

**CY4GATE'S BOARD OF DIRECTORS APPROVES THE DRAFT
FINANCIAL STATEMENTS AT 31 DECEMBER 2020**

**REVENUES AND PROFIT MARGINS SHOW SIGNIFICANT DOUBLE-DIGIT AND TRIPLE-DIGIT GROWTH
ON FY2019: REVENUES + 69%, EBITDA +117%, PROFIT +170%**

- **Production revenues:** € 15.3 million (2019: € 9.4 million) ¹
- **Revenues:** € 12.5 million (€ 7.4 million)
- **EBITDA** ²: € 6.7 million (€ 3.1 million)
- **EBITDA margin:** 53.5%
- **Profit for the year:** € 5.0 million (profit of € 1.9 million)
- **NFP:** € 9.0 million (net financial debt of € 0.8 million)

Rome, 26 February 2021 – The Board of Directors of **CY4Gate** (AIM: CY4) - a company active in all areas of the cyber market, met today and approved the draft financial statements as at and for the year ended 31 December 2020, currently being audited by KPMG.

Eugenio Santagata, CEO and General Manager of CY4Gate, announced, *“I am extremely satisfied with how these first, incredible 12 months have ended. Nearly one year from our début on the AIM market, our exclusive value proposition is even more well received and sought after on the market, as demonstrated by our outstanding results and excellent profit margins for 2020. It has been an intense year packed with new developments which I will let my friend Emanuele Galtieri tell you about. He, as CEO, and I, as Director and member of the Strategic Committee, will steer CY4Gate’s future investment decisions together, and I am firmly convinced that they will bring more satisfaction to all our stakeholders.”*

Emanuele Galtieri, Deputy General Manager of CY4Gate, added, *“This brilliant end to 2020 marks the beginning of my greatest challenge: continuing on the same path towards an ambitious goal, pushing our credible business model further so we can continue establishing and consolidating our name on the domestic market. At the same time, we intend to gain a strong position on the foreign market, leveraging our years of experience on international markets and our development of new product suites capable of standing out among the increasingly fierce, high-quality competition.”*

2020 FINANCIAL HIGHLIGHTS

Revenues from sales and services amount to € 12.5 million, up approximately 69% on 2019 (€ 7.4 million).

¹ The figures in brackets refer to prior-year data

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.

This increase is due to the large number of contracts signed in the year - which peaked dramatically in the fourth quarter of 2020 - mainly with government agencies for proprietary cyber intelligence and cyber security products (D-SINT and the suite of lawful interception and real time analytics solutions) and residually with corporate customers for proprietary cyber security products (QUIPO and real time analytics). The domestic Italian and international markets respectively account for 86% and 14% of sales, while products and services respectively generate 95% and 5%.

The **operating profit (EBITDA)** amounts to € 6.7 million (€ 3.1 million), with an **EBITDA margin of 53.5%**. Not only are these excellent profit margins due to the positive performance of turnover and the company's distinctive business model, which is highly scalable through proprietary software sales, but they are also the result of CY4Gate's many contracts with Italian government agencies.

The profit for the year of € 5.0 million shows strong growth of 170%, a result of the factors described above, combined with the contained financial and extraordinary expenses.

Net equity amounts to € 26.0 million, showing a considerable rise of over € 21 million compared to 31 December 2019, essentially due to the € 15.8 million share capital increase following the company's IPO on the AIM Italia market and the € 5.0 million contribution of the profit for 2020.

The **net financial position** of approximately € 9.0 million reflects a significant improvement on 31 December 2019 (net financial debt of € 0.8 million), thanks to the proceeds of the IPO, which were partly offset by investments in the second half of 2020.

SIGNIFICANT EVENTS IN 2020

The first half of 2020 was characterized by the health emergency triggered by the Covid- 19 pandemic, which began wreaking havoc on 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.

A major agreement was signed on **12 October 2020** with Gartner, a US-based multinational advisory leader in the global IT industry, to develop its products and commercial strategy.

On **3 November 2020**, CY4Gate won the contract for the evolutionary development of systems for cyber defence and cyber intelligence simulation and modelling for a top NATO excellence centre. The contract, for an agreed consideration of € 110 thousand, is the first step in a larger, longer term project.

On **13 November 2020**, a prestigious Italian institutional customer with a foreign footprint selected CY4Gate to supply a complex cyber intelligence system. Worth around € 5 million, the project will run for two years.

On **23 November 2020**, CY4Gate named Intermonte Sim its Corporate Broker.

On **1 December 2020**, CY4Gate was awarded the roughly € 1.2-million contract to provide the Italian Armed Forces with sophisticated, innovative cyber security capability for the protection of tactical and strategic assets in operations.

The following day, on **2 December 2020**, CY4Gate won another important contract worth around € 825 thousand with a top European agency for a sophisticated, innovative real-time cyber situation awareness software suite.

On **7 December 2020**, CY4Gate was awarded two more contracts worth approximately € 175 thousand to provide a prominent European agency with advanced cyber defence and cyber attack resilience verification capabilities to protect the technology used in space projects.

On **9 December 2020**, CY4Gate won a major contract worth roughly € 600 thousand with a foreign government agency to supply its proprietary cyber intelligence software solution.

On **11 December 2020**, CY4Gate announced a substantial change in ownership pursuant to Article 17 of the AIM Italia Issuers Regulation, in which it disclosed that AXA Investment Managers S.A. had reached the relevant threshold of 5.29% of share capital consisting of voting rights shares.

On **18 December 2020**, CY4Gate won a roughly € 1.0-million contract for the supply of a complex cyber intelligence system to a top government security organization. Moreover, in order to prepare its organization for these many acquired contracts, the company expanded its workforce - bringing the total number of employees to 100 at 31 December 2020 - increased the sales force and opened a branch in Milan in January 2021.

On **23 December 2020**, CY4Gate won a roughly € 1.0-million contract for the supply of an important cyber intelligence and cyber security software platform to a top-tier government security organization.

On **29 December 2020**, CY4Gate was awarded a contract worth around € 600 thousand for a major cyber electronic warfare software system with a top government security organization.

On **30 December 2020**, CY4Gate won a contract worth approximately € 250 thousand for an important cyber security software system consisting of the third lot in a larger project for a top government security organization.

EVENTS AFTER THE REPORTING DATE

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

The European Defence Agency named CY4Gate 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 2021-23 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 sponsor 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.

OUTLOOK

On 22 January 2021, Cy4Gate approved the 2021-23 business plan.

The scenario on which the plan was based provides for dramatic development in CY4Gate's markets, exclusively through organic growth for the time being, with the use of cyber financing under the European Recovery Fund providing an additional boost.

The assumptions underlying the growth in revenues over the three years of the plan are based on the consolidation and further increase in government contracts, additional contracts with corporate customers to supply the company's current proprietary products, the development of additional proprietary cyber solutions and expansion on foreign markets over the three years, in order to achieve the 2023 revenue target through organic growth of 40% (CAGR).

The approved plan does not reflect the inorganic growth through the mergers and acquisitions on which the company is currently working, as envisaged during the IPO, which will further drive CY4Gate's growth.

The main targets for 2023 include:

- Total revenues of over € 30 million

- Profit margins around 40% (EBITDA margin)
- A positive net financial position thanks to sound cash generation

ALLOCATION OF THE PROFIT FOR THE YEAR

Along with the approval of the financial statements as at and for the year ended 31 December 2020, the profit for the year of € 5,006,617 will be allocated as follows:

- € 3,710 to the legal reserve, putting it at the legal threshold pursuant to Article 2430 of the Italian Civil Code;
- the residual amount of € 5,002,907 to retained earnings.

CALLING OF THE ORDINARY SHAREHOLDERS' MEETING

The Board of Directors also resolved to call the Ordinary Shareholders' Meeting to meet at the company's registered office at Via Morolo 92, Rome on 31 March 2021, in a single call, to discuss and resolve on the following agenda:

- Approval of the financial statements at 31 December 2020;
- Allocation of the profit for the year;
- Appointment of a new member of the Board of Directors, Mr. Emanuele Galtieri;
- Related and consequent resolutions.

FILING OF DOCUMENTATION

A copy of the Consolidated Annual Report at 31 December 2020, 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

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 and services that respond to even the most rigorous and sophisticated "Cyber Intelligence & Cyber Security" needs expressed by the Armed forces, Police, Intelligence Agencies and Companies 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 Cyber Security.

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The reclassified Income Statement and Statement of Financial Position at 31 December 2020 are attached.

Income Statement						
€	2020		2019		Change	%
Turnover	13,023,827		7,067,677			
Change in WIP	(514,610)		356,130			
Operating revenues	12,509,217		7,423,807		5,085,410	68.5%
Capitalised R&D costs	2,440,461		1,350,338			
Other revenues and income	362,925		637,839			
Total production revenues	15,312,603		9,411,984		5,900,619	62.7%
Personnel expenses	4,585,519		2,201,038			
External service costs (incl. raw materials)	3,600,941		3,418,053			
Change in inventories	-		409,250			
Other general costs	436,109		300,629			
Total costs	8,622,570		6,328,970		2,293,600	36.2%
EBITDA	6,690,034	53.5%	3,083,014	41.5%	3,607,020	117.0%
Amort., depreciation and accruals	1,594,950		701,477			
EBIT	5,095,084		2,381,537		2,713,547	113.9%
Financial and extraordinary expenses	(83,909)		(70,157)			
Income taxes	4,558		459,576			
Profit for the year	5,006,617	40.0%	1,851,804	24.9%	3,154,813	170.4%

Statement of Financial Position		
€	31/12/2020	31/12/2019
Intangible fixed assets	4,659,271	1,169,360
Tangible fixed assets	639,283	578,813
Fixed assets	5,298,554	1,748,173
Finished products	251,000	251,000
Work in progress	797,790	1,312,400
Trade receivables	13,282,979	5,141,680
Trade payables	(1,652,960)	(1,444,640)
Receivables from the parent	2,315,673	991,900
Payables to the parent	(315,061)	(791,571)
Advances from customers	(1,825,141)	(1,434,049)
Operating working capital	12,854,280	4,026,720
Other assets	848,232	1,066,001
Other liabilities and provisions	(1,927,133)	(758,339)
Net working capital	11,775,379	4,334,382
Net invested capital	17,073,932	6,082,555
Cash and cash equivalents	9,982,486	1,398,364
Shareholder loans, other and bank borrowings	(850,000)	(2,150,000)
Payables for interest and other	(175,552)	(56,670)
Net financial position (debt)	8,956,933	(808,306)
Net equity		
Share capital	(481,500)	(321,000)
Share premium reserve	(19,499,944)	(3,910,444)
Legal reserve	(92,590)	-
Profit for the year	(5,006,617)	(1,851,804)
Retained earnings (losses carried forward)	(950,215)	808,999
Net equity	(26,030,865)	(5,274,249)
Total sources of funding	(17,073,932)	(6,082,555)