

Half-Year Report 2021

- » Sales increase by 30% to 147.6 million euros
- » Growth in both segments
- » EBIT improves by 49% to 24.2 million euros
- » Order book higher than previous year's value
- » Full-year forecast confirmed

Overview of the key figures for secunet Group for the first half-year (according to IFRS)

in million euros	H1 2021	H1 2020	Change in %
Sales	147.6	113.4	+30
EBIT	24.2	16.2	+49
EBT	24.1	16.1	+50
Group profit for the period	16.0	10.9	+46
Earnings per share (in euros)	2.48	1.71	+46
Cash flow from operating activities	-5.7	-15.6	+63
Cash flow from investing activities	-14.0	-4.3	>100
Cash flow from financing activities	-18.3	-1.7	>100

in million euros	30 Jun 2021	31 Dec 2020	Change in %
Cash and cash equivalents	63.7	101.6	-37
Order book (IFRS)	160.9	149.5	+8
Employees	839	740	+13
Equity (including non-controlling interests)	103.0	102.8	-
Equity ratio	43%	43%	-
Loans	-	-	-

The secunet share

Master data and key figures

Reuters ticker symbol	YSNG.DE
Bloomberg ticker symbol	YSN
WKN (German security identification number)	727650
ISIN	DE0007276503
Stock exchange listings	XETRA, Frankfurt, Berlin, Bremen, Düsseldorf, Hamburg, Munich, Stuttgart
Stock exchange segment	Prime Standard
Start of listing	9 Nov 1999
Share capital in euros	6,500,000
Share capital in units	6,500,000
Class of share	Ordinary bearer shares with no par value

Trading data

	H1 2021	H1 2020
Closing price, half-year end (XETRA, in euros)	375.00	206.00
High for the half-year (XETRA closing price, in euros)	398.50 (31 May 2021)	220.00 (23 Jun 2020)
Low for the half-year (XETRA closing price, in euros)	230.00 (11 Jan 2021)	88.60 (18 Mar 2020)
Number of shares	6,500,000	6,500,000
Market capitalisation, half-year end (in billion euros)	2.43	1.34
Ø turnover per trading day (shares)	4,377	2,157
Ø turnover per trading day (in million euros)	1.34	0.31

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Interim Group Management Report

Results of operations

Sales revenue performance

In the reporting period from 1 January to 30 June 2021, secunet Group increased sales revenue by 30% from 113.4 million euros in the previous year to 147.6 million euros. The high sales growth was already apparent after the first quarter and significantly exceeded our planning at the beginning of the financial year.

Sales in the Public Sector segment – whose products and services are geared towards public clients within and outside Germany, as well as international organisations – rose by 21% to 122.4 million euros (previous year: 101.0 million euros). Growth was driven primarily by continued very high demand from the public sector for secure mobile workstations. The segment contributed 83% to Group sales revenue (previous year: 89%).

The Business Sector segment – which addresses its range of products and services towards companies in the private and healthcare sectors – more than doubled its sales revenue in the first six months of 2021 from 12.4 million euros to 25.2 million euros. The decisive factor here was the product business with the secunet healthcare connector, which developed very well in the reporting period. The share of this segment in the Group's sales revenue in the first half-year was thus 17% (previous year: 11%).

From a geographical perspective, secunet saw sales revenue in Germany increase by 31% to 134.0 million euros (previous year: 102.8 million euros). secunet's international business generated revenue of 13.6 million euros, corresponding to an increase of 28% on the previous year's figure (10.6 million euros). The share of international business was thus 9% (previous year: 9%).

Earnings performance

In the reporting period, secunet Group was able to increase earnings before interest and taxes (EBIT) by 49% to 24.2 million euros (previous year: 16.2 million euros). The EBIT margin improved by 2.1 percentage points to 16.4% (previous year: 14.3%).

The main cost items developed as follows in the first half of the current financial year:

The cost of sales rose by 26% to 105.9 million euros (previous year: 84.5 million euros). This increase is attributable to higher material and personnel expenses. Selling expenses totalled 10.5 million euros. They were thus 29% above the previous year's level (8.2 million euros). Research and development costs amounted to 2.5 million euros and were thus considerably higher than

the previous year's figure (1.2 million euros, see section "Research and development activities"). General administrative costs rose by 34% from 3.3 million euros to 4.4 million euros.

secunet Group generated earnings before tax (EBT) of 24.1 million euros in the first half of 2021. This corresponds to a 50% increase on the result for the first six months of the previous year (16.1 million euros).

Tax expenses grew from 5.1 million euros to 8.1 million euros. The tax rate stood at 34% after 32% in the previous year.

As a result of the first half-year 2021, secunet Group's net profit for the period amounted to 16.0 million euros. This was 46% above the previous year's figure (10.9 million euros). Earnings per share stood at 2.48 euros, compared with 1.71 euros in the previous year.

EBIT increased in both segments as a result of the higher demand for products:

EBIT in the Public Sector segment rose by 18% in the first half of 2021 from 19.5 million euros to 23.0 million euros. The main cost items developed as follows: the cost of sales increased by 19% to 85.3 million euros (previous year: 71.7 million euros), selling expenses by 40% to 8.2 million euros (previous year: 5.9 million euros) and general administrative costs by 33% to 3.7 million euros (previous year: 2.8 million euros). Research and development costs totalled 2.3 million euros, compared with 1.2 million euros in the previous year.

The Business Sector segment generated a positive EBIT of 1.2 million euros in the first half-year, as against -3.2 million euros in the previous year. The main cost items changed as follows: the cost of sales increased by 61% to 20.6 million euros (previous year: 12.8 million euros). Selling expenses and general administrative costs only increased slightly year-on-year – selling expenses from 2.3 million euros to 2.4 million euros, general administrative costs from 0.5 million euros to 0.7 million euros. Research and development costs totalled 0.3 million euros (previous year: 0.0 million euros).

Order book

The demand for products from secunet remains very high. The order book as at 30 June 2021 amounted to 160.9 million euros and was thus higher than at the same reporting date in the previous year (111.7 million euros) and at the end of the 2020 financial year (149.5 million euros). The increase in the order book results primarily from a high level of orders received from customers in the Public Sector segment.

Assets and financial position

secunet Group's balance sheet total amounted to 238.8 million euros as at the reporting date of 30 June 2021, which was virtually unchanged compared with 31 December 2020 (239.8 million euros).

Development of assets

On the assets side of the balance sheet, the following significant changes can be seen between the two balance sheet dates.

Non-current assets rose by 23% from 52.1 million euros to 63.8 million euros. Goodwill increased by 155% to 11.8 million euros due to the acquisition of stashcat GmbH. Due to the capitalisation of internally generated software and the acquisition of stashcat GmbH, intangible assets grew by 53% from 8.2 million euros to 12.5 million euros. Property, plant and equipment increased by 15% to 7.3 million euros due to additions to operating and office equipment. Trade receivables fell by 25% from 3.2 million euros to 2.4 million euros. Other non-current assets rose by 35% from 2.7 million euros to 3.7 million euros.

Current assets decreased by 7% to 174.9 million euros as at 30 June 2021, compared to 187.7 million euros as at 31 December 2020, due primarily to the reduction of cash and cash equivalents by 37.9 million euros (see section "Cash flow development"). In order to meet the high order backlog, inventories also doubled from 27.9 million euros to 56.7 million euros.

Development of liabilities

The liabilities side of the balance sheet shows the following significant changes when comparing the two balance sheet dates 31 December 2020 and 30 June 2021:

Non-current liabilities decreased by 4% from 54.6 million euros as at 31 December 2020 to 52.1 million euros as at 30 June 2021. This was mainly due to lower lease liabilities and the decrease in non-current contract liabilities from 28.5 million euros to 26.4 million euros, which is attributable to fulfilment of the performance obligation to customers and corresponding revenue recognition.

By contrast, current contract liabilities increased by 17% from 14.7 million euros to 17.2 million euros due to higher advance payments from customers. Trade payables grew from 25.5 million euros to 28.6 million euros due to the increased business volume. Income tax liabilities rose from 12.9 million euros to 17.1 million euros. Other provisions fell from 20.0 million euros to 15.4 million euros. This is attributable to the lower liabilities to personnel as a result of the variable remuneration components paid out in the first quarter. Overall, current liabilities increased slightly to

83.6 million euros as at 30 June 2021, compared with 82.4 million euros as at 31 December 2020.

Cash flow development

Cash flow from current business operations improved from -15.6 million euros in the previous year to -5.7 million euros in the reporting period. The positive development is attributable to the increase in earnings before taxes and lower tax payments in the period.

The cash flow from investment activities totalled -14.0 million euros after -4.3 million euros in the previous year. The cash outflow for investments was thus considerably higher year-on-year, with the figure being particularly influenced by payments for investments in intangible assets and property, plant and equipment as well as for the acquisition of stashcat GmbH. Moreover, disbursements for the further development of the range of products and services were recognised.

The cash flow from financing activities amounted to -18.3 million euros. The very substantial change is due primarily to the dividend payment of 16.4 million euros made in the second quarter of 2021. The comparative figure for the previous year (-1.7 million euros) did not include a dividend payment, as the Annual General Meeting of secunet Security Networks AG was postponed from May to July 2020 due to the coronavirus pandemic. The resolution on the appropriation of profits, which provided for a dividend payment of 10.1 million euros, therefore did not take place until the third quarter of 2020, as did the corresponding cash outflow.

Overall, after the first half-year 2021, there was an outflow of cash and cash equivalents amounting to 37.9 million euros after 21.5 million euros in the previous year. Cash and cash equivalents were down from 101.6 million as at 31 December 2020 to 63.7 million as at 30 June 2021.

Given the high level of available funds, the Group has, to date, not needed to make use of credit lines. secunet is in an extremely good position to meet its payment obligations at all times.

Research and development activities

The main focus of secunet's research and development activities is on hardware and software solutions, applications or architectures in areas with particularly high requirements on IT security – such as cloud computing, IIoT, eGovernment and eHealth. These activities are carried out both for our own purposes and also within the framework of individual customer projects.

Expenditure for research and development totalled 2.5 million euros in the reporting period. It was thus significantly higher than the previous year's figure (1.2 million euros), which was affected by higher government grants.

Employees

As at the reporting date of 30 June 2021, secunet Group had a total of 839 employees, of which 730 were permanent staff and 109 were temporary personnel. Compared with 31 December 2020, the workforce had thus grown by 99 employees, a plus of 13%. The increase primarily took place in the productive areas (development and consulting) as well as in distribution.

Outlook, risks and opportunities

The results achieved in the first half of the 2021 financial year considerably exceeded the Company's expectations at the start of the financial year. There were already indications of this development early on in the financial year. Against the backdrop of the very good business figures in the first quarter, and taking into account the well-filled order book, the Management Board of secunet Security Networks AG raised its forecast for the full year 2021 on 20 April 2021. Since then, sales revenues of around 330 million euros are anticipated and an EBIT of around 59 million euros.

Achieving this forecast will depend to a large extent on continuation of a stable supply situation for intermediate products, in particular the availability of semiconductors. At the present time, we do not see any indications of a significant restriction of our ability to perform and deliver. We are nevertheless closely monitoring and evaluating ongoing developments.

Furthermore, we have not identified any significant risks and opportunities in the reporting period that go beyond the risks and opportunities presented in our Annual Report 2020 and in this half-year financial report. At present, no risks have been identified which, either individually or in combination with other risks, could jeopardize the continued existence of the company.

The original forecast for the 2021 financial year (published on 3 November 2020) envisaged sales revenues of around 260 million euros and an EBIT of around 38 million euros. In the 2020 financial year, secunet Group generated sales revenues of 285.6 million euros and an EBIT of 51.6 million euros.

Forward-looking statements and notes

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 and other documents may not add up precisely to the totals provided and percentages presented may not accurately reflect the absolute values to which they relate.

This financial report is also available in German. In the event of any discrepancies, the German version of the document shall be considered authoritative and take precedence over the English translation.

Essen, 10 August 2021

Axel Deininger

Torsten Henn

Dr. Kai Martius

Thomas Pleines

Condensed Consolidated Half-Year Financial Statements

of secunet Security Networks Aktiengesellschaft, Essen, for the period from 1 January to 30 June 2021

Consolidated balance sheet

(according to IFRS) as at 30 June 2021

Assets

in euros	30 Jun 2021	31 Dec 2020
Current assets		
Cash and cash equivalents	63,710,385.39	101,648,590.01
Trade receivables	46,550,485.59	49,006,783.78
Intercompany financial assets	43,376.10	134,047.27
Contract assets	3,708,878.10	4,154,705.96
Inventories	56,688,448.05	27,898,725.41
Other current assets	4,220,849.56	4,877,213.77
Total current assets	174,922,422.79	187,720,066.20
Non-current assets		
Property, plant and equipment	7,284,739.99	6,344,752.84
Right-of-use assets	17,388,966.15	18,335,082.30
Intangible assets	12,546,527.47	8,205,796.53
Goodwill	11,801,236.13	4,625,031.00
Non-current financial assets	6,253,808.82	6,275,349.00
Trade receivables	2,363,504.22	3,151,338.96
Deferred taxes	2,499,039.34	2,379,381.74
Other non-current assets	3,704,806.79	2,741,245.77
Total non-current assets	63,842,628.91	52,057,978.14
Total assets	238,765,051.70	239,778,044.34

Liabilities

in euros	30 Jun 2021	31 Dec 2020
Current liabilities		
Trade accounts payable	28,563,395.78	25,513,127.45
Intercompany payables	53,404.29	75,120.94
Lease liabilities	3,422,636.34	3,279,197.48
Other provisions	15,449,805.38	19,999,751.98
Income tax liabilities	17,071,823.03	12,897,980.39
Other current liabilities	1,803,941.75	5,997,733.75
Contract liabilities	17,237,531.00	14,673,571.17
Total current liabilities	83,602,537.57	82,436,483.16
Non-current liabilities		
Lease liabilities	14,209,258.55	15,241,779.74
Deferred taxes	3,507,401.13	1,813,090.84
Provisions for pensions	7,596,999.79	8,580,576.47
Other provisions	397,037.00	397,037.00
Contract liabilities	26,419,273.54	28,543,452.86
Total non-current liabilities	52,129,970.01	54,575,936.91
Equity		
Share capital	6,500,000.00	6,500,000.00
Capital reserves	21,922,005.80	21,922,005.80
Other reserves	-1,519,319.13	-2,248,386.33
Revenue reserves	75,816,708.69	76,211,556.97
Equity attributable to parent company shareholders	102,719,395.36	102,385,176.44
Non-controlling interests	313,148.76	380,447.83
Total equity	103,032,544.12	102,765,624.27
Total liabilities	238,765,051.70	239,778,044.34

Consolidated income statement

(according to IFRS) for the period from 1 January 2021 to 30 June 2021

in euros	1 Jan – 30 Jun 2021	1 Jan – 30 Jun 2020
Sales revenue	147,583,449.89	113,416,016.01
Cost of sales	-105,873,974.64	-84,488,038.70
Gross profit on sales	41,709,475.25	28,927,977.31
Selling expenses	-10,533,068.06	-8,229,176.77
Research and development costs	-2,508,972.26	-1,201,685.22
General administrative costs	-4,420,331.27	-3,251,056.99
Other operating income	12,773.42	0.00
Other operating expenses	-12,309.71	-44.00
Earnings before interest and taxes (EBIT)	24,247,567.37	16,246,014.33
Interest income	286.96	1,478.86
Interest expenses	-135,796.34	-160,071.49
Earnings before taxes (EBT)	24,112,057.99	16,087,421.70
Income taxes	-8,141,670.26	-5,146,634.65
Group profit for the period	15,970,387.73	10,940,787.05
of which attributable to shareholders of secunet AG	16,037,686.80	11,082,006.29
of which attributable to non-controlling interests	-67,299.07	-141,219.24
Earnings per share (diluted/undiluted)	2.48	1.71
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 2021 to 30 June 2021

in euros	1 Jan – 30 Jun 2021	1 Jan – 30 Jun 2020
Group profit for the period	15,970,387.73	10,940,787.05
Items not reclassified to the income statement		
Actuarial gains and losses from defined benefit plans	1,072,000.00	-208,000.00
Income tax on accumulated other comprehensive income	-342,932.80	66,414.00
Other comprehensive income/loss	729,067.20	-141,586.00
Consolidated comprehensive income/loss	16,699,454.93	10,799,201.05
of which attributable to shareholders of secunet AG	16,766,754.00	10,940,420.29
of which attributable to non-controlling interests	-67,299.07	-141,219.24

Consolidated cash flow statement

(according to IFRS) for the period from 1 January 2021 to 30 June 2021

in euros	1 Jan– 30 Jun 2021	1 Jan– 30 Jun 2020
Cash flow from operating activities		
Earnings before taxes (EBT)	24,112,057.99	16,087,421.70
Depreciation and amortisation of tangible assets, right-of-use assets and intangible assets	4,434,220.13	3,908,524.90
Changes in provisions	-4,491,163.28	-2,744,445.64
Book gains/losses (net) on the sale of intangible assets and of property, plant and equipment	-463.71	-44.00
Interest result	135,509.38	158,592.63
Change in receivables, contract assets, inventories and other assets	-25,316,287.49	-63,523,857.45
Change in liabilities and contract liabilities	-725,459.81	36,895,655.69
Tax paid	-3,847,040.19	-6,341,550.86
Cash outflow from operating activities	-5,698,626.98	-15,559,703.03
Cash flow from investing activities		
Purchase of intangible assets and of property, plant and equipment	-4,153,891.37	-4,334,390.40
Proceeds from the sale of intangible assets and of property, plant and equipment	21,921.71	0.00
Purchase of financial assets	-30,809.82	-30,812.84
Proceeds from financial assets	52,350.00	51,054.84
Acquisition of subsidiaries less cash and cash equivalents acquired	-9,856,733.46	0.00
Cash outflow from investing activities	-13,967,162.94	-4,314,148.40
Cash flow from financing activities		
Dividend payment	-16,432,535.08	0.00
Repayment portion of lease payments	-1,736,649.26	-1,552,956.06
Interest received	286.96	1,478.86
Interest paid	-106,156.34	-113,153.49
Cash outflow from financing activities	-18,275,053.72	-1,664,630.69
Effects of exchange rate changes on cash and cash equivalents	2,639.02	0.00
Reduction in cash and cash equivalents	-37,938,204.62	-21,538,482.12
Cash and cash equivalents at the beginning of the period	101,648,590.01	64,492,741.83
Cash and cash equivalents at the end of the period	63,710,385.39	42,954,259.71

Consolidated statement of changes in equity

(according to IFRS) for the period from 1 January 2021 to 30 June 2021

in euros	Share capital	Capital reserves
Equity as at 30 Jun 2019 / 1 Jan 2020	6,500,000.00	21,922,005.80
Group profit 1 Jan – 30 Jun 2020		
Other comprehensive income/loss – Change in the consolidated Group		
Miscellaneous other comprehensive income/loss 1 Jan – 30 Jun 2020		
Other comprehensive income/loss 1 Jan – 30 Jun 2020		
Consolidated comprehensive income 1 Jan – 30 Jun 2020		
Dividend payment		
Equity as at 30 Jun 2020 / 1 Jul 2020	6,500,000.00	21,922,005.80
Group profit 1 Jul – 31 Dec 2020		
Other comprehensive income/loss 1 Jul – 31 Dec 2020		
Consolidated comprehensive income 1 Jul – 31 Dec 2020		
Dividend payment		
Equity as at 31 Dec 2020 / 1 Jan 2021	6,500,000.00	21,922,005.80
Group profit 1 Jan – 30 Jun 2021		
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

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 tax attributable to components of the other comprehensive income/loss	Total other reserves	Revenue reserves	Equity of secunet AG shareholders	Non-controlling interests	Total
-103,739.83	260,359.15	-3,439,407.20	1,122,427.81	-2,160,360.07	51,192,282.72	77,453,928.45	508,157.07	77,962,085.52
0.00	0.00	0.00	0.00	0.00	11,082,006.29	11,082,006.29	-141,219.24	10,940,787.05
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	-208,000.00	66,414.00	-141,586.00	0.00	-141,586.00	0.00	-141,586.00
0.00	0.00	-208,000.00	66,414.00	-141,586.00	0.00	-141,586.00	0.00	-141,586.00
0.00	0.00	-208,000.00	66,414.00	-141,586.00	11,082,006.29	10,940,420.29	-141,219.24	10,799,201.05
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
-103,739.83	260,359.15	-3,647,407.20	1,188,841.81	-2,301,946.07	62,274,289.01	88,394,348.74	366,937.83	88,761,286.57
0.00	0.00	0.00	0.00	0.00	24,029,691.08	24,029,691.08	13,510.00	24,043,201.08
0.00	8,109.95	66,644.00	-21,194.21	53,559.74	0.00	53,559.74	0.00	53,559.74
0.00	8,109.95	66,644.00	-21,194.21	53,559.74	24,029,691.08	24,083,250.82	13,510.00	24,096,760.82
0.00	0.00	0.00	0.00	0.00	-10,092,423.12	-10,092,423.12	0.00	-10,092,423.12
-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
0.00	0.00	0.00	0.00	0.00	-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

Selected consolidated explanatory notes

These Consolidated Interim Financial Statements as at 30 June 2021 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 2020 (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 2021 were approved by the Management Board of secunet Security Networks AG on 10 August 2021.

Accounting principles

The consolidation principles and the method of currency translation correspond to those used for the Consolidated Annual Financial Statements for the 2020 financial year. The accounting and valuation methods were retained. The Consolidated Financial Statements of secunet Security Networks AG as at 31 December 2020 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.

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 2020.

New accounting rules

The following standards were to be applied for the first time in the 2021 financial year:

Standard/ Interpretation	Content of the amendment
IFRS9/IAS39/ IFRS7	Interest Rate Benchmark Reform - Phase 2
IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The amended standards and interpretations that came into force on 1 January 2021 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.

Compared to 31 December 2020, the consolidated group was expanded as at 30 June 2021: stashcat GmbH, Hanover (effective date: 31 May 2021).

First-time consolidation of stashcat GmbH, Hanover

In May 2021, 100% of stashcat GmbH was acquired. stashcat is a provider for secure, GDPR-compliant messaging with integrated file storage and video conferencing functionality. secunet exercises control over stashcat GmbH through the majority of voting rights as of the effective date. The company is being fully consolidated. The date of initial consolidation is 31 May 2021.

The purchase price of the company was 10 million euros.

The acquisition was made with the aim of providing secunet AG's customers with an additional offering for secure and flexible communication and collaboration in companies, administrative bodies and security authorities.

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

in thousand euros	
Intangible assets	4,368
Tangible assets	235
Receivables and other assets	180
Cash and cash equivalents	143
Provisions	95
Liabilities	15
Contract liabilities	547
Deferred taxes	1,445

The goodwill resulting from the business combination amounts to 7,176 thousand euros.

The goodwill is attributable to the strong market position of stashcat GmbH in the segment of GDPR-compliant communication and collaboration platforms as well as to the synergies expected from the business combination.

Due to the relatively short period between the closing of the transaction and preparation of the half-year 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 the intangible assets and recognized goodwill.

For the tangible assets, receivables and other assets, liabilities, and cash and cash equivalents, the carrying amounts are considered to be a reasonable approximation of fair value.

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

Since the date of initial consolidation, 163 thousand euros in sales and -137 thousand euros in net income have been recognized for stashcat GmbH in the consolidated financial statements.

If the initial consolidation had already taken place on 1 January 2021, Group sales would have totalled 148.4 million euros. Group profit would have amounted to 15.5 million euros.

Stock of treasury shares

As at 30 June 2021, the Company held 30,498 treasury shares, unchanged from 31 December 2020; 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 1.1 million euros from the revaluation of the defined benefit pension plans as at 30 June 2021 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 0.75% as at 31 December 2020 to 1.25% as at 30 June 2021. In this connection, an effect from deferred taxes totalling 0.3 million euros had an opposite impact on equity.

Capitalised development costs

The development project for the secunet Communicator had already fulfilled the criteria for mandatory capitalisation as at last year’s reporting date. Further development costs amounting to 0.9 million euros were capitalised as intangible assets in the first half-year 2021.

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 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

Segment report H1 2020

in thousand euros	Public Sector	Business Sector	secunet H1 2020
Segment revenue	101,028	12,388	113,416
Cost of sales	-71,689	-12,800	-84,489
Selling expenses	-5,889	-2,340	-8,229
Research and development costs	-1,185	-16	-1,201
Administrative costs	-2,786	-465	-3,251
Segment result (EBIT)	19,479	-3,233	16,246
Interest result			-160
Group profit before tax			16,086
Goodwill	3,325	1,300	4,625

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	
	2021	2020	2021	2020	2021	2020
Geographical allocation						
Domestic	109,016.2	90,596.7	25,010.6	12,186.3	134,026.8	102,783.0
Abroad	13,400.1	10,431.3	156.5	201.7	13,556.6	10,633.0
Total	122,416.3	101,028.0	25,167.1	12,388.0	147,583.4	113,416.0
Revenue generation						
Consultancy business	13,105.6	11,349.6	3,467.8	3,967.5	16,573.4	15,317.1
Product business	109,310.7	89,678.4	21,699.3	8,420.5	131,010.0	98,098.9
Total	122,416.3	101,028.0	25,167.1	12,388.0	147,583.4	113,416.0
Recognition of sales revenue						
Over time	25,855.7	20,716.3	12,204.6	7,492.3	38,060.3	28,208.7
At a point in time	96,560.6	80,311.7	12,962.5	4,895.7	109,523.1	85,207.3
Total	122,416.3	101,028.0	25,167.1	12,388.0	147,583.4	113,416.0

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 2021 in euros	Mandatory as FVTPL	Carrying amounts			Fair value			Total fair values
		At amortised cost	Other finan- cial liabilities	Total carry- ing amounts	Level 1	Level 2	Level 3	
Financial assets measured at fair value								
Non-current financial assets	6,253,808.82	–	–	6,253,808.82	–	6,253,808.82	–	6,253,808.82
Financial assets not measured at fair value								
Cash and cash equivalents	–	63,710,385.39	–	63,710,385.39	–	–	–	–
Trade recei- vables	–	48,913,989.81	–	48,913,989.81	–	–	–	–
Intercompany financial assets	–	43,376.10	–	43,376.10	–	–	–	–
Other current and non-current assets	–	7,925,656.35	–	7,925,656.35	–	–	–	–
	0.00	120,593,407.65	0.00	120,593,407.65	0.00	0.00	0.00	0.00
Financial liabilities not measured at fair value								
Trade accounts payable	–	–	28,563,395.78	28,563,395.78	–	–	–	–
Intercompany payables	–	–	53,404.29	53,404.29	–	–	–	–
Other current liabilities	–	–	1,803,941.75	1,803,941.75	–	–	–	–
	0.00	0.00	30,420,741.82	30,420,741.82	0.00	0.00	0.00	0.00

31 Dec 2020 in euros	Carrying amounts				Fair value			
	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	6,275,349.00	–	–	6,275,349.00	–	6,275,349.00	–	6,275,349.00
Financial assets not measured at fair value								
Cash and cash equivalents	–	101,648,590.01	–	101,648,590.01	–	–	–	–
Trade receivables	–	52,158,122.74	–	52,158,122.74	–	–	–	–
Intercompany financial assets	–	134,047.27	–	134,047.27	–	–	–	–
Other current and non-current assets	–	7,618,459.54	–	7,618,459.54	–	–	–	–
	0.00	161,559,219.56	0.00	161,559,219.56	0.00	0.00	0.00	0.00
Financial liabilities not measured at fair value								
Trade accounts payable	–	–	25,513,127.45	25,513,127.45	–	–	–	–
Intercompany payables	–	–	75,120.94	75,120.94	–	–	–	–
Other current liabilities	–	–	5,997,733.75	5,997,733.75	–	–	–	–
	0.00	0.00	31,585,982.14	31,585,982.14	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 2021 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 2021 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, 10 August 2021

Axel Deininger

Torsten Henn

Dr. Kai Martius

Thomas Pleines

Further information

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, 10 August 2021

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 2021 to 30 June 2021, which are integral parts of the Half-Year 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, 10 August 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Lutz Granderath
Wirtschaftsprüfer
(German Public Auditor)

Michael Herting
Wirtschaftsprüfer Lutz
(German Public Auditor)

Financial Calendar 2021

11 August
Half-Year Report 2021

3 November
Group Quarterly Statement as at 30 September 2021

Imprint

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