Further information on financial risks can be found in the Notes.

Default and credit risk
The Management Board is endeavouring to place sales on a broader basis, in particular by concluding contracts with new customers from other regions. The current economic situation increases the risk of one or more customers becoming insolvent. Effective systems are in place to monitor creditworthiness. The debtor-side default risk is reduced due to the increasingly diversified portfolio. The sale of the BSS/OSS segment is expected to reduce the default risk, as customers in the Cybersecurity segment tend to have a higher credit rating.

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Liquidity Risk
cyan uses rolling financial and liquidity planning to determine liquidity requirements. Care is taken to ensure that sufficient liquid funds are available at all times to settle liabilities due in the companies and are maintained with banks that have a very high credit rating. The Group had cash and cash equivalents of EUR 2.9 million as at December 31, 2023, not least due to the partial payments received from the sale of the BSS/OSS segment. The future liquidity situation at cyan depends largely on payments from customers and thus the development of sales. Due to the acquisition of new customers, the Management Board assumes a stable future liquidity position, although cyan is also dependent on marketing by its partners. Based on the steady subscriber growth among existing customers in the cybersecurity segment and new customer projects in the 2024 financial year, the Management Board assumes that revenue will most likely increase significantly compared to the previous year, as shown in the forecast, and that the cash and cash equivalents generated will be sufficient to cover ongoing financial requirements. Nevertheless, project delays could occur, for example, as a result of which individual projects may only generate revenue with a delay and thus generate cash flows at a later date, existing customers may default entirely or the planned revenue growth may not materialize due to lower subscriber numbers. Consequently, there is a residual risk that cash flows will not occur as planned. The option of a short-term factoring program is planned as a means of bridging potential liquidity bottlenecks. In the event of further financing requirements, e.g. to implement strategic projects or in the event of unforeseen adverse economic developments, the company would be reliant on external financing in the forecast period. However, the Management Board assumes that the Group and its companies will be able to meet their payment obligations and continue their business activities, in particular due to the positive developments in cyan's core business that have already occurred up to the preparation of this management report, the conservative planning assumptions and the available financing framework.

Interest Rate Risk
The interest rate risk as at December 31, 2023 does not have a direct impact on the financial result due to the fact that cyan only has fixed-interest financial liabilities outstanding as at the reporting date. However, current changes in the interest rate landscape may be reflected in future financing.

Currency Risks
The sale of the BSS/OSS segment significantly reduced the currency risk, as the majority of business in the Cybersecurity segment is conducted in euros.

Opportunities

In addition to the aforementioned risks, there are numerous opportunities that represent key drivers for growth and further development at cyan. The opportunities are aggregated into four categories: technological change, expansion into new markets, increasing awareness and new sales strategies. For details on the underlying market drivers, please refer to the following description of industry-specific developments.

Chances due to technological change

In an increasingly networked world, the secure use of the internet plays a key role. Mobile devices, especially smartphones, play a particularly important role here. They are no longer used exclusively for sending text messages and voice telephony, but have become a key to accessing an endless range of digital services. Increasing network coverage with at least 4G and the widespread availability of internet-enabled end devices are contributing to further growth in potential end customers. At the same time, network operators are continuing to invest in the expansion of the 5G infrastructure, which has the advantage of high speeds and low latency. Together with the increasing encryption of traffic, this makes deep packet inspection (DPI) more difficult, which brings DNS filter technology into focus. Furthermore, cyan has demonstrated another important technological competence with the cloud-based provision of the cybersecurity solution and is thus also ready for the massive trend towards cloud solutions that is being observed in the industry.

It is expected that not only the number of smartphones, but also the number of other Internet-connected end devices, Internet-of-Things (IoT), will grow strongly. This will lead to further fragmentation of the system landscape, as there is generally no standardized hardware and software and many devices, especially smaller ones, do not yet have the computing power to run complex endpoint solutions directly. Nevertheless, many smart TVs, smartwatches, home automation devices and even vehicles - the keyword here is “connected mobility” - are constantly communicating with each other and with the internet. Network-integrated solutions can also be used to protect users in this area. The end user expects a homogeneous user interface with simultaneous adaptability to personal needs.

Opportunities presented by new market

In recent years, cyan has already been able to reach many new markets by expanding the product, gaining customers in other countries and addressing additional end customer segments. At the same time, cyan is constantly working on new solutions to provide end customers with the best possible protection. Not least through the further development of the Seamless Security platform to include an OnNet solution for PCs in the fixed-line Internet, app-based solutions (for example the SDK) and the convergent solution based on DNS-over-VPN, which enables a broader spectrum of accessible partners and also further upselling to existing customers. cyan's cybersecurity is based on DNS, a fundamental technology for the Internet, which means that the solutions can be used universally internationally. With an increased global presence by cyan and its partners, new geographies can be opened up that offer additional sales potential.

Opportunities due to increasing awareness of cybersecurity issues

In recent years, the consequences of increasing digitalization, such as data protection and cybersecurity, have increasingly become the focus of public attention. The European Union created a first milestone with the General Data Protection Regulation, which came into force in 2018. Since then, numerous high-profile IT security incidents have come to light, shedding media light on the security of foreign telecoms equipment, and the population has experienced an unprecedented wave of digitalization triggered by global home office instructions. As a result, internet security has become an important issue for the general public as well as for national governments and the European Union. This awareness among the public is also leading companies to invest more in cybersecurity. In view of the comparatively strict European regulation, European providers are viewed internationally as trustworthy. This is an opportunity for cyan to benefit from the momentum.

Opportunities through new distribution strategies

An important element of the sales strategy is the greater involvement and active support of customers in the go-to-market area as well as in end customer sales. The aim is to pursue focused leads and thus enable better partnership-based support from the outset. Following the sale of the BSS/OSS segment, the focus can now be fully placed on the core cybersecurity market. The OnNet Core product enables faster implementation in less than six weeks. This means that partners can plan for faster sales. In addition, greater customization is possible with the OnNet Plus product, which is also sold and enables special reporting and analytics methods. In addition, the development of strategic partnerships is to be driven forward - in particular for the development of new markets and target groups. In particular, the terminal-based solution will be tailored to new sectors, such as the insurance industry. This is intended to protect end customers in the sector preventively and protect insurance companies from potential claims. The use cases extend beyond traditional smartphones and also include IoT (Internet of Things) endpoints.

Risk and Opportunity Profile

As a growth-based company, cyan operates in a continuously evolving technology industry that is characterized by disruptive innovations. This results in risks and opportunities that are influenced by various factors. In the opinion of the Management Board, the risk management system used at cyan is suitable for identifying, analysing and quantifying existing risks in order to manage them adequately. The Management Board strives to make the best possible use of opportunities and reduce risks as far as possible. Future developments are subject to uncertainty, particularly due to the macroeconomic environment. Changes in external and internal factors are therefore regularly analyzed and opportunistic measures are taken as required.

Based on the multi-year overall planning for the Group, the long-term assumption of sales growth, particularly through new customer business and steady growth with existing customers, the Management Board assumes that the company will continue as a going concern. The Management Board classifies the risks described as manageable and sees very good opportunities for cyan to continue to grow in the future.

Forecast

The macroeconomic forecasts for macroeconomic development do not indicate a recession, but rather a slow recovery and declining inflation. The investment situation at cyan's partners, particularly in the telecommunications sector, is linked to economic developments in many areas. Irrespective of this, cybersecurity continues to be a very important topic in social, political and economic terms and is therefore growing at an above-average rate, irrespective of general economic developments. In particular, the rapid progress of artificial intelligence will enable new cyber attacks in the future. To counteract this, cyan is increasingly focusing on projects in the area of research and development in 2024 that will further expand the use of artificial intelligence in cyan technology. Furthermore, modern solutions to increase sales and margins are becoming increasingly important for telecommunications companies under interest rate and price pressure. As a result, telecommunications providers need agile and cost-efficient products with innovative ways to increase sales and customer loyalty, i.e. us.

The forecast takes into account external factors, which are offset by solid internal developments. With a new record number of partners, the growth base of end customers has broadened further. Developments in the first four months of the 2024 financial year continued to show steady growth among the subscribers of existing customers. In addition, cyan is focusing on a growth strategy in the 2024 financial year that will drive forward the simplification of products, shorten implementation times, intensify active sales and build strategic partnerships to tap into new markets and target groups. Together with the recently launched and upcoming implementations, as well as the pipeline of potential new customers, the number of end customers will continue to increase significantly in the future.

The rising number of end customers, driven by solid growth among existing customers and new customer implementations and the associated increase in recurring revenue, should be reflected even more clearly in the business figures this year. The Management Board therefore expects operating sales to grow from EUR 4.7 million in 2023 to between EUR 6.6 million and EUR 7.4 million in the 2024 financial year.

The sale of the BSS/OSS segment reduced the cost base for ongoing operations by around 60% in 2023, with the segment's revenue accounting for only around 45% of consolidated revenue. Together with the increase in revenue, the Management Board expects a significant improvement in the operating margin (EBITDA) excluding special effects at Group level for 2024.

Munich, May of 2024

The Management Board

Financial Statements

of cyan AG, Munich as of December 31, 2023

Statement of comprehensive income

Statement of profit and loss

in EUR thousand	Notes	2023	2022
Continued operations			
Revenues	1	4,716	3,802
Other operating income	2	814	1,167
Income from reversals of impairment losses	2	-	-
Change in inventories and capitalized own work	2	-	-
Costs of materials and services	3	-1,263	-885
Personnel expenses	4	-5,145	-5,013
Value adjustments	5	-	-
Loss from the derecognition of financial assets measured at amortized cost	6	-577	-
Other expenses	7	-3,014	-3,435
EBITDA		**-4,470**	**-4,364**
Depreciation and amortization	8	-2,539	-2,643
Operating result (EBIT)		**-7,009**	**-7,007**
Financial income	9	13	7
Financial expenses	9	-45	-90
Loss from the net position of monetary items	9	-	-8
Earnings before taxes		**-7,041**	**-7,098**
Taxes on income and earnings	10	1,729	-2,895
Result after taxes from continuing operations		**-5,312**	**-9,993**
Result from discontinued operations	**11**	**-15,404**	**-4,722**
Result after taxes total		**-20,717**	**-14,714**

Other comprehensive income (OCI)

in EUR thousand	Notes	2023	2022
Gains (losses) from exchange rate differences from continuing operationsa		-5	1
Gains (losses) from exchange rate differences from discontinued operations[a]		149	-16
Total result for the fiscal year		**-20,572**	**-14,729**

[a] recycleable

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

Earnings per share from continuing operations

in EUR per share	Notes	2023	2022
Undiluted earnings per share		- 0.28	- 0.67
Diluted earnings per share		- 0.28	- 0.67

Earnings per share from discontinued operations

in EUR per share	Anhang	2023	2022
Undiluted earnings per share		- 0.82	- 0.32
Diluted earnings per share		- 0.82	- 0.32

Earnings per share from continuing and discontinued operations

in EUR per share	Notes	2023	2022
Undiluted earnings per share		- 1.10	- 0.99
Diluted earnings per share		- 1.10	- 0.99

The notes are an integral part of these consolidated financial statements.

Balance Sheet

Assets

in EUR thousand	Notes	31/12/2023	31/12/2022 adapted[a]	01/01/2022 adapted[a]
Intangible assets		28,067	30,596	32,409
Patents, trademark rights, customer relationships and similar rights	*12*	*4,155*	*5,062*	*5,748*
Software	*12*	*1,404*	*2,972*	*4,044*
self-developed software	*12*	*729*	*783*	*837*
Goodwill	*12*	*21,779*	*21,779*	*21,779*
Tangible assets		2,124	3,332	4,943
Land and buildings	*13*	*1,573*	*2,664*	*4,432*
Machines and other equipment	*13*	*-*	*468*	*117*
Business and office equipment	*13*	*551*	*201*	*394*
Other receivables	16, 17	3	23	33
Financial receivables	16, 17	-	118	300
Contract costs	14	-	-	-
Contract assets	14	-	10,726	13,274
Deferred tax assets	15	1	593	1,993
Subtotal Non-current assets		**30,195**	**45,388**	**52,953**
Trade receivables and other receivables	16, 17	1,047	2,881	2,496
Contract assets	14	489	4,208	3,803
Inventories		-	40	353
Tax receivables	17	4	342	214
Other receivables and assets	16, 17	2,463	2,067	2,110
Financial receivables	16, 17	-	186	272
Cash and cash equivalents	18	2,872	5,349	8,504
Subtotal current assets		**6,875**	**15,073**	**17,753**
Assets held for sale	11	6,648	-	-
Total current assets		**13,524**	**15,073**	**17,753**
Total assets		**43,718**	**60,460**	**70,706**

[a] The comparative figures for the previous year were adjusted due to error corrections from previous periods (see note "Error corrections")

Liabilities

in EUR thousand	Notes	31/12/2023	31/12/2022 adapted[a]	01/01/2022 adapted[a]
Share capital	19	20,189	17,017	13,386
Reserves		11,793	28,592	37,417
Capital reserves	*19*	*88,131*	*84,358*	*78,455*
Adjustments in accordance with IAS 8	*19*	*-21,976*	*-21,976*	*-21,976*
Other reserves	*19*	*240*	*99*	*113*
Reserves according to IAS 19	*19*	*2*	*-1*	*-1*
Profit / loss carried forward		-54,605	-33,888	-19,174
Total Equity		**31,983**	**45,609**	**50,803**
Provisions	22	-	11	7
Leasing liabilities	16, 20	1,168	2,091	3,832
Other financial liabilities	16, 20	748	3,705	5,199
Other non-current liabilities	16, 21	207	207	206
Deferred tax liabilities	15	557	2,505	76
Total non-current liabilities		**2,680**	**8,519**	**9,320**
Trade payables and other liabilities	16, 21	4,712	4,331	5,224
Provisions	22	88	21	317
Financial liabilities	16, 20	0	2	15
Leasing liabilities	16, 20	257	861	1,207
Convertible notes	16	-	-	2,450
Tax liabilities		455	1,117	1,370
Subtotal current liabilities		**5,512**	**6,332**	**10,582**
Liabilities directly associated with assets held for sale	11	3,543	-	-
Total current liabilities		**9,056**	**6,332**	**10,582**
Total liabilities		**11,736**	**14,852**	**19,903**
Total equity and liabilities		**43,718**	**60,460**	**70,706**

[a] The comparative figures for the previous year were adjusted due to error corrections from previous periods (see note “Error corrections”)

The notes are an integral part of these consolidated financial statements.

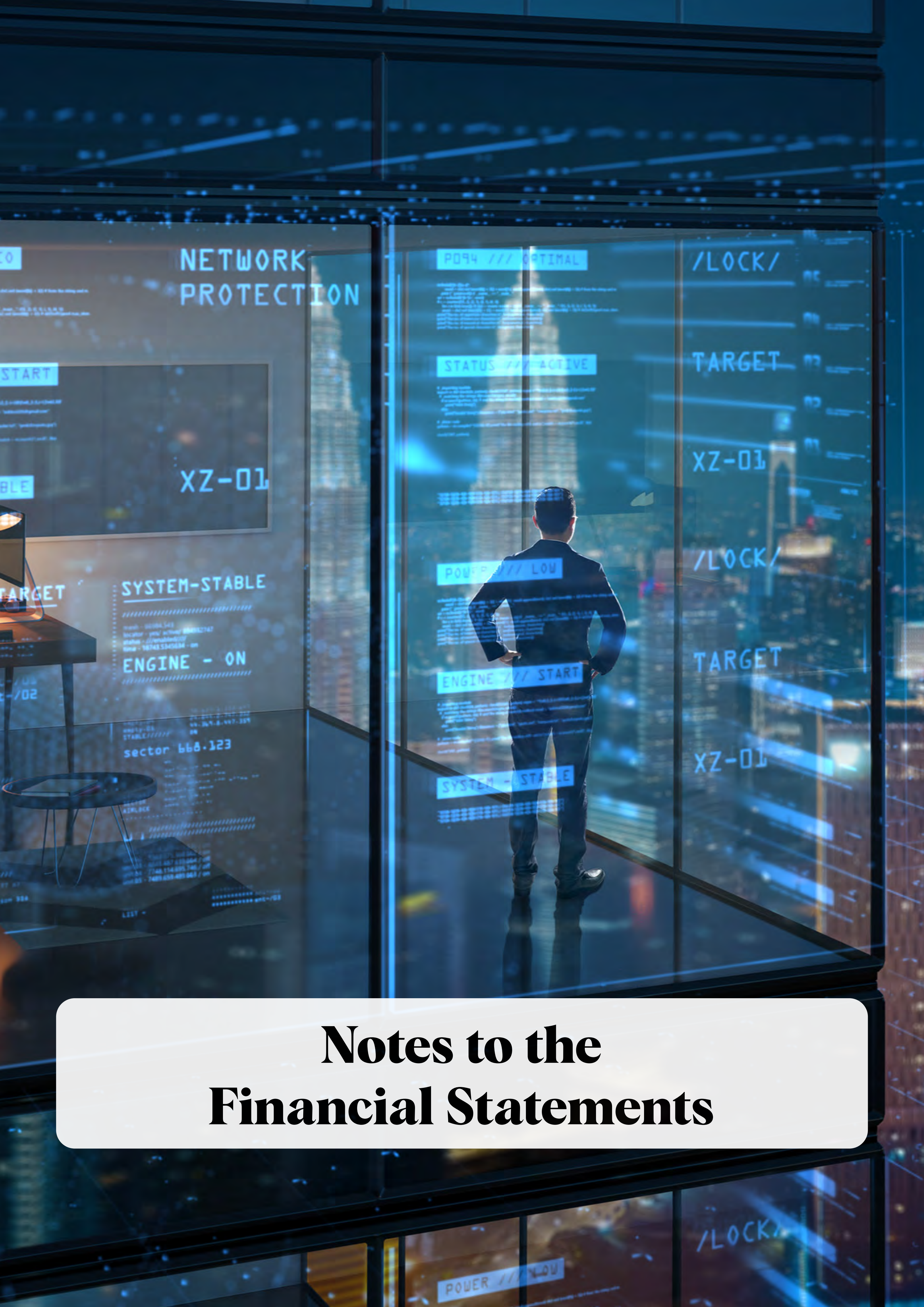
Cash flow statement

in EUR thousand	Notes	2023	2022
Result before taxes from existing operations		- 7,041	- 7,098
Result before taxes from discontinued operations		- 15,019	- 3,680
Earnings before tax		**- 22,060**	**- 10,777**
Profit/loss from the decrease in assets		273	217
Depreciation of intangible and tangible assets		3,183	3,239
Change in provisions		103	- 291
Financial income		- 474	- 653
Financial expenses		103	124
Other expenses/income with no influence on liquid funds		9,263	- 1,733
Adjustments to reconcile profit before tax to net cash flows		**12,451**	**903**
Change in inventories		31	313
Change in contract assets and contract costs		4,688	4,404
Change in receivables trade receivables and other receivables		- 1,234	- 332
Change in contract liabilities		2,070	- 1,409
Working capital adjustments		**5,556**	**2,976**
Net cash flow from earnings before taxes		**- 4,053**	**- 6,898**
Income taxes paid		40	29
Cash flow from operating activities	**23**	**- 4,013**	**- 6,869**
Purchases of intangible and tangible assets		- 706	- 849
Purchase of financial assets		232	282
Disposal of tangible and intangible assets		1	9
Interest received		13	6
Cash flow from investing activities	**24**	**- 460**	**- 552**
Proceeds from the issue of share capital		2,400	9,534
Proceeds from loans and borrowings		94	138
Proceeds from the issue of convertible notes		1,500	-
Repayments of financial liabilities		- 7	- 1,645
Repayments of participation rights		-	- 2,450
Repayments of leasing liabilities		- 1,083	- 1,249
Interest paid		- 20	- 69
Cash flow from financing activities	**25**	**2,884**	**4,260**
Change in cash and cash equivalents		**- 1,589**	**- 3,162**
Cash and cash equivalents at the beginning of the fiscal year		5,349	8,504
Cash and cash equivalents at the end of the period		3,780	5,349
thereof effect of exchange rate differences on cash and cash equivalents received in foreign currency		*19*	*7*

The notes are an integral part of these consolidated financial statements. The effects of IFRS 5 have not been taken into account in this cash flow. They are explained in Note 10 Discontinued operations.

Consolidated statement of changes in equity

in EUR thousand	Share capital	Capital reserves	Reserves in accordance with IAS 8	Other reserves / currency reserves	Reserves in accordance with IAS 8	Profit / loss carried forward	Total
01/01/2022	**13,386**	**78,455**	**-**	**113**	**-1**	**-19,174**	**72,779**
Adjustments IAS 8	-	-	-21,976	-	-	-	-21,976
01/01/2022	**13,386**	**78,455**	**-21,976**	**113**	**-1**		**69,977**
Annual loss/profit	-	-	-	-	-	-14,714	-14,714
Change in scope of consolidation	-	-	-	-	-	-	-
Other result, after taxes	-	-	-	-14	-	-	-14
Overall result for the financial year	**-**	**-**	**-**	**-14**	**-**	**-14,714**	**-14,729**
Capital increase	3,631	5,903	-	-	-	-	9,534
31/12/2022	**17,017**	**84,358**	**-21,976**	**99**	**-1**	**-33,888**	**45,609**
Annual loss/profit	-	-	-	-	-	-20,717	-20,717
Change in scope of consolidation	-	-	-	-	-	-	-
Other result, after taxes	-	-	-	142	3	-	144
Overall result for the financial year	**-**	**-**	**-**	**142**	**3**	**-20,717**	**-20,572**
Issuance of convertible bonds	-	1,500	-	-	-	-	1,500
Capital increase	3,173	2,273	-	-	-	-	5,446
31/12/2023	**20,189**	**88,131**	**-21,976**	**240**	**2**	**-54,605**	**31,983**



Notes to the Financial Statements

Information about the Company

cyan AG, headquartered in Munich (Josephspitalstraße 15 (formerly: Theatinerstraße 11), 80333 Munich), 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 German stock exchange in the Scale segment of the Open Market since March 2018. cyan AG acts as a holding company within cyan. Operational services are provided by the Austrian subsidiary cyan Digital Security GmbH (formerly: I-New Unified Mobile Solutions GmbH) and its subsidiaries, in particular cyan Security Group GmbH. cyan Digital Security GmbH (formerly: I-New Unified Mobile Solutions GmbH) operates as a Mobile Virtual Network Enabler (MVNE). cyan Security Group GmbH offers cybersecurity solutions for end customers of mobile network operators (MNOs), mobile virtual network operators (MVNOs) and financial service providers. In 2023, the decision was made to sell the BSS/OSS division in order to focus on cybersecurity solutions. The contracts were signed in December 2023. The sale took effect on January 1, 2024.

Accounting Reporting

The significant accounting policies applied in the **voluntary preparation** of these consolidated financial statements are presented below. Unless otherwise stated, these principles were applied for all years presented.

The consolidated financial statements consist of the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements.

The Management Board of cyan AG approved the consolidated financial statements on May 16, 2024 and released them for forwarding to the Supervisory Board

Basis of preparation

The consolidated financial statements as of December 31, 2023 were voluntarily prepared in accordance with the provisions of Section 315e (1) HGB in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU on the reporting date. The term IFRS also includes the still valid International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The statement of comprehensive income is presented using the nature of expense method. In the statement of comprehensive income and in the balance sheet, individual items are summarized for better understanding or due to immateriality. In accordance with IAS 1, assets and liabilities are classified by maturity. Items are classified as current if they are due within one year. Otherwise they are classified as non-current.

The accounting and valuation methods were applied uniformly to the consolidated financial statements and the previous year's figures.

Going concern

The future liquidity situation at cyan depends largely on payments from customers and thus the development of sales. Due to the acquisition of new customers, the Management Board assumes a stable future liquidity situation, whereby cyan is also dependent on marketing by its partners. Based on the steady subscriber growth among existing customers in the cybersecurity segment and new customer projects in the 2024 financial year, the Management Board assumes that revenue will most likely increase significantly compared to the previous year, as shown in the forecast, and that the cash and cash equivalents generated in this way will be sufficient to cover the ongoing financial requirements. Nonetheless, project delays could occur, for example, as a result of which individual projects may only generate revenue with a delay and thus generate cash flows at a later date, existing customers may drop out completely or the planned revenue growth may not materialize due to lower subscriber numbers. Consequently, there is a residual risk that the cash flows will not materialize as planned. The option of a short-term factoring program is planned as a means of bridging potential liquidity bottlenecks. In the event of more extensive financing requirements, e.g. to implement strategic projects or in the event of unforeseen adverse economic developments, the company would be reliant on external financing during the forecast period. However, the Management Board assumes that the Group and its companies will be able to meet their payment obligations and continue their business activities, in particular due to the positive developments in cyan's core business that had already occurred by the time these consolidated financial statements were prepared, the conservative planning assumptions and the available financing framework. The consolidated financial statements were therefore prepared unchanged on the basis of the going concern assumption.

Funtional Currency

The consolidated financial statements of cyan AG are prepared in thousands of euros. When adding up rounded amounts, rounding differences may occur due to the use of automatic calculation aids.

In the opinion of the Management Board, the consolidated financial statements include all necessary adjustments to give a true and fair view of the net assets, financial position and results of operations.

The annual financial statements of subsidiaries whose functional currency is a currency other than the euro are translated in accordance with the functional currency principle. With the exception of equity, which is translated at historical rates, 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 reserves in equity until the subsidiary is sold.

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

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

	Average rate		Closing rate	
	2023	2022	31/12/2023	31/12/2022
Argentine Peso (ARS)	343.675	139.827	892.045	189.587
Bangladeshi Taka (BDT)	118.752	98.347	124.628	108.940
Brazilian Real (BRL)	5.402	5.559	5.343	5.559
Chilean Peso (CLP)	911.534	916.019	979.400	916.910
Colombian Peso (COP)	4,625.882	4,486.735	4,223.365	5,130.559
Mexican Peso (MXN)	19.190	21.205	18.767	20.761
Peruvian Sol (PEN)	4.103	4.107	4.175	4.115
Thai Baht (THB)	37.633	36.952	38.176	36.817
Hungarian Forint (HUF)	381.758	390.944	381.800	407.680
US Dollar (USD)	1.082	1.054	1.090	1.059

As cyan Security Argentina SpA is located in a hyperinflationary economy, IAS 29 must always be observed. Due to the immateriality of the amounts and the fact that the company was dissolved in 2023, no further disclosure requirements were made.

Estimates and assumptions

The preparation of the consolidated financial statements requires estimates and assumptions that influence the reported values in the consolidated financial statements. Actual results may differ from these estimates. The estimates and the assumptions on which they are based are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimate is changed and in all subsequent periods affected. Valuations made by the management in application of IFRS that have a significant impact on the consolidated financial statements and estimates with a significant risk of material adjustment in the following year are explained in the respective items.

Impairment of Assets
The assessment of the recoverability of intangible assets, goodwill and property, plant and equipment is based on forward-looking assumptions. The assumptions used as a basis for goodwill impairment tests are explained in Note 12 Intangible assets in the notes to the consolidated balance sheet. The determination of the useful life of assets involves estimates.

Receivables
Impairment losses on receivables are recognized on the basis of assumptions about the probability of default in accordance with the “expected credit losses” model.

Other Provisions
Other provisions are recognized for current obligations resulting from past events that lead to an outflow of resources embodying economic benefits at the amount that is most probable on the basis of reliable estimates. Details of the provisions can be found in the notes to the consolidated balance sheet, Note 22 Provisions.

Taxes on Income
The recognition and subsequent measurement of current and deferred taxes are subject to uncertainties due to complex tax regulations in the various national jurisdictions, which are also subject to ongoing changes. Furthermore, the utilization of loss carryforwards depends on future results. The Management Board believes that it has made a reasonable assessment of the tax uncertainties and future results. However, due to the existing tax uncertainties and the uncertainty in estimating future results, there is a risk that differences between the actual results and the assumptions made could have an impact on the recognized tax liabilities and deferred taxes. The tax details are explained in more detail in the following sections on income tax.

Revenue from Contracts with Customers
The assessment of contracts with customers based on the criteria of IFRS 15 required estimates and the exercise of judgment, in particular with regard to the identification of separate performance obligations within a contract and the allocation of the transaction price to these in accordance with their individual selling prices. Further details are provided in the accounting policies under “Revenue from contracts with customers”.

Leasing
When calculating the rights of use and the associated lease liabilities or lease receivables, significant estimates were required as lessee or lessor, which are explained in more detail in the accounting policies under “Leases”.

Scope of Consolidation and Consolidation Method

The scope of consolidation is determined in accordance with the provisions of IFRS. In addition to the annual financial statements of cyan AG, the consolidated 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 if cyan AG can exercise power of disposal over the investee, is exposed to fluctuating returns from the investment and can influence the amount of the returns due to its power of disposal. The annual financial statements of subsidiaries are included in the consolidated financial statements from the date on which cyan AG obtains control over the subsidiary until the date on which control by cyan AG ends.

The scope of consolidation as of December 31, 2023 is as follows:

Company	Registered office	Share	Fully consolidated since	Fully consolidated until
cyan AG	**Germany**			
CYAN Licencing GmbH	Austria	100%	01/01/2018	
cyan Seamless Solution Mèxico, S.A. de C.V. (fmr. I-New Unified Mobile Solutions, S.A. de C.V.)b	Mexico	100%	31/07/2018	31/12/2023
cyan digital security (Thailand) Ltd.[a]	Thailand	100%	30/11/2022	
cyan security Brasil Ltd[a]	Brazil	100%	31/12/2022	
cyan security Chile S.p.A[b]	Chile	100%	31/07/2018	31/12/2023
cyan security Colombia S.A.S.[b]	Colombia	100%	31/07/2018	31/12/2023
cyan security Ecuador SAS	Ecuador	100%	31/12/2020	31/12/2023
cyan Security Group GmbH	Austria	100%	31/01/2018	
cyan security Peru S.A.C.[b]	Peru	100%	31/07/2018	31/12/2023
cyan security USA, Inc.[b]	USA	100%	31/07/2018	31/12/2023
I-New Bangladesh Ltd.[b]	Bangladesh	100%	31/07/2018	31/12/2023
I-New Hungary Kft.[b]	Hungary	100%	31/07/2018	31/12/2023
cyan Digital Security GmbH (fmr. I-New Unified Mobile Solutions GmbH)	Austria	100%	31/07/2018	
smartspace GmbH[b]	Austria	100%	31/07/2018	31/12/2023

[a] In 2022, cyan digital security (Thailand) Ltd. and cyan security Brasil Ltda were founded
[b] The agreement dated 19 December 2023 stipulates the sale of the companies with effect from 1 January 2024.

The parent company of these consolidated financial statements is cyan AG. All companies under the control of the parent company are fully consolidated in the consolidated financial statements.

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

	Full consolidation		At-equity	
	31/12/2023	31/12/2022	**31/12/2023**	31/12/2022
Balance at the beginning of the reporting period	**16**	14	**0**	0
Included for the first time	0	2	0	0
Deconsolidation due to mergers	0	0	0	0
Deconsolidated	1	0	0	0
Balance at the end of the reporting period	**15**	16	**0**	0

Cyan Security Argentina SpA was dissolved in 2023, which is why it was deconsolidated.

New applicable and amended Accounting Standards

The following amended standards must be applied for the first time:

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

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

Standard	Content	Effective
IFRS S1	General requirements for the disclosure of sustainability-related financial information (not yet mandatory)	01/01/2024
IFRS S2	Climate-related information (not mandatory to date)	01/01/2024
IFRS 16	Amendments to clarify the subsequent measurement of sale and leaseback transactions by a seller-lessee	01/01/2024
IAS 1	Changes in relation to the classification of liabilities and ancillary conditions	01/01/2024
IFRS 7 + IAS 7	Changes in relation to supplier financing agreements	01/01/2024
IAS 28 / IFRS 10	Changes relating to the sale or contribution of assets between an investor and an associate or joint venture	postponed
IAS 21	Changes in relation to lack of exchangeability	01/01/2025
IFRS 18	Presentation and disclosures in the financial statements	01/01/2027

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 any material impact on cyan's net assets, financial position and results of operations.

Accounting and Valuation Methods

Revenue from Contracts with Customers

cyan has applied IFRS 15 “Revenue from Customers Contracts”. In accordance with IFRS 15, the point in time at which control of the goods and services is transferred and the customer can therefore benefit from them is decisive for revenue recognition. Cyan has applied the newly introduced 5-step model for determining the extent and timing of revenue recognition:

- Identification of the contract
- Identification of the performance obligations
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations
- Revenue recognition over time or at a point in time

cyan has identified the following performance obligations in its customer contracts: License grant, technical support and maintenance, and updates.

Granting of Licenses

As part of the sale of licenses by cyan, the customer acquires the right to use intellectual property so that the revenue is realized at a certain point in time. The decisive factor here is the point in time from which the customer can use the license and benefit from it. These are, on the one hand, licenses for the use of the cybersecurity software developed by cyan, and on the other hand, licenses for the use of the BSS/OSS software solution.

Technical Support and Maintenance

During the term of the contract, further services are to be rendered in the form of the provision of any technical support and maintenance. A provision obligation in accordance with IFRS 15.26 e) and therefore revenue recognition over time is assumed here.

Technical support for the BSS/OSS solution involves the provision of support and maintenance for the technical platform used for the connection to the MNO. The services provided in the BSS/OSS segment are not hosting services, as the solution provided to the customer for use does not become the property of the customer, but is used by other customers at the same time.

Updates

The BSS/OSS software solution is subject to irregular updates. However, the software solution originally granted remains fully usable even without updates.

Some customer contracts in the Cybersecurity segment involve ongoing database updates. These are fully automated using self-learning algorithms. The originally granted version of the software installed on the customer systems continues to function and can be used effectively without updates in order to offer end customers the appropriate cybersecurity. Although updates can improve the quality or update, they are not “critical” for the functionality of the software, as the updates only relate to part of the functional scope and are not essential for the usability of the software or licenses for the customer. For this reason, the existence of a provision obligation in accordance with IFRS 15.26 e) and thus revenue recognition over time is also assumed for updates.

Revenue is recognized at the transaction price. The transaction price is the consideration that is expected to be received in exchange for the provision of the service. Expected rebates and discounts as well as amounts collected on behalf of third parties (sales tax) are deducted. If the service and payment are made within one year, no adjustment must be made with regard to interest.

The transaction prices are to be regarded as fixed (purchase quantity x unit price), particularly with regard to the time-related realization of sales. In the case of contracts that include longer payment terms, a significant financing component is assumed for those sales revenues that are allocated to services that are already provided at the beginning of the contract. The transaction price allocated to this service is therefore discounted and interest income is subsequently recognized.

Revenue is recognized over time on the basis of the expired contract term in relation to the total term of the respective contract. The management has come to the conclusion that the proportion of the time elapsed on the reporting date in relation to the total time expected for the provision of services represents an appropriate measure of the stage of completion of these performance obligations in accordance with IFRS 15.

The usual payment terms granted by cyan are 45 days.

Repurchase agreements are only included on a “best effort” basis and therefore have no effect on the allocation of the transaction price or revenue recognition.

If the service is rendered before consideration is received, contract assets are capitalized.

Trade receivables are recognized when there is an unconditional right to payment.

If additional costs are incurred in concluding a contract and the associated revenue is recognized over a year, these costs must be capitalized and amortized in the course of revenue recognition.

Taxes on Income

The income tax expense (or income) for the period is the tax payable on the taxable income for the current period, based on the applicable income tax rate (adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and any unused tax losses).

Deferred income taxes (income or expenses) result from temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. In accordance with IAS 12 (Income Taxes), deferred tax assets/liabilities reflect all temporary valuation and accounting differences between the tax balance sheet and the IFRS financial statements. In addition, deferred taxes are formed on tax loss carryforwards.

At cyan AG, there is a trade tax loss carryforward of around EUR 7.05 million (2022: EUR 7.1 million) and a corporation tax loss carryforward of around EUR 7.06 million (2022: EUR 7.1 million). As there is considerable uncertainty regarding the future use of the loss carryforwards, no deferred tax assets were recognized.

The core concept of Austrian group taxation involves pooling the tax results of financially related entities at the head of the group. All companies belonging to the group calculate the respective income. The resulting tax burden is offset against the head of the group in the form of tax allocations (stand-alone method). The results of all companies are combined at the head of the group and taxed accordingly.

In 2019, a group with cyan Digital Security GmbH (formerly: I-New Unifi-ed Mobile Solutions GmbH) as the group parent was applied for. The following companies are currently group members: cyan Security Group GmbH, CYAN Licencing GmbH and smartspace GmbH. With the sale of the shares in smartspace GmbH on January 1, 2024, smartspace GmbH will cease to be a group member from 2024.

Group loss carryforwards of around EUR 58.6 million are available for subsequent years. These can be offset indefinitely against future profits up to an amount of 75%. The management has prepared planning calculations for the next five years and, based on these calculations, it is expected that a loss carryforward of around EUR 20 million can be utilized in the next five years. As it is not yet possible to estimate future developments, the deferred tax assets recognized in the calculation of deferred taxes for loss carryforwards were limited to this amount.

The following income tax rates were applied for the fully consolidated companies:

Company	2023	2022
cyan AG	32.975 %	32.975 %
CYAN Licencing GmbH	24.0 %	25.0 %
cyan digital security (Thailand) Ltd.	15.0 %	15.0 %
cyan Seamless Solution México, S.A. de C.V.	30.0 %	30.0 %
cyan security Brasil Ltda	25.0 %	25.0 %
cyan security Chile S.p.A	27.0 %	27.0 %
cyan security Colombia S.A.S.	35.0 %	35.0 %
cyan security Ecuador SAS	22.0 %	22.0 %
cyan Security Group GmbH	24.0 %	25.0 %
cyan security Peru S.A.C.	29.5 %	29.5 %
cyan security USA, Inc.a	26.5 %	26.5 %
I-New Bangladesh Ltd.	[b]	[b]
I-New Hungary Kft.	9.0 %	9.0 %
cyan Digital Security GmbH (vormals: I-New Unified Mobile Solutions GmbH)	24.0 %	25.0 %
smartspace GmbH	24.0 %	25.0 %

[a] 21 % + 5,5 %.
[b] tax-exempt

Intangible Assets and Goodwill

Purchased intangible assets are measured in accordance with IAS 38 at acquisition or production cost and any impairments less scheduled pro rata temporis amortization. Impairment losses are recognized if there are circumstances that indicate a reduction in value.

Acquired licenses for software are capitalized on the basis of the costs for the acquisition and commissioning of the software. These costs are amortized on a straight-line basis over the estimated useful life of 3 to 5 years.

As the period in which trademark rights are expected to generate cash flows cannot be estimated, they are not amortized. They are amortized when impairment losses have been incurred.

Research expenses are recognized as expenses. Development expenses are capitalized if the relevant criteria of IAS 38 are met. Capitalized development expenses are recognized at production cost less amortization and impairment losses with an amortization period of 3 to 10 years.

Intangible assets acquired as part of a business combination are recognized separately from goodwill and measured at fair value at the time of acquisition.

In subsequent periods, intangible assets acquired in a business combination are measured at cost less accumulated amortization and any accumulated impairment losses in the same way as individually acquired intangible assets.

In the course of company acquisitions, goodwill results from the fair value of the consideration transferred and the amount of all non-controlling interests in the acquired company less the balance of the identifiable assets acquired and liabilities assumed measured at fair value.

If the difference is negative, the calculation of the consideration transferred and the purchase price allocation must be reviewed. If a new review reveals a negative difference, this is recognized in the income statement.

If the difference is positive, goodwill is recognized.

Goodwill, technologies and customer relationships were capitalized as part of the acquisition of cyan Security Group GmbH and its subsidiaries. Goodwill is not amortized. In accordance with IAS 36, an impairment test is to be carried out once a year. If there is an indication of impairment, an impairment test must be carried out immediately.

Technologies are amortized on a straight-line basis over their useful life (7 years). Customer relationships are amortized on a straight-line basis over their useful life (9 or 12 years).

Tangible Assets

Tangible Assets are recognized at cost less accumulated depreciation. The acquisition costs include the purchase price, ancillary costs and subsequent acquisition costs less any discounts received on the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, but only when it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably. The carrying amount of any replaced part is derecognized. All other repair and maintenance costs are recognized in the statement of comprehensive income in the reporting period in which they are incurred.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful life. The economic and technical life expectancy was taken into account when determining the estimated useful life. The estimated useful lives of property, plant and equipment are as follows: 3 to 5 years for IT equipment, 4 to 10 years for other operating and office equipment and 33.33 years for office buildings. The recoverability of the carrying amounts and useful lives of the assets are reviewed at each balance sheet date and adjusted if necessary. If assets are sold, decommissioned or scrapped, the difference between the net proceeds and the net carrying amount of the asset is recognized as a gain or loss in other operating income or expenses.

Investment grants are recognized directly in equity using the gross method in a liability item, which is reported under other liabilities. Investment grants are recognized as other income in the consolidated income statement over the useful life of the assets for which they are granted.

Impairment Test

An impairment test in accordance with IAS 36 must be carried out at least annually for goodwill, intangible assets with an indefinite useful life and intangible assets that are not yet available for use. The recoverability of the carrying amounts of all other assets, with the exception of those that are measured at fair value through profit or loss or that are subject to special rules for impairment testing under another standard, is only to be tested if there is an indication of impairment.

As the relevant data for carrying out an impairment test at the level of individual assets is often not available, cash-generating units are formed for the purpose of impairment testing. These are defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For the purpose of impairment testing, goodwill is allocated on acquisition to those cash-generating units (or groups thereof) of cyan that are expected to benefit from the synergies of the combination. Cash-generating units to which a portion of the goodwill has been allocated must be tested for impairment at least annually. If there are indications that a unit is impaired, it may be necessary to perform impairment tests more frequently. If the recoverable amount of a cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets based on the carrying amount of each asset in relation to the total carrying amount of the assets within the unit. The recoverable amount is the higher of value in use and fair value less costs to sell.

The impairment test is carried out in accordance with the value-in-use concept; the recoverable amount is determined on the basis of the value in use.

Any resulting impairment loss is recognized in the income statement. If the reason for an impairment loss no longer exists in a subsequent period, the impairment loss must be reversed through profit or loss. An impairment loss recognized for goodwill may not be reversed in future periods.

Leasing

The decisive factor for recognition in accordance with IFRS 16 is whether the leased asset is an identifiable asset, the lessee can determine its use and is entitled to the economic benefits from the asset. The lessee recognizes a liability for future lease payments for each lease. At the same time, a right-of-use asset is capitalized in the amount of the present value of the future lease payments and subsequently depreciated on a straight-line basis. The standard applies to cyan in particular in connection with the leasing of office space, server rooms, data lines and vehicles.

The lease liability is measured at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rate. The right-of-use assets are measured at the amount corresponding to the respective lease liability, adjusted for any lease payments made in advance or deferred.

The incremental borrowing rate used to discount the lease liabilities was derived on the basis of the interest rate for German government bonds, taking into account the credit spread, the country risk and the inflation differential. The weighted average incremental borrowing rate of cyan is calculated at 2.56% - after IFRS 5 reclassification 1.08% (2022: 1.82%).

The lease liabilities have the following maturities:

in EUR thousand	31/12/2023	31/12/2022
Leasing liabilities	**2,333**	**2,952**
Thereof non-current	*1,645*	*2,091*
Thereof current	*688*	*861*
IFRS 5 reclassification	**908**	
Lease liabilities according to IFRS 5 Reclassification	**1,426**	

IFRS 16 requires estimates that affect the measurement of both right-of-use assets and lease liabilities. These include the lease terms and the incremental borrowing rate used to discount the future payment obligations.

The following table shows the effect of leases on the income statement.

in EUR thousand	31/12/2023	31/12/2022
Depreciation of buildings	670	738
Depreciation of other equipment, operating and office equipment	45	67
Interest expense	73	55
Income from subleasing of rights of use in connection with buildings	232	282
Interest income	1	2

The following table shows the effect of leases on the income statement for continuing operations (after IFRS 5 reclassification).

in EUR thousand	31/12/2023	31/12/2022
Depreciation of buildings	231	339
Depreciation of other equipment, operating and office equipment	17	16
Interest expense	17	22
Income from subleasing of rights of use in connection with buildings	76	164
Interest income	0	1

Total lease payments in 2023 amounted to EUR 1,083 thousand - after IFRS 5 reclassification EUR 384 thousand (2022: EUR 1,249 thousand - after IFRS 5 reclassification EUR 631 thousand).

Cyan leases various office premises, server rooms, vehicles and fiber optic cables. The rental agreements for office space generally run for 10 years or an indefinite period, for server premises for 5 years, for vehicles for 5 years and for fiber optic cables for 5 years.

In 2019, a larger office was rented due to a lack of space and the previously used office was sublet from November 2019. The term of the subletting agreement corresponds to that of the rental agreement. For this purpose, the right of use was derecognized and a lease receivable was taken into account. A lease receivable was capitalized in 2020 as part of the sublease agreement with a customer. There is also a sublease agreement for the rental of server premises, which is why a lease receivable was also capitalized here. The subleases expired in 2023.

Extension and termination option

A number of cyan's real estate and equipment leases contain extension and termination options. Such contractual terms are used to provide cyan with maximum operational flexibility in relation to the assets used by the Group. The majority of the existing extension and termination options can only be exercised by the Group and not by the respective lessor.

The application of IFRS 16 will have a positive effect of EUR 1,083 thousand on EBITDA at cyan in 2023, as no rental expenses are incurred in connection with IFRS 16. As no rental income is generated in relation to the subleases in connection with IFRS 16, there is a negative impact on EBITDA of EUR 232 thousand. cyan Peru, cyan Colombia and cyan Chile also recorded exchange rate gains of EUR 56 thousand resulting from foreign currency contracts. Depreciation and amortization of EUR 715 thousand was also incurred, which reduced EBIT. Taking into account interest expenses of EUR 73 thousand and interest income of EUR 0.9 thousand, the effect of IFRS 16 on the result for the period amounts to EUR 120 thousand.

Interest incurred is reported in the financial result.

The following shows the receivables from finance leases:

in EUR thousand	2023	2022
Due in one year	-	186
Due in 1 to 2 years	-	118
Due in 2 to 3 years	-	-
Due in 3 to 4 years	-	-
Due in 4 to 5 years	-	-
Due in more than five years	-	-
Total undiscounted leasing payments	**-**	**304**
Non-guaranteed residual values	-	-
Financial income not yet realized	-	-1
Present value of lease payments to be received	**-**	**303**
Impairment for uncollectible lease payments	-	-
Net investment value from leases	**-**	**303**

Undiscounted lease payments:

in EUR thousand	2023	2022
Due within one year	-	186
Due in more than one year	-	118

Net investment value from leases:

in EUR thousand	2023	2022
Due within one year	-	186
Due in more than one year	-	118

The options under IFRS 16.5 for short-term leases with a term of up to one year and leases where the underlying asset is of low value (less than EUR 5,000) are exercised. The associated lease payments are recognized as an expense on a straight-line basis over the term of the lease. Amounts of EUR 1 thousand were incurred for short-term leases and amounts of EUR 206 thousand for low-value leases.

Financial Instruments

IFRS 9 contains three measurement categories, which represent measurements at amortized cost, measurements at fair value with changes in value in the income statement and measurements at fair value with changes in value in other comprehensive income.

At cyan, only measurement at amortized cost is currently applied for the following reasons.

The fair values of the financial instruments essentially do not differ from the carrying amounts, as the interest receivables and liabilities either almost correspond to the current market rates or the instruments are short-term.

In the case of trade receivables, other receivables, cash and cash equivalents, trade payables 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.

The financial liabilities have fixed interest rates, but there are no significant differences to the fair value or the fair values with fixed interest rates almost correspond to the carrying amounts.

Impairment losses must be recognized for financial assets measured at amortized cost and for contract assets.

Cyan makes use of the simplified approach for trade receivables, according to which, under certain conditions, impairment losses for these financial assets must always be measured in the amount of the expected credit losses over the term using a distribution matrix (expected credit loss).

The basis for the estimated expected credit losses are empirical values of actual historical credit losses over the last 3 years. Specific valuation allowances are recognized for receivables and lease receivables with impaired credit ratings (“Stage 3”) and for contract assets.

Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. Acquisition or production costs are determined using the moving average price method.

Cash and Cash Equivalents

Cash and cash equivalents are classified as cash on hand and bank balances and may include other short-term, highly liquid investments with an original term of up to three months. They are recognized at their nominal amount.

Financial Liabilities

In accordance with IFRS 9, financial liabilities are initially recognized at fair value less transaction costs incurred. Subsequent measurement is at amortized cost. The difference between the inflow (after deduction of transaction costs) and the repayment amount is recognized in the statement of comprehensive income over the term of the financial liabilities using the effective interest method.

Trade payables are obligations to pay for goods or services acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or earlier.

Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

The carrying amount of other liabilities corresponds to the fair value, as they are predominantly current.

Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the Management Board's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The expense for a provision is recognized in the statement of comprehensive income.

Provisions for Severance Payments / Retirement Benefit Plans

Performance-Based Plan
Provisions for defined benefit obligations are recognized for employees' statutory entitlements. Employees are entitled to a severance payment when they reach retirement age and when their employment is terminated by the employer. The amount of the entitlement depends on the number of years of service and the relevant salary when the severance payment is due. The calculation is based on actuarial principles using the projected unit credit method.

Defined Contribution Plans
Defined contribution obligations exist for employees in Austria whose employment did not begin until after December 31, 2002. These severance obligations are settled by the ongoing payment of corresponding contributions to an employee pension fund to employee accounts and amount to EUR 81 thousand - EUR 57 thousand after IFRS 5 reclassification (2022: EUR 76 thousand - EUR 54 thousand after IFRS 5 reclassification). In addition, voluntary severance payments amounting to EUR 45 thousand (2022: EUR 29.6 thousand - EUR 26.5 thousand according to IFRS 5 reclassification) were incurred.

Company Acquisitions / Acquisitions of other Business Units

There were no company acquisitions in 2023 and 2022.

Error Corrections

As part of the preparation of the consolidated financial statements as at December 31, 2023, the recognition and recoverability of the assets were critically examined. It was determined that estimation uncertainties and deviations from planning had not been adequately taken into account in previous years and that no necessary impairment losses had been recognized in connection with capitalized contract costs and intangible assets resulting from the company acquisitions, including goodwill.

On the basis of a new, adjusted analysis, it was found that the goodwill was not fully recoverable as at December 31, 2021.

Furthermore, contracts were concluded with well-known mobile communications providers in recent years. This resulted in contract fulfilment costs for the implementation and operation of the software at the customer's premises, which were capitalized as contract costs when incurred. When reviewing the contractual conditions, it was identified that there was no contractual certainty required for recognition in the balance sheet that customer revenue would be sufficient to cover the costs of implementation. As a result, the capitalized costs in the past did not meet the recognition criteria.

In addition, as part of the disposal of the BSS/OSS segment, it became apparent that a more in-depth analysis of the customer base and the software was not carried out in 2021 following the lack of expected revenue at that time. The in-depth analysis revealed that parts of the customer base and the software were not fully recoverable as at December 31, 2021.

All errors were corrected by adjusting each of the affected balance sheet items for previous reporting periods as follows

The following table summarizes the effects of the error corrections on the consolidated financial statements:

Consolidated balance sheet (extract) in EUR thousands	31/12/2022 (originally)	Adaptions	31/12/2022 (adapted)	31/12/2021 (originally)	Adaptions	01/01/2022 (adapted)
Patents, customer relationships and similar rights	9,823	-4,761	5,062	11,405	-5,656	5,748
Software	8,879	-5,907	2,972	11,432	-7,387	4,044
Goodwill	30,779	-9,000	21,779	30,779	-9,000	21,779
Contract costs	3,908	-3,908	-	4,255	-4,255	-
Deferred tax assets	558	36	593	733	1,260	1,993
Deferred tax liabilities	-5,855	3,350	-2,505	-3,139	3,063	-76
Net assets	65,799	-20,190	45,609	72,779	-21,976	50,803
Adjustments according to IAS 8	-	21,976	21,976	-	21,976	21,976
Profit/loss carried forward	-35,674	-1,785	-33,888	-19,174	-	-19,174
Shareholders' equity	-65,799	20,190	-45,609	-72,779	21,976	-50,803

Consolidated statement of comprehensive income (extract) in EUR thousands	2022 (originally)	Adaptions	2022 (adapted)
Change in inventories	-335	336	0
Amortization	-5,626	2,387	-3,239
Result before taxes	-13,500	-	-10,777
Taxes on income and earnings	-3,000	-938	-3,937
Result after taxes	-16,500	1,785	-14,714
Other comprehensive income (OCI)	-	-	-
Gains (losses) from exchange rate differences	-14	-	-14
Total comprehensive income for the period	-16,514	1,785	-14,729

The diluted and undiluted earnings per share for 2022 increased by 0.12.

The change had no impact on other comprehensive income for the period or the cash flows from operating activities, investing activities and the Group's financing activities.

Segment Reporting

The operating segments are reported on in a way that is consistent with the internal reporting to the Management Board, which acts as the chief operating decision maker (management approach). Accordingly, the Management Board is responsible for allocating the company's resources to the two segments.

In the reporting year, Cyan had two segments that were used to manage the company: Cybersecurity and BSS/OSS, which are based on the type of products offered. The Management Board opted for this segmentation as it best reflects the company's opportunity and risk structure. The segments are clearly differentiated from one another due to the diversity of the customer groups and the technical solutions and products used.

Cybersecurity
This segment comprises all services provided by cyan that are based on the use of filter technology in B2B2C business. Four product types are marketed under the names OnNet Security, OnDevice Security, Child Protection or Clean Pipe DNS. cyan's security solutions are integrated into the customer's infrastructure or via a cloud solution at the business partner, which then offers them in its own name ("white labeled") to its end customers as a value-added service ("B2B2C"). Contracts in the cybersecurity segment usually provide for a revenue share or software license model, which generates recurring revenue.

The geographical focus is currently on Europe in particular, but cyan's cybersecurity solutions are to be successively supplied to other regions (such as North America, Asia and Africa).

BSS/OSS
In the 2023 reporting year, the BSS/OSS segment of cyan AG with the operation of cyan Digital Security GmbH (formerly: I-New Unified Mobile Solutions GmbH) was sold to Compax International Holding GmbH as part of an asset deal and all subsidiaries belonging to the segment were sold as part of a share deal. A corresponding agreement was signed on December 19, 2023 and the transfer of the business and subsidiaries will take place with effect from January 1, 2024. Due to the sale of the BSS/OSS segment at the end of 2023, the segment will be removed from the balance sheet and income statement as a discontinued operation in accordance with IFRS 5 in order to ensure comparability for the future.

The segment's services and technology for operating on the market as a virtual network operator, sub-brand or agile telecom operator were offered under the i-new brand. cyan provided a modular product, the MVNO platform, as a one-stop store for MVNOs. MVNOs and digital communication service providers were offered the entire range of products for the operation of a virtual mobile network company. The spectrum of functions offered by cyan ranged from the connection to the MNO network, the core network, service delivery, (online) charging, billing, rating and policy control to customer and product management with tools for customer experience, customer management, PoS support and loyalty campaigns.

Segment Reporting
In accordance with IFRS 8, segment reporting must be aligned with internal management and reporting (management approach). The definition of the business segments and the corresponding reporting content are therefore based, as already

mentioned, on the reporting structure within cyan to the Management Board as the chief operating decision maker.

The “Cybersecurity” division (consisting of cyan Security Group GmbH and its subsidiary) on the one hand and the “BSS/OSS” division (consisting of cyan Digital Security GmbH (formerly: I-New Unified Mobile Solutions GmbH) and its subsidiaries with the exception of the subsidiaries allocated to the “Cybersecurity” division) on the other are therefore defined as reportable operating segments in the 2023 financial year. Both are parts of the company that conduct business activities that lead to revenues and expenses and whose results are monitored by the Management Board of cyan AG for the purpose of performance measurement and resource allocation. Separate financial information is available for each of the two divisions. Although both divisions operate in the technology and software sector, they offer different products and services and are therefore monitored separately by the Management Board of cyan AG.

Both business segments exceed the quantitative thresholds. There are no other operating segments. The “Reconciliation” column contains the activities of cyan AG that were not allocated to either segment and consolidations carried out at Group level.

in EUR thousand	BSS/OSS 2023	2022	Cybersecurity 2023	2022	Transition 2023	2022	Total 2023	2022
Segment total revenues[a]	4,968	7,744	5,530	4,907	-	62	10,497	12,713
IFRS 5 Reclassification	4,968	7,744	-	-	-	-	4,968	7,744
Segment total income according to IFRS 5 reclassification	0	0	5,530	4,907	-	62	5,530	4,969
Segment revenue	**3,907**	4,735	**4,716**	3,802	**-**	-	**8,623**	8,537
IFRS 5 reclassification	3,907	4,735	-	-	-	-	3,907	4,735
Segment revenue according to IFRS 5 Reclassification	**-**	0	**4,716**	3,802	**-**	-	**4,716**	3,802
EBITDA	**-14,785**	-3,702	**-3,126**	-3,231	**-1,336**	-1,127	**-19,247**	-8,060
IFRS 5 Reclassification	-14,778	-3,696	-	-	-	-	-14,778	-3,696
EBITDA according to IFRS 5 Reclassification	**-7**	-6	**-3,126**	-3,231	**-1,336**	-1,127	**-4,470**	-4,364
Impairment losses	-9,628	-314	-	-	-	-	-9,628	-314
IFRS 5 Reclassification	-9,628	-314	-	-	-	-	-9,628	-314
Impairment losses in accordance with IFRS 5	-	-	-	-	-	-	-	-
Loss on derecognition of financial assets measured at amortized cost	-	-	-577	-	-	-	-577	-

[a] Sum of revenue and other operating income

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

	BSS/OSS 2023	2022	Cybersecurity 2023	2022	Transition 2023	2022	Total 2023	2022
Employees (FTE)	85	87	52	49	0	0	137	136
IFRS 5 Reclassification	85		0		0		85	
Employees (FTE) after reclassification	0		52		0		52	

The following table shows cyan's non-current property, plant and equipment, intangible assets, other non-current receivables and contract assets, broken down by the company's region of origin before taking into account impairment in accordance with IFRS 5.

in EUR thousand	BSS/OSS 2023	BSS/OSS 2022	Cybersecurity 2023	Cybersecurity 2022	Transition 2023	Transition 2022	Total 2023	Total 2022
Americas	564	805	-	-	-	-	564	805
APAC	4	9	91	102	-	-	95	111
EMEA	9,681	11,666	28,352	32,068	13	26	38,046	43,760
Non-current property, plant and equipment, intangible assets Assets and deferred tax assets	**10,249**	12,480	**28,443**	32,170	**13**	26	**38,705**	44,676
IFRS 5 Reclassification	-8,510		-		-		-8,510	
Non-current property, plant and equipment, intangible assets Property, plant and equipment, intangible assets and deferred tax assets after IFRS 5 Reclassification	**1,738**		**28,443**		**13**		**30,194**	

[a] Asia and Pacific
[b] Europe, Middle East and Africa

The lists show the countries of the respective customers / companies that have been allocated to the Americas, APAC and EMEA regions:

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

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

in EUR thousand	BSS/OSS 31/12/2023	BSS/OSS 31/12/2022	Cybersecurity 31/12/2023	Cybersecurity 31/12/2022	Transition 31/12/2023	Transition 31/12/2022	Total 31/12/2023	Total 31/12/2022
Americas	554	140	-	-	-	-	554	140
APAC[a]	-	-	3	103	-	-	3	103
EMEA[b]	850	672	72	427	2	2	925	1,101
Additions to non-current property, plant and equipment and intangible assets assets	**1,404**	812	**75**	530	**2**	2	**1,481**	1,344
IFRS 5 Reclassification	941		-		-		941	
Additions to non-current property, plant and equipment and intangible assets Assets according to IFRS 5 Classification	**464**		**75**		**2**		**541**	

[a] Asia and Pacific
[b] Europe, Middle East and Africa

The accounting and valuation methods of the reportable segments correspond to the Group accounting and valuation methods described above.

Notes to the Statement of Comprehensive Income

[1] Sales revenue

Revenue results exclusively from contracts with customers within the meaning of IFRS 15 and includes all income resulting from cyan's ordinary business activities.

The following table shows cyan's revenue broken down by the region of origin of the business partner.

	BSS/OSS		Cybersecurity		Total	
in EUR thousand	**2023**	2022	**2023**	2022	**2023**	2022
Americas	1,214	1,422	-	-	1,214	1,422
thereof Colombia	*407*	*601*	-	-	*407*	*601*
thereof Mexico	*444*	*493*	-	-	*444*	*493*
thereof other countries	*364*	*327*	-	-	*364*	*327*
APAC	1,219	1,613	295	98	1,514	1,711
thereof Bangladesh	*320*	*655*	-	-	*320*	*655*
thereof New Zealand	*899*	*958*	-	-	*899*	*958*
thereof other countries	-	-	*295*	*98*	*295*	*98*
EMEA	1,474	1,700	4,421	3,704	5,896	5,404
thereof Austria	*582*	*667*	*2,986*	*2,667*	*3,568*	*3,334*
there of Slovenia	*868*	*987*	-	-	*868*	*987*
thereof other countries	*24*	*47*	*1,435*	*910*	*1,459*	*956*
Revenues	**3,907**	4,735	**4,716**	3,802	**8,623**	8,537

The effect of IFRS 5 on revenue is explained below.

	BSS/OSS		Cybersecurity		Total	
in EUR thousand	**2023**	2022	**2023**	2022	**2023**	2022
Revenue before IFRS 5	3,907	4,735	4,716	3,802	8,623	8,537
Reclassification IFRS 5	3,907	4,735	-	-	3,907	4,735
Total revenue after IFRS 5	**-**	0	**4,716**	3,802	**4,716**	3,802

In the Cybersecurity segment, revenue from two (2022: two) customers exceeds the 10% threshold (EUR 3,596 thousand; 2022: EUR 3,267 thousand); in the BSS/OSS segment, this applies to two (2022: three) customers (EUR 1,767 thousand; 2022: EUR 2,600 thousand). At the end of the reporting period, an amount of EUR 12,112 thousand is attributable to the allocated transaction prices of performance obligations not yet fulfilled. However, these originate from the BSS/OSS segment.

The following table shows the allocated transaction prices of unsatisfied performance obligations by due date.

in EUR thousand	**Up to 1 year**	2 - 5 years	**5 years**
Transaction prices	4,155	7,957	-

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

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

in EUR thousand	2023	2022
Change in inventories and capitalized own work	-	-
Income from subsidies/research grants	786	911
Income from reversal of impairment losses	-	-
Exchange rate gains	1	4
Other	26	252
Other income, income from reversals of impairment losses and changes in inventories	**814**	**1,167**

The research premium is a subsidy for research and development expenses granted by the Austrian Federal Ministry of Finance.

The “Other” item includes income from the derecognition of the lease liability due to the premature termination of a rental agreement in the amount of EUR 163 thousand in 2022.

[3] Cost of materials and purchased services

The income statement and the statement of comprehensive income include expenses for materials and purchased services as follows:

in EUR thousand	2023	2022
Cost of materials	-13	-19
Cost of services procured	-1,250	-866
Cost of materials and services procured	**-1,263**	**-885**

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

[4] Personnel expenses

Personnel expenses include the following items:

in EUR thousand	2023	2022
Salaries	-4,188	-3,963
Expenses for social security contributions and payroll taxes	-1,075	-1,014
Other personnel expenses	118	-36
Personnel expenses	**-5,145**	**-5,013**

The average number of employees including employees on maternity leave is 137 - after IFRS 5 reclassification 52 (31.12.2022: 136). These are broken down by geographical characteristics as follows:

in EUR thousand	2023	2022
European Union (excl. Austria)	28	29
Austria	70	69
South America	29	30
Asia	10	8
Rest of the world	0	0
Total	**137**	**136**
Rest of the world	85	87
Total	**52**	**49**

[5] Impairment of trade receivables and contract assets

In 2023, there were no impairment losses on trade receivables and contract assets in continuing operations. The impairment loss of the discontinued operation is largely due to the expected loss from the disposal of the BSS/OSS segment.

[6] Loss from the derecognition of financial assets measured at amortized cost

In 2023, the loss from the derecognition of financial assets measured at amortized cost relates to a waiver of receivables in the amount of EUR 577 thousand, which relates to a receivable from a customer.

[7] Other expenses

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

in EUR thousand	2023	2022
Consulting fees	- 1,194	- 1,185
Advertising expenses	- 184	- 284
Rental expenses	- 143	- 69
fees	- 134	- 102
insurance	- 193	- 197
Research and development	- 74	- 150
Travel expenses	- 181	- 226
Exchange rate differences	- 25	1
Maintenance expenses	- 110	- 121
Operating costs	- 71	- 102
Licenses and patents	- 213	- 249
Other expenses	- 493	- 750
Total Other expenses	**- 3,014**	**- 3,435**

Consulting expenses include expenses for technical advice, legal and tax advice and other consulting services. Other expenses include Supervisory Board remuneration, book values of disposed assets, administrative costs and contributions.

[8] Depreciation

The statement of comprehensive income includes the following expenses for depreciation and amortization:

in EUR thousand	2023	2022
Amortisation of intangible assets	- 2,188	- 2,129
Depreciation on property, plant and equipment	- 351	- 514
Depreciation and amortization	**- 2,539**	**- 2,643**

Further information on depreciation and amortization can also be found in notes 12 and 13, as well as in the accounting policies under intangible assets, property, plant and equipment and leases.

[9] Financial income and financial expenses

in EUR thousand	2023	2022
Interest income		
Loans	13	6
Other	0	1
Financial income	**13**	**7**
Interest and similar expenses		
Leasing liabilites	-17	-22
Interest on loans	-17	-43
Other	-12	-26
Financial expenses	**-45**	**-90**
Verlust aus der Nettoposition der monetären Posten	-	-8
Financial result	**-32**	**-90**

Interest expenses are attributable to external financing (e.g. bank and other loans) and have fallen due to the repayment of the bank loan in 2023.

[10] Taxes on income

Actual tax refund claims and tax liabilities are offset if the company has a legally enforceable right of set-off and intends to settle on a net basis or to settle the obligations simultaneously with the realization of the claims.

in EUR thousand	2023	2022
Expenses for current income taxes	-8	-14
Tax credits/back payments for previous years	-15	0
Change in deferred income taxes	1,751	-2,881
Income taxes	**1,729**	**-2,895**

Tax Reconciliation Statement

The Group tax rate is defined as the ratio of recognized income tax expense to earnings before income taxes.

The tax expense is calculated using the tax rates applicable in the respective jurisdictions. In accordance with IAS 12, the tax rate that is most appropriate for the information interests of the users of the financial statements is to be applied. In most cases, this will be the tax rate of the country in which the company is based. As cyan AG, based in Germany, acts exclusively as a holding company and the majority of the operating subsidiaries are based in Austria, the Austrian corporate income tax rate of 24% (2022: 25%) was applied when preparing the tax reconciliation.

The reconciliation of the calculated income tax to the recognized income tax expense is as follows:

in EUR thousand	2023	2022
Income before income taxes	**-7,041**	**-7,098**
Income tax expense based on the Austrian corporate income tax rate (24% or 25%)	1,690	1,774
Differences due to different tax rates	-81	-69
Tax-free income	207	346
Non-deductible expenses	-87	-241
Taxes from previous period	-15	0
Losses in the current year for which no deferred tax asset was recognized	-1,555	-2,136
Recognition of tax effects of previously unrecognized loss carryforwards	324	339
Changes in deferred tax assets from adjustment of loss carryforwards	1,111	-3,437
Taxes from abroad	-3	-2
Changes in estimates from previous years	-	-
Other differences	142	535
Minimum corporate income tax	-5	-6
Effective Group tax expense	**1,729**	**-2,895**

[11] Discontinued Operation

In 2023, it was decided to sell the BSS/OSS segment in order to focus on cybersecurity solutions. In December 2023, a framework agreement was concluded and it was agreed to sell the operating business of cyan Digital Security GmbH (formerly I-New Unified Mobile Solu-tions GmbH) by means of an asset deal and the subsequent companies by means of a share deal with effect from January 1, 2024.

cyan Seamless Solution Mèxico, S.A. de C.V. (formerly I-New Unified Mobile Solu-tions, S.A. de C.V.

- cyan security Chile S.p.A
- cyan security Colombia S.A.S
- cyan security Peru S.A.C.
- cyan security USA, Inc.
- I-New Bangladesh Ltd.
- I-New Hungary Kft.
- smartspace GmbH

The associated assets and liabilities were therefore reported as "held for sale" or under "discontinued operation" in the 2023 financial year. Financial information on the discontinued operation for the period up to the date of disposal is presented below.

Statement of comprehensive income and cash flow statement of the discontinued operation:

in EUR thousand	2023	2022
Discontinued operation		
Revenues	3,907	4,735
Other operating income	975	3,002
Income from reversal of impairment losses on receivables	31	8
Change in inventories and capitalized own work	54	0
cost of materials and services procured	-3,445	-4,092
Personnel expenses	-4,175	-4,279
Impairment losses	-9,628 [a]	-314
Other expenses	-2,497	-2,754
EBITDA	**-14,778**	**-3,696**
Depreciation and amortization	-644	-596
Operating result (EBIT)	**-15,422**	**-4,291**
Financial income	461	645
Financial expenses	-58	-34
Earnings before taxes	**-15,019**	**-3,680**
Taxes on the result from ordinary activities of the discontinued operation	-386	-1,042
Net profit/loss for the year from discontinued operations	**-15,404**	**-4,722**
Other comprehensive income (OCI)		
Gains (losses) from exchange rate differences from discontinued operations	**149**	**-16**
Total result for the financial year	**-15,255**	**-4,737**
Cash flow from operating activities of the discontinued operation	984	915
cash flow from investing activities	-66	-541
cash flow from financing activities	-703	-620
Change in cash and cash equivalents of discontinued operations	**215**	**-245**

[a] The impairment loss of EUR 9.6 million results from the impairment allocated to contract assets at fair value less costs to sell. The fair value is based on the purchase price agreed with the buyer for the discontinued operation.

The assets and liabilities that comprise the divisions classified as held for sale are as follows:

in EUR thousand	2023
Intangible assets	301
Tangible assets	1,178
Other receivables	19
Financial receivables	-
Contract assets	-
Deferred tax assets	385
trade receivables and other receivables	2,231
Inventories	9
Tax receivables	526
Other receivables and assets	443
Contract assets	650
Financial receivables	-
Cash and cash equivalents	907
Total assets held for sale	**6,648**
Provisions	11
Leasing liabilities	477
Deferred tax liabilities	-
Trade accounts payable and other liabilities	1,451
Provisions current	33
Liabilities to banks current	0
Leasing liabilities current	431
Tax liabilities	1,140
Total liabilities in connection with assets held for sale	**3,543**
Net assets of the disposal group	**3,105**

Comments on the Consolidated Balance Sheet

[12] Intangible Assets

The following table shows the development of intangible assets:

in EUR thousand	Patents, customer relations & similar rights	Software	Self-developed software	Goodwill	Total
As of 01/01/2022					
Acquisition costs	17,844	20,640	966	30,779	70,229
Accumulated depreciation	- 6,439	- 9,208	- 129	-	- 15,776
IAS 8 adjustment (accumulated depreciation)	- 5,656	- 7,387	-	- 9,000	- 22,044
Book value	**5,748**	**4,044**	**837**	**21,779**	**32,409**
Financial year 31/12/2022					
Initial book value	5,748	4,044	837	21,779	32,409
Additions - purchases	72	282	-	-	354
Disposals acquisition costs	0	-	-	-	0
Disposals accumulated depreciation	- 0	-	-	-	- 0
Depreciation	- 1,655	- 2,835	- 54	-	- 4,543
thereof impairment	896	1,480	-	-	2,376
Currency difference depreciation	-	1	-	-	1
Book value	**5,062**	**2,972**	**783**	**21,779**	**30,596**
Currency translation acquisition costs	-	1	-	-	1
Currency translation accumulated depreciation	**-**	**- 1**	**-**	**-**	**- 1**
As of 01/01/2023					
Acquisition costs	17,916	20,923	966	30,779	70,584
Accumulated depreciation	- 12,854	- 17,951	- 183	- 9,000	- 39,988
Book value	**5,062**	**2,972**	**783**	**21,779**	**30,596**
Financial year 31/12/2023					
Initial book value	5,062	2,972	783	21,779	30,596
Additions - purchases	8	17	-	-	24
Rebooking of acquisition costs	27	- 27	-	-	-
Rebooking of accumulated depreciation	-	-	-	-	-
Disposals acquisition costs	-	- 54	-	-	- 54
Disposals accumulated depreciation	-	52	-	-	52
Depreciation	- 773	- 1,422	- 54	-	- 2,249
Currency difference depreciation	-	- 0	-	-	- 0
Book value	**4,323**	**1,538**	**729**	**21,779**	**28,369**
IFRS 5 Reclassification	**168**	**134**	**-**	**-**	**301**
Book value according to IFRS 5 Reclassification	**4,155**	**1,404**	**729**	**21,779**	**28,067**
As of 31/12/2023					
Currency translation acquisition costs	-	5	-	-	5
Currency translation accumulated depreciation	-	- 5	-	-	- 5
Acquisition costs	17,950	20,864	966	30,779	70,559
Accumulated depreciation	- 13,627	- 19,326	- 237	- 9,000	- 42,191
Book value	**4,323**	**1,538**	**729**	**21,779**	**28,369**

The capitalized development costs of internally generated software amount to EUR 729 thousand (2022: EUR 783 thousand) and mainly consist of personnel costs.

Trademark rights, which have an indefinite useful life and are included in the item patents, customer relationships & similar rights, have a carrying amount of EUR 32 thousand (2022: EUR 32 thousand).

Goodwill in the amount of EUR 21,779 thousand is recognized in the consolidated financial statements. This results from the acquisition of cyan Security Group GmbH by cyan AG in the course of the IPO in 2018. The goodwill was therefore allocated in full to the cash-generating unit (CGU) "cybersecurity", which consists of the cyan companies as they existed before the acquisition of the cyan Digital Security GmbH subgroup (formerly: I-New Unified Mobile Solutions GmbH) in July 2018 and also forms an operating segment in accordance with IFRS 8. An impairment test was therefore carried out for the CGU Cybersecurity.

For this purpose, the recoverable amount of the CGU must be compared with its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. In accordance with the measurement hierarchy in IFRS 13, fair values are to be determined primarily on the basis of market prices and can, for example, be based on existing binding purchase offers, secondary pricing on active markets or comparable recent transactions within the industry. If it is not possible to use market price-oriented methods, capital value-oriented methods (discounted cash flow method) are used, as in the present case.

The recoverable amount of the CGU was determined as its value in use using a discounted cash flow calculation. The cash flows are derived from the business plan, including the cash flow plan, which is approved by the Management Board and updated on a recurring basis, and are risk-adjusted. They are essentially based on the cash inflows derived from the forecast end customer figures and contractual bases. Future expansion investments and restructuring expenses are only included in the calculation of the value in use if an official obligation already exists in this regard, as the value in use must correspond to the value of the asset or group of assets in its current condition. An after-tax interest rate that reflects current market assessments, the time value of money and the specific risks of the asset or CGU is used as the discount rate. The corresponding pre-tax interest rate is determined iteratively. The weighted average cost of capital (WACC) is used to determine recoverable amounts using capital value-oriented methods. The WACC, the planned sales and the growth rate for the perpetual annuity are the most important planning assumptions to whose change the recoverable amount reacts most sensitively.

The return on equity is determined using the capital asset pricing model (CAPM) from the base interest rate, market risk premium and beta factor (11.1%). The return on debt corresponds to the risk premium for corporate loans for comparable companies (pre-tax interest rate: 4.7%). Appropriate surcharges are taken into account to reflect the country risk. On this basis, the WACC was determined at around 10.5% (pre-tax interest rate: 13.6%). Due to the volatile financial market environment, the development of the cost of capital (and country risk premiums in particular) is monitored continuously. Financial surpluses expected after the detailed planning period of five years are taken into account using a terminal value calculation, assuming an infinite growth rate of 2%.

The impairment test did not reveal any need for impairment as at December 31, 2023. Cyan has performed a sensitivity analysis to changes in the key assumptions used to determine the recoverable amount of the CGU. The management is of the opinion that any reasonably possible change in the key assumptions on which the recoverable amount of the CGU is based would not result in the carrying amount exceeding the total recoverable amount.

[13] Tangible Assets

The development of property, plant and equipment is as follows:

in EUR thousand	Building equipment	Machinery and similar equipment	Other equipment/office equipment	Total
As of 01/01/2022				
Acquisition costs	6,487	184	1,024	7,696
Accumulated depreciation	- 2,055	- 68	- 630	- 2,752
Book value	**4,432**	**117**	**394**	**4,943**
Financial year as of 31/12/2022				
Initial book value	4,432	117	394	4,943
Additions - purchases	529	435	26	990
Additions - internal development rebooking of acquisition costs	24	- 24	- 0	- 0
Additions - rebooking of accumulated depreciation	- 9	9	0	0
Disposals disposals acquisition costs	- 2,479	8	- 253	- 2,725
Disposals accumulated depreciation	993	- 0	203	1,196
Depreciation	- 822	- 80	- 169	- 1,071
Currency difference	31	0	- 0	31
Book value	**2,699**	**465**	**200**	**3,364**
Currency translation acquisition costs	- 80	2	2	- 76
Currency translation accumulated depreciation	45	1	- 2	44
Book value	**2,664**	**468**	**201**	**3,332**
As of 01/01/2023				
Acquisition costs	4,481	606	798	5,885
Accumulated depreciation	- 1,817	- 138	- 598	- 2,553
Book value before IFRS 5 reclassification	**2,664**	**468**	**201**	**3,332**
Financial year as of 31/12/2022				
Initial book value	2,664	468	201	3,332
Additions - purchases	624	309	524	1,457
Rebooking of acquisition costs	-	-	-	-
Additions - rebooking of accumulated depreciation	-	-	-	-
Disposals - acquisition costs	- 209	- 385	8	- 586
Disposals accumulated depreciation	-	-	- 8	- 8
Depreciation	- 731	- 100	- 103	- 934
Currency difference	- 16	0	- 0	- 16
Book value before IFRS 5 Reclassification	**2,332**	**291**	**621**	**3,244**
Currency translation acquisition costs	184	- 6	7	185
Currency translation Accumulated amortization Depreciation	- 121	- 1	- 6	- 127
Book value before IFRS 5 reclassification	**2,395**	**284**	**623**	**3,302**
IFRS 5 reclassification	**822**	**284**	**72**	**1,178**
Book value after IFRS 5 reclassification	**1,573**	**-**	**551**	**2,124**

As of 31/12/2023				
Acquisition costs	5,080	523	1,338	6,941
Accumulated depreciation	-2,685	-239	-715	-3,639
Book value before IFRS 5 reclassification	**2,395**	**284**	**623**	**3,302**

This table also includes the rights of use arising from IFRS 16.

The following table shows the development of right-of-use assets within the balance sheet item property, plant and equipment.

in EUR thousand	Buildings	Vehicles	Fibre Optic	Total
As of 01/01/2022				
Acquisition costs	5,706	116	228	6,050
Accumulated depreciation	- 1,898	- 78	- 103	- 2,079
Book value	**3,807**	**38**	**125**	**3,971**
Financial year as of 31/12/2022				
Initial book value	3,807	38	125	3,971
Additions	488	-	4	493
Disposals Acquisition costs	- 2,206	- 35	- 111	- 2,352
Disposals accumulated depreciation	914	20	111	1,045
Depreciation	- 738	- 16	- 50	- 805
Currency difference	31	-	- 1	30
Book value	**2,296**	**7**	**79**	**2,382**
Currency translation acquisition costs	- 81	-	7	- 74
Currency translation Accumulated depreciation Depreciation	44	-	- 5	39
Book value	**2,260**	**7**	**80**	**2,347**
As of 01/01/2023				
Acquisition costs	3,907	82	129	4,117
Accumulated depreciation	- 1,647	- 75	- 49	- 1,770
Book value	**2,260**	**7**	**80**	**2,347**
Financial year as of 31/12/2023				
Initial book value	2,260	7	80	2,347
Additions	624	34	8	666
Disposals Acquisition costs	- 209	-	-	- 209
Disposals accumulated depreciation	-	-	-	-
Depreciation	- 670	- 17	- 29	- 715
Currency difference	- 16	-	-	- 16
Book value before IFRS 5 Reclassification	**1,990**	**24**	**60**	**2,073**
Currency translation acquisition costs	175	-	-	175
Currency translation Accumulated amortization Depreciation	- 114	-	-	- 114
Book value before IFRS 5 reclassification	**2,051**	**24**	**60**	**2,134**
IFRS 5 reclassification	**796**	**-**	**60**	**855**
Book value after IFRS 5 reclassification	**1,255**	**24**	**-**	**1,279**
As of 31/12/2023				
Acquisition costs	4,497	115	137	4,749
Accumulated depreciation	- 2,447	- 91	- 77	- 2,615

Book value before IFRS 5 reclassification	**2,051**	**24**	**60**	**2,134**

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

The following table contains the status of contract costs (costs to initiate a contract and costs to fulfill a contract), receivables, contract assets and contract liabilities from contracts with customers in accordance with IFRS 15:

in EUR thousand	**31/12/2023**	**31/12/2022**
Trade accounts receivable	1,047	2,881
thereof non-current	-	-
thereof current	*1,047*	*2,881*
Contract assets	489	14,933
thereof non-current	-	*10,726*
thereof current	*489*	*4,208*

The decline in contract assets in 2023 is due to the spin-off of the discontinued operation (BSS/OSS).

In connection with the insolvency filing of Wirecard Technologies GmbH, the contract assets that were recognized in 2019 on the basis of the Wirecard contract were subsequently impaired by 100% (i.e. kEUR 4,785) in 2020.

[15] Deferred taxes

The tax effects of temporary differences, tax loss carryforwards and tax credits that lead to the recognition of deferred tax assets and liabilities are as follows:

in EUR thousand	**31/12/2023**	**31/12/2022**
Deferred tax assets		
Non-current assets	1	352
Current assets	-	13
Non-current provisions and liabilities	-	-
Current provisions and liabilities	-	76
Losses carried forward	0	164
Other (asset items, cash procurement costs)	-	-
Deferred tax liabilities		
Non-current assets	0	0
Current assets	-	7
Non-current provisions and liabilities	-	-
Current provisions and liabilities	-	0
Other (asset items, cash procurement costs)	-	4
Net deferred tax assets	**1**	**593**

Due to tax planning, future profits are expected against which the deferred tax assets can be offset.

in EUR thousand	31/12/2023	31/12/2022
Deferred tax assets		
Non-current assets	14	453
Current assets	0	362
Non-current provisions and liabilities	249	345
Current provisions and liabilities	67	148
Losses carried forward	4,920	3,809
Other (asset items, cash procurement costs)	-	-
Deferred tax liabilities		
Non-current assets	1,700	2,296
Current assets	1	547
Non-current provisions and liabilities	4,106	4,240
Current provisions and liabilities	0	190
Other (asset items, cash procurement costs)	-	348
Net deferred tax liabilites	**557**	**2,505**

Deferred tax assets and deferred tax liabilities are netted for each country if certain conditions are met. These conditions are met if there is a legally enforceable right to offset current tax assets against current tax liabilities, if these relate to income taxes levied by the same tax authority and cyan intends to settle its current tax assets and liabilities on a net basis. The net deferred tax liabilities originate from the companies in Germany and Austria (2022: additionally from Thailand, Hungary and Mexico). The net deferred tax assets originate from the remaining countries.

In accordance with the eco-social tax reform in Austria, which was adopted in January 2022, the corporation tax rate will be 24% in 2023 and will be reduced to 23% from 2024.

The development of deferred taxes and the breakdown of changes into components recognized in profit or loss and components recognized directly in equity are shown in the following table:

in EUR thousand	Deferred tax assets	Deferred tax liabilities	Currency difference
Balance as at 01/01/2022	**1,993**	**76**	**-**
Changes affecting net income	- 1,400	2,429	- 46
Changes not affecting net income	-	-	-
Balance at 31/12/2022	**593**	**2,469**	**-**
Balance as at 01/01/2023	**593**	**2,505**	**-**
Changes affecting net income	- 593	- 1,948	34
Changes not affecting net income	-	-	-
Balance as at 31/01/2023	**1**	**557**	**-**

[16] Financial Instruments

in EUR thousand	IFRS 9[a]	Level	Book values 31/12/2023	Book values 31/12/2022
Assets				
Leasing receivables (non-current)	AC	n/a	-	118
Leasing receivables (current)	AC	n/a	-	186
Cash and cash equivalents	AC	n/a	2,872	5,349
Trade receivables and other receivables	AC	n/a	1,047	2,881
Liabilities				
Leasing liabilities (non-current)	AC	n/a	1,168	2,091
Leasing liabilities (current)	AC	n/a	257	861
Current financial liabilities	AC	n/a	0	2
Trade payables and other liabilities	AC	n/a	4,712	4,331
Other non-current financial liabilities	AC	n/a	748	3,705
Other non-current liabilities	AC	n/a	207	207

[a] Klassifizierung nach IFRS 9 (AC = Accumulated Cost, Fortgeführte Anschaffungskosten).

A fair value measurement according to level 2 (capital value-oriented) resulted in a fair value of EUR 1,205 thousand as at December 31, 2023 for the lease liabilities.

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 cost and amounted to EUR 748 thousand as at 31 December 2023. A fair value measurement according to level 2 (capital value-oriented) resulted in a fair value of EUR 718 thousand.

In the case of trade receivables, other receivables, cash and cash equivalents, trade payables 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 was reached between cyan AG (issuer) and NICE & GREEN S.A (investor) regarding the issue of convertible bonds. The nominal value of the convertible bond amounts to EUR 8.4 million. This will be drawn in 8 tranches of EUR 1.05 million each. The investor can terminate the agreement if the share price falls below 115% of the fixed minimum price (EUR 10.472). In the event of termination, the investor receives the outstanding nominal value of the drawn tranches either in the form of converted shares based on the conversion price or the tranches are repaid, whereby the outstanding nominal value is divided by 0.97. The issuer has the right to choose which option is exercised. If the tranches are drawn, the investor has a conversion obligation. Cyan has the option of preventing conversion by repaying the amount stated in the conversion notification divided by 0.97 to the investor. 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 which there is a right of choice. There is no fixed interest rate. Four tranches (totaling EUR 4.2 million) were 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. The convertible bond program with the investor was terminated in 2022.

In 2022, the convertible bond in the amount of EUR 2,450,000.00 was converted into a liability of EUR 2,390,000.00 to the new investor in the course of the entry of a new investor. The remaining difference of EUR 60,000.00 was derecognized in income. Subsequently, the new investor's receivable of EUR 2,390,000.00 and a further receivable of EUR 1,549,997.92 were transferred to cyan AG on the basis of a contribution agreement. In return, the new investor received 1,503,816 shares, which were issued as part of a non-cash capital increase.

[17] Receivables

Receivables are classified by maturity as follows:

in EUR thousand	31/12/2023	31/12/2022
Other receivables	3	23
Financial receivables	-	118
Non-current receivables	**3**	**141**
Trade receivables	1,047	2,881
Receivables from taxes on income	4	342
Accruals and deferred income	94	589
Other receivables and assets	2,368	1,663
Current receivables	**3,514**	**5,475**
Receivables	**3,517**	**5,615**

Other non-current receivables consist mainly of security deposits. None of them were overdue or impaired.

Specific valuation allowances of EUR 7,609 thousand - EUR 4,785 thousand according to IFRS 5 reclassification (2022: EUR 7,366 thousand) and impairments in accordance with IFRS 9 of EUR 42 thousand - EUR 0 thousand according to IFRS 5 reclassification (2022: EUR 68 thousand) are deducted from trade receivables and lease receivables.

Other current receivables mainly comprise the portion of the purchase price for the discontinued operation deposited in an escrow account and research premiums.

The following table shows the changes in impairment losses on goods and services:

in EUR thousand	2023
Impairment losses 01/01	**68**
Allocation	-
Reversal of impairment losses	-32
Currency difference	-
Foreign currency valuation	7
Impairment losses 31/12	**42**
IFRS 5 reclassification	42
Impairment losses 31/12 according to IFRS 5 Reclassification	**-**

The following table shows the development of impairment losses on financial assets with an impaired credit rating as at the reporting date:

in EUR thousand	2023
Impairment losses 01/01	**7,366**
Allocation	-
Dissolution/utilization	- 29
Currency difference	273
Foreign currency valuation	- 0
Impairment 31/12	**7,609**
IFRS 5 reclassification	- 2,824
Impairment 31/12 according to IFRS 5 Reclassification	**4,785**

The reversals/utilizations and currency differences originate from Mexico.

Security Cession

cyan had transferred trade receivables to Erste Bank der oesterreichischen Sparkassen AG ("Erste Bank" for short) as security for all receivables and other claims of Erste Bank arising from credits and loans already granted or to be granted in the future to cyan Security Group GmbH. Erste Bank did not advance the receivable to cyan. The receivables were not derecognized, as essentially all risks and opportunities, primarily the default risk, remained with cyan due to a right of recourse. The third-party debtors were informed of the assignment in writing. In accordance with the agreement with the bank, the customers settled their liabilities by payment to an account specially set up for this purpose at the bank, whereby cyan retained the right of disposal over the funds paid. The receivables were held in a business model to collect cash flows, which is consistent with the amortized recognition of the receivables. As the secured loan was repaid in 2023, the collateral assignment has also expired.

[18] Cash and Cash equivalents

The following table contains information on the means of payment:

in EUR thousand	31/12/2023	31/12/2022
Cash on hand	0	2
Deposits with credit institutions	2,872	5,347
Cash and cash equivalents	**2,872**	**5,349**

Bank balances include fixed-term deposit accounts in the amount of EUR 346.5 thousand, which cannot be accessed daily.

[19] Equity

The share capital amounted to EUR 20,189,486.00 as at December 31, 2023 (December 31, 2022: EUR 17,016,800.00) and is fully paid. Changes in share capital and capital reserves are shown in the statement of changes in equity.

As at the balance sheet date, there were 20,189,486 shares in circulation (31/12/2022: 17,016,800 shares), with a nominal value of EUR 1.00 per share (31/12/2022: EUR 1.00). Details on the share are explained in the "cyan share" section.

The following tables explain the weighting of the shares for the calculation of earnings per share, which is calculated on the basis of earnings after tax. The weighted number of shares is identical for the diluted and undiluted earnings per share in the financial year.

Calculation of weighting of shares 2023:

Transaction date	Shares outstanding	Treasury shares	Total shares	Weighting (days)	Weight. avg. of shares outstanding
31/12/2022	17,016,800	-	17,016,800	365	17,016,800
04/04/2023	1,868,592	-	1,868,592	271	1,387,366
18/07/2023	526,316	-	526,316	166	239,366
07/09/2023	777,778	-	777,778	115	245,053
31/12/2023	20,189,486	-	20,189,486	0	18,888,585
31.12.2023a	1,500,000[a]	-	1,500,000	-	-
31/12/2023	**21,689,486**	**-**	**21,689,486**	**-**	**18,888,585**

[a] The convertible bonds in the amount of 1.5 Million will be converted into in 2024.

Calculation of weighting of shares 2022:

Transaction date	Shares outstanding	Treasury shares	Total shares	Weighting (days)	Weight. avg. of shares outstanding
31/12/2021	13,385,884	-	13,385,884	365	13,385,884
04/04/2022	1,503,816	-	1,503,816	271	1,116,532
03/11/2022	2,127,100	-	2,127,100	58	338,005
31/12/2022	**17,016,800**	**-**	**17,016,800**	**-**	**14,840,421**

The capital reserves result from payments by shareholders or convertible bonds. The other reserves include IAS 19 reserves, currency translation reserves and IAS 8 corrections. The reserves in accordance with IAS 19 result from changes in actuarial assumptions relating to a provision for severance payments; the resulting effects were recognized in other comprehensive income. The other reserves relate to currency translation differences, which concern exchange rate differences from the translation of the annual financial statements of foreign subsidiaries, as well as the effects of IAS 8.

In December 2023, cyan AG (issuer) resolved to issue a new convertible bond. The nominal value amounts to EUR 1.5 million and is divided into EUR 1.5 million partial debentures with equal rights (nominal amount per partial debenture EUR 1.00). The partial debentures are securitized for the entire term by a permanent bearer global certificate without an interest coupon. Each partial debenture bears interest at 1% p.a. on its nominal amount from January 1, 2024 until maturity (December 31, 2024), unless they are repaid or converted earlier. Neither the bond debtor nor the bondholders have a right to ordinary termination. In the event of insolvency, the opening of insolvency proceedings or liquidation of the issuer, the bondholders have an extraordinary right of termination. Each bondholder has the irrevocable right to convert one partial bond into one no-par value share (notional share of the share capital EUR 1.00) without additional payment (conversion ratio 1:1). The only partial exercise of the conversion right of partial debentures is excluded. However, the bond debtor is entitled to determine a mandatory conversion of the convertible bond (conversion ratio 1:1) in the last two months before maturity. As it was already clear at the time of issue that the bond debtor would very probably exercise its right to mandatory conversion, the bond is reported as equity.

[20] Financial liabilities

Non-current financial liabilities mainly consist of lease liabilities and loans taken out. The lease liabilities have been discounted over the respective contractual term using the respective incremental borrowing rate. The loans were discounted at a fixed interest rate of 2.00%, 1.00% and 0.75% respectively.

[21] Trade payables and other liabilities

Other liabilities are broken down by maturity as follows:

in EUR thousand	31/12/2023	31/12/2022
Advance payments received	3,105	28
Trade payables	243	1,201
Trade accounts payable	**3,348**	**1,229**
Liabilities to employees	-	124
Social security contributions	275	900
Accruals and deferred income	15	265
Other	1,073	1,813
Other current liabilities	**1,364**	**3,101**
Trade accounts payable and other current liabilities	**4,712**	**4,331**
Non-current liabilities	207	207
Trade accounts payable and other liabilities	**4,919**	**4,537**

The trade payables were all due within one year. Trade payables are unsecured and are generally settled within 30 days of recognition. The majority of the advance payment received is attributable to the sale of the OSS/BSS segment.

Social security contributions relate to social security contributions for employees. Other liabilities are largely made up of accruals in connection with personnel (vacation, bonuses, etc.).

[22] Provisions

Provisions include the following items:

in EUR thousand	Personnel expenses	Consulting expenses	Other	Total
Book value at 01/01/2022	**305**	**3**	**9**	**317**
Use/resolution	305	0	39	344
Allocations to provisions	-	1	48	48
Book value at 31/12/2022	**-**	**4**	**18**	**21**
IFRS 5 Reclassification	-	4	18	21
Book value at 31/12/2022 after IFRS 5 Reclassification	**-**	**-**	**-**	**-**
Use/resolution	-	-	12	12
Allocations to provisions	-	112	1	112
Book value at 31/12/2023	**-**	**116**	**6**	**121**
IFRS 5 Reclassification	-	28	6	33
Book value at 31/12/2023	**-**	**88**	**-**	**88**

The non-current provisions relate to the following severance provision:

in EUR thousand	31/12/2023	31/12/2022
Present value of the severance payment obligation as of 01/01	**11**	7
Service cost for the period	2	-0
Interest expense	1	0
Severance payments	-	-
Revaluations from experience adjustments	-4	6
Revaluations from changes in demographic assumptions	-	-
Revaluation from changes in financial assumptions	-	-2
Actuarial assumptions	0	-1
Currency difference	1	1
Present value of severance payment obligations as of 31/12 after IFRS 5 Reclassification	**11**	**11**
IFRS 5 Reclassification	11	
Present value of severance payment obligations as of 31/12	**-**	

The provision for severance payments was calculated actuarially, whereby assumptions were made with regard to discount rates, future salary increases and mortality. No further information is provided on actuarial assumptions due to the immateriality of the provision. Future deviations from the assumptions made may lead to changes in the value of the provision. As this would only have an extremely minor effect due to the amount of the provision, no sensitivity analysis was carried out.

Notes to the Consolidated Cash Flow Statement

The cash flow statement was 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.

[23] Cash flow from operating activities

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.

[24] Cash flow from investing activities

Cash flow from investing activities mainly comprises cash outflows for the purchase of property, plant and equipment and intangible assets.

[25] Cash flow from financing activities

Cash flow from financing activities consists of the capital increase and the issue/repayment of convertible bonds and loans. Cash outflows for leases are also included.

The following table shows the changes in liabilities from financing activities:

in EUR thousand	01/01/2023	Cash flows	Foreign exchange difference	New leasing contracts	Other	31/12/2023	IFRS 5 Reclassification	31/12/2023 after IFRS 5 Reclassification
Short-term interest-bearing loans	2	-2	-	-	-	0	0	0
Long-term interest-bearing loans	3,705	89	-	-	-3,046	748	-	748
Leasing liabilities	2,952	-1,010	-2	909	-516	2,333	908	1,426
Convertible notes	-	-	-	-	-	-	-	-
Financial liabilities	**6,659**	**-923**	**-2**	**909**	**-3,561**	**3,082**	**908**	**2,174**

in EUR thousand	01/01/2022	Cash flows	Foreign exchange difference	New leasing contracts	Other	31/12/2022
Short-term interest-bearing loans	15	-13	-	-	-	2
Long-term interest-bearing loans	5,199	-1,494	-	-	-	3,705
Leasing liabilities	5,039	-1,194	61	520	-1,473	2,952
Convertible notes	2,450	-2,450	-	-	-	-
Financial liabilities	**12,702**	**-5,151**	**61**	**520**	**-1,473**	**6,659**

Financial Instruments and Risk Management

General Information

The main financial instruments used by cyan include deposits, trade receivables, lease liabilities, financial liabilities and trade payables cyan does not use any derivative financial instruments.

- Risks that cyan has to take into account are as follows:
- Liquidity risk
- Credit / creditworthiness risk
- Currency risk
- Interest rate risk

Liquidity Risk

Liquidity risk refers to the risk of not being able to meet payment obligations due to insufficient liquid funds. Prudent liquidity risk management means having sufficient cash and an appropriate amount of committed credit lines available to meet due obligations and close out market positions.

cyan uses rolling financial and liquidity planning to determine liquidity requirements. Care is taken to ensure that sufficient liquid funds are available at all times to settle due liabilities in the companies and that these are maintained with banks that have a very high credit rating.

At the end of the reporting period, cyan held immediately available bank balances or cash balances of EUR 3,779 thousand - after IFRS 5 reclassification EUR 2,872 thousand (31/12/2022: EUR 5,349 thousand), which mitigate the liquidity risk. The future liquidity situation at cyan depends to a large extent on customer payments and thus the development of sales. Due to the acquisition of new customers, the Management Board assumes a stable future liquidity situation, although cyan is also dependent on marketing by its partners. Based on the steady subscriber growth among existing customers in the cybersecurity segment and new customer projects in the 2024 financial year, the Management Board assumes that revenue will most likely increase as shown in the forecast and that the cash and cash equivalents generated in this way will be sufficient to cover the ongoing financial requirements. Nevertheless, project delays could occur, for example, as a result of which individual projects may only generate revenue with a delay and thus generate cash flows at a later date, existing customers may default entirely or the planned revenue growth may not materialize due to lower subscriber numbers. Consequently, there is a risk that the cash flows will not materialize as planned. The option of a short-term financing facility is planned as a means of bridging potential liquidity bottlenecks. In the event of more extensive financing requirements, e.g. to implement strategic projects or in the event of the aforementioned adverse economic developments, the company would be dependent on external financing during the forecast period. The Management Board assumes that the Group and its companies will be able to meet their payment obligations and continue their business activities, in particular due to the positive developments in cyan's core business that had already occurred by the time these financial statements were prepared, the conservative planning assumptions and the available financing framework.

A maturity analysis of all liabilities existing on the balance sheet date is as follows and also shows cyan's liquidity risk:

in EUR thousand	Up to 1 year	2-5 years	5 years
31/12/2023			
Bank liabilities	0	688	60
Trade payables	-	-	-
Leasing liabilities	257	986	182
Other financial liabilities	-	-	-
31/12/2022			
Bank liabilities	-	-	-
Trade payables	2	3,705	-
Leasing liabilities	4,331	-	-
Other financial liabilities	861	1,368	724

The convertible bond program from 2021 was terminated in 2022.

Credit and solvency Risk

Credit risk refers to financial losses resulting from the non-fulfilment of contractual obligations by business partners.

Cash and cash equivalents are mainly held with banks with good credit ratings. The holdings are invested in short-term bank accounts. The credit risk is therefore low.

Receivables are classified as financial assets with impaired creditworthiness if there are specific indications of impairment (in particular significant financial difficulties on the part of the debtor, default or late payment, increased insolvency risk). If a financial asset is significantly overdue by more than 180 days, a specific valuation allowance is considered. A write-off (derecognition) is made if insolvency is established or if the receivable is deemed uncollectible for other reasons. If the reasons for the impairment no longer apply, the impairment loss is reversed up to the amortized cost.

The maximum theoretical default risk corresponds to the receivables recognized in the balance sheet.

As the defaults varied greatly from country to country, a group-by-group analysis was not carried out. The following table contains information on the default risk and the recognized expected credit losses for financial instruments broken down by geographical region:

Mexico

in EUR thousand	Loss rate	Gross book value	Value adjustment
2023			
Not overdue	40.61 %	23	9
1 - 30 days overdue	45.17 %	-	-
31 - 60 days overdue	51.44 %	-	-
61 - 90 days overdue	68.37 %	-	-
More than 90 days overdue	74.87 %	44	32
2022			
Not overdue	52.45 %	24	12
1 - 30 days overdue	58.08 %	7	4
31 - 60 days overdue	78.45 %	-	-
61 - 90 days overdue	97.75 %	-	-
More than 90 days overdue	104.29 %	43	44

Austria

in EUR thousand	Loss rate	Gross book value	Value adjustment
2023			
Not overdue	0.00 %	296	-
1 - 30 days overdue	0.00 %	31	-
31 - 60 days overdue	0.00 %	-	-
61 - 90 days overdue	0.00 %	-	-
More than 90 days overdue	0.00 %	17	-
2022			
Not overdue	0.11 %	293	0
1 - 30 days overdue	0.26 %	64	0
31 - 60 days overdue	0.47 %	93	0
61 - 90 days overdue	0.51 %	4	0
More than 90 days overdue	0.60 %	887	5

The loss rates take future-oriented aspects (such as macroeconomic changes) into account with a percentage premium.

Segments

The following table shows the impairment of trade receivables, contract assets and lease receivables as well as the loss from the derecognition of financial assets measured at amortized cost by segment:

in EUR thousand	BSS/OSS 2023	BSS/OSS 2022	Cybersecurity 2023	Cybersecurity 2022
Value adjustment IFRS 9	- 31	- 8	-	-
Currency difference	-	-	-	-
Other specific allowances	9,543	28	-	-
Loss from the derecognition of financial assets measured at amortized cost	-	-	577	-
Write-offs of accounts receivable	85	287	-	-
Total	**9,597**	**307**	**577**	**-**
IFRS 5 Reclassification	9,597	307	-	-
Total after IFRS 5 reclassification	**-**	**-**	**577**	**-**

Impairment losses in accordance with IFRS 9 developed as follows in the 2022 balance sheet:

in EUR thousand	BSS/OSS	Cybersecurity
Value adjustments 01/01/2022	**70**	**-**
Allocation	26	-
Dissolution	- 33	-
Currency difference	-	-
Foreign currency valuation	5	-
Value adjustments 31/12/2022	**68**	**-**
IFRS 5 Reclassification	68	-
Value adjustments 31/12/2022 after IFRS 5	**-**	**-**
Value adjustments 01/01/2023	**68**	**-**
Allocation	-	-
Dissolution	- 32	-
Currency difference	-	-
Foreign currency valuation	7	-
Value adjustments 01/12/2023	**42**	**-**
IFRS 5 Reclassification	42	-
Value adjustments 31/12/2023 after IFRS 5	**-**	**-**

The contract assets developed as follows in 2023:

in EUR thousand	BSS/OSS	Cybersecurity
Contract asset value 01/01/2020	**16,791**	**286**
Allocation	2,408	598
Dissolution	- 5,150	-
Contract asset value 31/12/2020	**14,049**	**884**
Dissolution	**14,049**	**884**
Contract asset value 31/12/2021	822	-
Dissolution	- 4,293	- 395
Contract assets 31/12/2023	**10,578**	**489**
IFRS 5 Impairment	- 9,543	-
Subtotal	1,035	489
IFRS 5 Reclassification	1,035	-
Value adjustments 31/12/2023 after IFRS 5	**-**	**489**

Foreign exchange Risk

Foreign exchance risk is the potential loss due to fluctuating exchange rates. Cyan is exposed to certain currency risks due to its underlying international business. The company's finance department constantly monitors these risks and in particular the foreign currency exchange rates in order to be able to react appropriately. Should a significant currency risk arise in the short term, this could have a negative impact on cyan's net assets, financial position and results of operations.

If expenses and investments are not made in euros, exchange rate fluctuations could affect cyan's solvency and have a negative impact on cyan's results and earnings situation. In summary, this risk is to be classified as very low due to the only minor expenses in currencies other than the euro and is therefore not quantified.

Interest Rate Risk

The interest rate risk refers to the risk that the interest expense or interest income will change adversely. All loans have fixed interest rates, which is why the interest rate risk is classified as low and no sensitivity analysis was carried out.

Capital Management

Information on cyan's earnings, financial and asset situation (capital management) is contained in the Group management report.

Other Explanations

Related Companies and People

As all subsidiaries are fully consolidated and transactions are therefore eliminated, there are no transactions with related parties. With regard to persons subject to reporting requirements - such as members of the Management Board - please refer to the section “Information on the remuneration of the Management Board and Supervisory Board”.

Information on the Compensation of the Management Board and Supervisory Board

Remuneration of the Members of the Management Board

The Management Board of cyan AG consisted of the following members as at December 31, 2023

- Frank von Seth (since 01.01.2021 - until 31.08.2023)
- Markus Cserna

Thomas Kicker was appointed as the new Chairman of the Management Board as of January 1, 2024.

The remuneration of the members of the Management Board of cyan AG is as follows.

in EUR thousand	Current remuneration 2023			Current remuneration 2022		
	fixed	variable	Total	fixed	variable	Total
Total	134	9	143	159	-	159

The remuneration of the Management Board consists of fixed salaries and one-off bonuses. In previous years, it was agreed that the members of the Management Board would receive a target bonus. In previous years, the current members of the Management Board have cancelled the existing bonus regulations. A bonus arrangement has been or will be agreed with the members of the Management Board.

The members of the Management Board also receive remuneration from subsidiaries that is not included in the above figures. The remuneration of the members of the Management Board of cyan AG, which comes from subsidiaries, is made up as follows.

in EUR thousand	Current remuneration 2023			Current remuneration 2022		
	fixed	variable	Total	fixed	variable	Total
Total	425	-	425	471	-	471

In addition to the current fixed remuneration, benefits in kind total EUR 15 thousand (2022: EUR 21 thousand) and cash expenses total EUR -8 thousand (2022: EUR 3 thousand).

Remuneration of the Supervisory Board Members

The Supervisory Board members of cyan AG are:

- Lucas Prunbauer, Deputy Chairman
- Markus Messerer (since 31.03.2023)
- Alexander Singer (since 10.07.2023), Chairman
- Stefan Schütze (until 10.07.2023)
- Alexandra Reich (until 15.03.2023)

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

in EUR thousand	2023	2022
Total	132	159

Details on employees

The average number of employees during the 2023 financial year was 137 (2022: 136).
The composition of personnel expenses can be found in Note 4 Personnel expenses.

Contingent Liabilities

Contingent liabilities include guarantees for rental deposits and credit cards and amounted to EUR 670 thousand as at the balance sheet date (31/12/2022: EUR 1,008 thousand).

Audit Fee

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

in EUR thousand	2023	2022
Expenses for audit services	157	167
thereof from previous years	*20*	*41*
Expenses for other certification services	-	-

Significant Events after the Balance Sheet Date

The date of approval of the consolidated financial statements by the Management Board in accordance with IAS 10.17 is May 16, 2024. These consolidated financial statements are subject to approval by the Supervisory Board (Section 171 (2) AktG). Two significant events occurred between the balance sheet date on December 31, 2023 and the release for publication. Among other things, Thomas Kicker was appointed as the new Chairman of the Management Board with effect from January 1, 2024. Mr. Kicker can look back on a successful management career. He has many years of experience in the telecommunications industry. As CCO of T-Mobile Austria, he was the driving force behind cyan's first major customer contract. In his last two professional positions at Palantir and blackshark.ai, two of the world's leading software companies in their fields, he drove market and product development in very dynamic and challenging markets and thus made a significant contribution to the companies' customer and sales growth. Together with his Management Board colleague Markus Cserna (CTO), he will drive forward the strategic focus on the promising cybersecurity core business.

In addition, another major customer from the Orange Group, Orange Spain, has been announced to offer cyan's cybersecurity solutions. The partnership includes a range of network-integrated and endpoint-based products for mobile devices aimed at both the business and consumer segments. Orange Spain is already the third customer after France and Slovakia in the Orange Group to use the Cyan solution. In addition to increasing sales, this cooperation strengthens our positioning within the Orange Group and enables us to expand further partnerships with other Orange subsidiaries and other telecommunications providers.

With the closing on January 1, 2024, the BSS/OSS segment under the i new brand was successfully sold to Compax International Holding GmbH. The operations of i-new Unified Mobile Solutions GmbH were transferred as part of an asset deal and the subsidiaries belonging to the business segment were also sold as part of a share deal.

Thomas Kicker
CEO

Markus Cserna
CTO

Independent Auditor's Report

This is a convenience translation of the German original. Solely the original text in the German language is authoritative.

To cyan AG, Munich,

Audit Opinions
We have audited the consolidated financial statements of cyan AG, Munich, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January 2023 to 31 December 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of cyan AG, Munich, for the financial year from 1 January 2023 to 31 December 2023.

In our opinion, based on the findings of our audit, the accompanying consolidated financial statements

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the financial year from 1 January 2023 to 31 December 2023, and
- the accompanying Group management report as a whole provides an appropriate view of the Group's position and, in all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the audit opinions
We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the Group companies in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Reference to other matters
The consolidated financial statements and Group management report of cyan AG for the previous financial year ended 31 December 2022 were audited by another auditor who issued unmodified audit opinions on these consolidated financial statements and Group management report dated 24 April 2023.

Other information
The legal representatives or the Supervisory Board are responsible for the other information obtained as at the date of this auditor's report. This other information comprises the remaining parts of the "Annual Report", but does not include the consolidated financial statements, the group management report and our auditor's report thereon.

The Supervisory Board is responsible for the report of the Supervisory Board. In all other respects, the legal representatives are responsible for the other information.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information referred to above and, in doing so, consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this context.

Responsibilities of the legal representatives and the Supervisory Board for the consolidated financial statements and the Group management report
The legal representatives are responsible for the preparation of the consolidated financial statements that comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB in all material respects, and that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. accounting misstatement or fraud) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, comply with German legal requirements and appropriately present the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the "Institut der Wirtschaftsprüfer" [Institute of Public Auditors in Germany] (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

During the audit, we exercise professional judgement and maintain professional scepticism. In addition, we

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of accounting estimates and related disclosures made by the legal representatives.
- conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB. financial position and financial performance of the Group.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We are solely responsible for our audit opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the legal representatives in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, 17 May 2024

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft

Haendel	Appelt
Auditor	Auditor

Further Information

Disclaimer

Future-Oriented Statements

This report contains forward-looking statements that are based on current estimates of the Management Board regarding future developments. Such statements are based on current expectations and certain assumptions and estimates made by management. They are subject to risks, uncertainties and other factors that could cause the actual circumstances, including the net assets, financial position and results of operations of cyan, to differ materially from or 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, which may also result in a forward-looking statement, estimate or forecast being inaccurate. Forward-looking statements are not to be understood as guarantees or assurances of the future developments or events mentioned therein.

Note on Rounding

The figures in this report have been commercially rounded. Rounding differences may therefore occur. The addition of the individual figures shown may therefore deviate from the exact total stated.

English Translation

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

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