

A woman with voluminous curly hair is smiling while looking at a tablet computer. She is wearing a black top, a brown cardigan, and a red beaded necklace. In the background, a blurred office environment shows another person sitting at a desk.

Half-Year Report 2022

cyan AG

Key Figures

Earnings Figures		H1 2022	H1 2021
Revenue	in EUR million	4.1	3.5
Total earnings ^a	in EUR million	6.4	4.6
EBITDA	in EUR million	-4.0	-7.4
EBITDA-margin ^b	in %	-97%	-208%
EBIT	in EUR million	-6.9	-10.2
EBIT-margin ^b	in %	-167%	-289%
Net income/loss	in EUR million	-2.7	-7.8
Earnings per share (undiluted)	in EUR	-0.19	-0.75

^a Consists of sales revenues EUR 4.1 million plus other operating income EUR 2.6 million, income from reversals of impairment losses EUR 0 million and changes in inventories EUR -0.3 Mio.

^b Calculated as EBITDA or EBIT divided by revenues.

Segment Figures		H1 2022	H1 2021
Revenue BSS/OSS	in EUR million	2.6	2.2
EBITDA BSS/OSS	in EUR million	-1.4	-2.5
Revenue Cybersecurity	in EUR million	1.5	1.4
EBITDA Cybersecurity	in EUR million	-2.0	-3.9

Cash Flow Figures		H1 2022	H1 2021
Operating cash flow	in EUR million	-3.1	-5.0
Investment cash flow	in EUR million	-0.1	0.0
Financing cash flow	in EUR million	-0.8	5.1

Balance Sheet Figures		30/06/2022	31/12/2021
Total assets	in EUR million	88.0	95.7
Equity	in EUR million	74.2	72.8
Net debt incl. IFRS 16 ^c	in EUR million	4.6	4.2

^c Consists of leasing liabilities EUR 4.6 million and financial liabilities EUR 3.6 million less cash and cash equivalents EUR 3.7 million.

Key Operating Figures		30/06/2022	30/06/2021
Number of staff	FTE	120	148



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are cyan.



Letter from the Executive Board

Letter from the Executive Board

Dear shareholders,

In the first half of 2022, we made important progress despite a difficult market environment. We were able to observe that, especially in these times, cybersecurity remains one of the most important topics not only in society at large, but also among our (potential) customers. The digitalization wave which had been accelerated by the pandemic is now likely to shift to some extent into improving the systems, many of which are new, and securing the new digital everyday life. At the same time, digital, agile, and lean solutions that can respond quickly to changing conditions are becoming increasingly important in this environment.

With our realignment, including the Performance Improvement Program, which began in 2021, we started early on to trim and optimize the business model for long-term sustainability. This has enabled us to continue driving forward our transformation in recent months with the aim of continuously improving. To achieve this, cost savings were initially made in all areas, which are now beginning to be reflected in the key performance indicators. These disruptive measures are now being followed by many smaller steps to implement the growth strategy and improve profitability. In the first quarter, we freed the balance sheet from some liabilities by settling the existing loan of EUR 3.9 million with an investor as part of a capital increase through contributions in kind in exchange for new shares. The adjusted structures now also increasingly reveal the expected sales synergy potential between the business segments. We expect cross-selling of cybersecurity to our MVNO customers to increase further in the coming twelve months.

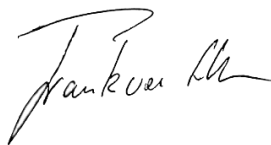
On the cybersecurity segment side, we have been active with two additional telecom customers since the beginning of the year. Firstly, the partnership with the Orange Group was extended to include a second active country with the launch in Slovakia in February. Meanwhile, work on the second phase, which will provide end customers with additional features in the future, continued apace with this customer. Secondly, sales of the cyan solution started at dtac (Total Access Communication Public Company Limited). For this, cyan's software development kit (SDK) was integrated into the dtac app, where it can be activated in just a few steps. The completely cloud-based approach demonstrates our competencies in this area. Both launches represented significant references further down the line, enabling us to win additional customers. Further partnerships, where implementation work is currently underway, such as with Claro Chile, will provide additional international references in the future. Furthermore, we are actively working on creating more opportunities for monetization based on our core technology and have already received initial positive feedback in this regard. With the launches that have taken place as well as future launches and new revenue streams, we will further accelerate our growth.

In the BSS/OSS segment, we were able to launch several Mobile Virtual Network Operators (MVNOs) on i-new's platforms. At the beginning of the year, the Austrian telecommunications company educom completed its migration to our platform. In March and April, the MVNOs Lov and Liwa were launched in Colombia. Other projects, such as with MTEL or Viasat, have progressed in recent months. From a technological perspective, we were able to further develop our platforms in selected areas to best support our customers and provide the relevant features. For example, our customer educom was the first MVNO in Austria to launch 5G tariffs; this was made possible by the i-new platform. In addition, e-SIM support was extended. The multi-MNO and multi-tenancy capabilities were expanded not least through our collaboration with MTEL for three countries and for three different MNOs and meanwhile already proven again. For operators, additional capabilities for dynamic campaign control, tariff adjustment and automated wholesales control have been provided. These continuous enhancements reflect our leading position in the business. The finalization is still to come in the form of the new positioning under the well-known i-new brand.

Dear Shareholders, although estimating the future under these conditions will be difficult, and in many respects we will have to adapt our plans to those of our partners, we are building on sustainable and long-term business models in both segments. The measures taken last year were able to prepare us for the unexpectedly turbulent conditions of this year and with new partnerships the quality and number of potential new customers in both segments, Cybersecurity and BSS/OSS, has also increased as well as the interest in the cyan Group in the relevant market.

The Executive Board of cyan AG

Munich, September 2022



Frank von Seth
CEO



Markus Cserna
CTO

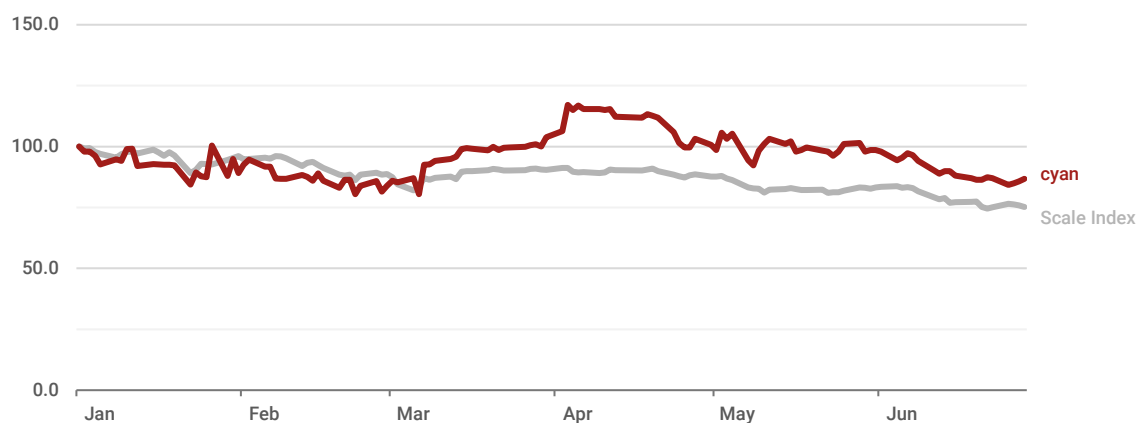


cyan-Share

cyan-Share

Share Price

cyan share price development 01/01/2022- 30/06/2022 (rebased)^a



^a XETRA closing price indexed to 100

cyan AG has been listed in the Scale segment (Open Market) of the Frankfurt Stock Exchange since March 2018. The Scale All Share Index, which covers the performance of all companies listed in the Scale segment (including cyan), declined by 24.8 % in the reporting period. The cyan share opened on January 3, 2022 (first trading day Xetra) at EUR 2.64 and closed on June 30, 2022 (last trading day Xetra) at EUR 2.48. For the six months of 2022, this results in a negative performance of 13 % for the cyan share which still outperformed the index. On April 7, 2022, the highest intraday price (Xetra) of the year was reached at EUR 3.45. The lowest daily low was recorded on February 24 at EUR 2.21. The market capitalization of cyan AG as of June 30, 2022, based on the closing price of EUR 2.48 and the 14,889,700 bearer shares outstanding at that time, was EUR 36.9 million.

	H1 2022	2021
Share capital at the end of the period ^a	14,889,700	13,385,884
Market capitalization at the end of the period (EUR million)	36.9	35.3
Period high (Intraday)	3.45	14.20
Period low (Intraday)	2.21	2.55
Opening price at the beginning of the period (first trading day Xetra)	2.70	13.19
Closing price at the end of the period (last trading day Xetra)	2.48	2.64
Performance (Change in %)	-13.3	-80,0

^a A capital increase in 2022 was carried out from authorized capital.

Analyst Coverage

As of June 30, 2022, cyan shares were covered by a total of two research institutes (SMC Research initiated their coverage with fiscal 2021 results in July 2022). Both issued a buy recommendation for the cyan share.

	Date	Target price	Recommendation
SMC Research	06/07/2022	EUR 6.20	Speculative Buy
Kepler Cheuvreux	29/04/2022	EUR 4.10	Buy

Key Share Data

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

Corporate Actions

In February 2022, cyan AG entered into an agreement with a loan creditor of the Company, according to which their receivables will be contributed to the Company by way of a capital increase against contributions in kind in return for the granting of 1,503,816 shares. Accordingly, the nominal capital was increased by EUR 1,503,816.00 from EUR 13,385,884.00 to EUR 14,889,700.00.

For growth financing purposes, the Executive Board with approval of the Supervisory Board of cyan AG resolved to carry out a cash capital increase with subscription rights on August 19, 2022. The aim is to raise EUR 5.6 million by issuing 2,127,100 new shares at a price of EUR 2.63 thereby increasing the nominal capital to 17,016,800 shares. The full placement of the capital increase was announced on September 22, 2022. Further details on corporate actions are explained in the management report.

Annual General Meeting

The Annual General Meeting of cyan AG took place on June 22, 2022 in Munich and for all shareholders as a virtual Annual General Meeting due to the pandemic situation. A total of 68.8% of the registered nominal capital was represented at the virtual Annual General Meeting. All items on the agenda were approved by a clear majority.

1. Presentation of the adopted annual financial statements of cyan AG as of December 31, 2021, the approved consolidated financial statements and the combined management report as of December 31, 2021, and the report of the Supervisory Board for the financial year 2021

2. Resolution on the approval of the actions of the members of the Executive Board for the 2021 fiscal year
3. Resolution on the ratification of the acts of the members of the Supervisory Board for the financial year 2021
4. Resolution on the election of the auditor of the annual financial statements and the auditor of the consolidated financial statements for the financial year 2022
5. Resolution on the cancellation of the existing authorized capital and the creation of new authorized capital as well as the corresponding amendment to the Articles of Association
6. Resolution on the cancellation of the authorization to issue convertible bonds and/or bonds with warrants resolved by the Annual General Meeting on July 3, 2019, as amended by resolution of the Annual General Meeting on June 23, 2021, and cancellation of the Conditional Capital 2019/I as well as on the cancellation of the authorization to issue convertible bonds and/or bonds with warrants resolved by the Annual General Meeting on June 23, 2021, and cancellation of the Conditional Capital 2021/I as amended by resolution of the Annual General Meeting on June 23, 2021. June 23, 2021, on the cancellation of the authorization to issue convertible bonds and/or bonds with warrants and cancellation of the Conditional Capital 2021/I, and on the granting of a new authorization to issue convertible bonds and/or bonds with warrants and the creation of a new Conditional Capital 2022/I and the corresponding amendment to the Articles of Association.
7. Resolution on the cancellation of the existing authorization to acquire and use treasury shares and resolution on a new authorization to acquire and use treasury shares with the authorization to exclude subscription rights and the possibility to retire treasury shares while reducing the nominal capital and cancellation of the existing authorization
8. Resolution on the reduction of the size of the Supervisory Board and amendment of the Articles of Association
9. Resolution on the term of office of the Supervisory Board and amendment of the Articles of Association
10. Resolution on the adjustment of Supervisory Board compensation and corresponding amendment to the Articles of Association
11. Resolution on an amendment to the Articles of Association (location, convening and participation of the Annual General Meeting)

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

Financial Calendar

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

Event	Date	Location
Investor Access Paris	06-07/10/2022	Paris
Quarterly Statement Q3 2022	24/11/2022	-
Deutsche Börse Equity Forum	28-30/11/2022	Frankfurt

Current dates, upcoming events and news for 2022 und 2023 are continuously updated on the website.

➤ ir.cyansecurity.com/en/news-events



Interim Group Management Report

Interim Group Management Report

The statements made on the business model, the Group's operating segments, the management system, and research and development in the Annual Report 2021 are still applicable for the reporting period of the interim report as of June 30, 2022. Changes are addressed in the relevant sections of the report.

Principles of the Group

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

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

Organizational Structure

The stock corporation under German law has a dual management structure consisting of an Executive Board and a Supervisory Board. No committees were formed in the Supervisory Board. Following Alexander Schütz stepping down Adrian Shatku was appointed to the Supervisory Board in January. The Supervisory Board was reduced by two seats to three members by resolutions of the 2022 Annual General Meeting. Members Trevor Traina and Adrian Shatku resigned their positions at the end of the Annual General Meeting.

Personnel Development

As part of the restructuring which had started the previous year, all areas were re-evaluated, realigned and corresponding personnel changes were made. At the beginning of the current financial year, this was continued by making specific adjustments to areas and teams in sales, customer support and engineering/development. As a result of the changes, certain positions were not re-staffed and some new positions were created.

As of June 30, 2022, cyan employed 124 people, or 120 FTEs, excluding freelancers and 8 employees on leave. Compared with December 31, 2021, the number of employees decreased from 129 FTE to 120 FTE as a result of the optimization measures. A significant proportion of the workforce continues to be employed in operations, development, product management, and research and development. A quarter of the workforce was employed outside the European Union. Diversity, with women accounting for one-fifth of the workforce, continues to be a central focus in recruiting.

in FTE as of 30/06/2022	Total	EU	Rest of world
Personnel incl. Freelancers	120	89	31
<i>Thereof in operations, development, research</i>	<i>101</i>	<i>75</i>	<i>26</i>

Economic Report

Economic Environment

The global economic upswing that was still underway in mid-2021 was already waning by the end of the year, when in February 2022 Russia's attack on Ukraine and the sanctions that were introduced triggered a significant shock to the economy. Macroeconomic indicators suggested significant impacts on economic activity and inflation from higher energy and commodity prices, the disruption of international trade, and weaker confidence, all while the unemployment rate continued to decrease.¹

Forecasts for gross domestic product (GDP) growth had to be significantly lowered several times as a result. The World Bank initially reduced its expectation for GDP growth from 5.7% in 2021 to 4.1% in January 2022 and again to 2.9% in June 2022, mainly due to the rise in energy and food prices as well as the supply shortages and trade war triggered by the war in Ukraine and the necessary normalization of interest rates.² The latter was initiated by the increase in the U.S. federal funds benchmark rate by 25 basis points in March, 50 basis points in May, 75 basis points in June and again 75 basis points in July – it seems likely that there will be further increases in the coming months. The European Central Bank followed with rate hikes in July and September to as high as 1.25%, also ending the negative interest rate period. Nevertheless, the European Central Bank expects headline inflation to remain above 9% for the rest of 2022.³

In the telecommunications sector considerable growth is expected especially in the mobile-first regions such as Asia and Latin America. By 2025, according to the GSM Alliance, there will be an additional 400 million new mobile subscribers, most of them from Asia-Pacific and sub-Saharan Africa, bringing the total number of subscribers to 5.7 billion (70% of the world's population). 5G represents another accelerating factor in this regard, additionally driving developments in services and industry, particularly IoT. This is also associated with increased investment in infrastructure, which in Europe and North America will initially focus heavily on 5G.⁴

The increased coverage with 4G- and 5G-services as well as the proliferation of the smartphone globally also leads to an increase in the cybersecurity risk. This is also reflected in the Allianz Risk Barometer, where cyber risk has consistently ranked among

¹ ECB (2022), Economic Bulletin, Issue 2 / 2022.

² World Bank (2022), Global Economic Prospects – June 2022.

³ ECB (2022), Eurosystem staff macroeconomic projections for the euro area – September 2022.

⁴ GSMA (2022), The Mobile Economy 2022.

the top three risks over the past five years and is again the number one topic among risk experts in 2022.⁵

Course of Business

At the beginning of the year, the Executive Board decided to terminate the Convertible Notes Funding Program, as the share price had fallen below the defined minimum price on a sustained basis and cyan was therefore unable to obtain any further convertible notes from the program. Together with an investor, it was agreed to redeem the convertible notes as part of a capital increase through contributions in kind and to contribute them to cyan in exchange for new shares without a significant outflow of capital. In February 2022, cyan AG concluded an agreement with a creditor of the Company, according to which the creditor's loan claim in the amount of approximately EUR 3.9 million will be contributed to the Company in the course of a capital increase against contributions in kind in exchange for 1,503,816 shares. Accordingly, the nominal capital was increased by EUR 1,503,816.00 from EUR 13,385,884.00 to EUR 14,889,700.00 by issuing 1,503,816 shares at an issue price of EUR 2.62 against contribution in kind with entry in the Commercial Register in April. The shareholders' subscription rights were excluded.

On a commercial level, further progress was made with customers in both business segments at in the first half of the financial year 2022.

Cybersecurity Segment

On the Cybersecurity segment side, the partnership with the Orange Group was expanded to include a second active country with the launch in Slovakia in February, which now allows additional end customers to purchase cyan's solutions. The cybersecurity solution from cyan is offered as an Orange-branded service "Online ochrana" (Online Protection) as a tariff-integrated component of the "Go Safe" tariffs and as a stand-alone add-on package for business customers and consumers with mobile and fixed-line connections. Due to the tariff-integrated option, high adoption figures were recorded after the launch. Meanwhile, preparations have already begun for the second phase, which will provide customers with additional features in the future.

Another important milestone in the first quarter was the successful implementation of the cyan solution at dtac in Thailand. The company belongs to the Telenor Group and is one of the largest mobile operators in Thailand with approximately 19 million customers. At dtac, cyan's OnDevice Security is used in dtac's own branding as "dtac Safe". "dtac Safe" is part of the popular dtac app and can be activated there with a few simple steps. The software development kit (SDK), cyan's solution, is directly integrated into the app. The fully cloud-based approach uses Amazon Web Services (AWS) for high scalability and consistent operation. This also demonstrates cyan's cloud capabilities at a leading telecom company. The launched customers started their marketing and customer acquisition with trial phases.

⁵ Allianz Global Corporate & Specialty (2022), Allianz Risk Barometer: Identifying The Major Business Risks For 2022.

The sales launches with Orange in Slovakia and dtac provided an important reference for winning additional customers in the subsequent course of the financial year. As a result, further implementations have already been discussed and even launched in addition to the ongoing project with Claro Chile.

BSS/OSS Segment

In the BSS/OSS segment, also known under the brand "i-new", several MVNOs were able to launch on i-new's platforms. At the beginning of the year, the Austrian telecommunications company educom completed its migration to i-new's platform. educom offers mobile and Internet tariffs tailored to students, pupils, trainees and employees of educational institutions. As part of educom's realignment from reseller to 5G mobile virtual network operator, educom selected i-new's Seamless BSS/OSS & MVNE platform to transform itself into an independent and 5G-enabled Mobile Virtual Network Operator (MVNO).

In March and April, MVNOs Lov and Liwa followed suit in Colombia. Lov is a social enterprise that uses mobile services as a tool to transform people's lives through prepaid services in Colombia. The company donates a portion of its operating income to social causes. Liwa is a multi-service company and part of the T-Valley Group, providing telecommunications, renewable energy and IoT reaching into underserved areas. The launch added mobile telephony to the product portfolio.

Further projects could progress significantly in the first six months of 2022; including a collaboration with the leading global communications company Viasat. The project work in connection with the expansion into the larger markets of Germany and Switzerland together with the long-standing partner MTEL progressed very well in the first half of the year. This will lead to a significant increase in the number of end customers. The project includes the connection of two new MNOs to the i-new platform and an upgrade of the hardware.

Earnings, Asset and Financial Position

Earnings Position

Revenue

In the first six months of 2022, group revenues reached a total of EUR 4.1 million (H1 2021: EUR 3.5 million). This corresponds to an increase of more than 16% compared to the six months of the previous year. In the second quarter, revenues increased by over 28% from EUR 1.9 million in the previous quarter to EUR 2.3 million, mainly due to good project progress.

The share of recurring revenues, including in particular revenues from subscriptions and recurring service and maintenance fees, amounted to 86%. The key figure Annual Recurring Revenue (ARR), calculated from recurring revenues including pro rata revenues from license agreements, stood at EUR 10.1 million as of Jun 30, 2022, adjusted for exchange rate effects.

cyan generated 22% (H1 2021: 15%) of group revenues in the Americas region, 20% (H1 2021: 20%) in the APAC region and 58% (H1 2021: 65%) in the EMEA region in the first half of 2022. The changes are mainly due to project progress in the respective periods.

In addition to revenues, the Group generated other operating income of EUR 2.6 million (H1 2021: EUR 1.1 million), and recognized changes in inventories of EUR -0.3 million (H1 2021: EUR -0.1 million). Income from reversals of impairment losses was less than EUR 0.05 million (H1 2021: EUR 0.1 million). Other operating income mainly includes exchange rate differences in the amount of EUR 2.0 million (H1 2021: EUR 0.5 million) and income from research grants for research activities at EUR 0.4 million (H1 2021: EUR 0.6 million). The exchange rate differences are mostly a result from contracts denominated in U.S. Dollar. Due to the launch of the cybersecurity solution at Orange in France, the previously recognized costs will be amortized, resulting in negative changes in inventories since the second quarter of 2021. Accordingly, total revenues for the first half of 2022 amounted to EUR 6.4 million (H1 2021: EUR 4.6 million).

EBITDA

Group EBITDA was EUR -4.0 million in financial year 2021 (H1 2021: EUR -7.4 million). The improvement at EBITDA level is attributable on the one hand to higher earnings and on the other to reduced costs as a result of the performance improvement program. Operating expenses decreased by 14% from EUR 12.0 million to a total of EUR 10.3 million in the six months 2022.

The cost of materials and services procured amounted to EUR 2.5 million in the period (H1 2021: EUR 2.8 million). Personnel expenses decreased to EUR 4.5 million (H1 2021: EUR 5.9 million) with an average of 133 employees (H1 2021: 148). On a quarterly perspective, personnel expenses in Q2 2022 remained roughly stable at EUR 2.3 million (Q1 2022: EUR 2.2 million). Value adjustments and other operating expenses remained at the same level as in the first six months of 2021 at EUR 3.3 million. Negative foreign currency effects had a stronger impact on other operating expenses than in the comparative period at EUR -1.0 million (H1 2021: EUR -0.3 million).

Segments

At EUR 2.6 million, 63% of revenues in the first half of 2022 (H1 2021: EUR 2.2 million, 61%) were attributable to the BSS/OSS segment. Revenues increased by 19% year-on-year due to projects with existing customers and new contracts. Total earnings added up to EUR 4.7 million (H1 2021: EUR 2.8 million) and segment EBITDA was EUR -1.4 million (H1 2021: EUR -2.5 million). In addition, there are payments from capex/license agreements with Virgin Mobile and ACN/Flash Mobile.

The Cybersecurity segment generated EUR 1.5 million (H1 2021: EUR 1.4 million, 39%), approximately 37% of group revenues; this represents an increase of 10% compared to the same period last year. Total earnings decreased in the half-year from EUR 1.9 million to EUR 1.7 million, in particular due to the amortization of contract costs. By contrast, segment EBITDA improved from EUR -3.9 million to EUR -2.0 million compared to the six months of the previous year.

EBIT and Net Income

The earnings from operating activities (EBIT) for the half-year amounted to EUR -6.9 million (H1 2021: EUR -10.2 million). Depreciation and amortization expense was essentially unchanged at EUR 2.9 million, of which EUR 2.3 million was incurred for intangible assets and EUR 0.6 million for depreciation of property, plant and equipment. Depreciation is mainly scheduled and includes depreciation expenses in accordance with IFRS 16.

In the past year, a positive financial result of EUR 0.3 million (H1 2021: EUR 0.3 million) was recorded, which resulted primarily from interest income from contract assets. Accordingly, earnings before taxes (EBT) amounted to EUR -6.6 million (H1 2021: EUR -9.9 million). The net loss for the year amounted to EUR -2.7 million (H1 2021: EUR -7.8 million) after accounting for deferred tax income. Accordingly, undiluted earnings per share were EUR -0.19 (H1 2021: EUR -0.75).

Asset Position and Capital Structure

Total assets amounted to EUR 88.0 million as of June 30, 2022 (H1 2022: EUR 95.7 million). Non-current assets decreased from EUR 78.0 million to EUR 74.9 million due to scheduled depreciation/amortization and the reduction of long-term contract assets. Current assets decreased from EUR 17.8 million to EUR 13.1 million.

Equity totaled EUR 74.2 million at the end of June 2022 (December 31, 2021: EUR 72.8 million), which corresponds to an equity ratio of 84 % (December 31, 2021: 76 %). Total liabilities decreased by EUR 9.2 million from EUR 23.0 million to EUR 13.8 million. Non-current liabilities decreased by EUR 5.0 million from EUR 12.4 million to EUR 7.4 million compared to the end of 2021, which resulted mainly from changes in deferred tax liabilities and debt repayments. Current liabilities decreased from EUR 10.6 million to EUR 6.4 million. Trade payables decreased by approximately EUR 1.1 million and the outstanding convertible bonds were also contributed in kind.

Net debt thus totaled EUR 4.6 million as of June 30, 2022 (December 31, 2021: EUR 4.2 million), including IFRS 16 liabilities in the amount of EUR 4.6 million (December 31, 2021: EUR 5.0 million). Cash and cash equivalents amounted to EUR 3.7 million (December 31, 2021: EUR 8.5 million). Financial liabilities decreased due to the termination of the convertible bonds and repayments.

Financial Position

Cash flow from operating activities amounted to EUR -3.1 million in first half of 2021 (H1 2021: EUR 5.0 million). The license agreements with Virgin Mobile and ACN/Flash Mobile did not contribute to revenue but to cash flow in the reporting period. cyan's business is not particularly investment-intensive in either segment. Cash flow from investing activities therefore totaled EUR -0.1 million (H1 2021: EUR 0.0 million).

The cash inflow from financing activities amounted to EUR -0.8 million (H1 2021: EUR 5.1 million). In- and outflows were generated by the capital increase against contribution in kind in the first quarter, which replaced the convertible notes and debt financing. The financing cash flow includes payments in connection with IFRS 16 leasing. In total, a change in cash and cash equivalents after foreign currency effects of EUR -3.9 million (H1 2021: EUR 0.1 million) was recorded.

Subsequent Events after the Balance Sheet Date

Capital Increase

On August 19, 2022, the Executive Board resolved, with the approval of the Supervisory Board, to implement a cash capital increase with subscription rights. The company's share capital was increased from EUR 14,889,700.00 by up to EUR 2,127,100.00 to up to EUR 17,016,800.00, making partial use of the authorized capital. For this purpose, up to 2,127,100 new no-par value bearer shares were issued. The issue price per new share is EUR 2.63. The new shares will have full dividend rights from January 1, 2022.

After approval of the securities information sheet ("Wertpapierinformationsblatt"), the shares were offered for purchase to the shareholders of cyan AG by way of statutory subscription rights in the period from September 5, 2022 to September 19, 2022. The subscription ratio was set at 7 old shares to one new share. Shares not taken up by shareholders with subscription rights were offered for subscription to interested investors by way of a private placement. The capital increase was fully placed as of September 22, 2022.

Opportunity and Risk Report

The statements made in the 2021 Annual Report on cyan AG's opportunity and risk management system remain valid as of the reporting date. The risk groups are essentially unchanged; only the significant changes in opportunities and risks compared with the Annual Report 2021 are described below.

Macroeconomic risks

Macroeconomic indicators have had several inconsistent years. Most recently, with the waning of the Covid-19 pandemic, consumer spending grew and shifted, and at the same time the unemployment rate fell. In parallel, prices began to rise significantly. The situation worsened further with Russia's attack on Ukraine, pushing inflation in the euro area to over 9% in August, driven by energy costs, which in some cases increased by more than 40% year-on-year. In particular, countries, and energy-intensive industries, with high dependence on imports of fossil fuels are under pressure. In addition to economic policy support, monetary policy measures have also been introduced by central banks in many places (see also economic environment). As a technology company, cyan is in parts affected by the shortage on the labor market and the inflation in hardware and energy, and is attempting to minimize the cost increases. There are no financial liabilities with variable interest rates, so there is currently no interest rate risk, although consideration must be given to the future financing situation.

Amendment: Operational risks

cyan relies on its partners, including network operators, for both its Cybersecurity and BSS/OSS segments. For Cybersecurity, these act as integration and sales partners, and for MVNOs they provide the core network up to the antenna. This means that cyan or the MVNOs, from whom cyan receives a fee per active customer (subscriber), is dependent on the functionality of the host network. Even poor service for only a short period of time can affect end-user satisfaction. In addition, regulators may intervene in the event of poor quality of service, which may affect new customer acquisition by the MVNOs. As

cyan is partly dependent on the success of direct customers, these factors may also affect cyan.

Forecast Report

Even though macroeconomic conditions have been unusual in many respects so far this year – the investment situation at cyan's partners, especially in the telecommunications sector, is often closely linked to macroeconomic developments in many areas. However, cybersecurity continues to be an important topic in social, political, and economic terms, and is therefore growing at an above-average rate irrespective of general economic developments. The increase in mobility and market liberalization are also opening up further opportunities for MVNOs.

cyan managed to start the financial year on a solid footing with a large number of new customers, and cyan continues to evolve steadily in the process. On the one hand, the more selective pipeline of potential new customers in both segments, cybersecurity and BSS/OSS, continued to develop positively. In the second half of the year, projects were advanced, new customers were acquired and the pipeline progressed. On the other hand, the Performance Improvement Program has enabled cyan to develop a precise understanding of its costs, allowing it to keep them under control even under significant inflationary pressure. However, economic forecasts, particularly in light of the continued inflation of all input factors from labor to hardware and software, make cost projections difficult.

With growth in subscriptions and therefore recurring revenues, growth is expected to continue in both the Cybersecurity and BSS/OSS segments; hence ARR (Annual Recurring Revenue) is expected to increase. In addition, significant project revenues are also expected from ongoing implementations and anticipated closings from the pipeline. Therefore, the Executive Board continues to assume operating revenue growth of approximately 30-50 % from EUR 8.5 million in the financial year 2021 to between EUR 11 million and EUR 13 million for the financial year 2022. The Executive Board continues to expect an improvement in the operating margin (EBITDA) at Group level for 2022.

Munich, September 2022

The Executive Board



Interim Consolidated Financial Statements

Interim Consolidated Financial Statements

Statement of Comprehensive Income

Statement of Profit and Loss

in EUR thousand	Notes	H1 2022	H1 2021
Revenues	1	4,098	3,544
Other operating income	2	2,557	1,107
Income from reversals of impairment losses	2	42	71
Change in inventories and capitalized own work	2	-306	-80
Costs of materials and services	3	-2,547	-2,761
Personnel expenses	4	-4,475	-5,908
Value adjustments	5	-	-366
Other expenses	6	-3,328	-2,968
EBITDA		-3,958	-7,360
Depreciation and amortization	7	-2,894	-2,883
Operating result (EBIT)		-6,852	-10,243
Financial income	8	344	376
Financial expenses	8	-63	-70
Loss on net position of monetary items ^a		-5	-
Earnings before taxes		-6,576	-9,937
Taxes on income and earnings	9	3,869	2,114
Result after taxes		-2,707	-7,823

^a In the previous year, this item was reported under financial expense.

Other Comprehensive Income (OCI)

in EUR thousand	Notes	H1 2022	H1 2021
Gains (losses) from exchange rate differences		172	1
Total result for the fiscal year		-2,531	-7,822

Earnings per Share

in EUR per share	Notes	H1 2022	H1 2021
Undiluted earnings per share		-0.19	-0.75
Diluted earnings per share		-0.19	-0.70

Consolidated Statement of Financial Position

Assets

in EUR thousand	Notes	30/06/2022	31/12/2021
Intangible assets		52,302	54,453
<i>Patents, trademark rights, customer relationships and similar rights</i>	10	10,625	11,405
<i>Software</i>	10	10,088	11,432
<i>Development costs</i>	10	810	837
<i>Goodwill</i>	10	30,779	30,779
Tangible assets		4,600	4,943
<i>Land and buildings</i>	11	4,187	4,432
<i>Machines and other equipment</i>	11	114	117
<i>Business and office equipment</i>	11	299	394
Other receivables	13	31	33
Financial receivables	13	177	300
Contract costs	12	3,944	4,255
Contract assets	12	12,205	13,274
Deferred tax assets		1,607	733
Non-current assets		74,865	77,992
Trade receivables and other receivables	12, 13	2,971	2,496
Contract assets	12	3,976	3,803
Inventories		342	353
Tax receivables		227	214
Other receivables and assets	13	1,653	2,110
Financial receivables	13	267	272
Cash and cash equivalents	13	3,691	8,504
Current assets		13,125	17,753
Total assets		87,990	95,745

Equity and Liabilities

in EUR thousand	Notes	30/06/2022	31/12/2021
Share capital	14	14,890	13,386
Reserves		59,305	59,393
<i>Capital reserves</i>		80,891	78,455
<i>Other reserves</i>		296	113
<i>Reserves according to IAS 19</i>		-1	-1
<i>Profit / loss carried forward</i>		-21,881	-19,174
Equity		74,195	72,779
Provisions	15	8	7
Leasing liabilities	13	3,432	3,832
Other financial liabilities	13	3,645	5,199
Other non-current liabilities	13	207	206
Deferred tax liabilities		76	3,139
Non-current liabilities		7,368	12,384
Trade payables and other liabilities	13	4,096	5,224
Provisions	15	22	317
Financial liabilities	13	0	15
Leasing liabilities	13	1,201	1,207
Convertible notes	13	-	2,450
Tax liabilities		1,108	1,370
Current liabilities		6,427	10,582
Total liabilities		13,796	22,966
Total equity and liabilities		87,990	95,745

Consolidated Statement of Cash Flows

in EUR thousand	Notes	H1 2022	H1 2021
Result before tax from continuing operations		-6,576	-9,937
Earnings before tax		-6,576	-9,937
Adjustments to reconcile profit before tax to net cash flows			
Profit/loss from the decrease in assets		1	0
Depreciation of intangible and tangible assets		2,894	2,883
Change in provisions		-294	-32
Financial income		-344	-376
Financial expenses		63	70
Other expenses/income with no influence on liquid funds		-66	-563
		-4,323	-7,955
Working capital adjustments			
Change in inventories		11	-355
Change in contract assets and contract costs		2,724	2,294
Change in receivables trade receivables and other receivables		-15	261
Change in trade payables and other liabilities		-1,478	635
Change in contract liabilities		-	125
Net cash flow from earnings before taxes		-3,080	-4,995
Income taxes paid		9	7
Cash flow from operating activities	16	-3,072	-4,988
Purchases of intangible and tangible assets		-202	-125
Purchase of financial assets		141	137
Disposal of tangible and intangible assets		1	1
Interest received		0	0
Cash flow from investing activities	17	-59	13
Proceeds from the issue of share capital		3,940	1,750
Proceeds from loans and borrowings		-	1,515
Proceeds from the issue of convertible notes		-	2,450
Repayments of financial liabilities		-1,569	-0
Repayments of participation rights		-2,450	-
Repayments of leasing liabilities		-646	-624
Interest paid		-33	-33
Cash flow from financing activities	18	-758	5,057
Change in cash and cash equivalents		-3,889	81
Cash and cash equivalents at the beginning of the fiscal year		8,504	2,490
Cash and cash equivalents at the end of the period		3,691	2,458
<i>thereof effect of exchange rate differences on cash and cash equivalents received in foreign currency</i>		-924	-113

Consolidated Statement of Changes in Equity

in EUR thousand	Nominal capital	Capital reserves	Currency reserve	Reserves according to IAS 19	Profit / loss carried forward	Total
01/01/2021	9,775	68,269	-66	-1	-5,297	72,680
Net loss /profit for the year					-7,823	-7,823
Miscellaneous result after taxation			1			1
Total result for the financial year	-	-	1	-	-7,823	-7,822
Capital increase	152	1,598				1,750
30/06/2021	9,927	69,866	-65	-1	-13,120	66,608
01/01/2022	13,386	78,455	113	-1	-19,174	72,779
Net loss /profit for the year					-2,707	-2,707
Miscellaneous result after taxation			183	0		183
Total result for the financial year	-	-	183	0	-2,707	-2,524
Capital increase	1,504	2,436				3,940
30/06/2022	14,890	80,891	296	-1	-21,881	74,195



Notes to the Interim Consolidated Financial Statements

Notes to the Interim Consolidated Financial Statements

Information About the Company

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

Accounting Principles

Basis of Preparation

The consolidated interim financial statements for the fiscal year ended June 30, 2022 were prepared on a voluntary basis in accordance with the International Financial Reporting Standards (IFRS) applicable on the reporting date, as applied in the EU. The designation IFRS comprises the International Accounting Standards (IAS) which remain valid, the International Financial Reporting Standards (IFRS) as well as interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The interim consolidated financial statements have been prepared in accordance with the instructions of the European Union (EU). The condensed scope of the interim consolidated financial statements is in accordance with IAS 34 "Interim Financial Reporting". For further information and disclosures, please refer to the consolidated financial statements as of December 31, 2021. These form the basis for these interim consolidated financial statements.

Functional Currency

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

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

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

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

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

	Average rate		Closing rate	
	H1 2022	H1 2021	30/06/2022	31/12/2021
Argentine Peso (ARS)	123.880	110.581	131.143	116.130
Bangladeshi Taka (BDT)	95.599	101.972	97.571	97.383
Chilean Peso (CLP)	906.563	872.695	960.900	964.440
Colombian Peso (COP)	4,276.963	4,427.578	4,287.203	4,509.062
Mexican Peso (MXN)	22.175	24.321	21.124	23.616
Peruvian Sol (PEN)	4.196	4.581	4.081	4.595
Hungarian Forint (HUF)	374.712	357.853	396.660	367.500
U.S. Dollar (USD)	1.094	1.206	1.057	1.130

Scope of consolidation and consolidation methods

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

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

The scope of consolidation as of June 30, 2022 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.)	Mexico	100%	31/07/2018	
cyan security Argentina SpA ^a	Argentina	100%	30/06/2021	
cyan security Chile S.p.A	Chile	100%	31/07/2018	
cyan security Colombia S.A.S.	Colombia	100%	31/07/2018	
cyan security Ecuador SAS	Ecuador	100%	31/12/2020	
cyan Security Group GmbH	Austria	100%	01/01/2018	
cyan security Peru S.A.C.	Peru	100%	31/07/2018	
cyan security USA, Inc.	USA	100%	31/07/2018	
I-New Bangladesh Ltd.	Bangladesh	100%	31/07/2018	
I-New Hungary Kft.	Hungary	100%	31/07/2018	
I-New Unified Mobile Solutions GmbH	Austria	100%	31/07/2018	
smartspace GmbH	Austria	100%	31/07/2018	

^a In 2021, cyan security Argentina SpA was established.

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

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

	Full consolidation		At-equity	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Balance at the beginning of the reporting period	14	13	0	0
Included for the first time	0	1	0	0
Deconsolidation due to mergers	0	0	0	0
Deconsolidated	0	0	0	0
Balance at the end of the reporting period	14	13	0	0

Accounting and valuation methods

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

Newly applicable and amended accounting standards

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

Standard	Content	Effective
Diverse	Improvements to IFRS, Cycle 2018-2022	01/01/2022
IFRS 3	Amendments to references to the framework in IFRSs	01/01/2022
IAS 16	Property, plant and equipment: Income before reaching the ready-for-use state	01/01/2022
IAS 37	Provisions, contingent liabilities and contingent receivables: Scope of performance costs for onerous contracts	01/01/2022

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

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

Standard	Content	Effective
IFRS 17	Insurance Contracts	01/01/2023
IAS 1	Classification of liabilities as current or non-current: Amendments relating to the disclosure of accounting policies	01/01/2023
IAS 8	Accounting estimates - changes	01/01/2023
IAS 12	Changes relating to deferred taxes on leases and decommissioning obligations	01/01/2023

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

Segment Reporting

cyan's business activities, the business divisions and the products and services with which the reportable segments generate revenues are consistent with those described in the 2021 consolidated financial statements. The statements contained therein regarding the general disclosures on segment reporting continue to be accurate and valid.

in EUR thousand	BSS/OSS		Cybersecurity		Transition		Total	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Segment total revenues^a	4,676	2,766	1,656	1,868	60	8	6,391	4,642
Segment revenues	2,584	2,152	1,514	1,392	-	-	4,098	3,544
EBITDA	-1,413	-2,530	-2,032	-3,944	-513	-887	-3,958	-7,360

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

Segment revenues result exclusively from revenues from external customers.

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

	BSS/OSS		Cybersecurity		Transition		Total	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Employees (FTE)	83	81	50	69	0	0	133	150

No impairment loss has yet been recognized in 2022.

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

in EUR thousand	BSS/OSS		Cybersecurity		Transition		Total	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Americas	1,799	1,777	-	-	-	-	1,799	1,777
APAC	13	18	-	-	-	-	13	18
EMEA	15,576	13,527	41,090	44,773	31	35	56,697	58,334
Non-current tangible assets, intangible assets and deferred tax assets	17,388	15,322	41,090	44,773	31	35	58,508	60,130

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

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

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

in EUR thousand	BSS/OSS		Cybersecurity		Transition		Total	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Americas	13	41	-	-	-	-	13	41
APAC	-	-5	-	-	-	-	-	-5
EMEA	204	327	118	132	2	-	324	460
Additions to non-current tangible assets, intangible assets	217	362	118	132	2	-	337	495

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

Note to the Statement of Comprehensive Income

[1] Revenues

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

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

in EUR thousand	BSS/OSS		Cybersecurity		Total	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Americas	899	521	-	-	899	521
<i>thereof Colombia</i>	351	142	-	-	351	142
<i>thereof Mexico</i>	286	163	-	-	286	163
<i>thereof other countries</i>	261	216	-	-	261	216
APAC	824	717	-	-	824	717
<i>thereof Bangladesh</i>	338	579	-	-	338	579
<i>thereof New Zealand</i>	487	138	-	-	487	138
<i>thereof other countries</i>	-	-	-	-	-	-
EMEA	861	915	1,514	1,392	2,375	2,307
<i>thereof Austria</i>	160	144	1,309	1,277	1,469	1,420
<i>there of Slovenia</i>	655	740	-	-	655	740
<i>thereof other countries</i>	46	31	205	115	252	146
Revenues	2,584	2,152	1,514	1,392	4,098	3,544

[2] Other Operating Income, Income from Reversals of Impairment Losses and Changes in Inventories

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

in EUR thousand	H1 2022	H1 2021
Change in inventories and capitalized own work	-306	-80
Income from subsidies/research grants	449	551
Income from reversal of impairment losses	42	77
Exchange rate gains	2,032	495
Other	76	55
Other income, income from reversals of impairment losses and changes in inventories	2,293	1,098

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

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

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

[3] Costs of Materials and Services Procured

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

in EUR thousand	H1 2022	H1 2021
Cost of materials	-22	-230
Cost of services procured	-2,525	-2,531
Cost of materials and services procured	-2,547	-2,761

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

[4] Personnel Expenses

Personnel expenses include the following items:

in EUR thousand	H1 2022	H1 2021
Salaries	-3,532	-4,612
Expenses for social security contributions and payroll taxes	-854	-931
Other personnel expenses	-89	-364
Personnel expenses	-4,475	-5,908

The Performance Improvement Program adopted in financial year 2021 resulted in the reorganization of the divisions and a corresponding reduction in the number of employees.

[5] Impairment of Trade Receivables, and Contract Assets

No impairment loss has yet been recognized in 2022.

In 2021, the impairment loss on trade receivables and contract assets relates to write-downs of receivables in the amount of EUR 7 thousand. In addition, specific valuation allowances of EUR 359 thousand had to be recognized for the customer Truu (Mexico).

[6] Other Expenses

Other expenses include the following items (type of expenses)

in EUR thousand	H1 2022	H1 2021
Consulting fees	-1,143	-1,387
Advertising expenses	-66	-510
Rental expenses	-153	-158
Fees	-65	-106
Insurance	-122	-82
Research and development	-76	-41
Travel expenses	-109	-33
Exchange rate differences	-1,023	-267
Other	-571	-384
Other expenses	-3,328	-2,968

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

Advertising expenses have decreased compared to the previous year due to one-off advertising measures in 2021. Furthermore, travel expenses have increased due to increased travel activities under COVID-19. The exchange rate differences are largely due to the change in the Mexican peso.

[7] Depreciation

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

in EUR thousand	H1 2022	H1 2021
Amortisation of intangible assets	-2,330	-2,436
Depreciation on property, plant and equipment	-564	-447
Depreciation and amortization	-2,894	-2,883

[8] Financial Income and Financial Expenses

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

in EUR thousand	H1 2022	H1 2021
Interest income		
Loans	0	0
Other	344	376
Financial income	344	376
Interest and similar expenses		
Leasing liabilities	-30	-36
Interest on loans	-25	-23
Other	-8	-10
Financial expenses	-63	-70
Financial result	281	306

[9] Taxes on Income

in EUR thousand	H1 2022	H1 2021
Expenses for current income taxes	-44	-32
Tax credits/back payments for previous years	35	123
Change in deferred income taxes	3,878	2,023
Income taxes	3,869	2,114

Deferred tax assets included the effects of changes in the corporate income tax rate in Austria in accordance with the Ecosocial Tax Reform Act, which came into force on January 20, 2022. Based on this legislation, corporate income tax rates will be reduced from 25% to 24% in 2023 and further to 23% from 2024.

Notes to the Statement of Financial Position

[10] Intangible Assets

The following table shows the development of intangible assets:

in EUR thousand	Patents, customer relations & similar rights	Software	Development costs	Goodwill	Total
As of 01/01/2021					
Acquisition costs	17,688	20,572	966	30,779	70,006
Accumulated depreciation	-4,794	-6,273	-75	-	-11,142
Book value	12,894	14,300	891	30,779	58,864
Financial year 31/12/2021					
Initial book value	12,894	14,300	891	30,779	58,864
Additions - purchases	156	68	-	-	223
Depreciation	-1,645	-2,935	-54	-	-4,634
<i>thereof impairment</i>	-	-	-	-	-
Currency difference depreciation	-	0	-	-	0
Book value	11,405	11,432	837	30,779	54,453
Currency translation acquisition costs	-	-0	-	-	-0
Currency translation accumulated depreciation	-	0	-	-	0
As of 01/01/2022					
Acquisition costs	17,844	20,640	966	30,779	70,229
Accumulated depreciation	-6,439	-9,208	-129	-	-15,776
Book value	11,405	11,432	837	30,779	54,453
Financial year 30/06/2022					
Initial book value	11,405	11,432	837	30,779	54,453
Additions	46	126	-	-	173
Reclassification acquisition cost	0	-	-	-	0
Reclassification of accumulated depreciation	-0	-	-	-	-0
Depreciation	-826	-1,471	-27	-	-2,324
<i>thereof impairment</i>	-	-	-	-	-
Currency difference depreciation	-	0	-	-	0
Book value	10,625	10,087	810	30,779	52,302
Currency translation acquisition costs	-	5	-	-	5
Currency translation accumulated depreciation	-	-5	-	-	-5
As of 30/06/2022					
Acquisition costs	17,890	20,771	966	30,779	70,407
Accumulated depreciation	-7,265	-10,683	-156	-	-18,105
Book value	10,625	10,088	810	30,779	52,302

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

[11] Tangible assets

The development of tangible assets can be depicted as follows:

in EUR thousand	Building equipment	Machinery and similar equipment	Other equipment/ office equipment	Total
As of 01/01/2021				
Acquisition costs	6,562	127	1,132	7,821
Accumulated depreciation	-1,242	-38	-542	-1,822
Book value	5,321	89	589	5,999
Financial year 31/12/2021				
Initial book value	5,321	89	589	5,999
Additions	46	57	169	272
Reclassification of acquisition costs	-	1	-1	-
Reclassification of accumulated depreciation	-	-1	1	-
Disposals acquisition costs	-39	-	-281	-321
Disposals accumulated depreciation	-	5	140	145
Depreciation	-838	-34	-224	-1,096
Currency difference	6	-0	-1	5
Book value	4,495	117	392	5,004
Currency translation acquisition costs	-82	-0	6	-76
Currency translation accumulated depreciation	19	0	-3	16
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 30/06/2022				
Initial book value	4,432	117	394	4,943
Additions	131	24	10	165
Reclassification of acquisition costs	-	-	-0	-0
Reclassification of accumulated depreciation	-	-	0	0
Disposals acquisition costs	-	7	-41	-34
Disposals accumulated depreciation	-	-0	24	24
Depreciation	-435	-39	-90	-564
Currency difference	-0	-0	-1	-1
Book value	4,128	108	296	4,533
Currency translation acquisition costs	94	6	8	108
Currency translation accumulated depreciation	-35	-0	-6	-41
As of 30/06/2022				
Acquisition costs	6,712	221	1,000	7,934
Accumulated depreciation	-2,526	-107	-702	-3,335
Book value	4,187	114	299	4,600

^a In the second quarter of 2022, the figure for an intragroup addition from previous years was corrected.

The additions as well as the disposals in 2022 largely relate to rights of use in accordance with IFRS 16.

[12] Contract Assets, Contract Costs and Contract Liabilities from Contracts with Customers

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

in EUR thousand	30/06/2022	31/12/2021
Costs of initiating a contract	40	46
<i>thereof non-current</i>	40	46
<i>thereof current</i>	-	-
Contract performance costs	3,904	4,209
<i>thereof non-current</i>	3,904	4,209
<i>thereof current</i>	-	-
Trade accounts receivable	2,971	2,496
<i>thereof non-current</i>	-	-
<i>thereof current</i>	2,971	2,496
Contract assets	16,181	17,077
<i>thereof non-current</i>	12,205	13,274
<i>thereof current</i>	3,976	3,803
Contract liabilities	-	-
<i>thereof non-current</i>	-	-
<i>thereof current</i>	-	-

Compared with the consolidated financial statements as of December 31, 2021, there have been reclassifications in trade receivables and contract assets.

The costs of initiating a contract include special bonuses for the conclusion of customer contracts. These have been capitalized and are amortized over the term of the contract. They are shown in the balance sheet as non-current assets, as the contract term is longer than 1 year. Contract performance costs largely comprise personnel costs, services procured and travel expenses. As the performance obligations agreed in the contracts have been partially fulfilled as of April 2021, the capitalized contract performance costs are amortized over the term of the contract and are presented as non-current.

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

[13] Financial Instruments

in EUR thousand	IFRS 9^a	Level	Book values 30/06/2022	Book values 31/12/2021
Assets				
Leasing receivables (non-current)	AC	n/a	177	300
Leasing receivables (current)	AC	n/a	267	272
Cash and cash equivalents	AC	n/a	3,691	8,504
Trade receivables and other receivables	AC	n/a	2,971	2,496
Other receivables	AC	n/a	31	33
Other receivables and assets	AC	n/a	1,653	2,110
Liabilities				
Leasing liabilities (non-current)	AC	n/a	3,432	3,832
Leasing liabilities (current)	AC	n/a	1,201	1,207
Financial liabilities	AC	n/a	0	15
Convertible notes	AC	n/a	-	2,450
Trade payables and other liabilities	AC	n/a	4,096	5,224
Other non-current financial liabilities	AC	n/a	3,645	5,199
Other non-current liabilities	AC	n/a	207	206

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

Compared with the consolidated financial statements as of December 31, 2021, there were reclassifications in trade receivables, other receivables, and trade payables, and other liabilities.

A fair value measurement according to Level 3 (based on net present value) resulted in a fair value of EUR 429 thousand for the lease receivables as of June 30, 2022.

Non-current financial liabilities include fixed-interest loans from the Austrian Research Promotion Agency (FFG) and a fixed-interest loan from Erste Bank. The FFG loans are measured at amortized acquisition costs and amount to EUR 602 thousand as of June 30, 2022. A fair value measurement according to Level 3 (based on net present value) resulted in a fair value of EUR 563 thousand. The fixed-interest loan from Erste Bank is also measured at amortized acquisition costs and amounts to EUR 3.043 thousand as of June 30, 2022. A fair value measurement according to Level 3 (capital value-oriented) resulted in a fair value of EUR 3.028 thousand.

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

In 2021, an agreement regarding the issuance of convertible bonds was reached between cyan AG (issuer) and NICE & GREEN S.A. (investor). The details are explained in the Annual Report 2021. Four tranches (totaling EUR 4.2 million) were drawn. As shown in the statement of changes in equity, EUR 1.75 million was converted into 152,207 shares. The convertible bond program with the investor was terminated in 2022.

In 2022, in the course of the participation of a new investor, the convertible notes in the amount of EUR 2,450 thousand were converted into a liability in the amount of EUR 2,390 thousand to the new investor. The remaining difference of TEUR 60 was derecognized in income. Subsequently, the receivable of the new investor in the amount of EUR 2,390 thousand, as well as a further receivable in the amount of EUR 1,550 thousand were contributed 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 capital increase through contributions in kind.

[14] Equity

On June 30, 2022, the nominal capital has a value of EUR 14,889,700 (December 31, 2021: EUR 13,385,884.00) and is fully paid-up. The performance of nominal capital and capital reserves is shown in the consolidated statement of changes in equity.

On the reporting date, 14,889,700 shares were outstanding (December 31, 2021: 13,385,884 shares) with a par value of EUR 1.00 per share (December 31, 2021: EUR 1.00).

[15] Provisions

The provisions include the following items:

in EUR thousand	Personnel expenses	Consulting expenses	Other	Total
Book value at 01/01/2021	-	0	41	41
Use/resolution	-	-	65	65
Allocations to provisions	305	3	34	341
Book value at 31/12/2021	305	3	9	317
Use/resolution	300	2	15	318
Allocations to provisions	-	0	22	22
Book value at 30/06/2022	5	1	16	22

Compared to the consolidated financial statements as of December 31, 2021, there have been reclassifications of provisions, as accruals are now reported as liabilities and no longer as provisions.

Notes to the Consolidated Cash Flow Statement

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

[16] Cash flow from Operating Activities

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

[17] Cash flow from Investing Activities

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

[18] Cash flow from Financing Activities

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

Other Explanations

Related Companies and People

There have been no changes to the related party disclosures described in the consolidated financial statements as of December 31, 2021 as of June 30, 2022.

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

Remuneration of the Members of the Executive Board

As of June 30, 2022 the Executive Board of cyan AG comprises the following members:

- Frank von Seth (since 01/01/2021)
- Markus Cserna
- Michael Sieghart (until 31/12/2021)
- Martin Wachter (from 01/12/2021 until 15/12/2021)

By resolution dated September 13, 2021, Mr. Wachter was appointed by the Supervisory Board to the Executive Board of cyan AG. By resolution of December 15, 2021, Mr. Wachter's appointment was rescinded by the Supervisory Board.

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

in EUR thousand	H1 2022			H1 2021		
	Current fixed remuneration	Current var. remuneration	Total	Current fixed remuneration	Current var. remuneration	Total
Frank von Seth	38	-	38	50	-	50
Markus Cserna	25	-	25	34	-	34
Michael Sieghart	-	-	-	50	-	50
Total remuneration	63	-	63	134	-	134

In 2021, the current Executive Board members have cancelled the existing bonus arrangements. No new bonus arrangements have yet been agreed.

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

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

in EUR thousand	H1 2022			H1 2021		
	Current fixed remuneration	Current var. remuneration	Total	Current fixed remuneration	Current var. remuneration	Total
Frank von Seth	88	-	88	117	-	117
Markus Cserna	91	-	91	134	-	134
Michael Sieghart	-0	-	-0	118	-	118
Total remuneration	178	-	178	369	-	369

Besides the regular fixed remuneration, benefits in kind total EUR 10 thousand (H1 2021: EUR 21 thousand) and cash expenses total EUR 2 thousand (H1 2021: EUR 1 thousand). The existing bonification scheme for Frank of Seth has been cancelled. A new bonification regulation has not yet been made.

Compensation of the Members of the Supervisory Board

The members of the Supervisory Board of cyan AG are:

- Stefan Schütze
- Lucas Prunbauer
- Alexandra Reich (since 23/06/2021)
- Gerd Alexander Schütz (from 05/01/2021 until 31/12/2021)
- Trevor D. Traina (since 23/06/2021 until 22/06/2022)
- Adrian Shatku (from 07/01/2022 until 22/06/2022)

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

in EUR thousand	Period of appointment	H1 2022	H1 2021
Stefan Schütze	01/01/2018 - 31/12/2022	20	-
Lucas Prunbauer	30/11/2018 - 31/12/2022	15	-
Alexandra Reich	23/06/2021 - 31/12/2026	15	-
Alexander Schütz	05/01/2021 - 31/12/2021	-	-
Trevor D. Traina	23/06/2021 - 22/06/2022	15	-
Adrian Shatku	07/01/2022 - 22/06/2022	14	-

Details on Employees

The average number of employees during the financial year 2022 was 133 (December 31, 2021: 150). The composition of personnel expenses can be found in Note 4, Personnel expenses.

Contingent Liabilities and Obligations

Contingent liabilities comprise guarantees for rental deposits and credit cards and amount to EUR 1,394 thousand as of the reporting date (December 31, 2021: EUR 1,499 thousand).

Audit Fees

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

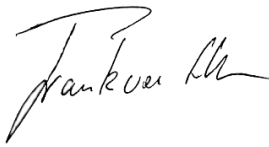
in EUR thousand	H1 2022	H1 2021
Expenses for audit services	150	17
<i>thereof from previous years</i>	41	-
Expenses for other certification services	-	-

Negative note

The interim consolidated financial statements of cyan as of June 30, 2022 have not been audited or reviewed by the auditor.

Significant Events after the Balance Sheet Date

Between the balance sheet date on June 30, 2022 and the publication date on September 28, 2022, a cash capital increase with subscription rights was carried out. This event is explained in the Subsequent events section of the interim management report.



Frank von Seth
CEO



Markus Cserna
CTO



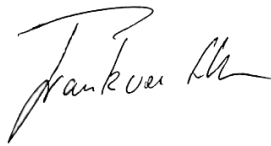
Assurance by the Legal Representatives

Assurance by the Legal Representatives

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

Munich, in September 2022

Executive Board of cyan AG



Frank von Seth
CEO



Markus Cserna
CTO



Further Information

Further Information

Disclaimer

Statements on future events and developments

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

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

Note on rounding

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

Gender-neutral formulation

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

English translation

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

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