

**CY4GATE'S BOARD OF DIRECTORS APPROVED
THE DRAFT FINANCIAL STATEMENTS AS AT DECEMBER 31st, 2021, ISSUED FOR THE FIRST
TIME IN ACCORDANCE WITH THE INTERNATIONAL ACCOUNTING STANDARDS¹
AND THE FIRST SUSTAINABILITY REPORT**

**SIGNIFICANT INCREASE IN REVENUE WHILE RETAINING HIGH PROFIT MARGINS, WITH AN
EBITDA MARGIN OF 45%.**

**CY4GATE'S REMARKABLE PROGRESS CONTINUES BY IMPLEMENTING GROWTH AND
INTERNATIONALIZATION STRATEGIES IN THE PROMISING AND EXPANDING INTELLIGENCE
AND CYBER SECURITY MARKET**

- **Revenues:** € 17.9¹ million (€ 12.9 million)^{2;1} + **39%**
- **R&D investments:** € 2.9 million, with an increase of 17% compared to 2020
- **EBITDA³** € 8.0 million (€ 6.9 million) + **16%**
- **EBITDA Margin 45%**
- **Profit for the year:** € 5.2 million (€ 5.3 million profit)
- **Negative NFP:** € 1.7 million⁴ – positive: € 0.3 million OIC (€ 8.5 million positive)

Rome, March 17th, 2022 – The Board of Directors of **CY4GATE** (EGM: CY4) – operating company in the cyber market at 360 degrees – met today and approved the Draft Financial Statements as at December 31st, 2021, currently being audited by KPMG.

Emanuele Galtieri, CEO & General Manager of Cy4Gate: *“2021 has been a very intense and challenging year in many respects, but harbinger of great satisfaction. We closed the year achieving a significant volume of revenues which confirms, once again, the company’s remarkable trend of organic growth, capable of retaining a meaningful marginality. These results confirm the validity and scalability of a business model based on technological solutions able to satisfy the emerging and increasingly challenging needs of cyber intelligence and cyber security, earning the appreciation and consolidating the trust of all our customers. Among several key events, the closing M&A transaction on The Aurora Group is noteworthy, that is configured as a “transformational” activity: it represents the “turning point” of a company which has embarked on a well-defined and structured path of organic and external growth, that will be consolidated also through future M&A initiatives*

¹ Data as at 31st December 2021 and 2020 is shown for the first time under IFRS – International Accounting Standards. The tables annexed to this press release also show the transition reclassifications from OIC to IFRS.

² Figures in brackets refer to economic and financial data as at 31st December 2020.

³ EBITDA: Alternative Performance Indicator. EBITDA (Earnings Before Interest Taxes Depreciations and Amortizations) is an alternative performance indicator not defined by Italian GAAP, used instead by the company’s management to monitor and evaluate its operating performance, as it is not affected by volatility due to: the effects of the different criteria for determining taxable income, the amount and characteristics of capital employed, as well as the related depreciation policies. This indicator is defined by Pattern as Profit/(Loss) for the period before amortization, depreciation and impairments of tangible and intangible assets, of financial income and charges and of income taxes.

⁴ The change in accounting standards, following the IFRS transition, entails the recognition of lease liabilities under financial liabilities, the value of which consists of € 2 million as at 2021.

in the field of cyber security. The Aurora Group's activities and expertise, together with the solid commercial footprint the company has developed in foreign markets over the last five years, make it a growth accelerator for Cy4Gate in terms of a 360° cyber security and cyber intelligence offering, and open the doors to the European market. This transaction will also strengthen the company's research and innovation capabilities, as well as anticipate the ever-changing cyber threat segment, in order to meet future challenges in this constantly evolving sector".

The Draft Financial Statements as at December 31st, 2021 are the first prepared by Cy4Gate in accordance with IAS/IFRS, issued by the International Accounting Standards Board (IASB), and with the interpretations of the International Financial Reporting Standards Interpretation Committee (IFRS IC, formerly IFRIC), as well as with the former Standing Interpretations Committee (SIC) (hereinafter "IAS/IFRS Standards"), endorsed by the European Union, following the entry into force of Regulation (EC) No 1606/2002, issued by the European Parliament and the European Council in July 2002.

The date of first application of IAS/IFRS (hereinafter the "Transition Date"), pursuant to the provisions of IFRS 1, has been set – for CY4Gate – at January 1st, 2020.

ECONOMIC AND FINANCIAL DATA AS AT DECEMBER 31st, 2021

Revenues from sales and services stand at € 17.9 million, with an increase of 39% compared with December 31st, 2020 (€ 12.9 million). Such an increase is due to the large number of contracts signed throughout the year – with a significant peak in the last quarter of the year – with both Corporate and Government clients. The domestic market contributed 64% and the international market 36%, with a slight shift towards the international market, compared to last year.

Total costs amount to approximately € 9.9 million (€ 6.0 million), which represents an increase of approximately € 3.9 million, compared to the 2020 financial year. This is essentially due to the rising costs of:

- raw materials and services, which have undergone an increase mainly linked to business volumes, with a more significant impact compared to revenues, due to the different mix of products/services;
- personnel, which is entirely attributable to the strengthening of the structure, especially, to meet the needs of R&D projects and of contractual deliveries. Specifically, Cy4Gate strengthened its workforce during the year through hiring 37 resources (most of them dedicated to technical areas), in the face of 13 dismissals: the total number of employees as at December 31st, 2021 was 93. The structure was equipped with three new experienced managers, the Chief HR & Legal Officer (May 2021), the Chief Technical Officer and the CFO (September 2021). Cy4Gate's technical, engineering and commercial structure was strengthened with the recruitment of: 26 key resources employed in the Engineering division, 5 resources dedicated to the Company's commercial development, and 3 resources deployed in the AFC and HR area. During 2021, the company has also benefited of strategic external resources for product development purposes.

EBITDA amounts to € 8.0 million (€ 6.9 million) with an **EBITDA margin of 45%**. The excellent margins are the result of the positive sales trend and of the highly scalable business model, through the sale of proprietary software. The deviation from the previous year is due to the different license/service mix of revenues.

Depreciation and amortization amounted to € 3.4 million (€ 1.5 million) with a relevant increase of approximately € 1.9 million compared to 2020, linked to the significant level of R&D investments made throughout 2021 – which show a 17% increase compared to last year – to support growth, and in line with the Cy4Gate business model.

EBIT amounts to € 4.6 million (€ 5.4 million).

Operating profit amounts to € 5.2 million, compared with € 5.3 million for the 2020 financial year, despite the significant increase in depreciation and amortization, reflecting the investment policy aimed at supporting business strategies.

Shareholders' equity amount to € 30.3 million (€ 25.0 million), with an increase of approximately € 5.3 million, mainly due to the contribution of 2021 profit.

The **net financial position** resulted as negative by approximately € 1.7 million, compared to a positive NFP of €8.5 million at December 31st, 2021 (both including lease liabilities, in accordance with IFRS 16), the decrease is linked to the significant investments made in 2021 and to the Working Capital dynamics.

KEY EVENTS OCCURRED THROUGHOUT THE FINANCIAL YEAR 2021

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

On **January 15th, 2021** CY4Gate was appointed Cyber Deputy Industry Rapporteur by the European Defense Agency.

On **January 22nd, 2021**, CY4Gate reviewed the preliminary results as at December 31st, 2020, presented and approved the 2021-23 business plan, and announced the changeover in the role of CEO, by appointing Emanuele Galtieri as the new CEO of the company.

On **January 26th, 2021**, CY4Gate was awarded a contract, worth approximately €3.0 million, to supply complex Cyber Intelligence and Cyber Security systems to two military government agencies in the naval sector, in North America and the Gulf.

On **February 11th, 2021** CY4Gate was awarded an important contract, worth about € 200 thousand, with a primary military institutional body, for the development of a complex capability for the protection of embedded systems on different types of critical infrastructure.

On **February 19th, 2021**, CY4Gate announced its participation in support of the GEODE – Galileo for EU Defense project – which aims to promote military capability development within the European Union.

On **February 23rd, 2021**, a collaboration agreement was signed with Engineering – one of the main players in the digital transformation of public and private companies and organizations in Italy and worldwide – for the development of new Cyber Security and Decision Intelligence products and services.

On **March 30th, 2021**, Cy4Gate won the award for Best Capital Market Utilization Strategy, placing first in the category of “Fundraising on the AIM Market”. In June 2020, CY4GATE successfully concluded the placement with an overall demand almost four times bigger than the total offer – and a total placement value of € 21.1 million, thanks to a noteworthy demand, structured with around 70% by Italian institutional investors, and with 30% by investors from abroad.

On **April 20th, 2021**, Cy4gate announced that an “exclusive due diligence” process was underway – preparatory to possible corporate integration agreements with an active target in the Cyber intelligence and Decision Intelligence segment.

On **May 13th, 2021** Cy4gate was awarded an important contract, worth about € 450 thousand, for the provision of a Cyber Decision Intelligence complex system to a leading National Hi-Tech Corporate client.

On **June 10th, 2021** Cy4gate was shortlisted for the European Small and Mid-Cap Awards 2021, in the “Star of Innovation” category. Promoted and organized by the European Commission, EuropeanIssuers and FESE (Federation of European Securities Exchanges), the Awards recognize the best European companies that have grown rapidly, creating employment and value.

On **October 21st, 2021**, Cy4gate and Reevo signed a three-year agreement – starting from the signing of the agreement– in which ReeVo is committed to delivering Cloud and Cybersecurity services, and Cy4Gate to developing and delivering cybersecurity technologies, by proposing its flagship product, RTA.

On **November 4th, 2021** Cy4gate was awarded an important contract worth € 1.9 million to implement, in collaboration with an Italian big corporation operating in high-tech segment, an ambitious project that – starting from Cy4Gate's proprietary technologies and architectures (RTA and Quipo) – will aim to develop a 360° integrated cyber technology platform, to meet the most challenging intelligence and security requirements in the cyber domain.

On **November 17th, 2021** Cy4gate was ranked among the top three companies in the ninth edition of the European Small and Mid-Cap Awards 2021. It was the only Italian company in the “Star of Innovation” category. Cy4gate was selected thanks to the central role of innovation in its strategy for business development, the introduction of innovative technologies to the market, and the use of innovative techniques in daily operations.

On **November 18th, 2021**, Cy4gate won a contract for the provision of integrated cyber intelligence and cyber security solutions – as part of a larger context – for a foreign institutional client. The 1-year contract, worth approximately €2,300,000 – was based on the use of the proprietary technologies of Quipo and RTA products.

On **November 26th, 2021**, Cy4gate, together with Inmatica, signed an agreement aimed at testing Cyber Security, Incident Response and Decision Support products and services at the Regulatory Authority for Energy, Networks and Environment (ARERA).

On **December 16th, 2021**, Cy4gate signed a preliminary agreement for the acquisition of 100% of Aurora S.p.A., market leader in Italy and among the leading European Companies in the Forensic Cyber Intelligence & Data

Analysis segment. The purpose of the acquisition is the creation of a Cyber Intelligence and Cyber Security National Pole. At the end of the transaction, Cy4gate will start the preparatory steps to initiate the translisting process on the regulated market “Euronext Milan”.

KEY EVENTS OCCURRED AFTER THE YEAR'S END

In **January 2022**, Cy4gate was mentioned in Gartner's “Innovation Insight for Composite AI*” report as a “Representative Provider” for Composite Artificial Intelligence solutions for the year 2022.

On **January 10th, 2022**, Cy4gate announced that it has signed a contract for the provision of a Cyber Intelligence system, worth approximately €600,000, supported by some Cyber Security modules that will be implemented on a proprietary software platform for a leading Government Agency.

On **February 25th, 2022**, Cy4Gate received formal communication from the Presidency of the Council of Ministers that there is no impediment in terms of golden power to the company's acquisition of 100% of The Aurora Group, for which a preliminary purchase agreement was signed on December 16th, 2021.

In the first two months of 2022, Cy4gate won several contracts with leading government and big corporation clients for a total value of approximately € 700,000; **on February 28th, 2022**, Cy4gate also announced the closing of a contract, for the provision of a decision intelligence solution worth €1.2 million, as part of a broader program, for a national institutional customer.

On March 14th, 2022 Cy4gate successfully completed the capital increase process for a total amount of € 90 million, at a price of € 10.5 per share, and for a total number of shares of 8,571,428. It was subscribed for:

- € 10 million, equivalent to 952,381 shares, by Elettronica S.p.A., in execution of the underwriting commitments undertaken by the company itself;
- € 40 million, equivalent to 3,809,524 shares, by TEC Cyber S.p.A., a company established by the shareholders of “The Equity Club”, in execution of the underwriting commitments undertaken by the company itself;
- the remaining € 40 million, equivalent to 3,809,523 shares, by Italian and foreign institutional investors through an ABB procedure.

This was the largest accelerated primary placement in Italy, since November 2019.

BUSINESS OUTLOOK

The company is willing to continue its path of organic and inorganic growth, by focusing its strategy on the constant updating and development of its proprietary solutions. Particularly, CY4Gate’s strategy will rest on the following pillars:

- **Products:** evolution of Cyber Intelligence and Cyber Security products with the addition of more and more advanced and automatic features by exploiting Artificial Intelligence. These features will be progressively integrated with The Aurora Group’s proprietary solutions, 100% developed in Italy, too;

- Market development: national and international market share acquisition for Cybersecurity, Decision Intelligence and Forensic Intelligence & Data Analysis solutions;
- Customers: diversification and expansion of the customer network, through the establishment of commercial partnerships with suppliers, distributors, and other players at national and international level;
- Extraordinary transactions: focusing on the growth within the European cyber security market;
- Marketing and communication: aiming at increasing “brand awareness” for Cybersecurity and Decision intelligence solutions within the Italian and international markets.

In the coming years, an important development of Cy4Gate’s target markets is expected, as well as a further boost, coming from the use of Recovery Fund funds at a Cyber level.

The assumptions underlying the growth in revenues over the three-year period derive from (i) the consolidation and further increase in contracts with Corporate and Government clients with CY4Gate’s current proprietary products, (ii) the development of further proprietary cyber products, as well as (iii) the expansion in foreign markets.

The Company keeps on attentively monitoring the evolution of the Russia-Ukraine crisis, with specific regard to issues linked to cyber defense aspects, too.

There is no direct impact on CY4Gate, since it has neither a presence in the area nor exposure to customers and suppliers in the region, as a direct consequence of the company's strategy to privilege the use of Italian and European technologies and infrastructure.

ALLOCATION OF YEAR-END PROFIT

Together with the approval of the Financial Statements as of December 31st, 2021, the allocation of year-end profit – equal to € 5.2 million – is as follows:

- € 0.26 million legal reserve, until the legal limit is reached, pursuant to art. 2430 of the Italian Civil Code;
- profit carried forward, as for the remainder (equal to € 4.9 million).

KEY INDICATORS OF THE SUSTAINABILITY REPORT AS AT DECEMBER 31st, 2021

The Board of Directors approved the first Sustainability Report as at December 31st, 2021.

Cy4gate, consistent with its vision, is committed to provide its active contribution aiming at a safer world and at the protection of the fundamental human rights, through its Cyber technologies and products.

CY4GATE designs, develops and produces high-tech solutions for the protection of Institutions, Entities and People within the Cyber environment. Our people foster innovation and create proprietary solutions which combine creativity and technology innovation to provide customers with a clear answer to the ever-growing and

evolving need for digital security. Our unique range of products and services enable corporates, military and law enforcement institutions, as well as public institutions, to protect people's fundamental rights.

This first CY4GATE Sustainability Report is prepared according to GRI Standards 101: 2016 Reporting Principles (“compliant – Core” option).

CY4GATE is committed to making an active contribution to 5 out of the 17 goals of the United Nations 2030 Agenda for Sustainable Development; specifically, CY4GATE aims to:

- Ensure inclusive and equitable quality education, thus promoting lifelong learning opportunities for all;
- Promote sustained, inclusive, and sustainable economic growth, as well as encourage a full and productive employment, and provide decent work to all;
- Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation;
- Ensure sustainable consumption and production patterns;
- Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels.

CONVENING THE ORDINARY SHAREHOLDERS' MEETING

The Board of Directors also resolved to convene the Ordinary General Meeting on April 14th, 2022 in first call and, if necessary, on April 18th, in second call.

Due to “Covid-19” health emergency and, therefore, in compliance with the fundamental principles of protection of the health of the company’s shareholders, employees, representatives and consultants, as well as, most recently, with Decree Law 18 of March 17th, 2020 converted by Law 27/2020 (“Cura Italia” Decree), the Shareholders' Meeting, with regard to the shareholders, will be held with the participation exclusively through the **Appointed Representative**, pursuant to art. 135-undecies of Legislative Decree no. 58 of February 24th, 1998, in order to discuss and resolve on the following agenda:

- Approval of the Financial Statements and presentation of the social sustainability report as of December 31st, 2021;
- Allocation of the annual result;
- Engagement of statutory auditors for the years 2022-2024.

The notice of the Shareholders' Meeting and the related documents will be made available to the public according to the terms and procedures set out by current legislation.

DOCUMENTATION FILING

A copy of the Consolidated Financial Report as at December 31st, 2021, including the Independent Auditors' Report, will be made available to the public within the terms of the law at the registered office in Rome, as well as by publication on the institutional website www.cy4gate.com, under the section “Investors/Financial Documents”, and on the authorized storage mechanism www.1info.it.

About CY4GATE

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: QUIPO and AMICO, in the Cyber Intelligence segment; RTA, in the Cyber Security sector.

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Attached are the reclassified Income Statement and Balance Sheet as of December 31st, 2021.

RECLASSIFIED INCOME STATEMENT AS AT DECEMBER 31st, 2021

(in million €)	(Financial year ended December 31 st)	
	Dec. 31 st , 2021	Dec. 31 st , 2020
Operating revenues	17,0	12,6
Other operating revenues	0,9	0,4
Revenues	17,9	12,9
Costs for purchases, services and personnel	9,6	5,6
Other operating costs	0,1	0,1
Provisions	0,1	0,2
Impairments	0,1	0,1
Costs	9,9	6,0
EBITDA	8,0	6,9
EBITDA Margin	45%	53%
Depreciations and Amortizations	3,4	1,5
Financial income (Expenses)	0,1	0,1
Taxes	(0,6)	(0,0)
Operating Profit (Loss for the period)	5,2	5,3

RECLASSIFIED BALANCE SHEET AS AT DECEMBER 31st, 2021

(in million €)	(Financial year ended December 31 st)	
	Dec. 31 st , 2021	Dec. 31 st , 2020
Category		
Intangible Assets	7,5	3,7
Property, plant and equipment	0,7	0,6
Right of use	2,0	0,5
Tangible assets	10,3	4,8
Inventories	0,1	0,3
Assets and Liabilities arising from contracts	1,5	(1,2)
Trade Receivables	23,6	15,5
Trade Payables	(4,3)	(1,8)
CCO	20,8	12,7
Other current and non-current assets	3,5	0,9
Other liabilities and funds	(2,6)	(2,0)
CCN	21,7	11,6
CIN	32,0	16,5
Liquid funds	2,3	10,0
Non-current financial assets	0,0	0,0
Current financial liabilities	(2,0)	(1,0)
Lease Liabilities	(2,0)	(0,4)
NFP	(1,7)	8,5
Share capital	(0,5)	(0,5)
Share premium accounts	(19,5)	(19,5)
Other reserves	1,1	1,2
Profit/(loss) for the year	(5,2)	(5,3)
Retained earnings/(losses)	(6,2)	(1,0)
Shareholders' equity (Net worth)	(30,3)	(25,0)
Total Sources	(32,0)	(16,5)