

**CY4GATE'S BOARD OF DIRECTORS APPROVES
THE HALF-YEAR REPORT AT 30 JUNE 2020**

**REVENUES AND PERFORMANCE INDICATORS SHOW DOUBLE-DIGIT GROWTH
SOUND CAPITALIZATION AND A SOLID FINANCIAL STRUCTURE**

POSITIVE OUTLOOK FOR 2020 ON RAPIDLY EXPANDING DOMESTIC AND INTERNATIONAL MARKETS

- **Production revenues:** € 5.2 million (€ 2.0 million)¹ + **165%**
- **Revenues:** € 4.0 million (€ 2.0 million) + **100%**
- **EBITDA²** € 1.8 million (-€ 0.8 million) +**340%**; **EBITDA Margin 36%**
- **Profit for the period** € 1.4 million (loss of € 1 million) +**243%**
- **Net financial position** of € 13.3 million

**LUCA LUCIDI (CY4GATE CFO) NAMED INVESTOR RELATIONS MANAGER PURSUANT TO ARTICLE
6-BIS OF THE AIM ISSUERS REGULATION**

**PHANTOM STOCK OPTION PLAN APPROVED FOR THE COMPANY'S EXECUTIVE DIRECTORS AND
KEY MANAGERS**

Rome, 23 September 2020 – The Board of Directors of **CY4GATE (AIM: CY4)** - a company active in all areas of the cyber market - approved the **Half-Year Report at 30 June 2020**.

Eugenio Santagata, Chief Executive Officer of CY4GATE, commented: "The first half of 2020 was the initial testing ground after our IPO, and the excellent results achieved are tangible evidence of our strength, reinforcing the company's reputation. Despite the complex context we still face, I am confident that this strong start, combined with our investments in highly-qualified human capital and a market in which digital development has sped up incredibly, will be a crucial lever in the pursuit of our growth strategy, with consolidation in Italy and substantial expansion abroad, thanks to a value proposition of cyber products always at the cutting edge."

¹ The figures in brackets refer to data at 30 June 2019

² EBITDA: Alternative performance indicator: EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization, i.e., the gross operating profit) is an alternative performance indicator not defined by Italian GAAP but is used by company management to monitor and assess the company's operating performance, as it is not influenced by the volatility created by the effects of the different techniques for the calculation of tax bases, the amount and characteristics of invested capital nor the related amortization and depreciation methods. This indicator is defined as the profit/(loss) for the period before amortization, depreciation and write-downs of intangible and tangible fixed assets, financial income and expenses and income taxes.

CONSOLIDATED RESULTS AND FINANCIAL DATA AT 30 JUNE 2020

Production revenues for the first half of 2020 amount to € 5.2 million, up around 165% on the first half of 2019. This increase is substantially due to the significant commercial actions that began in the second half of 2019 to roll out an attractive value proposition on the domestic and international markets with clearly defined products and services in the Cybersecurity, Intelligence, CyberElectronicWarfare and CyberResilience sectors.

Revenues from sales and services amount to € 4.0 million, up more than 100% (+€ 2.0 million) on the first half of 2019, with the domestic market in Italy contributing 77% and the international market 23%, while products generated 86% of revenues and services 14%.

The **operating profit (EBITDA)** is € 1.8 million (operating loss of € 0.8 million), with an **EBITDA margin of 36%**.

The **net profit for the period** is € 1.4 million, showing a significant increase of around 243% on the loss of € 1.0 million for the six months ended 30 June 2019.

Net equity amounts to € 22.5 million, a considerable rise of over € 17 million compared to 31 December 2019, thanks to the € 15.8 million share capital increase following the company's IPO on the AIM Italia market and the € 1.9 million contribution of the profit for 2019.

The **net financial position** of approximately € 13.3 million increased significantly on 31 December 2019 following the € 15.8 million increase in share capital due to the IPO on the AIM Italia market.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

The first half of 2020 was characterized by the health emergency triggered by the **Covid- 19** pandemic, which began to impact Italy and the entire world in the first few months of the year.

To overcome this challenging time, CY4Gate immediately took effective steps to update company procedures for compliance with all the rules laid down by the competent authorities to contain the outbreak. In addition, it took all additional precautions based on a voluntary assessment to protect every one of its employees, beyond any government orders.

It is important to note that in March, the company had already arranged alternative working arrangements so that all employees could work from home. This was crucial because it enabled the company to continue operating, while offering its resources the flexibility they needed to meet their own specific personal needs and family obligations.

The company completed its brilliantly successful IPO on the AIM Italia market on **19 June 2020** with total demand surpassing the offer nearly fourfold. The offer price was set at € 3.15 per share, for a total placement value of € 21.1 million, consisting of 6,706,469 shares, 5,000,000 of which were newly issued and 1,706,469 offered by the shareholder Expert System S.p.A.

CY4Gate was admitted to trading on AIM Italia on **22 June 2020** and trading began on 24 June 2020.

The first day of trading of ordinary shares on AIM Italia ended successfully on **24 June 2020**, with the price per share up 27.62% to € 4.02.

In the first half of the year, CY4Gate continued to enhance the appeal of its overall value proposition by clearly defining its products and services and continuing to develop its product catalogue for the Cybersecurity and Intelligence sectors. It also expanded its workforce by hiring 14 new resources, mostly in the technical areas, with only one employee leaving the company. The company had 51 employees at 30 June 2020.

OUTLOOK

The prospects for the domestic and international markets are very positive, and the expected progressive - albeit slow - improvement in the health situation in connection with Covid-19, will enable CY4Gate to pursue, in the second half of 2020 and the next three years, a major order acquisition campaign to confidently move forward with the achievement of positive performance/financial objectives in the short/medium term.

The business strategy in the short to medium term will be based on the following courses of action:

- Ongoing focus on innovating the proprietary products Dsint, Hydra, Epeius, Gens.AI and RTA to keep up with competitors, particularly on the international market
- Develop a strong position in the domestic market to promptly and effectively serve the main judicial districts (public prosecutors) with lawful interception solutions
- Strengthen the sales force to gain international market shares for lawful interception solutions and increase the domestic market share with cybersecurity solutions
- Expand the company's footprint in Italy and abroad by setting up a branch in Milan and offices in select countries around the world;
- Diversify and expand the customer base by developing and forging alliances with suppliers, distributors and partners nationally and internationally
- Grow in the domestic corporate information security market by acquiring and consolidating a target company specialised in information protection
- Boost brand awareness for CY4Gate cybersecurity solutions by adopting a new, innovative communication style

Furthermore, in accordance with article 6-bis of the AIM Issuers Regulation, the Board of Directors named Luca Lucidi (the company's Chief Financial Officer) Investor Relations Manager.

With the prior approval of the Related-Party Transactions Committee and the Board of Statutory Auditors, the Board of Directors has adopted the Phantom Stock Option 2020-2022 Plan to motivate and retain the Company's key resources in the short, medium and long term. The plan is one of the tools that the Company plans to use in order to engage these resources in the achievement of the Company's performance targets, in line with the shareholders' interests.

The plan covers a medium to long-term horizon and is divided into three one-year cycles (2020, 2021 and 2022).

In accordance with the resolution of the Board of Directors, the Phantom Stock Option 2020- 2022 Plan provides for the free assignment of phantom stock options (the “Options”) to beneficiaries who may exercise them - upon the achievement of certain objectives determined in advance by the Board of Directors - to receive a cash bonus calculated on the basis of the market price of the company’s shares, without dilution effects for shareholders. A maximum of 2,400,000 Options may be assigned to the beneficiaries of the Phantom Stock Option 2020-2022 Plan for a maximum value of € 4.5 million. The Board of Directors shall decide the number of Options assigned to each Beneficiary at its incontestable discretion, considering the strategic importance of the beneficiary’s position within the Company.

Please refer to the Phantom Stock Option 2020-2022 Plan regulation available on the Company’s website for additional information.

FILING OF DOCUMENTATION

A copy of the Half-Year Report at 30 June 2020, including the Independent Auditors’ Report, will be made available to the public by the legal deadline at the Company’s headquarters in Rome and on its corporate website <https://www.cy4gate.com/it> in the Investor relations section: Financial statements and reports, as well as with the authorised storage provider www.1info.it

CY4Gate’s results for the first half of 2020 will be presented to the financial community during a conference call on 23 September 2020 at 10:00 AM (CET) 9:00 AM (UK).

You may use the contact information at the end of this release for further information.

About CY4GATE

The Company was founded in 2014 as a joint venture between Elettronica S.p.A. (a leader for over 60 years in the field of Electronic Countermeasures and currently controlling partner with around 54%) and Expert System S.p.A. (a leading developer of semantic intelligence algorithms) to meet demand for unconventional cybersecurity solutions. **CY4GATE** was created to design, develop and produce technologies, products and services that respond to even the most rigorous and sophisticated cyber intelligence & cybersecurity needs of the Armed forces, Police, Intelligence Agencies and Businesses in Italy and abroad. With its one-of-a-kind Italian business model, **CY4GATE** covers the entire cyber market with proprietary products for both data collection and analysis and security: DSINT, HYDRA, EPEIUS, Gens.AI and Igea for cyber intelligence: RTA for cybersecurity.

For additional information:

Nominated Adviser and Specialist

Equita SIM S.p.A.

Marco Clerici +39 335 775 0702 m.clerici@equita.eu

CY4Gate Investor Relations

Luca Lucidi CFO and Investor Relations Manager investors@cy4gate.com

Investor Relations and Media Relations

CDR Communication

Silvia Di Rosa: +39 335 786 4209 silvia.dirosa@cdr-communication.it
Claudia Gabriella Messina: +39 339 492 0223 claudia.messina@cdr-communication.it
Angelo Brunello: +39 329 211 7752 angelo.brunello@cdr-communication.it
Marianna Tremolada: +39 348 242 3039 marianna.tremolada@cdr-communication.it

Attachments: Reclassified Income Statement for the six months ended 30 June 2020 and Reclassified Balance Sheet as at 30 June 2020:

Income Statement - Cy4gate				
€	H1 2020	%	H1 2019	%
Turnover	2,716,443	52.4%	1,414,673	72.5%
Change in WIP	1,288,330	24.9%	537,000	27.5%
Operating revenues	4,004,773	77.3%	1,951,673	100.0%
Capitalised R&D costs	1,175,807	22.7%	-	-
Total production revenues	5,180,579	100.0%	1,951,673	100.0%
Personnel expenses	1,550,810	29.9%	931,572	47.7%
External service costs (incl. raw materials)	1,592,050	30.7%	1,593,401	81.6%
Change in inventories	-	-	59,500	3.0%
Other general costs	197,176	3.8%	133,477	6.8%
Total costs	3,340,036	64.5%	2,717,950	139.3%
EBITDA	1,840,544	35.5%	(766,276)	(39.3)%
<i>margin</i>	36%		-39%	
Amortization, depreciation and accruals	537,646	10.4%	200,289	10.3%
EBIT	1,302,898	25.1%	(966,565)	(49.5)%
Extraordinary income	49,148	0.9%	133	0.0%
Financial and extraordinary expenses	(37,835)	(0.7)%	(32,213)	(1.7)%
Income taxes	114,376	2.2%	-	-
Profit/(loss) for the period	1,428,586	27.6%	(998,645)	(51.2)%

Balance Sheet - Cy4gate		
€	30/06/2020	31/12/2019
Intangible fixed assets	3,068,032	1,169,360
Tangible fixed assets	597,236	578,813
Fixed assets	3,665,268	1,748,173
Finished products	251,000	251,000
Work in progress	2,600,730	1,312,400
Trade receivables	5,200,349	5,141,680
Trade payables	(1,417,051)	(1,444,640)
Receivables from the parent	1,153,100	991,900
Payables to the parent	(1,064,865)	(791,571)
Advances from customers	(1,225,049)	(1,434,049)
Operating working capital	5,498,214	4,026,720
Other assets	667,206	1,066,001
Other liabilities and provisions	(643,800)	(758,339)
Net working capital	5,521,620	4,334,382
Net invested capital	9,186,888	6,082,555
Cash and cash equivalents	15,957,548	1,398,364
Shareholder loans, other and bank borrowings	(2,630,300)	(2,150,000)
Payables for interest and other	(61,302)	(56,670)
Net financial position (debt)	13,265,946	(808,306)
Net equity		
Share capital	(481,500)	(321,000)
Share premium reserve	(19,499,944)	(3,910,444)
Legal reserve	(92,590)	-
Profit (loss) for the period/year	(1,428,586)	(1,851,804)
Retained earnings (losses carried forward)	(950,215)	808,999
Net equity	(22,452,835)	(5,274,249)
Total sources of funding	(9,186,888)	(6,082,555)