

Press Release

**THE BOARD OF DIRECTORS OF THE CY4GATE GROUP APPROVED THE CONSOLIDATED FIGURES AS AT
30 SEPTEMBER 2023**

**GROUP REVENUES +67% VS 9M 2022¹,
THANKS TO EXTERNAL CONSOLIDATION AND ORGANIC GROWTH**

CY4GATE SIGNS A PRELIMINARY AGREEMENT FOR THE ACQUISITION OF 77.8% OF IKS TN, FOLLOWING THE MERGER ALREADY INITIATED WITH XTN COGNITIVE SECURITY, AN ITALIAN CYBER SECURITY COMPANY, LEADER IN THE FIGHT AGAINST DIGITAL FRAUD THANKS TO ITS "COGNITIVE SECURITY PLATFORM", PROPRIETARY PLATFORM THAT WILL BE INTEGRATED INTO THE GROUP'S OFFERING THE AGREEMENT PROVIDES FOR MANAGEMENT TO REMAIN IN PLACE AND CONTINUE TO LEAD THE DEVELOPMENT OF THE BUSINESS WITHIN THE GROUP

**THE ENTERPRISE VALUE FOR 100% IS APPROXIMATELY € 10 MILLION
CLOSING EXPECTED BY THE END OF THE FIRST QUARTER 2024**

GIVEN FULL EXECUTION TO THE PLANS THAT CY4GATE HAS DECLARED TO THE MARKET SINCE THE IPO TO CREATE A EUROPEAN CYBER SECURITY TECHNOLOGY CENTRE (3 ACQUISITIONS IN TWO YEARS), ENSURING A FURTHER BOOST TO GROWTH BOTH EXTERNALLY AND ORGANICALLY

- **Revenues** € 43.6 million (€ 26.0 million)² (€ 37.3 million pro-forma)
- **EBITDA Adjusted**³ € 3.2 million (€ 1.0 million) (€ 3.3 million pro-forma)
- **NFP negative**⁴ € 15.6 million (positive € 3.1 million).

Rome, November 14, 2023 – The Board of Directors of **CY4GATE** (CY4.MI), company active in the 360° cyber market, which met today approved the Consolidated Interim Report as at 30 September 2023. On the same meeting, it gave final approval for the acquisition of the Italian company IKS TN.

¹ The perimeter as at 30 September 2022 includes the consolidation of the RCS Group acquired on 29 March 2022 and does not include the consolidation of DIATEAM, whose acquisition was finalised in January 2023. Based on the pro-forma perimeter that includes RCS, the growth is 17%.

² Figures in brackets refer to the economic and financial data as at 30 September 2022 and 31 December 2022

³ EBITDA: Alternative Performance Indicator – EBITDA Adjusted (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, integration and translisting costs).

⁴ The NFP does not include the provision for contingent financial liabilities related to the earn-out in the amount of €5.4 million for Diateam instead includes leases and rents in the amount of €3.7 million in application of IFRS 16.

Emanuele Galtieri, CEO & General Manager of Cy4Gate Group commented: *"The first nine months of 2023 closed with a good revenue performance that at Group level marks a 67% increase, although the characteristic strong seasonality of sales remains, which, also this year, according to our estimates should have a strong acceleration in the last quarter"*.

Galtieri continues: *"Our external development strategy is proceeding according to plan, keeping faith with the declarations that already at the time of the IPO emphasised the intention to make Cy4Gate a European centre of technological competence for the cyber world. We have therefore created all the preconditions to realise this third acquisition, which consolidates the track record of M&A deals concluded in this two years.*

Once again, we are dealing with a product company, XTN, which operates in the world of online anti-fraud with a significant footprint in banking and already present in gambling and automotive sectors, where we see significant synergies with Cy4Gate's products in terms of up-selling and cross-selling.

We are generating long-term prospects for the Group and laying the right foundations for solid growth in the three-year period 2024-2026, not as followers but as first movers, in a sector that is in turmoil and on the run, to create further value for customers and our shareholders".

Paolo Pittarello CEO of XTN Cognitive Security comments: *"From an industrial point of view, the operation will accelerate XTN's development, strengthening its position both nationally and internationally, ensuring technological synergies with services and solutions offered at Group level already in the short term"*.

CONSOLIDATED ECONOMIC-FINANCIAL DATA AS OF SEPTEMBER 30, 2023

Revenues from sales and services amounted to € 43.6 million, an increase of about 67% compared to € 26.0 million as at 30 September 2022. Revenues remain influenced by a strong seasonality, with a higher increase expected in the last three months of the year, as per industry standards.

In addition, there is a 57% contribution in the domestic market and 43% in the international market, thus strengthening the Group's presence in the foreign market.

EBITDA amounted to € 3.2 million compared to EBITDA of € 1.0 million (EBITDA pro-forma equal to € 3.3 million as at 30 September 2022).

Given the seasonality of sales, as shown above, **EBITDA margin** is not a meaningful indicator, also in view of the costs incurred in a linear manner during the course of the year, which therefore negatively impact margins.

Net financial position is cash negative for €15.6 million, down from 31 December 2022 (positive for €3.1 million) due to the effect of the acquisition of DIATEAM and the cash absorption typical of the first nine months related to the seasonality of the business.

PRELIMINARY AGREEMENT FOR THE ACQUISITION OF IKS TN, FOLLOWING THE ONGOING MERGER WITH XTN COGNITIVE SECURITY - ITALIAN CYBER SECURITY COMPANY

Cy4Gate, has signed a preliminary agreement for the overall purchase of 77.8% of IKS TN (as resulting from the merger by incorporation of XTN Cognitive security xtncognitivesecurity.com).

The **equity value of IKS TN** for 77.8% is approximately €9.7 million.

The **transaction is expected to close** by the end of the first quarter of 2024 subject to the fulfilment of certain conditions precedent, including the successful completion of the merger of XTN Cognitive Security into IKS TN.

The **total amount** will be paid in two tranches, namely:

- **87%** will be paid on the closing date;
- **remaining 13%** will be paid by 30 June 2027 in the event of full achievement of XTN's plan results as at 31 December 2026.

Following the closing, IKS's share capital will be respectively owned: 77.8% by Cy4Gate, 20% by a leading Italian company in anti-fraud consulting and system integration services for the banking sector (share will be purchased at the same time as Cy4Gate) and the remaining 2.2% will be held by Management, which is expected to remain in the company.

TRANSACTION STRATEGY

The acquisition of a majority stake of IKS TN (as a result of the merger of XTN Cognitive Security) stands as an investment in the acquisition of a technology to integrate and complement Cy4Gate's technology portfolio, enabling it to quickly go to market and gain access to important new market segments.

The product developed by XTN Cognitive Security, a multi-award winner and mentioned several times in Gartner and other market guides by analysts worldwide, enables the integration of the cyber security offering and a more effective reach into the banking market in the first place, among other things, by being able to gain further benefits through the collaboration with the ABI Lab Consortium, which Cy4Gate has been part of since 2022. The convergence between cyber security and anti-fraud, a trend that is emerging globally, will provide important business development opportunities both in terms of upselling the SIEM RTA and integrating the offering. The same product would also enable access to two further expanding markets, namely automotive and gambling, where XTN is already present.

Cy4Gate is thus preparing for new market challenges, through a structure enriched in size, skills and customer offering.

XTN COGNITIVE SECURITY DESCRIPTION

XTN Cognitive Security is an Italian company operating in the IT security sector, with a very strong expertise on solutions aimed at identifying risk behaviour typical of abuse or fraud.

Through its proprietary Cognitive Security Platform, XTN Cognitive Security is able to protect critical digital-based processes through the use of Artificial Intelligence and Machine Learning algorithms.

The biometric analysis functionality allows the identification and assessment of the authenticity of users at the time of access and during interaction with the digital service, while the behavioural analysis allows the identification in real time of unusual attitudes of the service user, which may be an indication of potential fraud.

The company generates 100% of its revenues in Italy. Below are some of the main economic and financial indicators as of 31 December 2022:

- Revenues: approx. € 3 million (+28% compared to FY21)
- EBITDA: approx. € 0.9 million (+30% compared to FY21)
- EBITDA margin: approx. 30% (up from approximately 29% in FY21)
- NFP: - € 3.4 million (cash positive)

MAIN SIGNIFICANT EVENTS THAT OCCURRED DURING NINE MONTHS 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.
- 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.

MAIN SIGNIFICANT EVENTS AFTER THE FIRST NINE MONTHS OF 2023

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

www.cy4gate.com – www.elettronicagroup.com

- On **11 October 2023**, Cy4gate was named among the finalists of the Real Deals ESG Awards 2023, ESG Tech category, an initiative promoted by a leading international private equity magazine with the aim of identifying and celebrating those who are making positive changes through ESG in private equity.
- On **23 October 2023**, Fabio Cipolat was appointed Chief Commercial Officer Corporate Italy & Europe and placed at the head of the newly established Marketing & Sales Department, strengthening the Company's commercial structure.
- On **27 October 2023**, Cy4Gate was awarded two contracts on Decision Intelligence with institutional clients in Italy and Europe for a total value of € 3.5 million for the duration of 18 months.
- On **9 November 2023**, Cy4Gate was awarded three contracts on Decision Intelligence with foreign institutional clients for a total value of € 2.3 million for the duration of 12 months.

OUTLOOK

The company intends to continue its organic and inorganic growth path 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 higher automation rate thanks to the use of Composite Artificial Intelligence. New features were integrated on RTA, which is now enabled to operate on the cloud and therefore open to the SaaS business model. In addition, the SOAR (Security Orchestration, Automation & Response) feature was implemented, which automates several functions of RTA, supporting operators in reacting and countering the most invasive cyber threats. The aim is to create a broad cybersecurity platform capable of providing increasingly wide-ranging technological solutions combined with niche services and domain verticals to strengthen our customers' "digital defence walls".
- **Market development:** continue to strengthen the national market with a more incisive structuring of the sales force for the corporate market, as well as giving further impetus to the internationalisation of the company on all the solutions offered;
- **Clients:** ensure strong diversification and expansion of the customer base, particularly in the corporate market, through commercial partnerships with suppliers, distributors and VARs as well as with other national and international players;
- **Extraordinary operations:** continue and strengthen the growth of cyber security, confirming the ambition to create a European centre of excellence in the specific domain;
- **Marketing and communication:** boosting "brand awareness" with specific reference to cybersecurity and decision intelligence solutions in Italy and abroad.

The assumptions underpinning the growth in revenues over the next three years are derived from:

- consolidation and further increase of contracts with corporate and government customers with current proprietary products;

- development of further functionalities and integrations between the proprietary cyber products in the portfolio;
- expansion into foreign markets.

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

FILING OF DOCUMENTATION

A copy of the Consolidated Interim Report as of 30 September 2023, 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 nine months of 2023 will be presented to the financial community on 15 November 2023 during a conference call at 11:00 AM (CET) 10:00 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.

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Attached are the Reclassified Income Statement and Consolidated Balance Sheet as at 30th September 2023

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RECLASSIFIED INCOME STATEMENT AS AT SEPTEMBER 30, 2023

Reclassified Income Statement (in million euro)	Financial year closed at	
	30/09/2023	30/09/2022
Operating Revenues	43.6	26.0
Other operating revenues	1.3	0.9
Revenue	44.9	26.9
Purchase, services and other operative costs	20.8	14.0
Personnel costs	24.2	14.4
R&D Investments	(3.3)	(2.5)
Costs	41.7	25.9
EBITDA	3.2	1.0
EBITDA Margin	7%	4%
Amortisation, depreciation, write-downs and value adjustments of financial assets	9.6	6.5
EBIT Adjusted	(6.3)	(5.5)
Extraordinary costs (one off)	2.4	2.9
Amortisation/depreciation (connected to the PPA)	3.1	2.0
EBIT	(11.8)	(10.4)
Financial Income (Charges)	(1.0)	(0.4)
Taxes	5.8	2.2
Profit (loss)	(7.0)	(8.6)
<i>of which third-party profit (loss)</i>	<i>0.6</i>	<i>0.7</i>

CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2023

Reclassified Balance Sheet (in million euro)	Financial year closed at	
	30/09/2023	31/12/2022
Fixed Asset	81.8	70.1
Inventories	0.7	0.8
Assets (liabilities) arising from contracts	2.6	(1.0)
Commercial credits	57.4	64.5
Commercial dues	(10.7)	(10.6)
OWC	50.0	53.7
Other assets (liabilities)	3.1	(4.4)
NWC	53.1	49.4
NIC	134.9	119.5
Liquid assets	6.5	19.9
Financial activities	1.7	1.8
Financial liabilities	(20.1)	(15.4)
Lease liabilities	(3.7)	(3.3)
NFP Adjusted	(15.6)	3.1
Adjustments for non-recurring events and/or extraordinary transactions	(5.4)	-
Net assets	(113.8)	(122.5)
Total sources	(134.9)	(119.5)