

**CY4GATE'S BOARD OF DIRECTORS HAS
APPROVED THE MANAGEMENT REPORT AT 30 JUNE 2021**

**REVENUES SHOW DOUBLE-DIGIT GROWTH ON 1H 2020 WITH EXCELLENT PROFIT
MARGINS
MOST OPPORTUNITIES WILL MATURE IN THE SECOND HALF OF THE YEAR DUE TO THE
SEASONAL NATURE OF THE BUSINESS**

**HIGH INVESTMENTS IN LINE WITH FORECASTS AT THE TIME OF THE IPO
SYSTEMS ENGINEERS AND SALES REPRESENTATIVES OF HIGH STANDING HIRED TO
DEVELOP NEW AND INCREASINGLY SOPHISTICATED CYBER PRODUCTS AND DRIVE
MARKETING IN ITALY AND ABROAD**

- **Production revenues:** €7.0 million (€5.2 million)¹ +34%
- **Revenues:** €5.0 million (€4.0 million)
- **EBITDA²** €1.7 million (€1.9 million)
- **EBITDA margin:** **34.7%**
- **Profit for the period:** €0.3 million (profit of €1.4 million)
- **NFP:** €4.8 million (€9.0 million)

**MARCO LATINI IS APPOINTED CY4GATE'S NEW CFO AND INVESTOR RELATIONS MANAGER
FOLLOWING THE RESIGNATION OF LUCA LUCIDI WITH EFFECT FROM 1 OCTOBER 2021**

Rome, 22 September 2021 – The Board of Directors of **CY4GATE** (AIM: CY4) - a company active in all areas of the cyber market - approved the Management Report at 30 June 2021 today.

Emanuele Galtieri, CEO & General Manager of CY4GATE, stated, *"I am extremely satisfied with the performance of this first half year, which shows strong growth in turnover, driven in part by the well-recognized and growing credibility of our value proposition in cyber solutions, in both the domestic and international government market and the Italian corporate market where we are achieving initial results. The seasonal nature of our business, combined with large investments in highly experienced personnel, will bring us great satisfaction around year end. I would like to wish a successful professional future to Luca Lucidi who has always shown utmost professionalism and integrity at CY4GATE, and I would like to welcome Marco Latini, the company's new CFO and Investor Relations Manager, whose excellent professional expertise and personal qualities will undoubtedly*

¹ The figures in brackets refer to income statement data for the first half of 2020 and statement of financial position data as at 31 December 2020

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 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.

contribute to further strengthening the management team in the pursuit of yet more far-sighted and challenging milestones for the company.”

FINANCIAL HIGHLIGHTS FOR THE FIRST HALF OF 2021

Total production revenues of €7.0 million show strong growth of 34% on the first half of 2020 (€5.2 million). **Turnover from sales** and services amount to €5.0 million (€4.0 million) and may be broken down as follows by end user:

This increase is due to the large number of contracts signed in the second half of 2020 and the first half of 2021 with government agencies for proprietary cyber intelligence and cyber security products (QUIPO and the suite of lawful interception and real time analytics (RTA) solutions) and sharp growth in contracts with corporate customers for proprietary cyber security products (QUIPO and RTA). The domestic Italian and international markets respectively account for 68% and 32% of sales, while products and services respectively generate 91% and 9%.

Total production cost is €5.2 million (€3.3 million), up €1.9 million on the first half of 2020, essentially due to higher personnel expenses as a result of the new hires.

The **gross operating profit (EBITDA)** amounts to €1.7 million (€1.9 million), with an **EBITDA margin** of **34.7%**. Not only are these excellent profit margins due to the positive performance of turnover, but they are also due to the company's business model, which is highly scalable through proprietary software sales.

Given the well-established seasonal effect on the business, many contracts will come to fruition in the second half of the year with a positive impact on both turnover and profit margins.

The **profit for the period** amounts to €0.3 million (€1.4 million).

Net equity comes to €26.3 million, compared to €26.0 million at 31 December 2020.

The **net financial position** of roughly €4.8 million is down on 31 December 2020 (€9.0 million), essentially due to the substantial investments in the first half of 2021, in accordance with the company's development plan.

SIGNIFICANT EVENTS IN THE FIRST HALF OF 2021

Emanuele Galtieri was appointed Deputy General Manager on **8 January 2021**.

The European Defence Agency named Cyber Deputy Industry Rapporteur on **15 January 2021**.

On **22 January 2021**, CY4GATE examined the preliminary data at 31 December 2020, presented and approved the 2021-2023 business plan and announced that Emanuele Galtieri would take over as the company's new CEO.

On **26 January 2021**, CY4GATE was awarded the approximately €3.0-million contract for the supply of complex cyber intelligence and cyber security systems to two government navy agencies in North America and the Gulf.

On **11 February 2021**, CY4GATE won an important contract worth around €200 thousand with a top military agency for the development of complex capability to protect the systems embedded in various types of critical infrastructure.

On **19 February 2021**, CY4GATE announced it would help support the GEODE – Galileo for EU Defence project to promote the development of military capabilities in the European Union.

A partnership agreement was signed on **23 February 2021** with Engineering, one of the leading players in the digital transformation of companies and public and private organizations in Italy and around the world, for the development of new cyber security and decision intelligence products and services.

On **30 March 2021**, CY4GATE won an award for the best capital markets strategy, placing first in the “Fundraising on the AIM market” category. In June 2020, CY4GATE successfully completed its stock market placement with total demand exceeding the offer nearly fourfold and a total placement value of €21.1 million thanks to significant demand from Italian institutional investors (roughly 70%) and foreign investors (30%).

On **20 April 2021**, CY4GATE announced that exclusive due diligence is underway in preparation for a possible business combination with a target company active in cyber intelligence and decision intelligence.

CY4GATE was awarded a major contract on **13 May 2021**. Worth roughly €450 thousand, the contract is for the supply of a complex cyber decision intelligence system to a top Italian corporate hi-tech customer.

On **10 June 2021**, CY4GATE was included in the shortlist for the European Small and Mid-Cap Awards 2021 in the “Star of Innovation” category. Promoted and organised by the European Commission, Europa issuers and FESE (Federation of European Securities Exchanges), the awards recognize the top European companies that have grown rapidly, creating jobs and value.

SIGNIFICANT EVENTS AFTER THE FIRST HALF OF 2021

On **5 July 2021**, CY4GATE was awarded a contract worth approximately €500,000 to supply a complex decision intelligence project to a major Italian corporate high-tech player.

On **20 July 2021**, CY4GATE was awarded a contract worth around €200,000 to implement an important research and development project in the field of cyber intelligence and cyber security applied to Aerospace & Defence.

A partnership agreement was signed on **1 September 2021** with Exprivia, an Italian company listed in the Italian stock exchange’s MTA market and head of an international group specialized in Information and Communication Technology. One of the first activities under this new partnership will be to integrate CY4GATE’s proprietary RTA (Real Time Analytics) technology at Exprivia’s new Security Operations Center (SOC) serving companies, institutions and the public sector.

On **3 September 2021**, CY4GATE won a major contract worth around €500,000 with a top Italian provider of B2B, B2C and B2G tech services, to develop a project based on RTA technologies and architectures

On **8 September 2021**, CY4GATE was awarded a contract worth around €200,000 with a top European Aerospace and Defence company to implement a major research and development project in the field of cyber intelligence and cyber security applied to Aerospace & Defence.

On **16 September 2021**, CY4GATE announced it is part of a European program financed by a leading European Cyber Defence Agency, which will equip the partners with an advanced and innovative capacity to combat imminent and persistent cyber threats. Worth over €300,000, this is one of the European Defence Fund (EDF) projects with the primary objective of rendering EU member states autonomous in defence and promoting military cooperation between members.

OUTLOOK

Market prospects are highly positive and will enable the company to pursue, over the next three years, a substantial order acquisition plan as it looks to the future, confident that it will achieve positive results in the short to medium term based on the following assumptions:

- Attractive, rapidly growing markets: the cyber intelligence and cyber security sectors present compound average growth rates (CAGR) of over 15%;
- Solid technological drivers: 6 proprietary SW solutions make the business model scalable in terms of revenues and high profit margins;
- Positioning to harness the key tech trends identified by Gartner in the relevant corporate segments (decision intelligence and advanced SIEM systems);
- CY4GATE's total UNIQUENESS among Italian and European competitors;
- New national and European regulations to encourage the creation of European SW companies: the new Prime Minister's decree on the cyber security perimeter (transposing European directives into Italian legislation) which identifies a series of critical companies and bodies and requires them to be protected by technologies approved by European/Italian authorities;
- Recovery Fund resources allocated to digital and cyber security projects;
- New working models resulting from the pandemic that have increased the risks of cyber attacks for businesses.

On 22 January 2021, CY4GATE approved the 2021-2023 Business Plan assuming growth in revenues over the three years of the plan through the consolidation and further growth of government contracts, additional contracts with corporate customers for the company's current proprietary products, the development of additional proprietary cyber solutions and expansion on foreign markets over the three years of the plan, in order to achieve the 2023 revenue target with organic growth of 40% (CAGR), i.e., not considering the future M&As, as indicated during the IPO, which will further boost CY4GATE's growth.

The main targets for 2023 include:

- Total revenues of over €30 million
- Profit margins of around 40% (EBITDA margin)
- A positive net financial position thanks to sound cash generation

Furthermore, today, the Board of Directors appointed Marco Latini as the company's Chief Financial Officer and Investor Relations Manager following the resignation of Luca Lucidi for personal reasons with effect from 1 October 2021.

Marco Latini, with a university degree in Economics, Law and Internal and External Safety Sciences, also holds an MBA and has filled a number of CFO positions. Most recently, the Armonia SGR Fund named him "CFO and Head of the Administration of the Boards of GSA" - a group active in Safety and Facility Management - following the acquisition of control through a leveraged buy-out. Moreover, before that he was a Military Police Corps Official, serving in a variety of important operating positions.

Mr. Latini's CV is available on the company's website: www.cy4gate.com.

The Board of Directors would like to extend heartfelt thanks to Luca Lucidi for his important work and excellent professionalism in, among other things, the complex management of the company's IPO. The Board welcomes Marco Latini and wishes him a long, fruitful partnership with the company.

FILING OF DOCUMENTATION

A copy of the Management Report at 30 June 2021, including the Independent Auditors' Report, will be made available to the public within the legal deadline at the company's headquarters in Rome, on its corporate website www.cy4gate.com in the "Investors/Financial Documents" section and on the authorised storage mechanism www.1info.it

CY4GATE's results for the first half of 2021 will be presented to the financial community on 23 September 2021 during a conference call 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

CY4GATE was founded in 2014 to meet demand for unconventional cybersecurity solutions. Listed on the AIM since June 2020, CY4GATE was created to design, develop and produce technologies, products, systems and services that respond to even the most rigorous and sophisticated cyber intelligence & cybersecurity needs of Law Enforcement Agencies, the Armed Forces, Institutions 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: Quipo and Igea in Cyber Intelligence and RTA in Cyber Security.

For additional information:

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The reclassified Income Statement and Statement of Financial Position at 30 June 2021 are attached.

Income Statement		
€	1H 2021	1H 2020
Turnover	4,203,705	2,716,443
Change in WIP	807,167	1,288,330
Operating revenues	5,010,872	4,004,773
Capitalised R&D costs	1,869,609	1,175,807
Other revenues and income	102,604	49,148
Total production revenues	6,983,086	5,229,727
Personnel expenses	2,990,347	1,550,810
External service costs (incl. raw materials)	1,933,654	1,592,050
Change in inventories	33,750	-
Other general costs	288,354	197,176
Total costs	5,246,105	3,340,036
EBITDA	1,736,980	1,889,691
<i>EBITDA margin</i>	<i>34.7%</i>	<i>47.2%</i>
Amortization, depreciation and accruals	1,392,033	537,646
EBIT	344,947	1,352,045
Financial and extraordinary expenses	(17,566)	(37,835)
Income taxes	30,763	(114,376)
Profit for the period	296,618	1,428,586

Statement of Financial Position		
€	30/06/2021	31/12/2020
Intangible fixed assets	8,123,552	4,659,271
Tangible fixed assets	657,434	639,283
Fixed assets	8,780,986	5,298,554
Finished products	217,250	251,000
Work in progress	1,604,958	797,790
Trade receivables	13,455,344	13,282,979
Trade payables	(1,890,643)	(1,652,960)
Receivables from the parent	1,911,240	2,315,673
Payables to the parent	(387,398)	(405,834)
Advances from customers	(1,639,350)	(1,734,368)
Operating working capital	13,271,400	12,854,280
Other assets	1,373,113	848,232
Other liabilities and provisions	(1,918,887)	(1,927,133)
Net working capital	12,725,626	11,775,379
Net invested capital	21,506,612	17,073,932
Cash and cash equivalents	5,688,671	9,982,486
Shareholder loans, other and bank borrowings	(707,537)	(850,000)
Payables for interest and other	(160,262)	(175,552)
Net financial position	4,820,872	8,956,933
Net equity		
Share capital	(481,500)	(481,500)
Share premium reserve	(19,499,944)	(19,499,944)
Legal reserve	(96,300)	(92,590)
Profit for the period/year	(296,618)	(5,006,617)
Retained earnings (losses carried forward)	(5,953,122)	(950,215)
Net equity	(26,327,484)	(26,030,865)
Total sources of funding	(21,506,612)	(17,073,932)