

CY4GATE, FOLLOWING THE FULFILMENT OF THE CONDITIONS PRECEDENT, SIGNED THE CLOSING FOR THE ACQUISITION OF 55.33% OF DIATEAM – A FRENCH COMPANY ACTIVE IN CYBER SECURITY – FOR €5.5 MILLION

THIS OPERATION FURTHER EXPANDS CY4GATE'S OFFERING IN THE CYBER SECURITY SEGMENT, WHICH WILL INCLUDE THE "CYBER DIGITAL TWIN" PRODUCT RANGE

Roma, January 30th, 2023 – **CY4GATE** (EGM:CY4) – operating company in the cyber intelligence and cyber security market with a diversified offering of proprietary products and technologies – announces that, following the fulfilment of certain conditions precedent – including the positive conclusion of the authorization procedure by the competent French authorities (the company being subject to control similar to the so-called *Golden Power*), it has signed the closing **for the purchase of 55.33% of DIATEAM**, a French company specialized in the design, development and implementation of advanced systems for testing, validation and training in the cyber security domain, for government and corporate clients.

Emanuele Galtieri, CEO of CY4GATE Group, commented: *"I am greatly pleased with the successful conclusion of the transaction and grateful to the French authorities for having granted clearance for the acquisition of DIATEAM. The initiative will bring significant value to the Italian and European cyber security market thanks to the synergies between the expertise of Cy4Gate and the complementary skills of DIATEAM, which can boast 20 years of experience in the sector. The acquisition will give further drive to the generation of important initiatives that will result in cutting-edge projects in cyber security for the benefit of our customers. Another building block is set in the path of creating a European cyber competence center"*.

Guillaume Prigent, President of DIATEAM, declared: *"I am particularly satisfied to be able to conclude our mutual commitments in this way, with the agreement of the French authorities. The industrial project that Cy4Gate is bringing is of great importance for our development. We share the same ambition to build a European leader. This is probably the only way for us to achieve this, which is to consolidate our activities and combine our different skills, strategies and solutions. The market is evolving rapidly and will grow significantly and very fast. European players will have to be present, ready to go and with international ambitions"*.

OPERATION STRATEGY

The investment in DIATEAM is aimed not only at enriching the company's cyber security product portfolio to position itself as a qualified European center of competence in the sector, but also at consolidating the Group outside the domestic market thanks to the upselling and cross-selling opportunities that may result.

The important expertise and technologies that DIATEAM has developed over 20 years will allow the two companies to benefit from significant complementary technical synergies that will result in the ability to enhance the functionalities of their respective products to offer greater cyber protection capabilities, in line with the most challenging threat scenarios faced by institutions and companies. The mutual enrichment of know-how will benefit the respective countries and Europe.

The extraordinary acquisition strengthens the company's cyber security value chain, in particular through:

- the advanced '*Hybrid Cyber Digital Twin*' – a hybrid simulator that can be easily interfaced with so-called '*Operations Technologies*' (e.g. industrial 'Scada' systems) to support testing and validation activities and make advanced training of cyber specialists more effective; the product also features a *transportable* configuration in modular racks that allow high flexibility in tactical deployment;
- a diversified portfolio of advanced, hands-on, immersive cyber training modules, including the proprietary cyber digital twin and '*Capture the Flag*' cyber competitions, entirely designed in-house. These are innovative training solutions that will integrate and complete the training offerings of Cy4gate's already existing cyber Academy, with the aim of meeting a much-felt need, that of implementing training methods on new skills that are actually effective and not only on a theoretical level but also and above all on an experiential level and on real systems;
- an incident response team made up of experts capable of integrating and extending the group's existing operational capabilities in a fast-growing segment but characterized by a shortage of available skills.

Cy4Gate is ready to face the new challenges of a market facing significant growth trends, through an enriched structure in terms of number of resources, quality of skills expressed and diversification of the offer to the customer.

OPERATION DESCRIPTION

Cy4gate today signed the agreement to acquire 55.33% of DIATEAM from two of the four founding partners: Raymond Sculler and Philippe Brunot. Following the Closing DIATEAM will be 55.33% owned by Cy4gate and 22.33% owned by Guillaume Prigent and Marjorie Nicolas respectively.

The price, amounting to €5.54 million, was agreed on the basis of an Enterprise Value of approximately €10 million as well as the continued management of the company by the operating partners Prigent and Nicolas, and includes an earn-out based on DIATEAM's 2022 EBITDA and NFP.

Also today, Cy4Gate paid approximately € 3.32 million – of the total agreed price – to the shareholders in proportion to their shares, and the remaining amount will be paid by the end of 2023 on the basis of the achievement of economic-financial targets.

The assignment contract also provides for:

- '*Put and Call Agreements*' exercisable in the three-year period 2024-2026 to enable Cy4Gate to acquire 100% of the capital of DIATEAM;
- Certain contractual clauses aimed at guaranteeing certain rights to minorities and protecting the acquired value in the long term, including the commitment of permanence of the operating partners and the non-competition covenant against all sellers.

DIATEAM Limited Partnership

DIATEAM is a French-registered company (headquartered in Brest) founded in 2002, which today employs 25 people, 75% of whom the engineering department. The company is specialized in the design and development of technologies applied to cyber security for institutional and corporate clients. Among its products is the hybrid cyber digital twin, a platform that can easily recreate a '*digital twin*' of the client's IT network and interface with the OT (e.g. industrial realities or critical infrastructures) for cyber resilience testing and validation purposes and for advanced training. A structured training plan with several specialized cyber security modules and the ability to intervene with an in-house incident response team complete the company's offering.

The company generates about 50% of Defence revenues in France (in 2021, about 56% in France and about 44% abroad); and 70% of revenues through the sale of its products.

Below are some of the key economic and financial indicators as at December, 31st 2021:

- Revenues: € 2.2 million approx. (+18% increase compared to FY20)
- EBITDA: € 0.6 million approx. (+40% increase compared to FY20)
- EBITDA margin: 27% approx. (+10% approx. increase compared to FY20)
- NFP: - € 1 million (positive cash flow).

ADVISORS

CY4Gate was assisted in the transaction for legal aspects by the French law firm MMSLEX for Financial and Tax Due Diligence Deloitte France. DIATEAM was assisted in the transaction by Klecha &Co and the Didier Avocats law firm for the legal aspects.

This press release is available on the institutional website www.cy4gate.com 'Investors' section and on the authorized storage mechanism www.1info.it

About CY4GATE GROUP

The Company was founded in 2014 to meet an unconventional demand for cybersecurity. Listed on Euronext Growth Milan since June 2020, CY4GATE was conceived to design, develop and produce technologies and products, systems and services that are able to meet the most stringent and modern requirements of "Cyber Intelligence & Cyber Security" expressed by the Armed Forces, the Police Forces, the Intelligence Agencies and the Companies, on the national and the foreign market. A Unique Italian industrial project, CY4GATE operates in the cyber market at 360°, with proprietary products that meet both the needs of information collection and analysis and security.

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