



Quarterly Statement

cyan AG

First Quarter 2022



CYan
DIGITAL SECURITY

Quarterly Statement

In the first quarter of 2022, further progress was made in the Performance Improvement Program and customers were launched commercially in the BSS/OSS segment as well as in the Cybersecurity segment. At the beginning of the year, some units and teams were strategically reorganized or resources were reallocated. On the sales and marketing side, work began on structuring the two operating segments BSS/OSS and Cybersecurity as separate units. In addition, measures such as the standardization of processes and solutions to accelerate implementation were continued, which in the medium term should enable not only cost reductions but also faster revenue generation. Another significant part of the realignment was an agreement with a creditor of the Company in February 2022, whereby their loan receivables in the amount of EUR 3.9 million were contributed to the Company as part of a capital increase against contributions in kind in exchange for 1,503,816 shares. The receivables included the outstanding convertible notes from the Convertible Notes Funding Program, which was thus terminated. As a result, the nominal capital increased from EUR 13,385,884.00 to EUR 14,889,700.00 through the issuance of 1,503,816 shares at an issue price of EUR 2.62. This prevented a direct outflow of liquid funds in favor of the operational use of the capital.

On a commercial level, further progress was made with customers in both business segments at the beginning of financial year 2022. 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 technical implementation of the cyan solution at dtac (Total Access Communication Public Company Limited). 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. The subscriber base will thus be steadily built up in the following months, with the aim of converting to paying customers at the end of the trial phase.

In the BSS/OSS segment, several Mobile Virtual Network Operators (MVNO) were successfully launched on cyan's platforms. At the beginning of the year, the Austrian telecommunications company educom completed its migration to cyan's platform. As part of educom's reorientation from reseller to 5G mobile virtual network operator, educom chose cyan's Seamless BSS/OSS & MVNE platform to transform into an independent and 5G-enabled MVNO. In March and April, MVNOs Lov and Liwa followed suit in Colombia.

Lov is a social enterprise that uses mobile services to transform people's lives through prepaid mobile 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, offering telecommunications, renewable energy and IoT to underserved areas. The launch added mobile connectivity to the product portfolio. Further projects could move forward in the first months of 2022.

Despite these volatile times, characterized by significant macroeconomic uncertainties, cyan is well positioned today with the new partnerships and the number and quality of potential new customers in both segments, Cybersecurity and BSS/OSS. Interest in the cyan Group in the relevant markets is present and has increased in some cases, but nevertheless steps to fully implement the transformation to become the "Safe Connectivity Partner" are still ahead of the company. Among other things, emphasis is being placed on an appropriate brand presence, new global partnerships are being entered into, and a proprietary product landscape is being developed that will not only differentiate cyan, but also position it more broadly in order to occupy the niches in which cyan can profitably play to its strengths.

Earnings, Asset and Financial Position

Group revenues totaled EUR 1.8 million in the first quarter of the financial year 2022 (Q1 2021: EUR 1.7 million). In both segments, revenues increased slightly compared to the first quarter of 2021. The share of recurring revenues, including in particular revenues from subscriptions and recurring service and maintenance fees, amounted to more than 90%. Annual Recurring Revenue (ARR), calculated from recurring revenues including pro rata revenues from license agreements, stood at EUR 9.6 million as of March 31, 2022, adjusted for exchange rate effects.

In addition to revenues, the Group recognized other operating income of EUR 1.3 million (Q1 2021: EUR 1.1 million), changes in inventories of EUR -0.1 million (Q1 2021: EUR 0.2 million) and minor income from reversals of impairment losses. Other operating income mainly consists of foreign currency effects and research grants and increased compared to the comparative period due to exchange rate differences. Due to the launch of the cybersecurity solution at Orange in France, capitalized contract costs are being amortized, resulting in negative changes in inventories in the quarter. Total earnings in first quarter 2022 were therefore EUR 3.0 million (Q1 2021: EUR 3.0 million).

EBITDA in the Group amounted to EUR -1.9 million in the first quarter (Q1 2021: EUR -2.7 million) and thus improved significantly with slightly higher revenues. The improvement is in particular the result of the optimization measures implemented as part of the Performance Improvement Program, as a result of which costs decreased from EUR 5.7 million in the first quarter of the previous year to EUR 4.9 million. Personnel expenses fell again compared to the previous quarter with 123 full-time equivalents (Dec. 31, 2021: 131) in the first three months.

The BSS/OSS segment accounted for EUR 1.0 million (Q1 2021: EUR 1.0 million) or around 57% of revenues in the period. The contracts signed with ACN/Flash Mobile and Virgin Mobile in 2019 and 2020 essentially contribute to cash flow only. EBITDA for the segment was EUR -0.8 million compared to EUR -0.7 million in the first quarter of the previous year. In the Cybersecurity segment, revenues recognized amounted to

EUR 0.8 million, a slight increase compared to the first quarter 2021 (Q1 2021: EUR 0.7 million). The planned end of support for the products of the former cyan Networks Software GmbH's B2B-business could thus also be compensated this quarter. Costs in the segment were reduced or reallocated from EUR 3.3 million to EUR 1.7 million. As a result, segment EBITDA improved from EUR -1.5 million in the prior-year period to EUR -0.7 million.

Depreciation and amortization expense was at the same level of approximately EUR 1.4 million in first quarter 2022, resulting in an operating result (EBIT) of EUR -3.3 million (Q1 2021: EUR -4.1 million). The net result for the period amounted to EUR 0.6 million (Q1 2021: -2.3 million) due to a positive financial result and deferred tax income. Undiluted earnings per share for the first three months amounted to EUR 0.05 (Q1 2021: EUR -0.23).

As of March 31, 2022, total assets amounted to EUR 93.7 million (Dec. 31, 2021: EUR 95.7 million). The equity ratio increased from 76% (EUR 72.8 million) as of December 31, 2021 to 81% (EUR 75.8 million) as of March 31, 2022. Current assets amounted to EUR 16.7 million at the end of the first quarter 2022 (Dec. 31, 2021: EUR 17.8 million) and included EUR 7.6 million (Dec. 31, 2021: EUR 8.5 million) in cash and cash equivalents. This was offset by financial liabilities in the amount of EUR 5.2 million and leasing liabilities due to IFRS 16 totaling EUR 4.9 million, resulting in net debt of EUR 2.5 million (Dec. 31, 2021: EUR 4.2 million). The convertible notes were exchanged in full for the issue of new shares.

Cash flow from operating activities was EUR -1.5 million in the first quarter 2022 (Q1 2021: EUR -2.3 million), which includes payments received from the existing license agreements with Virgin Mobile and ACN/Flash Mobile. As in previous periods, investment cash flow is negligible. Financing cash flow amounted to EUR 1.1 million (Q1 2021: EUR 3.2 million).

Key Figures

Earnings Figures		Q1 2022	Q1 2021
Revenue	in EUR million	1.8	1.7
Total earnings ^a	in EUR million	3.0	3.0
EBITDA	in EUR million	-1.9	-2.7
EBITDA-margin	in %	-104%	-162%
EBIT	in EUR million	-3.3	-4.1
EBIT-margin	in %	-185%	-249%
Net income/loss	in EUR million	0.6	-2.3
Earnings per share (undiluted)	in EUR	0.05	-0.23

^a Consists of sales revenues EUR 1.8 million plus other operating income EUR 1.3 million, income from reversals of impairment losses EUR 0.0 million and changes in inventories EUR -0.1 Mio.

Segment Figures		Q1 2022	Q1 2021
Revenue BSS/OSS	in EUR million	1.0	1.0
EBITDA BSS/OSS	in EUR million	-0.8	-0.7
Revenue Cybersecurity	in EUR million	0.8	0.7
EBITDA Cybersecurity	in EUR million	-0.7	-1.5

Cash Flow Figures		Q1 2022	Q1 2021
Operating cash flow	in EUR million	-1.5	-2.3
Investment cash flow	in EUR million	-0.0	-0.0
Financing cash flow	in EUR million	1.1	3.2

Balance Sheet Figures		31/03/2022	31/12/2021
Total assets	in EUR million	93.7	95.7
Equity	in EUR million	75.8	72.8
Net debt IFRS 16 ^b	in EUR million	2.5	4.2

^b Consists of leasing liabilities EUR 4.9 million and financial liabilities EUR 5.2 million less cash and cash equivalents EUR 7.6 million.

Key Operating Figures		31/03/2022	31/03/2021
Number of staff		123	141

Further Information

Financial Calendar

Event	Date	Location
Annual General Meeting	22/06/2022	Munich/Virtual
Equityforum Fall Conference	5-6/09/2022	Frankfurt
Interim Report H1 2022	28/09/2022	-
Investor Access Paris	6-7/10/2022	Paris
Quarterly Statement Q3 2022	11/2022	-
Deutsche Börse German Equity Forum	28-30/11/2022	Frankfurt

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

↖ ir.cyansecurity.com/news-events

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.

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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 version. 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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are simple: **connected and safe.**

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