

Half-Year Financial Report

2022

secunet – protecting digital infrastructures

secunet is Germany's leading cybersecurity company. In an increasingly connected world, the Company's combination of products and consulting assures resilient digital infrastructures and the utmost protection for data, applications and digital identities. secunet specialises in areas with particular security requirements – such as eGovernment, eHealth as well as IIoT and cloud computing. With security solutions from secunet, companies can maintain the highest security standards in digitalisation projects and thus expedite their digital transformation.

Public Sector

Digital sovereignty for state and society

A holistic IT security concept is essential for public authorities and armed forces. secunet's Public Sector supports the digital transformation of administrations, authorities and armed forces in Germany and abroad. Trustworthy security solutions assure resilient digital infrastructures and the utmost protection for data, applications and digital identities. Consulting, security analyses and training round out secunet's cybersecurity portfolio. This enables public organisations to leverage the latest technologies while retaining their digital sovereignty.

Business Sector

Secure digitalisation in industry and healthcare

The digital transformation is spawning new business models, accelerating communication and creating more efficient processes in existing value chains. However, increased networking and new technologies simultaneously amplify the risk of cyberattacks, malware, data misuse and espionage. secunet's Business Sector supports companies and the healthcare sector in safeguarding information and communication technologies. The core competence lies in consulting as well as in the development and production of trustworthy security solutions that integrate seamlessly into existing IT landscapes and protect them effectively.

Key Figures

of secunet Group according to IFRS

Key operating figures

in million euros	H1 2022	H1 2021	Change
Sales revenues	135.5	147.6	-8%
Earnings before interest and income taxes (EBIT)	14.9	24.2	-39%
EBIT margin	11.0%	16.4%	-5.4 Pp
Earnings before taxes (EBT)	14.9	24.1	-38%
Group profit for the period	10.1	16.0	-37%
Earnings per share (in euros)	1.57	2.48	-37%

Key cash flow figures

in million euros	H1 2022	H1 2021	Change
Cash flow from operating activities	-32.7	-5.7	-
Cash flow from investing activities	-51.6	-14.0	-
Cash flow from financing activities	-30.0	-18.3	-

Key balance sheet figures

in million euros	30 Jun 2022	31 Dec 2021	Change
Balance sheet total	255.8	274.0	-7%
Equity (including non-controlling interests)	106.7	129.8	-18%
Equity ratio	41.7%	47.4%	-5.7 Pp
Cash and cash equivalents	5.1	119.5	-96%
Liabilities	149.1	144.2	+3%
Loans	7.4	0.0	-
Order book	159.9	185.2	-14%
Employees	1,034	857	+177

Key share figures

	30 Jun 2022	31 Dec 2021	Change
Shares outstanding	6,469,502	6,469,502	-%
Closing price (Xetra, in euros)	282.5	413.5	-32%
Market capitalisation (Xetra, in billion euros)	1.8	2.7	-32%

Contents

Half-Year Financial Report 2022

7	Interim Group Management Report for the First Half-Year 2022
8	Business performance in the first half-year 2022
8	Acquisition of SysEleven GmbH
8	Results of operations
9	Assets and financial position
11	Capital expenditure
11	Employees
11	Opportunities and risks
11	Outlook
13	Condensed Consolidated Interim Financial Statements
14	Consolidated balance sheet
16	Consolidated income statement
16	Group statement of comprehensive income
17	Consolidated cash flow statement
18	Consolidated statement of changes in equity
20	Selected consolidated explanatory notes
29	Responsibility Statement
30	Review Report
32	Service and Information

Interim Group Management Report for the First Half-Year 2022

- 8 Business performance in the first half-year 2022
- 8 Acquisition of SysEleven GmbH
- 8 Results of operations
- 9 Assets and financial position
- 11 Capital expenditure
- 11 Employees
- 11 Opportunities and risks
- 11 Outlook

Business performance in the first half-year 2022

The strategic and operational business performance of secunet Group (hereinafter “secunet” or “secunet Group”) is in line with expectations. Group sales revenue amounted to 135.5 million euros (H1 2021: 147.6 million euros) and earnings before interest and taxes (EBIT) were 14.9 million euros (H1 2021: 24.2 million euros).

Acquisition of SysEleven GmbH

In the reporting period, secunet Security Networks AG (hereinafter referred to as “secunet AG”) acquired all shares in SysEleven GmbH, which is based in Berlin. The purchase agreement for the acquisition of the cloud specialist was signed on 17 May 2022. The acquisition was financed from the company’s own funds.

SysEleven GmbH is an independent German provider of cloud infrastructure, cloud services, managed services and managed Kubernetes. The company has its own open source-based cloud infrastructure with data centre locations in Germany certified to ISO 27001 (Infrastructure as a Service) and provides MetaKube, a platform for the efficient management and optimisation of computing, storage and network resources based on Kubernetes (managed Kubernetes).

The date of initial consolidation was 31 May 2022. SysEleven GmbH is being successively integrated into secunet Group and is allocated to the Public Sector division in the segment reporting. With this acquisition, secunet is significantly expanding its range of solutions in the areas of cloud and cloud security.

Results of operations

Sales revenue performance

Group sales revenue amounted to 135.5 million euros in the first half-year 2022 (H1 2021: 147.6 million euros). secunet generated 117.5 million euros (H1 2021: 131.0 million euros) from its product business (hardware, software, maintenance and support) and 18.0 million euros (H1 2021: 16.6 million euros) from the provision of services.

Against the backdrop of decreasing pandemic-related market effects and the resulting normalisation of the demand situation in the public customer segment, the Public Sector division, whose products and services are geared towards public clients within and outside Germany, as well as international organisations, recorded sales revenue of 113.1 million euros (H1 2021: 122.4 million euros). The division’s share of Group sales revenue was thus 84% (H1 2021: 83%).

The Business Sector division – which addresses companies in the private and healthcare sectors – generated sales revenues of 22.4 million euros in the first half-year 2022 (H1 2021: 25.2 million euros). This development was primarily due to the anticipated lower demand for software licences in the area of the secunet konnektor. Particularly in the comparable period of the previous year, demand for these was very strong, resulting in a very high sales volume with a simultaneously advantageous margin profile. The division contributed 16% to Group sales revenue (H1 2021: 17%).

From a geographical perspective, secunet generated sales revenue of 122.2 million euros in Germany (H1 2021: 134.0 million euros). In international business, secunet achieved sales revenue of 13.3 million euros (H1 2021: 13.6 million euros). The share of international business was thus 10% (H1 2021: 9%).

Earnings performance

The gross profit on sales amounted to 35.3 million euros in the reporting period (H1 2021: 41.7 million euros). The gross margin of 26.1% was slightly below the comparative figure for the previous year (H1 2021: 28.3%) due to a relatively lower share of sales revenue from the software licensing business in the area of the secunet konnektor. The cost of sales amounted to 100.2 million euros (H1 2021: 105.9 million euros) and mainly reflects the necessary materials expenses for the product business. Materials expenses include the purchase of commodities for use in products, as well as third-party services received.

Selling expenses remained almost unchanged from the previous year at 10.6 million euros (H1 2021: 10.5 million euros). Meanwhile, general administrative costs rose from 4.4 million euros to 5.4 million euros, attributable in particular to the growth in the workforce (cf. chapter "Employees") as well as expenses in connection with the acquisition of SysEleven GmbH. Due to product developments, research and development costs increased significantly to 4.5 million euros (H1 2021: 2.5 million euros).

Earnings before interest and taxes (EBIT) amounted to 14.9 million euros in the first half of 2022 (H1 2021: 24.2 million euros). This corresponds to an EBIT margin of 11.0% (H1 2021: 16.4%). The Public Sector contributed 14.2 million euros to Group EBIT (H1 2021: 23.0 million euros), the Business Sector 0.7 million euros (H1 2021: 1.2 million euros).

Interest income and interest expenses remained at an immaterial level in the first half of 2022, amounting to 0.01 million euros and 0.16 million euros respectively (H1 2021: interest income: 0.00 million euros, interest expenses: 0.14 million euros). The interest expenses mainly result from interest on pension provisions and interest expense in connection with lease accounting under IFRS 16.

secunet achieved earnings before taxes (EBT) of 14.9 million euros in the first half of 2022 (H1 2021: 24.1 million euros). Tax expenses totalled 4.8 million euros after 8.1 million euros in the previous year. This corresponds to a tax ratio of 32% (H1 2021: 34%).

As a result, Group profit for the period amounted to 10.1 million euros after 16.0 million euros in the previous year. Diluted and undiluted earnings per share amount to 1.57 euros (H1 2021: 2.48 euros).

Order situation

The order book stood at 159.9 million euros as at 30 June 2022 after 185.2 million euros as at 31 December 2021. Compared to the prior-year reporting date of 30 June 2021 (160.9 million euros), the order book was almost unchanged.

Assets and financial position

Capital structure of the Group

secunet Group's balance sheet total at the end of the first half-year 2022 amounted to 255.8 million euros (31 December 2021: 274.0 million euros). On the liabilities side, 106.7 million euros of this was attributable to equity and 149.1 million euros to debt capital (31 December 2021: equity: 129.8 million euros, debt capital: 144.2 million euros). The equity ratio at the reporting date was thus 41.7% (31 December 2021: 47.4%).

Ongoing business and necessary replacement investments were financed primarily from cash and cash equivalents in the reporting period. The same applies to the acquisition of SysEleven GmbH and all other investments.

Assets

The assets side of the consolidated balance sheet showed current assets of 127.0 million euros as at 30 June 2022 after 209.1 million euros as at 31 December 2021. The main factor for the reduction was cash and cash equivalents, which decreased to 5.1 million euros in the reporting period (31 December 2021: 119.5 million euros), due in particular to the acquisition of SysEleven GmbH paid in cash (49.4 million euros) and distribution of the dividend (34.8 million euros).

Trade receivables rose to 46.6 million euros as at the reporting date (31 December 2021: 33.3 million euros). The increase is attributable to the fact that an above-average number of customer payments were made at the reporting date of 31 December 2021, which is why trade receivables decreased accordingly. Compared to the reporting date of 30 June 2021, the item remains virtually unchanged (30 June 2021: 48.9 million euros).

secunet further expanded inventories from 50.1 million euros as at 31 December 2021 to 62.6 million euros as at 30 June 2022 to counter the effects of the ongoing worldwide bottlenecks in the supply of semiconductor products.

Contract assets amounted to 4.2 million euros and were thus roughly at the level of 31 December 2021 (3.9 million euros). The contract assets represent services already rendered under work or service contracts but not yet invoiced to the customer.

Compared to year-end 2021, non-current assets increased significantly to 128.8 million euros (31 December 2021: 64.9 million euros). The background to this development is the first-time and still preliminary consolidation of SysEleven GmbH. As a result, goodwill increased to 57.0 million euros (31 December 2021: 10.3 million euros) and intangible assets grew to 30.5 million euros (31 December 2021: 13.2 million euros). The first-time consolidation of SysEleven GmbH and additions to operating and office equipment also saw property, plant and equipment increase to 10.0 million euros (31 December 2021: 7.6 million euros).

Right-of-use assets amounting to 15.4 million euros (31 December 2021: 17.1 million euros) result primarily from leases for buildings, offices and company cars. The corresponding items on the liabilities side are the current and non-current lease liabilities.

Other assets of 12.7 million euros (31 December 2021: 9.7 million euros) represent deferred other receivables from suppliers, advance payments for travel expenses, prepayments for future services and other receivables.

Debt and equity

As at the reporting date of 30 June 2022, the liabilities side of the consolidated balance sheet showed current liabilities, i.e. liabilities with a remaining term of less than one year, of 76.0 million euros (31 December 2021: 85.2 million euros) and non-current liabilities of 73.1 million euros (31 December 2021: 59.0 million euros).

Trade payables increased to 30.7 million euros as at the reporting date (31 December 2021: 23.3 million euros). The item "Short-term loans and current portion of long-term loans" increased to 6.8 million euros (31 December 2021: 0.0 million euros) as a result of drawing down a current-account credit facility.

Against the backdrop of the tax payments made in the reporting period, income tax liabilities fell to 2.6 million euros (31 December 2021: 9.1 million euros).

Other provisions fell to 12.9 million euros as at the reporting date (31 December 2021: 26.5 million euros). This is attributable to the lower liabilities to personnel due to the variable remuneration components paid out in the reporting period.

Current and non-current contract liabilities totalled 50.0 million euros as at 30 June 2022 (31 December 2021: 51.0 million euros) and comprised customer prepayments that will be recognised as sales revenues after the reporting date. This item contains transactions where secunet receives advance payments for later supplies or services due to multiple-year maintenance and support contracts and extended warranties.

On account of a bank loan granted to SysEleven GmbH, Group-wide long-term liabilities to banks increased to 0.6 million euros (31 December 2021: 0.0 million euros).

Other non-current liabilities include a success-related purchase price component agreed in the context of the acquisition of SysEleven GmbH. The success-related purchase price payments are dependent on quantitative and qualitative targets. As at 30 June 2022, the fair value of the contingent purchase price payment amounted to 11.5 million euros.

secunet Group's equity at the end of the first half-year 2022 amounted to 106.7 million euros (31 December 2021: 129.8 million euros). In relation to the balance sheet total, this results in a slightly reduced equity ratio of 41.7% compared to 31 December 2021 (31 December 2021: 47.4%). The reason for this is the retained earnings, which decreased to 78.2 million euros (31 December 2021: 102.9 million euros), due primarily to the dividend distributed in the reporting period (34.8 million euros).

Cash flow and liquidity

Cash flow from operating activities amounted to -32.7 million euros in the reporting period (H1 2021: -5.7 million euros). This development was characterised in particular by the operating performance and the increase in working capital with an effect on liquidity.

Cash flow from investing activities was -51.6 million euros (H1 2021: -14.0 million euros) and included the acquisition of SysEleven GmbH (49.4 million euros). In the previous year, a sum of 9.9 million euros was paid out for the acquisition of stashcat GmbH.

The cash flow of -30.0 million euros from financing activities (H1 2021: -18.3 million euros) essentially reflects the dividend payment of 34.8 million euros (previous year: 16.4 million euros) and the drawdown of a current-account credit facility of 6.8 million euros.

Overall, after the first six months of 2022, there was an outflow of cash and cash equivalents amounting to 114.3 million euros, compared with a cash outflow of 37.9 million euros in the previous year. Accordingly, cash and cash equivalents decreased from 119.5 million euros as at 31 December 2021 to 5.1 million euros as at 30 June 2022.

Capital expenditure

The capital expenditure of secunet Group amounted to 51.6 million euros in the 2021 financial year (previous year: 14.0 million euros). Investments consisted mainly of the acquisition of SysEleven GmbH (49.4 million euros) as well as investments in intangible assets and property, plant and equipment. The investments in intangible assets and property, plant and equipment are mainly expenditures for the new acquisition and replacement of hardware, software and other operating equipment. In the reporting period, this type of investment accounted for 2.3 million euros (H1 2021: 4.2 million euros).

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

Employees

As at the end of the first half of 2022, secunet employed more than 1,000 people across the Group for the first time. The number of permanent employees increased by 179 persons or 24% to 934 (31 December 2021: 755). Additionally, secunet Group employed 100 temporary staff as at the reporting date (31 December 2021: 102). This means that a total of 1,034 employees were working for secunet (31 December 2021: 857). The growth of the workforce is due to both new hires and the acquisition-related increase in personnel.

Opportunities and risks

No significant changes to the opportunities and risks last presented in the Annual Report 2021 (published on 25 March 2022) arose in the reporting period. The decisive element of the risk assessment thus remains the ongoing general bottlenecks in the supply of semiconductor products. These led to selective restrictions and postponements to customer projects during the reporting period.

In order to counter the risk and minimise the impact on secunet's performance and delivery capability, supplier and inventory management was stepped up significantly – for example by increasing inventories at an early stage.

Risks that go beyond this, for example in conjunction with the Russia-Ukraine war or the supply of commodities, are not discernible at the present time.

The German Government has decided to introduce a special fund amounting to 100 billion euros for strengthening the Bundeswehr and to expand the defence budget in the long term. This will lead to a huge increase in defence spending. At present, secunet assumes that possible positive effects will not occur until the 2023 financial year at the earliest.

Outlook

secunet Group's business performance to date has been in line with expectations. The Management Board estimates that business performance will improve in the second half of the year, which is traditionally stronger for seasonal reasons. Against this background, the Management Board – also taking into account the acquisition of SysEleven GmbH – confirms its forecast for the full year 2022. Sales revenues of around 320 million euros are anticipated and an EBIT of around 50 million euros.

Condensed Consolidated Interim Financial Statements

of secunet Security Networks Aktiengesellschaft, Essen,
for the period from 1 January to 30 June 2022

- 14 Consolidated balance sheet
- 16 Consolidated income statement
- 16 Group statement of comprehensive income
- 17 Consolidated cash flow statement
- 18 Consolidated statement of changes in equity
- 20 Selected consolidated explanatory notes
- 29 Responsibility Statement
- 30 Review Report

Consolidated balance sheet

(according to IFRS) as at 30 June 2022

Assets

in euros	30 Jun 2022	31 Dec 2021
Current assets		
Cash and cash equivalents	5,141,125.89	119,476,061.19
Trade receivables	45,843,584.54	31,703,067.78
Intercompany financial assets	91,081.86	124,011.53
Contract assets	4,212,505.27	3,946,989.09
Inventories	62,568,397.08	50,073,088.25
Income tax receivables	3,812,128.58	0.00
Other current assets	5,328,822.53	3,751,333.41
Total current assets	126,997,645.75	209,074,551.25
Non-current assets		
Property, plant and equipment	9,970,876.90	7,629,143.38
Right-of-use assets	15,387,607.25	17,109,040.57
Intangible assets	30,532,631.33	13,234,004.81
Goodwill	56,985,601.69	10,322,966.13
Non-current financial assets	6,392,840.77	6,414,381.00
Trade receivables	787,834.74	1,575,669.48
Deferred taxes	1,419,329.00	2,680,603.90
Other non-current assets	7,348,701.69	5,980,822.34
Total non-current assets	128,825,423.37	64,946,631.61
Total assets	255,823,069.12	274,021,182.86

Equity and Liabilities

in euros	30 Jun 2022	31 Dec 2021
Current liabilities		
Trade accounts payable	30,653,989.14	23,276,779.95
Intercompany payables	48,884.15	102,952.71
Short-term loans and current portion of long-term loans	6,822,557.34	0.00
Lease liabilities	2,687,034.40	3,132,248.03
Other provisions	10,635,408.37	24,181,873.57
Income tax liabilities	2,645,281.42	9,105,676.54
Other current liabilities	2,980,952.83	4,546,725.61
Contract liabilities	19,549,346.22	20,889,875.70
Total current liabilities	76,023,453.87	85,236,132.11
Non-current liabilities		
Lease liabilities	13,032,939.00	14,277,862.90
Other non-current liability	11,681,643.00	0.00
Deferred taxes	9,451,273.51	4,253,671.95
Provisions for pensions	5,546,725.32	8,030,046.00
Other provisions	2,306,469.40	2,306,469.40
Contract liabilities	30,457,458.53	30,093,159.77
Liabilities to banks	624,082.84	0.00
Total non-current liabilities	73,100,591.60	58,961,210.02
Equity		
Subscribed capital	6,500,000.00	6,500,000.00
Capital reserves	21,922,005.80	21,922,005.80
Other reserves	-154,897.43	-1,737,932.33
Retained earnings	78,226,583.50	102,876,356.60
Equity attributable to parent company shareholders	106,493,691.87	129,560,430.07
Non-controlling interests	205,331.78	263,410.66
Total equity	106,699,023.65	129,823,840.73
Total equity and liabilities	255,823,069.12	274,021,182.86

Consolidated income statement

(according to IFRS) for the period from 1 January 2022 to 30 June 2022

in euros	1 Jan – 30 Jun 2022	1 Jan – 30 Jun 2021
Sales revenue	135,490,681.85	147,583,449.89
Cost of sales	-100,181,241.63	-105,873,974.64
Gross profit on sales	35,309,440.22	41,709,475.25
Selling expenses	-10,550,748.29	-10,533,068.06
Research and development costs	-4,465,112.39	-2,508,972.26
General administrative costs	-5,416,961.37	-4,420,331.27
Other operating income	8,494.89	12,773.42
Other operating expenses	0.00	-12,309.71
Earnings before interest and taxes (EBIT)	14,885,113.06	24,247,567.37
Interest income	14,539.10	286.96
Interest expenses	-158,803.83	-135,796.34
Income from investments	183,967.79	0.00
Earnings before taxes (EBT)	14,924,816.12	24,112,057.99
Income taxes	-4,826,747.34	-8,141,670.26
Group profit for the period	10,098,068.78	15,970,387.73
of which attributable to shareholders of secunet AG	10,156,147.66	16,037,686.80
of which attributable to non-controlling interests	-58,078.88	-67,299.07
Earnings per share (diluted/undiluted)	1.57	2.48
Average number of shares outstanding (diluted/undiluted, units)	6,469,502	6,469,502

Group statement of comprehensive income

(according to IFRS) for the period from 1 January 2022 to 30 June 2022

in euros	1 Jan – 30 Jun 2022	1 Jan – 30 Jun 2021
Group profit for the period	10,098,068.78	15,970,387.73
Items not reclassified to the income statement		
Revaluation of defined benefit pension plans	2,720,000.00	1,072,000.00
Taxes attributable to components of the other comprehensive income/loss	-868,496.00	-342,932.80
Other comprehensive income/loss	1,851,504.00	729,067.20
Consolidated comprehensive income/loss	11,949,572.78	16,699,454.93
of which attributable to shareholders of secunet AG	12,007,651.66	16,766,754.00
of which attributable to non-controlling interests	-58,078.88	-67,299.07

Consolidated cash flow statement

(according to IFRS) for the period from 1 January 2022 to 30 June 2022

in euros	1 Jan–30 Jun 2022	1 Jan–30 Jun 2021
Cash flow from operating activities		
Earnings before taxes (EBT)	14,924,816.12	24,112,057.99
Depreciation and amortisation of tangible assets, right-of-use assets and intangible assets	5,840,348.48	4,434,220.13
Other non-cash income	-268,469.10	0.00
Changes in provisions	-13,339,425.88	-4,491,163.28
Book gains/losses (net) on the sale of intangible assets and of property, plant and equipment	24,489.00	-463.71
Interest result	144,264.73	135,509.38
Change in receivables, contract assets, inventories and other assets	-31,158,466.27	-25,316,287.49
Change in liabilities and contract liabilities	2,806,956.07	-725,459.81
Tax paid	-11,716,762.00	-3,847,040.19
Cash outflow from operating activities	-32,742,248.85	-5,698,626.98
Cash flow from investing activities		
Purchase of intangible assets and of property, plant and equipment	-2,288,281.73	-4,153,891.37
Proceeds from the sale of intangible assets and of property, plant and equipment	23,541.00	21,921.71
Purchase of financial assets	-30,809.77	-30,809.82
Proceeds from financial assets	52,350.00	52,350.00
Acquisition of subsidiaries less cash and cash equivalents acquired	-49,369,823.53	-9,856,733.46
Cash outflow from investing activities	-51,613,024.03	-13,967,162.94
Cash flow from financing activities		
Proceeds from short-term or long-term loan ¹	6,822,557.34	0.00
Dividend payment	-34,805,920.76	-16,432,535.08
Repayment portion of lease payments	-1,881,674.27	-1,736,649.26
Interest received	14,539.10	286.96
Interest paid	-129,163.83	-106,156.34
Cash outflow from financing activities	-29,979,662.42	-18,275,053.72
Effects of exchange rate changes on cash and cash equivalents	0.00	2,639.02
Reduction in cash and cash equivalents	-114,334,935.30	-37,938,204.62
Cash and cash equivalents at the beginning of the period	119,476,061.19	101,648,590.01
Cash and cash equivalents at the end of the period	5,141,125.89	63,710,385.39

¹ Current account liabilities due at any time were offset in the cash and cash equivalents.

Consolidated statement of changes in equity

(according to IFRS) for the period from 1 January 2022 to 30 June 2022

in euros	Subscribed capital	Capital reserves
Equity as at 31 Dec 2020 / 1 Jan 2021	6,500,000.00	21,922,005.80
Group profit 1 Jan – 30 Jun 2021		
Miscellaneous other comprehensive income/loss 1 Jan – 30 Jun 2021		
Consolidated comprehensive income 1 Jan – 30 Jun 2021		
Dividend payment		
Equity as at 30 Jun 2021	6,500,000.00	21,922,005.80
Group profit 1 Jul – 31 Dec 2021		
Other comprehensive income/loss 1 Jul – 31 Dec 2021		
Consolidated comprehensive income 1 Jul – 31 Dec 2021		
Dividend payment		
Equity as at 31 Dec 2021 / 1 Jan 2022	6,500,000.00	21,922,005.80
Group profit 1 Jan – 30 Jun 2022		
Other comprehensive income/loss – Change in the consolidated group 1 Jan – 30 Jun 2022		
Miscellaneous other comprehensive income/loss 1 Jan – 30 Jun 2022		
Other comprehensive income/loss 1 Jan – 30 Jun 2022		
Consolidated comprehensive income 1 Jan – 30 Jun 2022		
Dividend payment		
Equity as at 30 Jun 2022	6,500,000.00	21,922,005.80

Other reserves

Reserve for treasury shares	Currency conversion differences from the currency conversion of financial statements of foreign subsidiaries	Revaluation of defined benefit pension plans	Income taxes attributable to components of the other comprehensive income/ loss	Total other reserves	Retained earnings	Equity of secunet AG shareholders	Non-controlling interests	Total
-103,739.83	268,469.10	-3,580,763.20	1,167,647.60	-2,248,386.33	76,211,556.97	102,385,176.44	380,447.83	102,765,624.27
0.00	0.00	0.00	0.00	0.00	16,037,686.80	16,037,686.80	-67,299.07	15,970,387.73
0.00	0.00	1,072,000.00	-342,932.80	729,067.20	0.00	729,067.20	0.00	729,067.20
0.00	0.00	1,072,000.00	-342,932.80	729,067.20	16,037,686.80	16,766,754.00	-67,299.07	16,699,454.93
					-16,432,535.08	-16,432,535.08	0.00	-16,432,535.08
-103,739.83	268,469.10	-2,508,763.20	824,714.80	-1,519,319.13	75,816,708.69	102,719,395.36	313,148.76	103,032,544.12
					27,059,647.91	27,059,647.91	-49,738.10	27,009,909.81
		-321,553.00	102,939.80	-218,613.20	0.00	-218,613.20	0.00	-218,613.20
		-321,553.00	102,939.80	-218,613.20	27,059,647.91	26,841,034.71	-49,738.10	26,791,296.61
					0.00	0.00	0.00	0.00
-103,739.83	268,469.10	-2,830,316.20	927,654.60	-1,737,932.33	102,876,356.60	129,560,430.07	263,410.66	129,823,840.73
0.00	0.00	0.00	0.00	0.00	10,156,147.66	10,156,147.66	-58,078.88	10,098,068.78
0.00	-268,469.10	0.00	0.00	-268,469.10	0.00	-268,469.10	0.00	-268,469.10
0.00	0.00	2,720,000.00	-868,496.00	1,851,504.00	0.00	1,851,504.00	0.00	1,851,504.00
0.00	-268,469.10	2,720,000.00	-868,496.00	1,583,034.90	0.00	1,583,034.90	0.00	1,583,034.90
0.00	-268,469.10	2,720,000.00	-868,496.00	1,583,034.90	10,156,147.66	11,739,182.56	-58,078.88	11,681,103.68
0.00	0.00	0.00	0.00	0.00	-34,805,920.76	-34,805,920.76	0.00	-34,805,920.76
-103,739.83	0.00	-110,316.20	59,158.60	-154,897.43	78,226,583.50	106,493,691.87	205,331.78	106,699,023.65

Selected consolidated explanatory notes

These Consolidated Interim Financial Statements as at 30 June 2022 have been prepared in compliance with the provisions of International Accounting Standard (IAS) 34 “Interim Financial Reporting”, which governs interim financial statements in accordance with International Financial Reporting Standards (IFRS). They are Condensed Consolidated Interim Financial Statements in accordance with IAS 34 as adopted by the EU, which means they do not include all the information required by IFRS for consolidated financial statements at the end of a financial year. The Consolidated Interim Financial Statements must therefore be read in conjunction with the IFRS consolidated financial statements as at 31 December 2021 (Consolidated Financial Statements). These Consolidated Interim Financial Statements have not been audited, but have been reviewed by an auditor pursuant to Article 115 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG). The Condensed Consolidated Interim Financial Statements and the Interim Group Management Report for the first half-year 2022 were approved by the Management Board of secunet Security Networks AG on 9 August 2022.

Accounting principles

The consolidation principles and the method of currency translation correspond to those used for the Consolidated Annual Financial Statements for the 2021 financial year. The accounting and valuation methods were retained. The Consolidated Financial Statements of secunet Security Networks AG as at 31 December 2021 were prepared on the basis of Articles 315 and 315e of the German Commercial Code (Handelsgesetzbuch, HGB) and in accordance with the International Financial Reporting Standards as they are to be applied in the European Union.

The values shown in the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity correspond to the normal course of business of secunet Group and do not include any extraordinary items with the exception of the changes in connection with the acquisition of SysEleven GmbH. This relates to non-current assets, goodwill and liabilities. The resulting changes were taken into account as of the date of initial consolidation on 31 May 2022.

The calculation of income taxes for domestic companies is based on a tax rate of 31.99%. The calculation of income taxes for foreign companies is based on the relevant national tax rates.

The preparation of the Consolidated Interim Financial Statements requires a series of assumptions and estimates on the part of management. As a result, it is possible that the figures reported in the Consolidated Interim Financial Statements may deviate from the actual future figures. The main assumptions and estimates are fundamentally unchanged compared to the Consolidated Financial Statements as at 31 December 2021. The business operations and therefore the net assets, financial position and earnings situation of secunet Group are not significantly impacted by the effects of the war in Ukraine.

New accounting rules

The following standards were to be applied for the first time in the 2022 financial year:

Standard/Interpretation	Content of the amendment
IFRS 3	Reference to the Conceptual Framework
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract
IAS 16	PP&E: Proceeds before Intendend Use

The amended standards and interpretations that came into force on 1 January 2022 have no significant effect on secunet Group.

Consolidated group

In addition to secunet Security Networks AG, the Consolidated Financial Statements include all associate companies that are controlled by secunet Security Networks AG. Control is considered to be in place if secunet has the power of disposition over the associate company, has a right to variable returns from the investment and has the opportunity to use the power of disposition over the associate company in a way that can influence the variable returns.

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

Effective 31 March 2022, the company secunet s.r.o., Prague, Czech Republic, was deconsolidated, as the company was finally deleted from the commercial register. The effect on income resulting from the deconsolidation (0.2 million euros) is immaterial.

Compared to 31 December 2021, the consolidated group was expanded as at 31 May 2022: SysEleven GmbH, Berlin (effective date: 31 May 2022).

Initial consolidation of SysEleven GmbH, Berlin

In May 2022, 100% of SysEleven GmbH was acquired. SysEleven is a provider of hosting and cloud services. secunet exercises control over SysEleven GmbH through the majority of voting rights as of the effective date. The company is fully consolidated. The date of initial consolidation is 31 May 2022.

The consideration amounts to 61.8 million euros and consists of the contractually agreed purchase price of 50.3 million euros and an earn-out clause in the amount of 11.5 million euros, which can increase to a maximum of 15 million euros. The amount of the earn-out clause payment is based on qualitative and quantitative targets for the financial years 2022 and 2023. The quantitative targets are based on the cumulative minimum values for sales and earnings from the financial years 2022 and 2023. The qualitative targets are made up of criteria from SysEleven GmbH's business operations. Based on a calculation of the probabilities of occurrence and a weighting of the factors, a fair value of 11.5 million euros was calculated for the earn-out clause. If the targets are not met, no payment will be made.

The goodwill is attributable to the strong market position of SysEleven GmbH in the segment of GDPR-compliant cloud platforms, the availability of highly qualified specialists, as well as the expansion of the range of services and the synergies arising in the Public Sector division from the business combination.

The acquisition was made with the goal of providing secunet Security Networks AG's customers with an additional secure cloud infrastructure offering.

The fair values of the acquired assets and liabilities recognised at the acquisition date are as follows:

in thousand euros	
Intangible assets	18,986
Property, plant and equipment	2,318
Receivables and other assets	1,279
Cash and cash equivalents	1,544
Prepaid expenses and accrued income	619
Provisions	535
Liabilities	2,970
Value-added tax	103
Deferred taxes	6,020

The goodwill resulting from the business combination amounts to 46.6 million euros. The capitalised goodwill is not tax-deductible.

A preliminary purchase price allocation was carried out as at 30 June 2022. Due to the relatively short period between the closing of the transaction and preparation of the half-year financial report, it was not possible to perform a full purchase price allocation. For this reason, provisional valuations were used in the initial consolidation. This relates primarily to intangible assets, the goodwill recognised and the fair value of the financial liability recognised for the earn-out. Goodwill is reported at a value of 46.6 million euros.

The intangible assets consist mainly of customer relationship and brand assets. These assets were revalued at the date of consolidation using the discounted cash flow in the WACC variant. The WACC variant uses the weighted average cost of capital (WACC) to discount the cash flow and thus determine the fair value at the time of consolidation.

It is considered unlikely that the trade receivables will be uncollectible.

Since the date of initial consolidation, 1,266 thousand euros in sales and -72 thousand euros in net income have been recognised for SysEleven GmbH in the Consolidated Financial Statements.

The business combination resulted in costs of 1.1 million euros. These relate to consulting services in connection with acquisition preparation, due diligence and valuation. The costs were recognised under general administrative costs in the income statement.

If the initial consolidation had already taken place on 1 January 2022, Group sales would have totalled 141.9 million euros. Group profit would have amounted to 10.1 million euros.

Stock of treasury shares

As at 30 June 2022, the Company held 30,498 treasury shares, unchanged from 31 December 2021; this corresponds to 0.5% of the share capital.

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

In the first six months of the financial year, a total of 2.7 million euros from the revaluation of the defined benefit pension plans as at 30 June 2022 was recognised in the other comprehensive income of secunet Group, with no effect on profit or loss, which increased equity. The revaluation includes the effects of the increase in the actuarial interest rate from 1.20% as at 31 December 2021 to 3.40% as at 30 June 2022. In this connection, an effect from deferred taxes totalling 0.9 million euros had an opposite impact on equity.

Segment reporting

secunet Group is split into two divisions: the Public Sector division and the Business Sector division. Both divisions are shown separately for the purposes of segment reporting, as they meet at least one of the quantitative thresholds defined in IFRS 8.13.

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

The Business Sector division provides IT security consulting and solutions for companies in the private and healthcare sectors. The product portfolio includes, for example, the secunet konnektor for healthcare telematics (in different variants depending on the size of the infrastructure to be served) and secunet edge, which enables Internet-supported production facilities to be secured.

Segment report H1 2022

in thousand euros	Public Sector	Business Sector	secunet H1 2022
Segment revenue	113,140	22,351	135,491
Cost of sales	-83,257	-16,924	-100,181
Selling expenses	-8,340	-2,211	-10,551
Research and development costs	-2,856	-1,609	-4,465
Administrative costs	-4,453	-955	-5,408
Segment result (EBIT)	14,234	652	14,886
Interest result			-145
Income from investments			183
Group profit before tax			14,924
Goodwill	55,686	1,300	56,986

Segment report H1 2021

in thousand euros	Public Sector	Business Sector	secunet H1 2021
Segment revenue	122,416	25,167	147,583
Cost of sales	-85,271	-20,603	-105,874
Selling expenses	-8,172	-2,361	-10,533
Research and development costs	-2,256	-253	-2,509
Administrative costs	-3,716	-703	-4,419
Segment result (EBIT)	23,001	1,247	24,248
Interest result			-136
Group profit before tax			24,112
Goodwill	10,501	1,300	11,801

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

The segments are managed on the basis of the segment results. With the exception of non-essential components, the segments' assets are focused on the domestic market.

Sales revenue

secunet Group realises its sales revenue entirely within the framework of contracts with customers.

The following overview breaks down sales by geographical characteristics, main revenue streams and revenue recognition.

in thousand euros	Public Sector		Business Sector		Group	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Geographical allocation						
Domestic	100,022.4	109,016.2	22,129.9	25,010.6	122,152.3	134,026.8
Abroad	13,117.6	13,400.1	221.1	156.5	13,338.7	13,556.6
Total	113,140.0	122,416.3	22,351.0	25,167.1	135,491.0	147,583.4
Revenue generation						
Consultancy business	14,826.1	13,105.6	3,181.0	3,467.8	18,007.1	16,573.4
Product business	98,313.9	109,310.7	19,170.0	21,699.3	117,483.9	131,010.0
Total	113,140.0	122,416.3	22,351.0	25,167.1	135,491.0	147,583.4
Recognition of sales revenue						
Over time	27,576.2	25,855.7	13,065.5	12,204.6	40,641.7	38,060.3
At a point in time	85,563.8	96,560.6	9,285.5	12,962.5	94,849.3	109,523.1
Total	113,140.0	122,416.3	22,351.0	25,167.1	135,491.0	147,583.4

Additional notes on financial instruments

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

30 Jun 2022	Carrying amounts				Fair Value				
	in euros	Mandatory as FVTPL	At amortised cost	Other financial liabilities	Total carrying amounts	Level 1	Level 2	Level 3	Total fair values
Financial assets measured at fair value									
Non-current financial assets	6,392,840.77	0.00	0.00	6,392,840.77	–	6,392,840.77	–	–	6,392,840.77
Financial assets not measured at fair value									
Cash and cash equivalents	–	5,141,125.89	–	5,141,125.89	–	–	–	–	–
Trade receivables	–	46,631,419.28	–	46,631,419.28	–	–	–	–	–
Intercompany financial assets	–	91,081.86	–	91,081.86	–	–	–	–	–
Other current and non-current assets	–	12,677,524.22	–	12,677,524.22	–	–	–	–	–
	0.00	64,541,151.25	0.00	64,541,151.25	0.00	0.00	0.00	0.00	0.00
Financial liabilities not measured at fair value									
Trade accounts payable	–	–	30,653,989.14	30,653,989.14	–	–	–	–	–
Intercompany payables	–	–	48,884.15	48,884.15	–	–	–	–	–
Other current and non-current liabilities	–	–	14,662,595.83	14,662,595.83	–	–	–	–	–
	0.00	0.00	45,365,469.12	45,365,469.12	0.00	0.00	0.00	0.00	0.00

31 Dec 2021		Carrying amounts			Fair Value			
in euros	Mandatory as FVTPL	At amortised cost	Other financial liabilities	Total carrying amounts	Level 1	Level 2	Level 3	Total fair values
Financial assets measured at fair value								
Non-current financial assets	6,414,381.00	–	–	6,414,381.00	–	6,414,381.00	–	6,414,381.00
Financial assets not measured at fair value								
Cash and cash equivalents	–	119,476,061.19	–	119,476,061.19	–	–	–	–
Trade receivables	–	33,278,737.26	–	33,278,737.26	–	–	–	–
Intercompany financial assets	–	124,011.53	–	124,011.53	–	–	–	–
Other current and non-current assets	–	9,732,155.75	–	9,732,155.75	–	–	–	–
	0.00	162,610,965.73	0.00	162,610,965.73	0.00	0.00	0.00	0.00
Financial liabilities not measured at fair value								
Trade accounts payable	–	–	23,276,779.95	23,276,779.95	–	–	–	–
Intercompany payables	–	–	102,952.71	102,952.71	–	–	–	–
Other current and non-current liabilities	–	–	4,546,725.61	4,546,725.61	–	–	–	–
	0.00	0.00	27,926,458.27	27,926,458.27	0.00	0.00	0.00	0.00

Related party disclosures

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

In the first six months of the 2022 financial year, no members of the Management Board were promised or granted any benefits by a third party with regard to their activities as members of the Management Board. In the first six months of the 2022 financial year, the members of the Supervisory Board did not receive any further remuneration or benefits for services provided personally, in particular consulting and agency services, beyond the remuneration of the Supervisory Board regulated in the Articles of Association of secunet Security Networks AG. Neither the members of the Management Board nor the members of the Supervisory Board receive any loans from the Company.

Events after the end of the interim reporting period

There were no significant events after the balance sheet date.

Essen, 9 August 2022

Axel Deininger

Torsten Henn

Dr Kai Martius

Thomas Pleines

Responsibility Statement

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

Essen, 9 August 2022

Axel Deininger

Torsten Henn

Dr Kai Martius

Thomas Pleines

Review Report

To secunet Security Networks Aktiengesellschaft, Essen

We have reviewed the Condensed Consolidated Interim Financial Statements – comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity and selected explanatory notes – and the Interim Group Management Report of secunet Security Networks Aktiengesellschaft, Essen, for the period from 1 January 2022 to 30 June 2022, which are integral parts of the Half-Year Financial Report pursuant to Article 115 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG). The preparation of the Condensed Consolidated Interim Financial Statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the Interim Group Management Report in accordance with the requirements of the German Securities Trading Act (WpHG) applicable to interim group management reports is the responsibility of the Company's Management Board. Our responsibility is to issue a review report on the Condensed Consolidated Interim Financial Statements and the Interim Group Management Report based on our review.

We conducted our review of the Condensed Consolidated Interim Financial Statements and the Interim Group Management Report in accordance with the German Generally Accepted Standards for Financial Statement Audits as promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the review in such a way that we can preclude, through critical appraisal and with reasonable assurance, that the Condensed Consolidated Interim Financial Statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the Interim Group Management Report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act (WpHG) applicable to interim group management reports. A review is essentially limited to the questioning of Company personnel and analytical assessments and therefore does not provide the same assurance as is attainable in a financial statement audit. Since, in accordance with our mandate, we have not performed an audit of the financial statements, we cannot issue an audit opinion. Based on our review, no matters have come to our attention that cause us to presume that the Condensed Consolidated Interim Financial Statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the Interim Group Management Report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act (WpHG) applicable to interim group management reports.

Essen, 9 August 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Philip Meyer zu Spradow	Michael Herting
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Service and Information

Locations

Headquarters Essen

secunet Security Networks AG
Kurfürstenstraße 58
45138 Essen
Phone: +49 201 5454-0
Fax: +49 201 5454-1000

Berlin

secunet Security Networks AG
Alt-Moabit 96
10559 Berlin

Bonn

secunet Security Networks AG
Dreizehnmorgenweg 6
53175 Bonn

Dresden

secunet Security Networks AG
Ammonstraße 74
01067 Dresden

Frankfurt

secunet Security Networks AG
Mergenthalerallee 77
65760 Eschborn

Hamburg

secunet Security Networks AG
Osterbekstraße 90 b
22083 Hamburg

Hanover

Stashcat GmbH
Schiffgraben 47
30175 Hanover

Ilmenau

secunet Security Networks AG
Werner-von-Siemens-Straße 6
98693 Ilmenau

Munich

secunet Security Networks AG
Konrad-Zuse-Platz 2-12
81829 Munich

Paderborn

secunet Security Networks AG
Hauptstraße 35
33178 Borcheln

Siegen

secunet Security Networks AG
Weidenauer Straße 223-225
57076 Siegen

Stuttgart

secunet Security Networks AG
Neue Brücke 3
70173 Stuttgart

Training Center Dresden

secunet Security Networks AG
Ammonstraße 74
01067 Dresden



Financial Calendar 2022

10 August

Half-Year Financial Report as at 30 June 2022

8 November

Group Quarterly Statement as at 30 September 2022

Imprint

Issued by

secunet Security Networks AG
Kurfürstenstraße 58
45138 Essen

Phone: +49 201 54 54-0

e-mail: info@secunet.com

www.secunet.com

Investor Relations

Phone: +49 201 54 54-39 37

e-mail: investor.relations@secunet.com

Press

Phone: +49 201 54 54-12 34

e-mail: presse@secunet.com

Concept, design and setting

sam waikiki GbR, Hamburg
www.samwaikiki.de

Text

secunet Security Networks AG

Information

This financial report contains statements regarding the future performance of secunet Group, as well as economic and political developments. These statements are opinions that we have formed based on the information currently available to us. Should the assumptions on which these statements are based not be applicable or should further risks arise, the actual results may deviate from the results currently expected. We cannot therefore offer any guarantee as to the accuracy of these statements.

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

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

All the brand and trade names or product names mentioned in this financial report are the property of the corresponding holder. This applies in particular for DAX, MDAX, SDAX, TecDAX and Xetra as registered trademarks and property of Deutsche Börse AG.

This financial report was published on 10 August 2022. It is available in German and English. Both versions are available for download at www.secunet.com. The German version is legally binding in cases of doubt.

secunet

secunet Security Networks AG
Kurfürstenstraße 58
45138 Essen

Phone: +49 201 54 54-0
Fax: +49 201 54 54-1000

e-mail: info@secunet.com
Internet: www.secunet.com

SecurITy
made
in
Germany

TeleTrust Quality Seal
www.teletrust.de/itsmig