

Press release

CY4GATE, FOLLOWING THE FULFILLMENT OF THE SUSPENSIVE CONDITIONS SET OUT IN THE PRELIMINARY AGREEMENT OF LAST NOVEMBER, SIGNED, IN PARTNERSHIP WITH ALFA GROUP, THE CLOSING FOR THE ACQUISITION OF IKS TN, AN ITALIAN COMPANY ACTIVE IN CYBER SECURITY

THE PURCHASE OF THE 97.8% STAKE IN IKS TN, 77.8% BY CY4GATE AND 20% BY ALFA GROUP RESPECTIVELY, IT TOOK PLACE AT A TOTAL PRICE OF €12.7 MILLION

THE PARTNERSHIP WITH ALFA GROUP S.P.A. - LEADING ITALIAN COMPANY IN ANTI-FRAUD AND CYBER SECURITY SERVICES FOR THE BANKING SECTOR - WILL ALLOW TO STRENGTHEN THE GROWTH OF THE PRODUCT ON THE CORPORATE MARKET

WITH THIS OPERATION, NEW MARKET SEGMENTS WILL BE REACHED AND CY4GATE'S OFFERING IN THE CYBER SECURITY SECTOR WILL FURTHER EXPAND, WHICH WILL INCLUDE THE PROPRIETARY "COGNITIVE SECURITY PLATFORM" IN THE RANGE OF PRODUCTS

Rome, 16 January 2024 – **CY4GATE (CY4.MI)**, a national and European player in cyber security and cyber intelligence, announces that, following the fulfillment of certain conditions precedent, provided for in the Preliminary Agreement signed on 14 November 2023 (Cfr. [Press Release](#)) – including the completion of the merger by incorporation of XTN Cognitive Security into IKS TN, signed, in partnership with Alfa Group, the closing for the purchase of 97.8% of IKS TN, an Italian cyber security company operating in the IT security sector and leader in the fight against digital fraud with a significant footprint in banking and also present in the gambling and automotive markets.

Emanuele Galtieri, CEO & General Manager of Cy4Gate Group commented: *"2024 opens with an important acquisition for Cy4Gate. We are very satisfied to have successfully concluded this path which allows us to enter new strategic product and market segments, consolidating our offer of solutions in the world of cyber security. We are certain that we have taken the right path towards the creation of an increasingly competitive and high-performance cyber reality. In this context, the partnership with Alfa Group S.p.A., a leading company in the banking sector specialized in solutions for fighting fraud in digital payments, will add significant value in the ability to extend the customer portfolio and, therefore, the installed base, with clear opportunities for up and cross-selling. We are ready for new challenges, being able to take advantage of a structure enriched in terms of dimensions, skills and offering to the customer".*

Dario Lauricella, CEO of Alfa Group declared: *"This acquisition born from the strong collaboration with Cy4Gate and in line with our strategic objectives, represents a fundamental step to extend our model and our expertise also on the international market by enhancing the experiences acquired in recent years with Italian financial institutions in the areas of anti-fraud and vulnerability management. This acceleration in the growth path will allow our group to increase its resilience capacity in a logic of continuous improvement not only in defense of financial institutions but of all organizations and their customers."*

OPERATION STRATEGY

The acquisition of the majority of IKS TN (as resulting from the merger of XTN Cognitive Security) is an investment for the acquisition of technology to integrate and complete Cy4Gate's technological portfolio, enabling it to quickly go to market and access new important market segments.

The product developed by XTN Cognitive Security, multiple award winner and mentioned several times in Gartner and other market guides of market analysts worldwide, allows us to integrate the offering in the field of cyber security and reach the banking market more effectively, among other things being able to obtain further benefits also thanks to the collaboration with the ABI Lab Consortium of which Cy4Gate has become part from 2022. The convergence between cyber security and anti-fraud, a trend that is establishing itself globally, will provide important commercial development opportunities both in terms of upselling of the RTA SIEM and offering integration. The same product would also enable access to two further expanding markets: automotive and gambling, in which XTN is already present.

The partnership with Alfa Group S.p.A. – leading Italian company in anti-fraud and cyber security services for the banking sector with highly advanced solutions and services such as RHD (cyber process automation platform) and N.O.V.A. (Next-Gen Operation for Vulnerability & Antifraud) - will have the direct benefit of integrating the commercial offer by supporting and expanding growth on the corporate market.

OPERATION DESCRIPTION

Following the signing of the previous Preliminary Agreement on 14 November 2023 and upon the occurrence of certain conditions precedent, Cy4Gate, in partnership with Alfa Group, signed the contract for the overall purchase of 97.8% of IKS TN (as resulting following the merger by incorporation of XTN Cognitive security xtncognitivesecurity.com) by the previous Management according to the following proportions:

- Cy4Gate has purchased a stake equal to 77.8% of the share capital of IKS TN;
- Alfa Group purchased a 20% stake in the share capital of IKS TN.

The remaining 2.2% stake is held by the Management, who remained in the company.

To date, 80% of the €12.7 million total price has been paid, 69.7% by Cy4Gate while 10.3% by Alfa Group. The remaining 20% will be paid by 30 June 2027. With reference to the amount of 20%, it is understood that the same may be reduced up to a maximum of 20% based on the results of IKS TN as of 31 December 2026.

XTN COGNITIVE SECURITY

XTN Cognitive Security is an Italian company that operates in the IT security sector, with very strong experience in solutions aimed at identifying risky behavior typical of abuse or fraud.

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

The biometric analysis functionality allows you to identify and evaluate the authenticity of the users at the time of access and during the interaction with the digital service, while the behavioral analysis allows you to identify in real time unusual attitudes of the user of the service, which may be a sign of potential fraud.

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

- Revenues: approximately €3 million (with an increase of 28% compared to FY21)
- EBITDA: €0.9 million approx (with an increase of 30% compared to FY21)
- EBITDA margin: approximately 30% (increasing from approximately 29% in FY21)
- PFN: - €3.4 million (cash positive)

ADVISOR

CY4Gate was assisted in the operation for the legal aspects by Studio Legale Chiomenti and for Financial and Fiscal Due Diligence by Deloitte. IKS TN was assisted in the operation by KPMG Advisory and for legal and tax aspects by Studio Legale Pavia e Ansaldo.

This press release is available on the Italian Stock Exchange, on the “1info” storage mechanism (www.1info.it) 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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