

Press Release

**THE BOARD OF DIRECTORS OF CY4GATE APPROVED THE CONSOLIDATED FINANCIAL REPORT AS OF
JUNE 30TH, 2024**

**FINANCIAL RESULTS AND STRONG COMMERCIAL PIPELINE CONFIRM THE COMPANY'S SOUNDNESS
AND 2024 GUIDANCE**

- **Value of production:** € 31.1 million (€ 34.1 million)¹;
- **Revenues:** € 29.8 million (€ 33.1 million);
- **EBITDA²:** € 2.4 million (€ 5.5 million);
- **EBITDA Margin:** 7.6% (16.2%);
- **Shareholders' Equity:** € 100.3 million (€ 111.1 million);
- **Net Financial Position³:** negative cash of € 19.1 million (negative of € 7.9 million).

Rome, 12 September 2024 – The Board of Directors of **CY4GATE** (CY4.MI), a national and European player in cyber security and cyber intelligence, meeting today under the chairmanship of Domitilla Benigni, approved the Consolidated Financial Report as at 30 June 2024.

Emanuele Galtieri, CEO & General Manager of Cy4Gate Group commented: *“The first half 2024 results confirm the soundness of the CY4Gate Group thanks mainly to the government sector, with specific reference to Defence and Justice. The Group has structured itself to ensure a progressive, yet solid and steady path of business development, with a view to sustainable growth. The acquisition of XTN and the development of the corporate sector will increasingly mitigate the seasonality of turnover, which is concentrated in the last three months of the year due to Defence and Forensic foreign contracts. The strategic path undertaken continues towards the further consolidation of our leadership in Italy on the Security & Law Enforcement market and on the more incisive penetration of the domestic Corporate market for cybersecurity, with progressive expansion in Europe in the coming years. We are awaiting the awarding of numerous contracts in Italy and abroad thanks to an extensive pipeline despite the difficulties and slowdowns related to the current international geopolitical context on the forensic side”.*

¹ The figures in brackets refer to Cy4Gate's financial figures as at 30 June 2023 and 31 December 2023, respectively. The scope of consolidation does not include XTN Cognitive Security, the acquisition of which was finalised in January 2024.

² EBITDA: is calculated by adjusting the result for the year to exclude the effect of taxes, net financial income (expenses), depreciation, amortisation, write-downs and value adjustments of financial assets, as well as charges deemed by the Group to be non-recurring and extraordinary, mainly related to M&A activities.

³ The NFP does not include the provision for contingent financial liabilities related to Diateam's and XTN's put/call option for the purchase of the remaining non-controlling interest (totalling €6.3 million) and instead includes, in application of IFRS 16, leases and rents amounting to €4.1 million.

CONSOLIDATED ECONOMIC-FINANCIAL DATA AS OF JUNE 30, 2024

Value of production amounted to € 31.1 million, a decrease of 8.6% compared to 30 June 2023 (€ 34.1 million). This decrease is mainly due to the lack of revenues from foreign orders in the Forensic Intelligence business, which had instead had a positive impact in the first half of 2023. The slowdown in the foreign Forensic business is essentially related to a still uncertain geopolitical scenario. In Italy, prosecution-related activities and revenues in the Defence sector are growing steadily.

Total costs amounted to € 28.8 million, in line with the first half of 2023, despite the inclusion of XTN Cognitive Security in the scope. Net of the acquired company, costs decreased by about 4% YoY.

EBITDA amounted to € 2.4 million (€ 5.5 million) and showed an **EBITDA margin** of around 8%. Margins were affected by lower revenues in the foreign Forensic Intelligence segment, a highly profitable business, only partially offset by sales in Decision intelligence, Cyber security and Forensic in Italy.

EBIT was negative by € 7.4 million (€ 2.9 million). The operating profit was affected by higher depreciation and amortisation due to the cumulative investments made to support growth.

As a result of the above, the loss amounted to € 9.2 million (loss of € 3.0 million).

Shareholders' equity amounted to € 100.3 million (€ 111.1 million).

The net financial position is cash negative by € 19.1 million (€ 7.9 million). The increase of approximately € 11.2 million is mainly due to the effect of the capital absorption to finance the acquisition of XTN, as well as capex for the period, in addition to the share buyback initiated in 2023 and concluded in February 2024. The net financial position does not include the provision for contingent financial liabilities related to Diateam's and XTN's put/call option for the purchase of the remaining third-party share (totalling € 6.3 million), while it includes, in application of IFRS 16, leases and rents of € 4.1 million.

MAIN SIGNIFICANT EVENTS DURING THE FIRST HALF OF 2024

- On **16 January 2024**, Cy4Gate signed, in partnership with Alfa Group, the closing for the purchase of 97.8% XTN Cognitive Security S.r.l. (formerly IKS TN), an Italian cyber security company, operating in the IT security sector and leader in the fight against fraud digital with a significant *footprint* in banking and also present in the *automotive* market.
- On **12 February 2024**, Cy4Gate and ATTIVA EVOLUTION, a division of ATTIVA S.p.A. and one of the main in *tech* distribution *player* operating in the Italian market, announce that they have signed a strategic agreement which sees ATTIVA as distributor for Cy4Gate solutions on the corporate Italian market both in the CyberSecurity and Decision Intelligence fields.
- On **27 February 2024**, the company XTN Cognitive Security®, part of the Cy4Gate Group since January 2024, was quoted in the Gartner report Emerging Tech: "5 Elements to Prevent Digital Commerce Fraud", a recognition that testifies to XTN's excellence and innovation in the fields of Transaction Monitoring, Behavioral Analytics and Monetics.
- On **11 March 2024**, Cy4Gate signed two contracts for a total value of over € 600,000 for the execution of

two research and innovation projects in the cyber security field with a primary Italian high-tech company, operating both in Italy and abroad, for a period of 12 months.

- On **13 March 2024** Cy4Gate signed a contract with a foreign institutional client for carrying out evolutionary activities on proprietary "Decision Intelligence" systems already previously acquired by the client. The value of the contract acquired amounts to approximately € 850,000, for a duration of 12 months.
- On **28 March 2024** S&P Global, after completing the assessment for the IT sector, issued the ESG rating for Cy4Gate with a score of 26/100, higher than the sector average, which stands at 19/100.
- On **03 April 2024** Cy4Gate signed a contract for a total value of over €6.5 million for the execution of a series of projects in the Defense sector with ELT Group, a leading company in Europe in Electronic Defense for over 70 years and reference shareholder of Cy4Gate.
- On **23 April 2024** Cy4Gate signed some contracts with leading Italian companies operating in the financial services sector, for the acquisition and functional extension of the Cognitive Security Platform®, a platform produced by XTN Cognitive Security® and a recognized national and international player European Union in the field of detection and response to fraud and digital threats.
- On **09 May 2024** Cy4Gate and Innovery, a multinational company that offers specialized consultancy services for innovative solutions in the field of Information and Communications Technology, announced that they have signed a strategic agreement which sees INNOVERY as a Partner for Cy4Gate solutions on the Italian Corporate market both in the CyberSecurity and Decision Intelligence fields.
- On **13 May 2024** Cy4Gate signed a contract worth a total of approximately € 1 million with a leading Italian high-tech company operating on the domestic and foreign market for cyber security solutions.
- On **21 May 2024** Cy4gate was awarded three international research tenders in the context of the European Defense Fund (EDF) and the Digital Europe Program (DEP) for a total value of approximately € 1.7 million in 3 years starting from 2025 by increasing the Group's order book;
- On **6 June 2024** XTN Cognitive Security®, part of Cy4Gate Group since January 2024, was cited as a representative vendor in the "Gartner Emerging Tech report: GenAI Security Services for Online Fraud Prevention";
- On **17 June 2024** Cy4Gate signed, through one of its subsidiaries, contracts with a total value of approximately € 1.7 million for the renewal and evolution of Decision Intelligence solutions on foreign markets.

MAIN SIGNIFICANT EVENTS AFTER THE FIRST HALF OF 2024

- On **12 July 2024** Cy4Gate confirmed that in the second quarter of 2024 it had signed contracts with leading Italian companies operating in the financial services sector for the acquisition and functional extension of the Cognitive Security Platform®, a platform produced by Cy4Gate Group and recognized national and European player in the sector of detection and response to fraud and digital threats;
- On **23 July 2024** Cy4Gate announced that binding agreements have been signed for the launch of a strategic partnership between CDP Venture Capital and Cy4Gate through the establishment of a joint

venture dedicated to the cyber security of SMEs;

- On **25 July 2024** XTN Cognitive Security®, part of the Cy4Gate Group since January 2024, was cited as a representative vendor in the “Gartner Hype Cycle for Generative AI in Banking report”;
- On **26 July 2024** Cy4Gate signed the closing for the purchase of a further 15.33% of DIATEAM, a French company specialized in the design, development and creation of advanced systems for testing, validation and training in the cyber security domain, for government and corporate clients, thus coming to hold 70.66% of its share capital;
- On **05 August 2024** Cy4Gate was awarded a contract, lasting 2 years and with a total value of €2 million, for solutions in the forensic intelligence field in favor of a European institutional body;
- On **08 August 2024** Cy4Gate was awarded contracts, lasting 3 years with a total value of approximately € 1.2 million, for solutions in the cyber security and decision intelligence fields;
- On **02 September 2024** Cy4Gate was awarded contracts with a total value of approximately € 1.4 million for cyber security solutions for the benefit of primary corporate and institutional clients;
- On **10 September 2024** Ethifinance completed the assessment of Cy4gate, assigning the company a score of 82/100, a clear improvement compared to 2023 in all areas assessed. With this score, Cy4Gate is significantly above the average of the 264 companies subject to the rating belonging to the IT sector.

OUTLOOK

Look at the results obtained in the first half of 2024, the Group continues on the growth path undertaken by aiming at a robust consolidation, streamlining and creation of synergies on the acquired realities, always favouring the maintenance of technological excellence and enhancing the broad product portfolio that today can count on leading-edge cyber solutions capable of supporting the most challenging customer needs, and allows to confirm the 2024 guidance:

- a conversion of the commercial pipeline in the range between € 20-23 million;
- backlog and recurring contracts effective 2024 in the range between € 64-67 million;
- total revenues in the range between € 84-90 million.

Due to the upcoming expiry of the term of office of the Supervisory Board appointed in September 2021, in accordance with the provisions of Article 6 of Legislative Decree 231/01 and the 231 Model adopted by the Company, the Cy4Gate Board of Directors also resolved to appoint a new Supervisory Board, which will remain in office for the next three years.

FILING OF DOCUMENTATION

A copy of the Consolidated Financial Report as of 30 June 2024, including the Independent Auditors' Report, will be made available to the public within the legal terms at the registered office in Rome, as well as through publication on the institutional website www.cy4gate.com in the "Investor Relations/Financial Statements/Year 2024" and on the authorized storage mechanism www.1info.it

The Manager responsible for the preparation of the Company's financial reports – Marco Latini - declares, pursuant to paragraph 2 of Article 154-bis of the TUF, that the accounting information contained herein is consistent with the underlying accounting documents, books and records.

It should also be noted that this press release contains forward-looking data and forward-looking statements regarding strategic objectives established as part of corporate planning. Readers of this release should not place undue reliance on such forward-looking statements as actual results could differ significantly from those contained in such forecasts as a consequence of multiple factors, most of which are beyond the Group's control.

CY4Gate Group results for the first half of 2024 will be presented to the financial community on **13 September 2024** during a **conference call at 10:30 AM (CET) 9:30 AM (UK)**.

For information, please contact the contacts at the bottom of this press release.

This Press Release is available on the "1info" (www.1info.it) storage mechanism 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

For more information:

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CY4GATE S.p.A. – Part of ELT

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REA RM-1426295

www.cy4gate.com – www.elettronicagroup.com

Attached are the Reclassified Consolidated Income Statement and Consolidated Balance Sheet as at June 30th, 2024

RECLASSIFIED INCOME STATEMENT

Reclassified Income Statement (in euro)	Financial Year closed at	
	30/06/2024	30/06/2023
Operating Revenues	29,847,983	33,096,965
Other operating revenues	1,290,966	989,417
Revenues	31,138,950	34,086,382
Purchase, services and other operative costs	12,810,806	13,165,510
Personnel costs	15,948,975	15,400,002
Costs	28,759,780	28,565,513
EBITDA	2,379,169	5,520,869
EBITDA Margin	7.6%	16.2%
Amortisation, depreciation, write-downs and value adjustments of financial assets	(7,568,755)	(6,399,316)
EBIT adjusted	(5,189,586)	(878,447)
Amortisation/depreciation (connected to the PPA)	(2,259,709)	(2,045,428)
EBIT	(7,449,294)	(2,923,875)
Financial Income (Charges)	(1,467,836)	(917,067)
Extraordinary costs (one off)	(225,412)	(2,440,767)
Taxes	(59,043)	3,278,125
Profit (Loss)	(9,201,585)	(3,003,585)
<i>of which third-party profit (loss)</i>	807,411	392,709

RECLASSIFIED BALANCE SHEET

Reclassified Balance Sheet (in euro)	Financial Year closed at	
	30/06/2024	31/12/2023
Fixed Asset	97,506,183	87,936,990
Inventories	961,812	759,066
Assets (liabilities) arising from contracts	3,521,814	3,109,905
Trade receivables	50,800,222	53,651,186
Trade Payables	(13,407,149)	(14,377,973)
OWC	41,876,699	43,142,184
Other assets (liabilities)	(13,634,619)	(6,307,719)
NWC	28,242,080	36,834,465
NIC	125,748,263	124,771,455
Liquid Assets	22,622,938	17,561,190
Financial Activities	1,394,389	1,369,509
Financial liabilities	(45,329,395)	(28,798,386)
Lease liabilities	(4,094,510)	(3,778,467)
NFP	(25,406,578)	(13,646,154)
Put option liability	(6,299,440)	(5,740,397)
Book value of treasury shares in portfolio	(3,214,883)	(1,600,410)
NFP Adjusted	(15,892,254)	(6,305,347)
Shareholders' Equity	(100,341,686)	(111,125,300)
Total sources	(125,748,264)	(124,771,455)