

Press release

**CY4GATE'S BOARD OF DIRECTORS APPROVED THE CONSOLIDATED FINANCIAL REPORT AS OF 30TH
JUNE 2023**

**EXCELLENT GROUP PERFORMANCE FOR THE MAIN ECONOMIC INDICATORS COMPARED TO 1H 2022,
THANKS TO M&A CONSOLIDATION AND ORGANIC GROWTH:
REVENUES +106%, EBITDA +137%**

**ORDERS ACQUIRED OF € 22.5 MILLION +142% COMPARED TO € 9.3 MILLION IN THE FIRST HALF OF
2022, MAINLY DRIVEN BY THE FOREIGN MARKET**

**TOP MANAGEMENT'S FULL COMMITMENT IN THE CONTINUATION OF THE INTEGRATION OF THE RCS
AND DIATEAM COMPANIES AND IN THE OPTIMIZATION OF GOVERNANCE**

**THE TRANSLISTING PROJECT OF THE COMPANY'S ORDINARY SHARES TO THE EURONEXT STAR MILAN
SEGMENT OF THE ITALIAN STOCK EXCHANGE COMPLETED**

- **Revenues** € 33.1 million (€ 16.0 million)¹ +106%;
- **EBITDA**² € 5.5 milioni (€ 2.3 milioni) +137%;
- **EBITDA Margin** 16% (14%);
- **Net Assets** € 119.7 million (€ 122.5 million);
- **NFP negative**³ by € 10.8 million (positive € 3.1 million).

Roma, 13th september 2023 – The Board of Directors of **CY4GATE** (CY4.MI), company active in the 360° cyber market, which met today approved the Consolidated Financial Report as at 30 June 2023.

Emanuele Galtieri, CEO & General Manager of Cy4Gate Group commented: *“The first six months of 2023 close with a revenue performance at Group level which reported an increase of 106% in absolute terms and of over 20% considering the pro forma data of the RCS Group for the first half of 2022. Orders recorded a marked increase of 142% compared to the first half of 2022, mainly driven by foreign business in the decision and forensic intelligence segments, confirming the strengthening of the Group's market position in the aforementioned sectors. It is a general performance, therefore, which confirms the solidity and scalability of our business model, entirely focused on the creation of technological solutions in the cyber domain. The consistent seasonality of the turnover remains confirmed, which this year too according to our estimates will have a good acceleration in the last quarter in accordance with what has been recorded in the past four years. Margins, which improved by 2*

¹ Figures in brackets refer to the economic and financial data as at 30 June 2022 and 31 December 2022

² 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 €2.4 million of acquisition-related costs (transaction and integration costs).

³ NFP does not include the provision for contingent financial liabilities related to the earn-out in the amount of €5.4 million for Diateam, however, it does include leases and rents in the amount of €3.8 million in application of IFRS 16.

percentage points compared to the first half of 2022, are still affected by the effect of linear personnel costs, in particular engineering, which will normalize in the second half due to the seasonal effect. The half-year profit is still impacted by the higher costs associated with extraordinary operations and the transition to the STAR segment. The outlook for the second half of the year is therefore positive, confirming a closure in 2023 according to our estimates and expectations".

The consolidated half-yearly financial report 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 scope of consolidation includes the first 6 months of the Cy4Gate company, the RCS Group and the DIATEAM company whose acquisition was completed in January 2023.

CONSOLIDATED ECONOMIC-FINANCIAL DATA AS OF JUNE 30, 2023

Revenues from sales and services amount to € 33.1 million, with an increase of approximately 106% compared to 30 June 2022 (€ 16.0 million) and remain conditioned by strong seasonality, with a greater increase expected in the last 3 months of the year, as per industry standard. The recent acquisition of DIATEAM has made it possible to strengthen the "cyber security" segment with the introduction of the "Cyber Hybrid Digital Twin" into the portfolio, dedicated to both B2G and B2B and which enriches and completes the customer value proposition in the cyber business line safety. Furthermore, a contribution of 54% at the domestic market level and 46% on the international market is highlighted, thus strengthening the Group's presence in the foreign market.

Total costs amount to approximately € 31 million in line with the group's growth objectives.

EBITDA is equal to € 5.5 million (€ 2.3 million) and highlights an **EBITDA Margin** of 16%. The margin increased compared to the comparative 2022, with important investments especially in qualified personnel made already starting from the last financial year in the technical-engineering areas aimed at the continuous development, improvement and update of the products and technologies necessary to achieve the Group's objectives.

EBIT is negative by € 5.1 million (€ 4.7 million). The operating result is affected by increasing depreciation and provisions due to the investments made to support growth and, as already highlighted, reflects the seasonality that characterizes the business of the Group companies, the transaction costs linked to acquisitions and the translisting operation as well as the effect of the Purchase Price Allocation (PPA) and the related amortization.

Due to the foregoing, the loss for the period amounted to € 2.8 million (€ 4.3 million), a clear improvement compared to the same period of the previous year.

Shareholders' equity stands at € 119.7 million (€ 122.5 million).

The **net financial position** is cash negative by € 16.2 million, down compared to 31 December 2022 (positive € 3 million) due to the acquisition of DIATEAM and the typical cash absorption of the first half of the year linked to the seasonality of the business.

MAIN SIGNIFICANT EVENTS THAT OCCURRED DURING THE FIRST HALF OF 2023

- On **11 January 2023** Cy4Gate signed a contract for the supply of a new cyber security product, called "SENTRY", completely created by the company for a primary public entity, worth approximately € 600,000.
- On **January 30, 2023**, the closing of the transaction relating to the acquisition of 55.33% of DIATEAM SAS, a French company specialized in the design, development and creation of advanced systems for testing, validation and training in the cyber domain, was carried out security, for government and corporate clients, in compliance with previously stipulated agreements. The consideration is equal to € 5.5 million, agreed on the basis of an Enterprise Value of approximately € 10 million as well as on the continuation of the operating partners in the management of the company, including an earn out based on the 2022 EBITDA, the 2022 turnover and of the NFP adjustment at the closing date (€2.2 million). The investment strategy in DIATEAM aims primarily to expand Cy4Gate's offering in the cyber security segment, also allowing the Group to be consolidated outside the national market thanks to upselling and cross-selling opportunities on portfolio customers. Furthermore, the technological and professional synergies allow the know-how of both companies to be enriched, integrating and enriching their product offering along the cyber security value chain.
- On **9 February 2023** Cy4Gate was awarded a contract on Decision Intelligence with institutional clients in a European country for a total value of approximately € 9 million over 3 years.
- On **14 February 2023** Cy4Gate announced that over the last two weeks it had been awarded new contracts with primary corporate and government clients in the cyber security segment, for a total value of approximately € 1.3 million.
- On **2 March 2023** Cy4Gate was awarded three new institutional contracts in Italy and abroad in both the cyber security and cyber intelligence segments for a total value of approximately € 5.7 million.
- On **8 June 2023** Cy4gate and DeepCyber, an Italian company that offers solutions, technologies and knowledge as a services in the Cyber Threat Intelligence sector, announce that they have signed a synergistic agreement for solutions in the Cyber Threat Intelligence (CTI) sector. DeepCyber will provide its support in terms of technologies and know-how in Cyber Threat Intelligence that Cy4Gate will integrate with a view to further strengthening its cyber security business line.
- On **19 June 2023**, the Italian Stock Exchange, with provision no. 8956, ordered the admission to listing on the Euronext STAR Milan regulated market, organized and managed by Borsa Italiana, of the ordinary shares of Cy4Gate. With the same provision, Borsa Italiana ordered the simultaneous revocation of CY4 ordinary shares from trading on Euronext Growth Milan. On the same date, Cy4Gate also submitted the application to Borsa Italiana for admission of its ordinary shares to trading on Euronext STAR Milan.
- On **22 June 2023**, Borsa Italiana issued, with notice no. 24453, the start of trading on the regulated market Euronext Milan - STAR Segment of the Company's ordinary shares (ISIN IT0005412504) starting from last Monday 26 June 2023. On the same date, the ordinary shares of Cy4Gate were revoked from trading on

Euronext Growth Milan.

- On **28 June 2023** Cy4gate was awarded a Cyber Intelligence contract with foreign institutional clients for a total value of € 5.4 million over 1 year.

MAIN SIGNIFICANT EVENTS AFTER THE CLOSE OF THE FIRST HALF OF 2023

- On **4 July 2023**, following the conclusion of a series of business development campaigns, Cy4Gate was awarded several contracts for the supply of cyber security and forensic intelligence products mainly in Italy, for a total value of almost € 6.3 million for a period of 12 months.
- On **12 July 2023**, Cy4Gate and Reco 3.26, an Italian company specialized in Image Recognition and Video Analysis which offers innovative and customized Vision Intelligence solutions for public and private entities, announce that they have signed a strategic agreement for an artificial intelligence applied in the field of video analysis and computer vision, acquiring the exclusive right to use this technology in the context of the national Law Enforcement Agencies.
- On **26 July 2023**, Cy4Gate, having received and acknowledged the resignation of the Director Enrico Peruzzi, appointed the new director Alessandro Chimenton as replacement.
- On **2 August 2023**, Cy4Gate and JAKALA, MarTech company leader in digital transformation, announce that they have collaborated in the development of ProntoCyber®: the first e-commerce platform for cybersecurity designed for professionals, SMEs and Large Enterprises. This is an ambitious project that sees JAKALA's digital skills at the service of Cy4Gate's know-how on the cyber domain, creating a solution that fits into the Company's strategic portfolio and which aims to address and solve the needs in terms of cyber security for the market segment of Professionals and SMEs, particularly exposed to cyber risks and poorly prepared from a cyber resilience point of view.
- On **8 August 2023**, following the authorization obtained from the Shareholders' Meeting on 27 April 2023, the Board of Directors of Cy4Gate launched a treasury share buyback programme.
- On **29 August 2023**, Ethifinance completed the assessment of Cy4gate by issuing the first ESG rating with a score of 64/100, a marked improvement compared to 2021 in all areas assessed. With this score, Cy4Gate is significantly above the average of the 154 companies subject to the rating belonging to the IT sector.

OUTLOOK

The company intends to continue its path of organic and inorganic growth by focusing its strategy on the constant updating and development of its proprietary solutions, thus confirming its product-centric vocation. In particular, the strategy will continue to evolve based on the following pillars:

- Products: evolution of Cyber Intelligence and Cyber Security products with the addition of increasingly advanced functions and a greater level of automation thanks to the use of Composite Artificial Intelligence, whose particular innovative content is confirmed by Gartner with a new mention of the company among the sample vendors of the specific technology capable of creating integration and

synergies with all the proprietary solutions in the Group's portfolio which are developed 100% in Europe. The objective is the creation of an increasingly integrated offering capable of ensuring the supply not of simple products but of capabilities and turnkey cyber design solutions to customers. With this in mind, new important capacities will be released within the year:

- i. on cyber security: the RTA product, the latest generation Cy4Gate SIEM, will be enabled to operate on the cloud and, therefore, will allow the implementation of sales on SaaS, which streamlines installations, facilitating post-sales and will allow achieving a greater large panel of potential buyers both among high-end and medium/small companies following the market trend that is establishing itself. Offering on SaaS will allow an increase in recurring turnover albeit with lower initial volumes compared to on premises sales but with less choice by customers;
 - ii. on decision intelligence: new capabilities will be integrated which will make the ability to collect significant amounts of data and related analysis of the Quipo product for forensic purposes even more effective and with the use of specific artificial intelligence algorithms to support the entire intelligence cycle. This is a functionality that is added to those already launched of image recognition in partnership with ReCo and voice recognition and speech to text in partnership with Almagest.
- Market development: continue to strengthen the national market with a more incisive structuring of the sales force, also giving further push to the internationalization of the company on all the solutions offered;
 - Customers: ensure strong diversification and expansion of the customer base, particularly on the corporate market, through commercial partnerships with suppliers, distributors and VARs as well as with other players at a national and international level;
 - Extraordinary operations: guarantee the company structured growth in the field of cyber security, confirming the ambition of creating a European center of excellence in the specific domain;
 - Marketing and communication: giving greater push to "brand awareness" with specific reference to Cybersecurity and Decision intelligence solutions in Italy and abroad.

It is believed that the next few financial years will continue to be characterized by strong development in the Cy4Gate Group's reference markets. In particular, it should be noted that the cyber intelligence market is decisively supporting the growth of orders and revenues of the Group which counterbalance the expected push from European funds and the PNRR on the issue of cyber security; thrust which, to date, has not yet brought out the full potential deriving from the incentives for the digital transformation of the national productive fabric and the consequent need to adapt the infrastructures so that digitization moves hand in hand with the increase in cyber security levels.

The assumptions underlying the growth in Revenues over the three-year period derive from:

- consolidation and further increase of contracts with corporate and government customers with the current proprietary products;
- development of further features and integrations between the cyber owners in the portfolio;
- from expansion into foreign markets.

Over the last few years, the Cy4Gate Group has successfully achieved its strategic objectives: i) becoming the first player in the national Law Enforcement market; ii) starting the creation and consolidation of strong "Made in Europe" Cyber product and technology expertise; iii) developing brand awareness and visibility in the relevant industry (cyber intelligence and cyber security); iv) strengthening the foreign footprint (both with organic growth and thanks to M&A initiatives).

FILING OF DOCUMENTATION

A copy of the Consolidated Financial Report as of 30 June 2023, including the Independent Auditors' Report, will be made available to the public within the legal terms at the registered office in Rome, as well as through publication on the institutional website www.cy4gate.com in the "Investors" section /Financial Documents" and on the authorized storage mechanism www.1info.it

The Manager responsible for the preparation of the Company's financial reports – Marco Latini - declares, pursuant to paragraph 2 of Article 154-bis of the TUF, that the accounting information contained herein is consistent with the underlying accounting documents, books and records.

Additionally, this press release contains forward-looking statements concerning the Group's intentions, beliefs, or current expectations regarding the financial results and other aspects of the Group's activities and strategies. Readers of this press release should not place undue reliance on these forward-looking statements as the final results could differ materially from those contained in said forecasts, due to a variety of factors, most of which beyond the Group's control.

CY4Gate Group results for the first half of 2023 will be presented to the financial community on 14 September 2023 during a conference call at 10:00 AM (CET) 9:00 AM (UK).

For information, please contact the contacts at the bottom of this press release.

This Press Release is available on the "1info" (www.1info.it) storage mechanism and on the Company's website www.cy4gate.com.

About CY4Gate S.p.A.

The Company was founded in 2014 to meet an unconventional demand for cyber security. Listed on Euronext Growth Milan in June 2020, CY4Gate S.p.A. has also been listed on the Euronext Milan Star segment since June 2023. CY4Gate S.p.A. was conceived to design, develop and manufacture technologies and products, systems and services that meet the most stringent and modern "Cyber Intelligence & Cyber Security" requirements expressed by Law Enforcement Agencies, Armed Forces, Institutions and Companies, both at home and abroad. Representing a unique Italian industrial project, CY4Gate S.p.A. operates in all facets of the cyber market, with proprietary products that meet both information collection and analysis and security needs: QUIPO and AMICO in the world of Cyber Intelligence along with RTA, Diateam, CTI and Pronto Cyber in the world of Cyber Security.

CY4GATE S.p.A. – Part of ELT

Registered Office Via Coponia 8 – 00131 Rome
Share Capital 1,441,499.94 euro
Rome Business Register, Tax Code, VAT no. 13129151000
REA RM-1426295
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Attached are the Reclassified Income Statement and Consolidated Balance Sheet as at 30th June 2023.

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RECLASSIFIED CONSOLIDATED PROFIT AND LOSS STATEMENT AS AT 30TH JUNE 2023

Reclassified Income Statement (in million euro)	Financial year closed at	
	30/06/2023	30/06/2022
Operating Revenues	33.1	16.0
Other operating revenues	1.0	0.7
Revenue	34.1	16.7
Purchase, services and other operative costs	14.4	6.8
Personnel costs	16.8	8.7
R&D Investments	(2.7)	(1.1)
Costs	28.5	14.4
EBITDA	5.5	2.3
EBITDA Margin	16%	14%
Amortisation, depreciation, write-downs and value adjustments of financial assets	6.2	3.6
EBIT Adjusted	(0.6)	(1.3)
Extraordinary costs (one off)	2.4	2.4
Amortisation/depreciation (connected to the PPA)	2.2	1.0
EBIT	(5.1)	(4.7)
Financial Income (Charges)	(0.9)	(0.3)
Taxes	3.2	0.7
Profit (loss)	(2.8)	(4.3)
<i>of which third-party profit (loss)</i>	<i>0.4</i>	<i>0.1</i>

RECLASSIFIED CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2023

Reclassified Balance Sheet (in million euro)	Esercizio chiuso al	
	30/06/2023	31/12/2022
Fixed Asset	82.6	70.1
Inventories	0.5	0.8
Assets (liabilities) arising from contracts	2.7	(1.0)
Commercial credits	63.9	64.5
Commercial dues	(13.3)	(10.6)
OWC	53.7	53.7
Other assets (liabilities)	(0.4)	(4.4)
NWC	53.3	49.4
NIC	135.9	119.5
Liquid assets	10.8	19.9
Financial activities	1.7	1.8
Financial liabilities	(19.5)	(15.4)
Lease liabilities	(3.9)	(3.3)
NFP Adjusted	(10.8)	3.1
Adjustments for non-recurring events and/or extraordinary transactions	(5.4)	-
Net assets	(119.7)	(122.5)
Total sources	(135.9)	(119.5)