

**CY4GATE'S BOARD OF DIRECTORS APPROVED
THE ANNUAL FINANCIAL STATEMENTS, THE CONSOLIDATED FINANCIAL STATEMENTS
AND THE SUSTAINABILITY REPORT AS AT 31ST DECEMBER 2022**

**THE SIGNIFICANT CONSOLIDATED PRODUCTION VALUE CONFIRMS THE CENTRALITY
AND RELEVANCE OF THE CY4GATE GROUP IN THE WORLD OF NATIONAL AND
INTERNATIONAL DECISION INTELLIGENCE AND CYBER SECURITY**

**ALL NECESSARY STEPS OF THE PROJECT TO TRANSFER THE COMPANY'S ORDINARY
SHARES FROM THE EURONEXT GROWTH MILAN MULTILATERAL TRADING SYSTEM TO
EURONEXT STAR MILAN HAVE BEEN APPROVED**

CONTRACTS WORTH OVER €15 MILLION SIGNED SINCE THE BEGINNING OF THE YEAR

ORDINARY GENERAL MEETING CONVENED ON ON 27TH APRIL 2023

CONSOLIDATED FIGURES AS AT 31ST DECEMBER 2022

- **Revenues:** €56.5¹ million (€ 17,9 million)² + **216%**
- **R&D investments:** €3.6 million with an increase of **27%** compared to 2021
- **EBITDA³** € 16.7 million (€ 8.2 million) + **103%**
- **EBITDA Margin 30%**
- **Amortisation, Depreciation and Extraordinary Integration Costs:** €16.6 million⁴
- **Profit for the year:** €2.4 million (profit of €5.2 million)
- **Positive NPF** €3 million⁵ – (negative for € 1.8 million)

Rome, 23rd March 2023 - The Board of Directors of **CY4GATE** (EGM: CY4) – a company operating in the Cyber Intelligence & Security market, met today under the chairmanship of Domitilla Benigni to approve the Draft Financial Statements and examine the Consolidated Financial Statements and the Sustainability Report as at 31st December 2022, currently being audited by KPMG.

1 The economic and financial figures as at 31st December 2022 include the consolidation of the RCS Group acquired on 29th March 2022

2 Figures in brackets refer to the economic and financial data as at 31st December 2021 of Cy4Gate S.p.A. alone.

3 EBITDA: Alternative Performance Indicator – EBITDA (Earnings Before Interest Taxes Depreciations and Amortisations - Gross Operating Margin) is an alternative performance indicator not defined by the Italian accounting principles but used by the company's management to monitor and evaluate its operating performance, in not being affected by volatility due to the effects of the various criteria for determining taxable income, the amount and characteristics of capital employed as well as the relative amortisation and depreciation policies. This indicator is defined for Cy4Gate as Profit/(Loss) for the period before amortisation, depreciation and write-downs of tangible and intangible assets, financial income and expenses, as well as income tax. The value does not include €3.6 million of acquisition-related costs (transaction and integration costs).

4 Amortisation/depreciation is shown gross of write-downs related to the purchase price allocation on software-related intangible assets totalling €3.1 million.

5 Following IFRS 16, leases and rents are recognised under financial liabilities, the value of which is €3.3 million in 2022, compared to €2.1 million in 2021.

Emanuele Galtieri, CEO & General Manager of Cy4Gate, stated, *“The year 2022 was one of many challenges and difficulties for all but nevertheless, we achieved important milestones. We confirmed and consolidated our growth strategy, based on the ability to develop, maintain and increase distinctive skills and technological excellence. We continued our efforts towards the creation of an Italian and European hub of technological*

competence that today boasts a portfolio of more than 10 proprietary products, equally divided between Cyber Intelligence and Cyber Security. This is also thanks to the M&A initiatives that, in 2022, saw the conclusion of the deal with RCS, today in an advanced phase of corporate integration, continuing in this first quarter with the inclusion of the French company DIATEAM within the Group's perimeter, in the wake of the already-declared process of European aggregation of the best cyber resources.

We end the 2022 financial year with a significant volume of revenue realised through the sale of cutting-edge proprietary technologies and solutions that constitute an important gap-filler with respect to the operational requirements expressed by domestic and foreign customers.

Investment in R&D has been and continues to be a major success factor enabling us to maintain market leadership in the niche in which we have decided to position ourselves.

The company intends to be the industry benchmark in terms of product quality, reliability and commitment to social sustainability.

Although the year 2023 does not appear to be going downhill – as the early strong financial turbulence alongside ongoing conflicts seemed to indicate – we are aware that we can count on the mix of skills, expertise and technologies hailing from the various realities comprising the Group and that, in their diversity, constitute the strong point for good orientation in macroeconomic and geopolitical scenarios that will continue to be characterised by extreme volatility and complexity.”

The Annual Report and Consolidated Financial Statements as at 31st December 2022 have been drawn up in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the understanding of International Financial Reporting Standard Interpretation Committee (IFRS IC, formerly IFRIC) and the ex Standing Interpretations Committee (SIC) (hereinafter referred to as the “IAS/IFRS Principles”), endorsed by the European Union following the entry into force of Regulation (EC) no. 1606/2002 issued by the European Parliament and European Council in July 2002.

The Consolidated Financial Statements as at 31st December 2022 include the consolidation of the RCS Group as of 1st April 2022 (per the Press Release on Closing the Acquisition of the RCS Group ex Aurora of 29th March 2022).

MAIN CONSOLIDATED ECONOMIC-FINANCIAL DATA AS AT 31ST DECEMBER 2022

Revenues from sales and services (Production Value) totalled €56.6 million, showing an increase of 216% compared to 31st December 2021 (€17.9 million). This increase is due both to the 9-month consolidation of the RCS Group acquired in late March 2022 as well as double digit organic growth of 22%⁶

⁶ Intercompany net revenue

due to the significant number of contracts signed by parent company Cy4Gate during the year, with a considerable peak in the last quarter of the year, with both corporate and government clientèle.

The group has further developed its presence in foreign markets by pushing the proportion of foreign sales to 47% of the total, a strong increase compared to 2021 (Italian sales of 53%). The Group's "**Pro-forma full year**"⁷ revenues from sales and services (Production value) as at 31st December 2022 - amounted to **€ 68 million**.

Total costs came to around €39.9 million (€9.7 million). The increase compared to the financial year 2021 is related to both the 9-month consolidation of the RCS Group and the hiring of new technical and commercial resources:

- The cost of raw materials and services, which went up mainly because of business volumes, with a lower incidence compared to revenues due to the different product/service mix;
- Personnel costs that is attributable, in addition to the increase in costs associated with the RCS resources acquired in the transaction, to the strengthening of the structure, especially to meet the needs of R&D projects and contractual deliveries.

EBITDA equalled €16.7 million (€8.2 million) and showed an **EBITDA Margin** of 30%. The margin remains high despite the reduction compared to 2021 (46%) due to the mix effect between Cy4Gate and RCS. The Group's **Pro-forma Full Year EBITDA** as of 31st December 2022 was €19 million, with a significant increase over 2021 due to both organic growth and successful M&A opportunities pursued so far.

Depreciation and amortisation amounted to €13 million (€3.6 million). Their higher incidence on revenues is essentially linked to the *Purchase Price Allocation* mechanism (€3.1 million of amortisation/depreciation over the year) effectuated on the goodwill generated by the Aurora transaction, which resulted in the allocation of some €12 million to assets related to proprietary Software. This asset recognised in accordance with IFRS 3 will be amortised over 3 years and represents a one-off item of an accounting nature. The effect is also linked to the significant investments the group is making to expand its proprietary product offering.

EBIT amounted to €0.1 million (€4.6 million) influenced by both the PPA of €3.1 million and the extraordinary costs incurred during 2022 for the conclusion of the RCS transaction and for AUCAP amounting to approximately €3.6 million. Net of these one-off items, the Group's adjusted EBIT amounted to €6.8 million, while the Group's "**Pro-forma full year**" **adjusted EBIT** amounted to €8.2 million as at 31st December 2022.

Profit for the year amounted to €2.4 million, compared to €5.2 million for the 2021 financial year.

Net assets totalled €122.5 million (€30.3 million).

The **net financial position** was *cash positive* by €3 million, compared to a negative €1.7 million as at 31st December 2021 (both including leasing payables pursuant to IFRS 16). This positive balance is mainly determined by an initial optimisation post-M&A and thus by a more efficient current management along with the residual of the capital increase carried out to support the RCS deal. Financial liabilities mainly consisted of the financing for the acquisition of the RCS Group in the amount of €12.5 million and liabilities arising from the application of IFRS16 in the amount of €3.3 million.

⁷ Pro forma figures as at 31st December 2022 prepared considering the acquisition of the RCS Group from the beginning of 2022

MAJOR EVENTS DURING THE 2022 FINANCIAL YEAR

In **January 2022**, Cy4Gate was mentioned in the Gartner report, “Innovation Insight for Composite AI**” as a “Representative Provider” for Composite Artificial Intelligence solutions for the year 2022.

On **10th January 2022**, Cy4Gate signed a contract for the supply of a Cyber Intelligence system worth approximately €600,000, supported by several Cyber Security modules, which shall be implemented on a proprietary software platform for a leading government agency.

On **25th February 2022**, Cy4Gate was formally informed by the Prime Minister’s Office that there was no “golden power” impediment to the company’s acquisition of 100% of the Aurora Group, for which a preliminary purchase agreement was signed on 16th December.

In the **first two months of 2022**, Cy4Gate was awarded a number of contracts with leading governmental customers and big corporations for a total value of approximately €700,000. Then, on 28th February 2022, it also announced having entered into a contract for the supply of a decision intelligence solution for a total value of €1.2 million, as part of a larger programme for a national institutional client.

On **14th March 2022**, Cy4Gate successfully completed the capital increase for a total of €90 million at a price of €10.5 per share for a total number of 8,571,428 shares undersigning:

- €10 million, corresponding to 952,381 shares, from Elettronica S.p.A., in execution of subscription commitments undertaken by the same;
- €40 million, corresponding to 3,809,524 shares, by TEC Cyber S.p.A., a company set up by the shareholders of The Equity Club, in execution of the signing commitments undertaken by the same;
- And the remaining €40 million, corresponding to 3,809,523 shares, from Italian and foreign institutional investors through an Accelerated Book Building (ABB) procedure.

This was the largest accelerated primary placement in Italy since November 2019.

On **21st March 2022**, Cy4Gate took on the leading role of an Italian-German R&D consortium of the European Defence Agency in the CERERE project with a total value of €1.3 million.

On **29th March 2022**, Cy4Gate finalised the purchase of 100% of the Holding Aurora.

On **3rd May 2022**, Cy4Gate was awarded a major order worth around €1.6 million to supply a Cyber Intelligence solution for a national client.

On **1st June 2022**, the Board of Directors of Aurora S.p.A., a wholly-owned subsidiary of Cy4Gate, approved the Draft Financial Statements and the Consolidated Financial Statements as at 31st December 2021, with economic margins significantly up compared to 2020.

On **15th June 2022**, Cy4Gate was awarded a contract for the supply (at a value of € 1.0 million) of an evolutionary activity package of the decision intelligence system already acquired and in use by the same client.

On **16th June 2022**, Domitilla Benigni, President of the Cy4Gate Group, was appointed as a member of the Technical Scientific Committee of the National Cybersecurity Agency.

On **4th July 2022**, Cy4Gate was awarded a contract to supply its own Cyber Intelligence solution with a major national public client worth €1.4 million.

On **12th July 2022**, Cy4Gate was awarded contracts with leading public administration and corporate customers, worth a total of more than €1 million, for the provision of its RTA SIEM to protect proprietary ICT infrastructures and bring them up to the highest standards of cyber resilience against potential cyber-attacks.

On **22nd July 2022**, Cy4Gate applied to join the ABI Lab Consortium, the ABI-promoted Research and Innovation Centre for Banking, attending its first meeting the week prior, as a joint gathering of the AI Hub and CyKSA (Cyber Knowledge and Security Awareness) Observatory.

On **26th July 2022**, Cy4Gate was awarded with the consortium that guides the R&D of the European Defence Agency, with a project called “AI Framework for Improving Cyber Defence Operations” (AIception). Its aim is to develop techniques and tools that – based on the use of advanced Artificial Intelligence algorithms – are able to detect possible malicious intrusions on systems and equipment at an early stage, generating alerts that prevent

cyber attacks from having an impact on vital defence and security operations.

On **1st August 2022**, Cy4Gate joined the UN Global Compact.

On **5th September 2022**, Cy4Gate was named amongst the finalists of the Real Deals ESG Awards 2022, under the ESG Tech category, as an initiative promoted by a leading international private equity magazine with the aim of identifying and celebrating those making positive changes through ESG in private equity.

On **6th September 2022**, Cy4Gate was granted a contract worth a total of €1.9 million with a major Italian corporate player in the hi-tech sector.

On **20th October 2022**, Cy4Gate signed a preliminary agreement to purchase approximately 55% of DIATEAM, a French company specialising in the design, development and implementation of advanced systems for testing, validation and training in the domain of cyber security for government and corporate clients.

On **8th November 2022**, Cy4Gate was conferred the “Cyber Security Made in Europe” Label, a prestigious and unique certification for cyber security companies with a registered office and main market in Europe.

On **24th November 2022**, Cy4Gate was awarded the Industria Felix Prize, amongst the top Italian-based companies for management performance and Cerved financial reliability in the innovative sector.

On **28th November 2022**, Cy4Gate signed a commercial cooperation agreement with Almaxwave, a leading company in Artificial Intelligence (AI), natural language analysis and Big Data services, aimed at integrating some of Almaxwave’s technologies pertaining to natural language recognition and interpretation capabilities into Cy4Gate’s Decision Intelligence platforms.

In late November, Cy4Gate was awarded a series of major contracts worth a total of €5 million, in Italy and abroad, for the supply of the Cyber Security and Cyber Intelligence systems included in its product portfolio. Then in early December, contracts awarded amounted to some €6 million for the supply and maintenance of cyber intelligence systems included in its product portfolio on behalf of leading Italian and foreign customers.

On **5th December 2022**, Cy4Gate signed a business cooperation agreement with Atlantica Cyber Security, a subsidiary of Atlantica Digital specialising in defending businesses against cyber-attacks. Atlantica will provide monitoring and incident response services whilst Cy4Gate will develop and provide cybersecurity protection technologies through its flagship product, Real Time Analytics.

SIGNIFICANT EVENTS OCCURRING AFTER YEAR’S END

On **30th January 2023**, following the fulfilment of the suspensive conditions, Cy4Gate concluded the purchase of 55.33% of DIATEAM, for a price of €5.5 million, further expanding the cyber security offering in the segment, which will include the “cyber digital twin” in the product range.

On **9th February 2023**, Cy4Gate signed a major foreign contract worth €9 billion to supply decision intelligence systems to major institutional customers.

On **14th February 2023**, Cy4Gate was awarded contracts for the supply of its modern SIEM RTA along with the verticalisation and integration to protect both governmental and corporate entities for a total value of around €1.3 million.

On **2nd March 2023**, Cy4Gate was awarded three major contracts with institutional clients in Italy and abroad for a total value of around **€5.7 million**.

BUSINESS OUTLOOK

The Cyber Intelligence and Cyber Security markets continue to be particularly attractive and experiencing strong growth, showing a Compound Annual Growth Rate above 15% over the three-year period.

This positive trend is further strengthened by the continuation of initiatives stemming from the PNRR (Italy’s Recovery and Resilience Plan) on Digital Transformation and Cybersecurity issues, as well as by the creation of a

European regulatory framework that – with the issuance of the NIS 2 Directive and DORA Regulation – envisages the need to implement not only organisational but also technological measures capable of guaranteeing the resilience of IT systems and processes, especially in those sectors where cybersecurity represents an essential measure for business and operational continuity.

Such factors will enable the Cy4Gate Group – which today represents a unicum in the Italian and European context for having combined skills and expertise in the realisation of both cyber security and cyber intelligence technologies – to pursue a solid order acquisition programme over the next three years and look forward to achieving positive economic/financial results in the short-/medium-term.

Indeed, over the last three years, the Cy4Gate Group has successfully realised its strategic objectives, namely: i) becoming the first player in the national Law Enforcement market; ii) starting to establish and consolidate marked competence in Made-in-Italy Cyber products and technologies; iii) developing brand awareness and visibility in the industries of reference (Cyber Intelligence and Cyber Security); iv) strengthening its foreign footprint (both through organic growth and Merger & Acquisitions initiatives).

As such, the Group will continue to pursue its strategic vision of consolidation in the cyber domain, through the implementation of the following five key strategic directions, constituting the key enablers of the project:

- i) Adopt a distinctive business model with go-to-market focused by customer category;
- ii) Realise scaled customisable cyber products and solutions that satisfy the most challenging European standards;
- iii) Strengthen the Group’s brand to support the post-integration change story with the new entities belonging to the Group;
- iv) Pursue further specific M&A initiatives within the niche in which the Board is working to identify and analyse potential targets and extend the existing virtuous partnership model to accelerate expected growth accompanied by effective de-risking;
- v) Intensify investments in Human Resources, as a key asset of the Group.

Furthermore, counting on the solid synergy existing with Elettronica S.p.A. and thus with an integrated group perspective, the company will continue to invest in “disruptive” technologies for the Cyber Electronic Warfare market which, in the context of the Aerospace & Defence sector, is characterised by significant challenges and supported by equally-significant global investments, at a time when we are witnessing the modernisation of defence systems in a “network-centric” and therefore interconnected perspective, with the consequent need to strengthen cyber resilience.

In light of the above considerations, double-digit growth in revenues and a gradual improvement in margins are expected, thanks to the streamlining of the operating structure and the increase in sales, as well as a more robust launch of the PNRR projects.

ALLOCATION OF THE RESULT FOR THE YEAR

- Together with the approval of the Financial Statements of the parent company CY4Gate S.p.A. as at 31st December 2022, in the amount of €4,463,577, the result for the year is allocated in full to retained earnings since the limits set for the legal reserve have already been reached.

MAIN INDICATORS OF THE SUSTAINABILITY REPORT AS AT 31ST DECEMBER 2022

The Board of Directors approved the second Sustainability Report as at 31st December 2022, drawn up in accordance with GRI Standards 101:2016 – Reporting Principles (“Compliant - Core” option).

In adherence to its vision, the Cy4Gate Group strives to make an active contribution to a safer world and to protect people’s fundamental rights through its Cyber technologies and products.

Cy4Gate remains committed to making an active contribution to 5 of the 17 of the Sustainable Development Goals under the UN 2030 Agenda, namely:

- Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all;
- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
- Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation;
- Ensure sustainable consumption and production patterns;
- Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
- Achieving gender equality through the empowerment of women for better operational efficiency and social inclusion

TRANSLISTING ON EURONEXT STAR MILAN AND INCENTIVE PLAN

In today's meeting, the Company's Board of Directors took the resolutions preparatory to the completion of the project for the translisting of the Company's ordinary shares from the multilateral trading system Euronext Growth Milan to Euronext STAR Milan, a regulated market organised and managed by the Italian Stock Exchange (Borsa Italiana S.p.A.).

The Board of Directors also resolved, subject to the favourable opinion of the Committee for Transactions with Related Parties, on a three-year incentive plan based on stock grants to incentivise and retain key personnel of the Company and its subsidiaries. For the Company to be able to dispose of the shares to service the plan, the Shareholders' Meeting to be convened in the near future will be called to resolve, inter alia, on the authorisation to purchase and dispose of treasury shares.

The listing project, together with the amendments to the Company's by-laws in preparation for the listing on Euronext STAR Milan, will be submitted to the approval of the Shareholders' Meeting to be held on 27 April 2023, on first call, and, if necessary, on 28 April 2023, on second call, as indicated below. Equita SIM S.p.A. acts as Listing Agent for the purpose of listing the Company's shares on Euronext STAR Milan.

NOTICE OF CALL OF ORDINARY SHAREHOLDERS' MEETING

The Board of Directors also resolved to convene the Ordinary Shareholders’ Meeting on 27th April 2023 on first call and, if necessary, on 28th April 2023 on second call at the time and at the place that will be communicated in the relevant notice of call, which will be published in accordance with the law and the Bylaws.

The notice of call of the Shareholders' Meeting shall also indicate the modalities for participation in the meeting, in accordance with the provisions of the law in force at the time.

FILING OF DOCUMENTATION

The documents relating to the Shareholders' Meeting with the items on the agenda, including the draft Financial Statements as at 31st December 2022, the group's Consolidated Financial Statements as at 31st December 2022, the management report, the Independent Auditors' Report and the Statutory Auditors' Report as well as the directors' reports on the items on the agenda of the Shareholders' Meeting will be made available to the public, within the legal terms, at the Company's registered office and at the 1Info storage mechanism (www.1info.it) and in the Investor Relations section of the website www.cy4gate.com.

The Group's results for the financial year 2022 will be presented to the financial community on 24 March 2023 during a conference call at 10:00 AM CET 9:00 AM (UK)

To participate in the Conference Call it is necessary to connect, at least 10 minutes before it starts, to the following numbers

- for Italy: +39 02 362 13 011
- for the UK: + 44 121 281 8003

ABOUT THE CY4GATE GROUP

The Company was founded in 2014 to meet an unconventional demand for cyber security. Listed on the Euronext Growth Milan since June 2020, the CY4GATE GROUP was conceived to design, develop and produce technologies and products, systems and services that are able to meet the most stringent and modern Cyber Intelligence & Cyber Security requirements, as expressed by Law Enforcement Agencies, Armed Forces, Institutions and Companies, both at home and abroad. A unique Italian industrial project, Cy4Gate operates in all facets of the cyber market, with proprietary products that meet the needs for information collection and analysis as well as security.

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Attached are the Reclassified Income Statements and Consolidated Balance Sheets of the Parent Company as at 31st December 2022.

RECLASSIFIED CONSOLIDATED PROFIT AND LOSS STATEMENT AS AT 31ST DECEMBER 2022

Reclassified Income Statement (in million euro)	Financial year closed at	
	31/12/2022	31/12/2021
Revenue	56.6	17.9
Purchase, service and other operative costs	20.2	6.8
Personnel Costs	23.3	5.7
R&D Investments	(3.6)	(2.9)
Costs	39.9	9.7
EBITDA	16.7	8.2
EBITDA Margin	30%	46%
Amortisation, depreciation, write-downs and value adjustments of financial assets	9.9	3.6
EBIT adjusted	6.8	4.6
Extraordinary costs (one off)	3.6	-
Amortisation/depreciation (connected to the PPA)	3.1	-
EBIT	0.1	4.6
Financial Income (Charges)	(0.9)	(0.1)
Taxes	3.2	0.6
Profit (Loss) for the year	2.4	5.2

RECLASSIFIED CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2022

Reclassified Balance Sheet (in million euro)	Financial year closed at	
	31/12/2022	31/12/2021
Fixed asset	70.1	10.3
Inventories	0.8	0.1
Assets (liabilities) arising from contracts	(1.0)	1.5
Commercial credits	64.5	23.6
Commercial dues	(10.6)	(4.3)
CCO	53.7	20.8
Other assets (liabilities)	(4.4)	0.9
CCN	49.3	21.7
CIN	119.4	32.0
Liquid assets	19.9	2.3
Financial activities	1.8	-
Financial liabilities	(15.4)	(2.0)
Lease liabilities	(3.3)	(2.1)
PFN	3.0	(1.8)
Net assets	(122.5)	(30.3)
Total sources	(119.4)	(32.0)