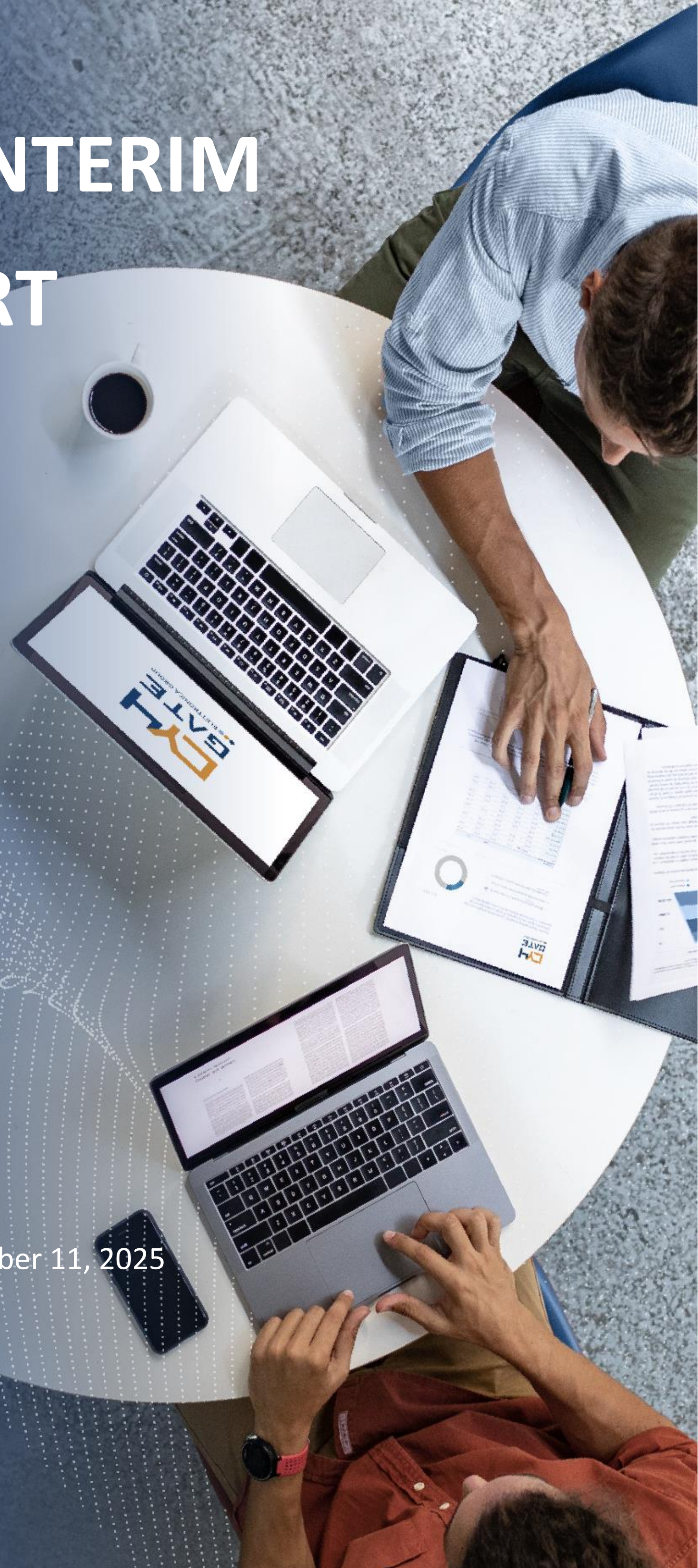
CY4GATE S.P.A.

CONSOLIDATED INTERIM FINANCIAL REPORT

as of June 30, 2025



Approved by the Board of Directors on September 11, 2025

THE CY4GATE GROUP

Corporate data of the Parent Company

CY4Gate S.p.A.

Registered office: Via Coponia, 8 - 00131 Rome (Italy)

Share capital Euro 1,441,499.94 fully paid up

Companies Register No.: 13129151000

REA (Economic and Administrative Index) No.: RM – 1426295

VAT No. 13129151000

www.cy4gate.com

TABLE OF CONTENTS

CORPORATE BODIES AND INDEPENDENT AUDITORS

BOARD OF DIRECTORS

Chairman	Enrico Peruzzi
Chief Executive Officer	Emanuele Galtieri
Director	Domitilla Benigni
Director*	Alessandra Bucci
Director*	Cinzia Parolini
Director	Alessandro Chimenton
Director*	Maria Giovanna Calloni
Director	Roberto Ferraresi
Director	Paolo Izzo

* Independent director pursuant to Article 147-ter, paragraph 4, and Article 148, paragraph 3, of the Italian Consolidated Law on Finance (TUF) and Article 2 of the Corporate Governance Code

BOARD OF STATUTORY AUDITORS

Chairman	Stefano Fiorini
Standing Statutory Auditor	Paolo Grecco
Standing Statutory Auditor	Daniela Delfrate
Alternate Statutory Auditor	Allegra Piccini
Alternate Statutory Auditor	Alberto Trabucchi

INDEPENDENT AUDITORS

KPMG S.p.A., in office until the shareholders' meeting called to approve the financial statements as of December 31, 2031

INTERIM CONSOLIDATED MANAGEMENT REPORT AS OF JUNE 30, 2025

Group financial performance and key performance indicators

The results of the first half of 2025 confirm that the CY4Gate Group is a key player in the governmental and corporate sectors. Beginning in first quarter of 2025, the Group has initiated a process of strengthening its management structure, aimed at ensuring a path of business consolidation and development, with a focus on sustainable growth, although the typical seasonality of the economic and financial performance related to the institutional business persists in the first half of the financial year.

In detail, at the end of the first half of 2025, the CY4Gate Group delivered strong growth in the cybersecurity segment, supported by important institutional projects. Furthermore, this segment benefits from the consolidation of XTN Cognitive Security Srl (hereinafter "XTN"), a subsidiary acquired in 2024 in partnership with Alfa Group S.p.A. It operates in the IT security sector and is a leader in combating digital fraud and protecting mobile apps, with a significant presence in the banking sector, while also expanding into other sectors such as automotive, with strong prospects in Telco and Energy&Utilities.

In the early part of the second half of 2024, CY4Gate and CDP Venture Capital announced the market launch of Helmon, a new cybersecurity player focused on serving SMEs.

Helmon S.r.l. (formerly Prontocyber Plus S.r.l.) was established as a 50/50 joint venture between the two companies signed in July 2024, within the scope of the activities of the Boost Innovation Fund, corporate venture building tool. This fund represents a corporate venture building instrument that co-creates new businesses together with medium-to-large enterprises.

Helmon, based in Rome, offers complete solutions – from data collection and risk assessment, to recovery plans in case of cyber attacks – of dedicated cyber security for the Italian SME segment, through an end-to-end approach capable of guaranteeing the highest level of protection against risks. Additionally, Helmon will distribute cyber insurance products, operating as a Managing General Agent (MGA), thanks to the partnerships developed with leading and key sector companies.

The acquisitions made in the past three years, along with the CDP partnership, have accelerated CY4Gate's process of creating a hub of national and European expertise and technologies in the cyber domain. The CY4Gate group is now able to rely on a suite of proprietary products capable of providing integrated solutions to major digital transformation, decision intelligence, and cybersecurity projects. This has enhanced the customer value proposition, increasingly geared towards a "one stop shop" approach in its sector of expertise, and has enabled the company to enter multiple geographic markets and complementary domains such as antifraud.

From a commercial perspective, during the first half of 2025, the company secured new orders with important national and international Institutional clients, ensuring production volumes for both 2025 and beyond. This validates the company's ability to create backlogs that will increasingly mitigate the impact of seasonality.

From an economic perspective, the first half of 2025 closes with consolidated revenues of Euro 40.6 million, an increase of 30.4% compared to the same period of the previous year (Euro 31.1 million as of June 30, 2024). This increase is primarily attributable to the performance of the Parent Company CY4Gate and its subsidiary RCS.

EBITDA as of June 30, 2025 amounted to Euro 3.5 million, up by Euro 1.1 million compared to the previous period (Euro 2.4 million. Profitability for the half-year is reflected in the EBITDA margin of 8.6% (7.6% as of June 30, 2024)), or 1.0 pps.

GROUP'S KEY PERFORMANCE INDICATORS

The management of CY4Gate evaluates the performance of the Group based on some indicators discussed below. In particular, EBITDA is used as the main profitability indicator, as it allows to analyze the Group's margin by eliminating the effects arising from non-recurring, exceptional or extraneous economic elements to ordinary management. In the following, in addition to the financial indicators provided by the International Financial Reporting Standards (IFRS), some indicators derived from these latter, although not provided for by the IFRS (Alternative Performance Indicators), and the components of each of these indicators are presented:

- **EBITDA:** is calculated by adjusting the profit/(loss) for the year to exclude the effect of taxes, net financial income/(expense), depreciation, amortization, impairment losses and value adjustments of financial assets, as well as income/(expense) considered by the Group as non-recurring and extraordinary, primarily related to M&A activities and the amortization arising from the purchase price allocation (PPA) resulting from the acquisition of RCS, the control of Diateam and XTN;
- **EBITDA margin:** is calculated as a ratio between EBITDA, as previously described, and total revenues;
- **Adjusted EBIT:** is calculated by adjusting the profit/(loss) for the year to exclude the effect of taxes, financial income/(expense), and income/(expense) considered by the Group as non-recurring and exceptional, as described above, as well as the amortization deriving from the PPA following the allocation of part of the acquisition price of RCS, Diateam and XTN in intangible assets;
- **EBIT:** is calculated by adjusting the profit/(loss) for the period to exclude the effect of taxes and net financial income/(expense);
- **Net Financial Position (NFP):** is calculated by subtracting cash and cash equivalents and financial assets from current and non-current financial liabilities.

These indicators reflect the main economic and financial figures, minus the non-recurring income and expense not strictly correlated to the core business and activity and therefore allow a performance analysis more consistent with previous periods.

Shown below are the main changes that have characterized the Group's trend compared to the previous period.

RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Reclassified statement of profit or loss	For the period ended	
(in Euro)	06/30/2025	06/30/2024
Revenues	39,470,913	29,847,983
Other revenues and income	1,146,457	1,290,966
Revenues	**40,617,370**	**31,138,950**
Purchases, services and other operating costs	18,810,680	12,810,806
Personnel expenses	18,299,943	15,948,975
Costs	**37,110,623**	**28,759,780**
EBITDA	**3,506,747**	**2,379,169**
EBITDA Margin	**8.6%**	**7.6%**
Depreciation, amortization, impairment losses and value adjustments of financial assets	(9,320,049)	(7,568,755)
Adjusted EBIT	**(5,813,302)**	**(5,189,586)**
Depreciation and amortization (related to PPA)	(1,329,062)	(2,351,776)
Non-recurring costs (one off)	(111,453)	(225,412)
EBIT	**(7,253,817)**	**(7,766,774)**
Financial income (expense)	(1,286,682)	(1,467,836)
Taxes	(170,922)	(33,825)
Profit/(loss) for the period	**(8,711,421)**	**(9,268,436)**

of which, attributable to non-controlling interests	***474,937***	***807,411***
Earnings/(loss) per share	**(0.37)**	**(0.39)**

* The comparative data for the first half of 2024 have been restated to include the effects of the Purchase Price Allocation of XTN Cognitive Security Srl (fully consolidated as of January 1, 2024); an activity that was completed in the second half of 2024.

With reference to the investee XTN Cognitive Security S.r.l., from the completion of the Purchase Price Allocation (PPA) at the end of the 2024 financial year, as established by IFRS 3, the Group has restated the values as at the acquisition date (January 1, 2024) in this consolidated interim financial report as of June 30, 2025. As a result, comparative amounts have been restated, with particular reference to the amortization of intangible assets arising.

The restatement of comparative amounts is detailed in the following table:

Restatement of comparative amounts (in Euro)	Reported amounts 06/30/2024	Effects of the PPA	Restated amounts 06/30/2024
Consolidated statement of profit or loss			
Depreciation, amortization, impairment losses and value adjustments of financial assets *	(9,828,463)	(92,067)	(9,920,530)
Taxes	(59,043)	25,217	(33,826)
Profit/(loss) for the period	**(9,887,506)**	**(66,850)**	**(9,954,356)**

** Including amortization related to PPA*

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

Reclassified Statement of Financial Position	As of	
(in Euro)	06/30/2025	12/31/2024
Non-current assets	**93,258,446**	**97,966,248**
Inventories	1,834,772	973,831
Contract assets/(liabilities)	3,962,608	5,957,176
Trade receivables	42,947,619	49,940,566
Trade payables	(12,332,071)	(11,918,398)
Operating working capital	**36,412,928**	**44,953,174**
Other assets (liabilities)	(9,306,193)	(9,707,168)
Net working capital	**27,106,735**	**35,246,006**
Net invested capital	**120,365,181**	**133,212,255**
Cash and cash equivalents	11,052,429	14,537,530
Financial assets	3,637,894	1,472,983
Financial liabilities	(37,598,374)	(41,070,787)
Lease liabilities	(5,465,734)	(5,859,148)
NFP	**(28,373,785)**	**(30,919,422)**
Equity	**(91,991,397)**	**(102,292,833)**
Total sources	**(120,365,181)**	**(133,212,255)**

Revenues as of June 30, 2025 amounted to Euro 40.6 million, representing an increase of 30.4% compared to June 30, 2024 (Euro 31.1 million), due to higher volumes from orders with national and international institutional clients.

The **costs** totaled Euro 37.1 million, an increase of 29% compared to the first half of 2024 (Euro 28.8 million). This increase is mainly attributable to higher costs to support the increase in production-related expenses, lower capitalized costs compared to the same period of the previous year, as well as increased labor costs following the renewal of the National Collective Bargaining Agreement (CCNL).

Amortization, depreciation and impairment losses rose by Euro 1.8 million, mainly due to the effect of development costs capitalized in previous years.

EBITDA was positive at Euro 3.5 million, marking an increase of 47.4% compared to the first half of 2024.

EBIT was negative for Euro 7.3 million and, although it shows an improvement of 6.6% compared to June 30, 2024 (negative for Euro 7.8 million), it is still affected by higher amortization charges stemming from investments accumulated in previous years.

The **Net result** as of June 30, 2025 recorded a loss of Euro 8.7 million which, an improvement of 0.6 million compared to the result as of June 30, 2024, mainly due to the adjustment of the present value of the put option liabilities related to the subsidiary Diateam.

Equity amounted to Euro 92.0 million (Euro 102.3 million as of December 31, 2024), mainly due to the appropriation of the period loss, alongside dividend payments from subsidiaries.

The **Net Financial Position** is negative Euro 28.4 million (negative Euro 30.9 million as of December 31, 2024), an improvement of Euro 2.5 million, mainly due to a reduction in financial payables and an increase in financial assets (the latter partly resulting from restricted cash for a contract of the Parent Company's foreign defense segment).

NET FINANCIAL POSITION

The following is the detailed statement of the composition of the Net Financial Position of the Group as of June 30, 2025, as required by CONSOB communication no. DEM/6064293 of July 28, 2006 and in compliance with CONSOB Warning no. 5/21 of April 29, 2021 with reference to ESMA Orientation 32-382-1128 of March 4, 2021.

(in Euro)	**June 30, 2025**	**December 31, 2024**
A. Cash	(11,052,429)	(14,537,530)
B. Cash equivalents	-	-
C. Other current financial assets	(1,706,419)	(667,780)
D. Liquidity (A+B+C)	**(12,758,848)**	**(15,205,310)**
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	7,040,744	5,295,877
F. Current portion of non-current financial debt	13,032,296	12,887,026
G. Current financial indebtedness (E+F)	**20,073,040**	**18,182,902**
H. Net current financial indebtedness (G+D)	**7,314,193**	**2,977,592**
I. Non-current financial debt (excluding current portion and debt instruments)	22,937,346	28,269,571
J. Debt instruments	-	-
K. Non-current trade and other payables	-	-
L. Non-current net financial indebtedness (I+J+K)	**22,937,346**	**28,269,570**

M. Total financial indebtedness pursuant to ESMA Recommendation of March 4, 2021 (H+L)	**30,251,539**	**31,247,162**
N. Non-current financial assets	(1,877,753)	(327,742)
Net Financial Position (M+N)	**28,373,786**	**30,919,422**

The item "C. Other current financial assets" includes the item of the condensed consolidated financial statements as of June 30, 2025 relating to Current financial assets (Euro 1,734,747) excluding financial derivative assets classified in this item.

The item "E. Current financial debt" includes Bank loans and Other loans borrowings as of June 30, 2025, excluding the non-current portion. As of the given date, there are no Other bank payables due entirely within 12 months.

The item "F. Current portion of non-current financial debt" includes the current portion of the item in the condensed consolidated financial statements relating to Bank loans borrowings (Euro 9,761,371), to Other loans and borrowings mainly comprising payables to financial companies (Euro 14,218), to Other bank payables consisting of advances on invoices and credit card balances (Euro 107,247), to the liability related to put options on business combinations (Euro 1,588,927), to liabilities arising from leases (Euro 1,588,862), and the current portion of financial derivative assets (Euro 28,328).

The item "I. Non-current financial debt" includes items in the condensed consolidated financial statements as of June 30, 2025 related to Non-current financial liabilities relating to Bank loans and borrowings (Euro 16,925,810), to Other loans and borrowings (Euro 31,065), to Other bank payables (Euro 5,092), to the liability connected to put options on business combinations (Euro 2,123,900), to lease liabilities (Euro 3,876,873) and the non-current portion of financial derivative assets (Euro 25,395).

The item "N. Non-current financial assets" corresponds to the item in the condensed consolidated financial statements as of June 30, 2025 related to Non-current financial assets (Euro 1,903,148), excluding financial derivative assets classified in this item.

HUMAN RESOURCES

With reference to the human resources employed during the half-year, below is the composition of the CY4Gate Group's workforce as of June 30, 2025, highlighting changes that occurred during the reporting period.

WORKFORCE BREAKDOWN AND CHANGES

	Executive managers	Middle managers	Employees	Total
12/31/2024	25	83	444	552
additions (+)	2	7	32	41
promotions	-	-	-	0
departures (-)	(2)	(9)	(34)	(45)
06/30/2025	**25**	**81**	**442**	**548**

	Average Number of Employees		Employees at the end of the period	
	06/30/2025	**06/30/2024**	**06/30/2025**	**06/30/2024**
Executive managers	25	25	25	25

Middle managers	83	81	81	79
Employees	441	440	442	436
Total	**549**	**546**	**548**	**540**

SIGNIFICANT EVENTS OF THE HALF-YEAR

Entry of XTN Cognitive Security S.r.l. into the National Tax Consolidation Scheme

On March 6, 2025, the Company's Board of Directors resolved the inclusion of XTN Cognitive Security S.r.l. in the National Tax Consolidation Scheme of CY4Gate S.p.A. for the three-year period 2025-2027.

Payment of loan installment to Helmon S.r.l. (formerly Prontocyber Plus S.r.l.)

In January 2025, the Parent Company made a further payment of Euro 575 thousand as a non-interest-bearing loan to the investee Helmon S.r.l. (formerly Prontocyber Plus S.r.l.), in fulfillment of the commitments agreed between the parties (Euro 400 thousand paid during 2024).

Amendment of the company name of the Joint Venture Prontocyber Plus S.r.l.

On April 15, 2025, the shareholders' meeting of the investee resolved to change its company name from Prontocyber Plus S.r.l. to Helmon S.r.l.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

XTN dividend distribution

On July 2, 2025, the dividend was paid, as resolved at the shareholders' meeting of XTN on April 28, 2025, for an amount of Euro 1,684,970, of which Euro 1,310,959 was paid to the Parent Company and the remaining part to minority interests..

Purchase of an additional stake in Diateam S.a.S.

On July 30, 2025, following the exercise of the "Put & Call" option agreements exercisable in the 2024-2026 three-year period and signed at the time of the purchase of the first 55.33% of Diateam S.a.S., CY4Gate S.p.A. signed the closing for the purchase of a further 14.66% of the French investee at a price of Euro 1.6 million, thus coming to hold 85.32% of its share capital.

BUSINESS OUTLOOK

The Group will continue its growth path aiming for strong consolidation, efficiency and creation of synergies with the acquired companies, always favoring the maintenance of technological excellence and enhancing the broad product portfolio that today can count on leading solutions in cyber capable of supporting the most challenging customer needs.

The Group's strategy aims to:

- intercept the growing needs of the Defense market, characterized by significant investments globally, and multi-year contracts of important size, accelerating the creation of backlogs and therefore, contributing – together with the Corporate market – to reducing the risks of seasonality. To further enhance market penetration capabilities, ad hoc partnerships with key players in both markets will also be prioritized;
- further consolidate the leadership position in Italy in the Security & Law Enforcement market (by continuing

initiatives aimed at mitigating the potential effects resulting from the reforms started in the industry by the Italian Ministry of Justice) and strengthen, making it structural, growth in EU countries;

- ensure a greater and more incisive presence in the Italian Corporate market on cybersecurity, with a progressive expansion in Europe in the following two years; a greater presence in the Corporate market will represent an important tool for mitigating the seasonality of the Group's business, supporting the generation of a flow of recurring revenues during the year.

Specifically, the Group has outlined the following initiatives as top strategic priorities to be pursued over the next three years across the following three markets in which it currently operates:

DEFENSE

- strengthening of industrial partnerships with the major players in the Italian and European Aerospace & Defense segment;
- opening of new markets abroad, exploiting the potential offered by the training activities of the Cyber Academy and the Cyber Labs as “entry point capabilities” to then initiate upselling initiatives;
- increase in market share on the domestic and international market both through direct sales to the end customer and with the support of ELETTRONICA S.p.A., founder and reference shareholder of CY4Gate, which can count on a consolidated presence of more than seventy years in the Defense market;
- direct participation and/or in partnership in EU (EDA, ESA) or NATO tenders that finance research and development in the cyber domain.

SECURITY & LAW ENFORCEMENT

- consolidation in the Italian market, with a focus on the most relevant (from a business perspective) Public Prosecutors;
- implementation of targeted technological partnerships with “boutique” companies with the aim of sharing investments to reduce the need for resources (human and financial) necessary to cope with the rapid obsolescence of the typical technologies of the industry;
- increase in market share both in Italy and abroad in the new concept tactical devices produced by the Group;
- progressive improvement of presence in the European area, which offers guarantees of greater predictability and business stability, starting from the Spanish market on which the Group can already count on a multi-year presence.

EU and ITALIAN CORPORATE MARKET

- in line with new market trends and strong with a significant basket of cyber products, we will proceed to the implementation of a distinctive “customer value proposition” focused more on “capabilities” than on “products”. The products and technologies will constitute, in this new model, the enabling factors to ensure the full spectrum of capabilities that the customer requires for the satisfaction of cyber protection needs;
- integration of sales force efforts with new and effective channel partnerships (Attiva is a recent example);
- expansion of the domestic market with a focus on large- and medium-sized companies, thanks to a renewed sales team, expert in the industry and geographically located in the areas of greatest interest for the business;
- leveraging the customer network derived from the acquisition of XTN, we will act in pursuing up-selling and cross-selling opportunities on new market segments (banking, automotive, luxury, etc.);
- progressive expansion of sales over the three-year period on new geographical areas in the EU, establishing collaborations with channels operating abroad and promoting the development of an international sales team.

Management will also aim to implement the rollout of synergies among associated companies following a three-year period of intense M&A activity, with the objective of optimizing the overall cost structure, streamlining the organizational model and processes, and capitalizing on both completed and ongoing investments.

MAIN RISKS AND UNCERTAINTIES

Risk Management

The Group is exposed to financial risks connected with its operations, more specifically the following:

- market risk, defined as currency risk, for transactions in currencies other than the presentation currency; interest rate risk, related to financial exposure, and price risk;

- credit risk, arising from normal business operations or financing activities;
- liquidity risk, related to the availability of financial resources and access to the credit market;
- capital risk;
- authorization risk;
- reputational risk;
- human resources risk;
- technological risk.

The risk management strategy is aimed at minimizing potential negative effects on the Group's financial performance.

Interest rate risk

The Group, in choosing financing and investment operations, has adopted criteria of prudence and limited risk and has not carried out speculative transactions. It should be noted that the Group has sought to hedge itself from financial risk, and in particular from the risk of rising interest rates, by entering into “Interest Rate Swap” contracts, financial instruments to hedge the risk of fluctuation of the interest rate applied to variable rate financing contracts. The aforementioned “Interest Rate Swaps” should be considered as hedging transactions and their impact on the result for the period is given exclusively by the accounting of the active and passive differentials on the interest rates as of June 30, 2025. Below are the main data of these contracts:

Bank	Agreement date	Maturity date	Reference principal (Euro)	Outstanding principal (Euro)	Fair Value as of 06/30/25 (Euro)
INTESA	01/18/2024	11/30/2026	2,750,000	2,750,000	(7,494)
ICCREA	05/24/2022	03/29/2028	5,000,000	4,000,000	20,361
CREDIT AGRICOLE	05/24/2022	03/29/2028	7,500,000	6,000,000	33,362

Currency risk

The Group believes it is not significantly exposed to fluctuations in exchange rates; therefore, it does not carry out transactions in derivative financial instruments to hedge against currency risk. In particular, despite the Group conducting its business abroad, exposure to foreign countries is limited and there are no financial liabilities in currencies other than the Euro.

Price risk

The Group believes it is not significantly exposed to the movements of raw material and commodity prices used in the production process and the resulting influence of these on operating margins.

Credit risk

The credit risk essentially derives from receivables from customers. To mitigate the credit risk related to commercial counterparts, the Group has implemented procedures aimed at limiting the concentration of exposures to single counterparts or groups, through a creditworthiness analysis. The constant monitoring of the state of credits allows the Group to promptly verify any defaults or worsening of the creditworthiness of the counterparts and to adopt the relative mitigating actions. It should also be specified that the credit risk is further limited considering the characteristics of the customers, largely public entities.

Liquidity risk

The liquidity risk is associated with the Group's ability to meet commitments primarily arising from financial liabilities. Prudent management of liquidity risk originated from the Group's normal operations implies maintaining an adequate level of cash and the availability of funds obtainable through an adequate amount of credit lines. Cash flows, financing needs and liquidity are constantly monitored and managed with the aim of ensuring an effective and efficient management of financial resources.

Capital risk

The Group's objective in managing capital risk is mainly to safeguard the going concern in order to guarantee returns to shareholders and benefits to all stakeholders. The Group also aims to maintain an optimal capital structure in order to reduce the cost of indebtedness.

Authorization risk

The Group operates in an industry characterized by multiple specific regulatory and legal disciplines. In particular, the Group's activity is conditioned by these regulations to the extent that they can influence the obtaining of the necessary authorizations for the sale of new products and services in particularly regulated markets. The procedures that must be followed to obtain such authorizations can be long, costly and with no guaranteed outcome. This risk is particularly significant if linked to the seasonality of the Group's business, characterized by a marked concentration in the last quarter of the financial year.

Reputational risk

The Group operates in a regulated sector, Forensic Intelligence, which by its nature is intended to support law enforcement agencies and national and foreign judicial bodies in conducting investigative activities using proprietary technologies. The Group always acts in full compliance with the law, within a framework of prior authorization by the competent authorities. It imposes stringent contractual clauses to prevent the "misuse" of its products by end-users. These include the termination of existing contracts and the interruption of maintenance activities that enable the use of the products themselves. Nevertheless, circumstances may arise where improper use of the aforementioned technologies is reported through print and/or online media outlets with incomplete or incorrect information, aimed at discrediting the Group, even though it has operated in full compliance with current regulations.

Human Resources risk

The Group operates in an industry characterized by the need of companies to employ highly specialized personnel with high technical and professional skills and, therefore, the Group's success depends also on its ability to attract, train and retain personnel with the level of specialization and technical and professional skills required. The current context, moreover, is affected by a significant shortage of human resources with adequate technical training in the so-called "STEM" disciplines.

Technological risk

Delays in product development or in adapting to technological evolution could negatively affect the Group's business relationships and limit market expansion, with a consequent effect of reducing the resources needed to develop new products and services, meet customer demands and maintain the Group's positioning in terms of innovation within the reference market.

TRANSACTIONS WITH RELATED PARTIES

The transactions that the Group concluded with related parties in the half-year under review are commercial and financial in nature and were carried out at normal market conditions. For a detailed exposition of the relationships maintained in the first half of 2025, please refer to what is explained in Note 26 of the Condensed Interim Consolidated Financial Statements.

It is recalled that, on May 18, 2023, CY4Gate S.p.A. adopted – effective as of the date on which the Company's ordinary shares began trading on the Euronext Milan, STAR segment – a specific "Procedure for Transactions with Related Parties" (hereinafter the "Procedure"), in implementation of the provisions pursuant to art. 2391-bis of the Italian Civil Code and the Regulation containing provisions on transactions with related parties adopted by CONSOB with Resolution no. 17221 of March 12, 2010, as subsequently amended and supplemented, most recently on September 12, 2024. It is specified that the Group applies the Procedure also taking into account the CONSOB Communication no. DEM/10078683, published on September 24, 2010, containing "Indications and guidelines for the application of the Regulation on transactions with related parties adopted with resolution no. 17221 of March 12, 2010 as subsequently amended". The Procedure, as currently in force, is published on the Group's website: www.cy4gate.com under the "Governance" section, "Corporate Documents" area.

Pursuant to art. 5, paragraph 8, of the Regulation, it is noted that in first half of 2025 no major transactions (as defined by art. 4, paragraph 1, lett. a) and identified by the mentioned Procedure pursuant to Annex 3 to the Regulation), nor other transactions with related parties have significantly influenced the consolidated financial situation in the reference period. For details on related party transactions that occurred during the period, please refer to Note 26 of the Condensed Interim Consolidated Financial Statements.

OTHER INFORMATION

Shares of parent companies

CY4Gate S.p.A. does not hold shares or quotas in any parent companies, and the Group's companies have not made acquisitions or disposals of shares or quotas of parent companies, either directly, or through trustees or nominees in the half-year.

Treasury shares of the Parent Company held by itself or by subsidiaries

It is hereby certified that CY4Gate S.p.A., as of June 30, 2025, holds 450,000 treasury shares, with a total value of Euro 3.2 million.

Management and coordination

CY4Gate S.p.A. is not subject to management and coordination activities by any of its shareholders, pursuant to articles 2497 et seq. of the Italian Civil Code, having verified that the presumption of article 2497-sexies of the Italian Civil Code does not apply.

KPMG S.p.A.
Revisione e organizzazione contabile
Via Curtatone, 3
00185 ROMA RM
Telefono +39 06 80961.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative)

Report on review of condensed interim consolidated financial statements

To the Shareholders of
CY4Gate S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the CY4Gate Group comprising the statement of financial position, the statements of profit and loss, comprehensive income, changes in equity, cash flows and notes thereto, as at and for the six months ended 30 June 2025. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the IFRS Accounting Standard applicable to interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the CY4Gate Group as at and for the six months ended 30 June 2025 have not been prepared, in all material respects, in accordance with the IFRS Accounting

Standard applicable to interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and endorsed by the European Union.

Rome, 12 September 2025

KPMG S.p.A.

(signed on the original)

Matteo Ferrucci
Director of Audit

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT

JUNE 30, 2025

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in Euro)	**Note**	**2025**	*of which to related parties:*	**2024***	*of which to related parties:*
		Period ended June 30			
Revenues	1	39,470,913	3,356,650	29,847,984	3,830,965
Other revenues and income	2	1,146,457	57,703	1,290,966	-
Purchases, services and personnel expenses	3	(36,916,983)	(119,710)	(28,563,049)	(229,678)
Depreciation and amortization	4	(10,210,258)	(149,942)	(9,480,918)	-
Value adjustments of financial assets	4	(438,853)	-	(439,613)	-
Accrual to provision for risks and charges		-	-	-	-
Other operating costs	5	(305,093)	-	(422,143)	-
Operating profit/(loss)		**(7,253,817)**	**3,144,701**	**(7,766,774)**	**3,601,287**
Financial income	6	561,752	-	177,282	-
Financial expense	6	(1,602,297)	(2,125)	(1,645,119)	-
Share of profit/(loss) of equity-accounted investments, net of tax effects	6	(246,137)		-	-
Profit/(loss) before tax		**(8,540,499)**	**3,142,576**	**(9,234,609)**	**3,601,287**
Taxes	7	(170,922)	-	(33,825)	-
Profit/(loss) for the period		**(8,711,421)**	**3,142,576**	**(9,268,435)**	**3,601,287**
of which:					
Profit attributable to non-controlling interests		*474,937*		*807,411*	
Profit/(loss) attributable to the Group		*(9,186,358)*		*(10,075,846)*	

* The comparative figures for the first half of 2024 have been restated to include the effects of the Purchase Price Allocation of XTN Cognitive Security S.r.l. (fully consolidated as of January 1, 2024); an activity that was completed in the second half of 2024.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Period ended June 30	
(in Euro)	Note	2025	2024*
Profit/(loss) for the period		**(8,711,421)**	**(9,268,435)**
Actuarial gains/(losses) on defined benefit plans	21	113,543	(9,331)
Actuarial gains/(losses) on defined benefit plans - tax effect	21	(28,356)	2,239
Items that will not be subsequently reclassified to profit or loss		**85,187**	**(7,091)**
Net fair value gain/(losses) on cash flow hedges		(52,416)	25,030
Net fair value gain/(losses) on cash flow hedges - tax effect		10,145	(6,007)
Items that may be subsequently reclassified to profit or loss		**(42,271)**	**19,023**
Other comprehensive income/(loss), net of tax effect		**42,916**	**11,932**
Comprehensive income/(loss) for the period		**(8,668,505)**	**(9,256,503)**
of which:			
Comprehensive income attributable to non-controlling interests		*474,937*	*807,411*
Comprehensive income/(loss) attributable to the Group		*(9,143,442)*	*(10,075,846)*

* The comparative figures for the first half of 2024 have been restated to include the effects of the Purchase Price Allocation of XTN Cognitive Security S.r.l. (fully consolidated as of January 1, 2024); an activity that was completed in the second half of 2024.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As of June 30		As of December 31	
(in Euro)	**Note**	**2025**	*of which to related parties:*	**2024**	*of which to related parties:*
Intangible assets and goodwill	9/10	77,064,232	-	81,191,711	-
Goodwill	9	49,190,205	-	49,190,205	-
Intangible assets	10	27,874,027	-	32,001,506	-
Property, plant and equipment	11	9,933,537	-	9,850,247	-
Right-of-use assets	12	5,276,899	613,913	5,694,377	*712,970*
Non-current financial assets	13	1,903,149	994,000	502,251	*419,000*
Equity-accounted investments		983,777	-	1,229,914	-
Deferred tax assets	19	10,417,061	-	10,460,187	-
Other non-current assets	19	1,867,621	-	1,031,789	-
Non-current assets		**107,446,276**	**1,607,913**	**109,960,476**	**1,131,970**
Inventories	16	1,834,772	-	973,830	-
Contract assets	17	10,271,612	3,763,637	8,429,181	*2,430,044*
Trade receivables	18	42,947,619	1,221,680	49,940,566	*5,627,842*
Current tax assets	15	83,604	-	79,225	-
Other current assets	19	5,479,090	-	5,680,942	-
Current financial assets	13	1,734,746	-	970,732	-
Cash and cash equivalents	20	11,052,429	-	14,537,530	-
Current assets		**73,403,871**	**4,985,317**	**80,612,005**	**8,057,886**
Total assets		**180,850,147**	**6,593,230**	**190,572,481**	**9,189,857**
Share capital	21	1,441,500	-	1,441,500	-
Share premium reserve	21	108,539,944	-	108,539,944	-
Reserves	21	(10,796,127)	-	(3,479,508)	-
Profit/(loss) for the period	21	(9,186,357)	-	(7,401,686)	-
Equity of the Group		**89,998,960**	**-**	**99,100,250**	**-**
Equity attributable to non-controlling interests	21	1,517,501	-	1,429,407	-
Profit (loss) for the period of non-controlling interests	21	474,937	-	1,763,176	-
Equity		**91,991,397**	**-**	**102,292,833**	**-**
Employee benefits - non-current	22	5,031,600	-	4,739,373	-
Other non-current liabilities	25	4,414,772	-	3,559,998	-
Non-current financial liabilities	23	19,085,867	-	24,216,798	-
Non-current lease liabilities	23	3,876,873	396,472	4,227,281	*474,237*
Deferred tax liabilities		995,983	-	1,375,380	-
Total non-current liabilities		**33,405,095**	**396,472**	**38,118,830**	**474,237**
Trade payables	24	12,332,071	76,412	11,918,398	*3,172*
Current financial liabilities	23	18,512,507	-	16,853,988	-
Current lease liabilities	23	1,588,862	295,402	1,631,866	*256,718*
Contract liabilities	17	6,309,004	515,806	2,472,005	*535,808*
Tax liabilities	15	351,950	-	278,023	-
Other current liabilities	25	16,359,263	-	17,006,538	-
Total current liabilities		**55,453,657**	**887,620**	**50,160,818**	**795,698**
Total liabilities		**88,858,751**	**1,284,092**	**88,279,648**	**1,269,935**
Total equity and liabilities		**180,850,147**	**1,284,092**	**190,572,481**	**1,269,935**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in Euro)	Note	Share capital	Share premium reserve	Reserves	Profit/(loss) for the period	Total equity attributable to the Group	Total equity attributable to non-controlling interests	Total equity
As of January 1, 2024		**1,441,500**	**108,539,944**	**9,272,847**	**(10,704,682)**	**108,549,609**	**2,575,691**	**111,125,300**
Profit/(loss) for the period		-	-	-	(10,008,996)	**(10,008,996)**	807,411	**(9,201,585)**
Actuarial losses on defined benefit plans		-	-	(7,091)	-	**(7,091)**	-	**(7,091)**
Fair value gains (losses) on cash flow hedges		-	-	19,023	-	**19,023**	-	**19,023**
Comprehensive income/(loss) for the period		**-**	**-**	**11,932**	**(10,008,996)**	**(9,997,064)**	**807,411**	**(9,189,653)**
Allocation of previous year result		-	-	(10,704,682)	10,704,682	**-**	-	**-**
Acquisition of treasury shares		-	-	(1,606,438)	-	**(1,606,438)**		**(1,606,438)**
Other changes		-	-	(283)	-	**(283)**		**(283)**
Distribution of dividends to non-controlling interests		-	-	(194,250)	-	**(194,250)**	(189,863)	**(384,113)**
Acquisition of equity investments		-	-	-	-	-	413,785	**413,785**
As of June 30, 2024		**1,441,500**	**108,539,944**	**(3,220,873)**	**(10,008,996)**	**96,751,575**	**3,607,024**	**100,358,598**
As of December 31, 2024		**1,441,500**	**108,539,944**	**(3,479,508)**	**(7,401,686)**	**99,100,250**	**3,192,583**	**102,292,833**
Profit/(loss) for the period		-	-	-	(9,186,358)	**(9,186,358)**	474,937	**(8,711,421)**
Actuarial losses on defined benefit plans		-	-	85,187	-	**85,187**	-	**85,187**
Fair value gains (losses) on cash flow hedges		-	-	(42,271)	-	**(42,271)**	-	**(42,271)**
Comprehensive income/(loss) for the period		**-**	**-**	**42,916**	**(9,186,358)**	**(9,143,442)**	**474,937**	**(8,668,505)**
Allocation of previous year result		-	-	(7,401,686)	7,401,686	**-**	-	**-**
Acquisition of treasury shares		-	-	-	-	**-**	-	**-**
Other changes:		-	-	79,174	-	**79,174**	-	**79,174**
Distribution of dividends to non-controlling interests		-	-	(37,017)	-	**(37,017)**	(1,675,083)	**(1,712,100)**
Non-controlling interests		-	-	-	-	**-**		**-**
As of June 30, 2025		**1,441,500**	**108,539,944**	**(10,796,127)**	**(9,186,358)**	**89,998,960**	**1,992,437**	**91,991,397**

CONSOLIDATED STATEMENT OF CASH FLOWS

	As of June 30, 2025	As of June 30, 2024*
Profit/(loss) before tax	**(8,540,499)**	**(9,234,609)**
Adjustments for:		
Amortization and depreciation	10,210,258	9,480,918
Impairment losses	438,853	439,613
Expenses for employee share-based incentives	-	-
Accruals to provisions for risks and charges	-	-
Net interest income and expense	1,040,545	1,467,837
Other non-cash items	752,932	434,793
Cash flows from operating activities before changes in net working capital	**3,902,089**	**2,588,552**
Change in inventories	(860,942)	(202,746)
Change in trade receivables	6,554,094	4,258,027
Change in trade payables	413,673	(2,319,141)
Change in other assets/liabilities	2,236,589	6,322,032
Payment of employee benefits	(174,990)	(220,851)
Interest paid	(1,069,512)	-
Income tax paid	(1,358,913)	(2,504,558)
Net cash flows from operating activities	**9,642,089**	**7,921,315**
Net investment in intangible assets	(3,618,862)	(7,022,938)
Net investment in property, plant and equipment	(1,566,216)	(2,734,558)
Acquisition of subsidiaries net of cash and cash equivalents	-	(4,258,953)
Changes in financial assets	-	-
Net cash flows from investing activities	**(5,185,078)**	**(14,016,448)**
Acquisition of treasury shares	-	(1,614,473)
Dividends distributed	(1,712,100)	(384,148)
Changes in other financial assets	(2,207,183)	26,923
Net utilizations of credit facilities	(3,143,664)	15,243,285
Repayment of lease liabilities	(958,331)	(1,065,516)
Contribution to capital reserve	-	193,507
Equity attributable to non-controlling interests	-	-
Other changes	-	(78,910)
Net cash flows from financing activities	**(7,942,110)**	**11,156,881**
Total change in cash and cash equivalents	**(3,485,100)**	**5,061,748**
Cash and cash equivalents at the beginning of the period	14,537,530	17,561,190
Cash and cash equivalents at the end of the period	**11,052,429**	**22,622,938**

* The comparative figures for the first half of 2024 have been restated to include the effects of the Purchase Price Allocation of XTN Cognitive Security S.r.l. (fully consolidated as of January 1, 2024); an activity that was completed in the second half of 2024.

EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2025

GENERAL INFORMATION

CY4Gate S.p.A. (hereinafter the “Parent Company” or the “Company") is a company established and domiciled in Italy, with registered office in Rome (Italy), at Via Coponia, 8 and organized under the legal system of the Italian Republic. These condensed interim consolidated financial statements as at June 30, 2025, include the interim financial statements of the Parent Company and its subsidiaries (collectively, the "CY4Gate Group" or the "Group" or "CY4"). The Group is primarily engaged in the design, development and production of technologies, products, systems and services for the Armed Forces, Law Enforcement Agencies and Italian and foreign companies. From June 26, 2023, the shares of CY4Gate S.p.A. are traded in the Euronext STAR Milan market segment of Borsa Italiana (from 2020 and until the above date shares were traded in the Euronext Growth Milan market segment).

The Company is controlled by Elettronica S.p.A., with registered office in Rome at Via Tiburtina Km 13.700.

As of the date of preparation of these financial statements, the Company is not subject to direction and coordination of any of its shareholders, as the Board of Directors of the Company assumes in full and complete autonomy and independence the most appropriate decision relating to the management of the Company's activities.

Authorization for publication

These consolidated financial statements were approved and authorized for publication by the Board of Directors of CY4Gate S.p.A. on September 11, 2025, and are subject to limited audit by KPMG S.p.A.

BASIS OF PREPARATION

These condensed interim consolidated financial statements for the six-month period ended June 30, 2025 have been prepared in compliance with the provisions of art. 154-ter of Italian Legislative Decree no. 58/98 – Consolidated Law on Finance or T.U.F. – as amended and supplemented, has been prepared in accordance with the "EU IFRS", meaning by this all the "International Financial Reporting Standards" (IFRS), all the "International Accounting Standards" (IAS), all interpretations of the "International Financial Reporting Interpretations Committee" (IFRIC), formerly the "Standing Interpretations Committee" (SIC) that, as of the reporting date of the Consolidated Financial Statements, have been endorsed by the European Union in accordance with the procedure provided for by Regulation (EC) No. 1606/2002 of the European Parliament and of the European Council of July 19, 2002. IFRS have been applied consistently to all periods reported in this document.

In particular, these condensed interim consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting and do not include all the information required by the annual financial statements. They should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2024 (the "last financial statements"), filed at the Company's registered office and available on the website www.cy4gate.com. Although it does not contain all the disclosures required for a complete set of financial information, specific explanatory notes are included to explain events and transactions that are key to understanding changes in the Group’s financial position and performance since the last financial statements. The financial statements are consistent with those that make up the annual consolidated financial statements.

These condensed interim consolidated financial statements have been prepared on a going concern basis, as the Directors have verified the absence of financial, managerial or other indicators that could signal difficulties regarding the Group’s ability to meet its obligations in the foreseeable future and in particular in the next 12 months, in relation to the date of these financial statements. The description of the methods used by the Group to manage financial risks is illustrated in the Note "Risk Management" included in the interim consolidated management report as of June 30, 2025.

These condensed interim consolidated financial statements have been prepared and presented in Euro, which represents the currency of the predominant economic environment in which the Group operates. All amounts included in this document, unless otherwise indicated, are expressed in Euro. The totals in certain statements and tables in the explanatory notes may differ slightly from the sum of individual components due to rounding.

The condensed interim consolidated financial statements as at June 30, 2025, consist of the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, and these explanatory notes.

The following are the financial statements formats and the relative classification criteria adopted by the Group, within the options provided by IAS 1 *Presentation of financial statements*:

- the *Consolidated statement of financial position* has been prepared by classifying assets and liabilities according to the "current/non-current" criterion;
- the *Consolidated statement of profit or loss* has been prepared by classifying operating costs by nature;
- the *Consolidated statement of comprehensive income*, in addition to the profit or loss for the period resulting from the Statement of profit and loss, includes income and expense that are not recognized in profit or loss as required by IFRS;
- the *Consolidated statement of changes in equity*, prepared in accordance with IAS 1;
- the *Consolidated statement of cash flows* has been prepared by presenting cash flows resulting from operating activities according to the "indirect method".

These condensed interim consolidated financial statements have been prepared based on the conventional criterion of the historical cost, except for the measurement of financial assets and liabilities, in cases where the application of the fair value criterion is mandatory.
For each item in the consolidated financial statements, the corresponding value from the previous year or period is reported for comparative purposes.

In accordance with CONSOB Resolution no. 15519 of July 28, 2006, balances from related party transactions are separately highlighted in the financial statements, and are further described in Note 26.

SCOPE OF CONSOLIDATION AND CONSOLIDATION CRITERIA

The following table shows the details of the companies included in the scope of consolidation:

Company name	Registered office	Share capital	% direct investment	% Group investment	Method of consolidation	As of June 30	
						2025	2024
CY4Gate S.p.A. (Parent Company)	Rome (Italy) - via Coponia 8	€1,441,500	-	-	-	x	x
Subsidiaries							
RCS ETM Sicurezza S.p.A. (in brief, RCS)	Milan (Italy) - Via Caldera 21	€7,000,000	100%	100%	Line-by-line consolidation	x	x
Dars Telecom SL	Madrid (Spain) - Paseo Pintor Rosales 44	€4,808	65%	65%	Line-by-line consolidation	x	x
Diateam S.a.S. *	Brest (France) - 31 rue Yves Collet	€300,000	70.66%	100.00%	Line-by-line consolidation	x	x
Servizi Tattici Informativi Legali S.r.l. (in short, STIL) **	Cuneo (Italy) - Via XX settembre 2	€33,333	n/a	n/a	Line-by-line consolidation	-	x
Tykelab S.r.l.	Rome (Italy) - Via Benedetto Croce 10	€10,000	90%	90%	Line-by-line consolidation	x	x
XTN Cognitive Security S.r.l. (in brief, XTN) ***	Arco (Italy) - via S. Caterina 95	€10,000	77.80%	80.00%	Line-by-line consolidation	x	x
Associates							
SAS Foretec	Andrézieux-Bouthéon (France) - Bvd P. Desgrange 5	€500,000	25%	25%	Equity	x	x
Joint Venture							
Helmon S.r.l.	Rome (Italy) - Via Cassiodoro 1/a	€120,000	50%	50%	Equity	x	-

**It is noted that the Group contribution rate is 100%, which reflects the contribution to Group equity made by Diateam following the registration of additional shareholdings. These arose from the accounting treatment of Put options granted to minority interests on their shareholdings.*

*** The company STIL was merged by incorporation into its direct parent company RCS on January 1, 2024. It is reported that the direct investment percentage in STIL was 70% as of December 31, 2023, increased to 100% during the year 2024.*

**** It is noted that the Group contribution rate is 80%, which includes the equity contribution made by XTN following the registration of additional shareholdings. This resulted from the accounting of Put options granted to certain minority interests on their shareholdings, representing 2.20% of the share capital of the investee.*

It is specified that the Company excluded the following subsidiaries from the consolidation scope, as they are immaterial to the condensed interim consolidated financial statements due to their limited operations.

Company name	**Registered office**	**Share capital**	**% direct investment**
Aurora France S.A.S.	Paris (France) - 9 Rue Parrot	€10,000	100%
RCS LAB GMBH	Lebach (Germany) - Scheuernstraße 24	€25,000	70%
XTN Inc.	New York - Madison Ave 509	$30,500	100%

The financial positions of the consolidated companies, prepared for consolidation purposes by the respective competent bodies, have been appropriately harmonized and reclassified in order to make them uniform with the accounting standards and measurement criteria of the Group, as described below. The reference date for the interim financial statements of consolidated companies coincides with that of the Parent Company.

The subsidiaries are consolidated on a line-by-line basis from the date on which control was effectively acquired and cease to be consolidated on the date on which control is transferred to third parties.

Consolidation Criteria and Methodologies

The Group's condensed interim consolidated financial statements as at June 30, 2025 were prepared by consolidating on a line-by-line basis the interim financial positions as of June 30, 2025 of the Parent Company and of the Italian and foreign companies of which CY4Gate S.p.A. holds control, both directly and indirectly.

Subsidiaries are those companies over which the Parent Company exercises control. The Parent Company controls a company when it is exposed, or has rights, to the variability of the subsidiary's results based on its involvement with the subsidiary itself and has the ability to influence those results through the exercise of its power. Control can be exercised either by direct or indirect ownership of the majority of voting shares or by contractual or legal agreements, regardless of shareholding relationships. The existence of potential voting rights exercisable at the reporting date is considered for the purpose of determining control. In general, control is presumed to exist when the Parent Company holds, directly or indirectly, more than half of the voting rights.

The criteria adopted for line-by-line consolidation are as follows:

- the assets and liabilities, expenses and income of the fully consolidated entities are assumed line by line, in their total amount, regardless of the ownership share held, attributing to minority interests, where applicable, their share of equity and profit or loss for the period due to them; these shares are shown separately in the equity and consolidated statement of profit or loss;
- business combinations are recorded, in accordance with the provisions contained in IFRS 3, using the acquisition method. According to this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair values of the assets transferred and the liabilities assumed by the Group at the acquisition date and of the equity instruments issued in exchange for control of the acquired entity. Transaction costs are generally recognized in the Statement of profit and loss when they are incurred. Identifiable assets acquired and liabilities assumed are recorded at fair value at the acquisition date; exceptions are the following items, which are instead measured according to their reference principle: (i) deferred tax assets and liabilities, (ii) employee benefit assets and liabilities and (iii) assets held for sale. In the event that the fair values of assets, liabilities and potential liabilities can only be determined provisionally, the business combination is recorded using these provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months from the acquisition date;
- if a component of the price is linked to the realization of future events, such component is considered in the estimate of fair value at the time of the business combination;
- significant profits and losses, along with their tax effects, resulting from transactions carried out between fully consolidated companies and not yet realized with third parties, are eliminated, except for losses that are not eliminated if the transaction provides evidence of an impairment of the transferred asset. If significant, mutual debt and credit relationships, costs and revenues, as well as financial expense and financial income are eliminated;
- the purchase of additional equity shares in subsidiaries and the sale of equity shares that do not imply the loss of control are considered transactions between shareholders; as such, the accounting effects of the said operations are recorded directly in the Group's equity.

MEASUREMENT CRITERIA

The following briefly describes the accounting standards and most significant measurement criteria used for the preparation of the Financial Statements.

INTANGIBLE ASSETS

Intangible assets consist of identifiable non-monetary items without physical substance, controllable and capable of generating future economic benefits. These elements are initially recognized at purchase and/or production cost, including directly attributable expenses to prepare the asset for use. Any interest expense accrued during and for the development of intangible assets is considered part of the purchase cost. Specifically, the following main intangible assets can be identified:

(a) Goodwill

Goodwill is classified as an intangible asset with an indefinite useful life and is initially recorded at cost, as described above, and subsequently subjected to an assessment, at least annually, aimed at identifying any losses in value ("*impairment test*"). The reversal of impairment loss is not permitted, even if the reasons that led to the impairment cease to exist.

(b) Other intangible assets with a definite useful life

Intangible assets with a definite useful life are recognized at cost, as described above, net of accumulated amortization and any impairment losses.

Amortization begins when the asset is available for use and is systematically allocated in relation to its residual possibility of use, i.e. based on the estimated useful life.

The estimated useful life for the various categories of intangible assets is as follows:

Class of intangible asset	Useful life in years
Industrial patents and intellectual property rights	3-5
Concessions, licenses, trademarks and similar rights	3-10
Other intangible assets	3-9
Development costs	3

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at purchase or production cost, net of accumulated depreciation and any impairment losses. The purchase or production cost includes the costs directly incurred to prepare the assets for use, as well as any dismantling and removal costs that will be incurred as a result of contractual obligations that require the asset to be restored to its original condition. Financial expense directly attributable to the acquisition, construction or production of qualified assets are capitalized and amortized based on the useful life of the asset to which refer.

The costs incurred for maintenance and repairs of an ordinary and/or cyclical nature are charged to the statement of profit and loss when incurred. The capitalization of the costs related to the expansion, modernization or improvement of the structural elements owned or used by third parties is carried out to the extent that they meet the requirements to be separately classified as an asset or part of an asset. The assets recognized in relation to leasehold improvements are depreciated based on the duration of the lease, or on the basis of the specific useful life of the asset, if lower.

Depreciation is calculated on a straight-line basis using rates that allow assets to be depreciated until the end of their useful life. When the asset being depreciated is composed of distinctly identifiable elements, whose useful life differs significantly from that of the other parts that make up the asset, the depreciation is carried out separately for each of these parts, in application of the "*component approach*”.

The indicative useful life, estimated for the various categories of property, plant and equipment, is as follows:

Class of property, plant and equipment	Useful life in years
Plant and machinery	3-7
Industrial and commercial equipment	5-7
Other assets	5-9

The useful life of property, plant and equipment is reviewed and updated, where necessary, at least at the end of each financial year.

Leased assets

The companies of the Group have entered into lease agreements relating to property, vehicles and industrial equipment. Lease contracts are generally entered into for fixed periods of 6 months to 6 years with extension options, as described below.
Contracts can contain both lease components and components other than leases.
The Group attributes the consideration in the contract to components other than lease on the basis of the stand-alone selling price (SSP) for each obligation. When an SSP does not exist, the Group estimates the SSP using an adjusted market approach.

Lease contracts are recognized as right-of-use assets and liabilities corresponding to the date on which the asset is available for use by companies of the Group.
The assets and liabilities deriving from a lease are initially measured on the basis of their present value.
Lease liabilities include the net present value of the following lease payments:

- fixed payments (including fixed payments in substance), net of any lease incentives;
- variable payments based on an index or rate, initially measured using the index or rate as at the start date;
- the exercise price of a purchase option if the company concerned is reasonably certain to exercise such option;
- the payment of penalties for early termination; and
- payments due in an optional renewal period if the company concerned is reasonably certain to exercise the renewal option.

The lease payments are discounted using the lease's implicit interest rate. If this rate cannot be easily determined, which is generally the case with leases, the lessee's incremental borrowing rate is used. This is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset, in a similar economic environment and under similar terms, guarantees, and conditions.

The right-of-use asset is depreciated on a straight-line basis over the lease term, unless the contract provides for the transfer of ownership at the end of the lease term or the lease cost reflects the fact that the lessee will exercise the purchase option. In this case, the depreciation shall be the shorter of the useful life of the asset and the lease term. The estimated useful lives of the assets consisting of the right of use are calculated according to the same criterion applied to the items of property, plant and equipment. In addition, the right-of-use asset is reduced by any impairment losses and adjusted to reflect the remeasurement of the lease liability.

In the Statement of Financial Position, the Group presents right-of-use assets under property, plant and equipment and lease liabilities under current and non-current financial liabilities.
In the Statement of profit and loss, interest expense on lease liabilities constitutes a component of financial expense and is presented separately from the depreciation of right-of-use assets.

The Group avails itself of the exemptions provided by the IFRS 16 - Leases principle with reference to lease contracts lasting less than 12 months and contracts related to so-called "*low value assets*", overall not significant.

The Group recognizes deferred tax on right-of-use assets and lease liabilities. Finally, it should be noted that the Group does not have any lease contracts as a lessor.

FOREIGN CURRENCY TRANSLATION

Transactions in currency other than the functional currency are recorded at the exchange rate in force at the date of the transaction. Monetary assets and liabilities denominated in currency other than Euro are subsequently adjusted to the exchange rate in force at the end date of the financial year. Non-monetary assets and liabilities denominated in a currency other than the Euro are recorded at historical cost using the exchange rate in effect on the initial date of the transaction. Any exchange differences that may arise are reflected in profit and loss.

IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(a) Goodwill

Goodwill is not subjected to amortization but rather is subjected to an impairment test annually or more frequently, in the presence of indicators that may lead one to believe that it may have suffered a reduction in value.

The impairment test is carried out with reference to the cash generating unit ("Cash Generating Unit", "CGU") to which the goodwill was allocated. Any reduction in the value of goodwill is recognized if its recoverable amount is less than its carrying amount. Recoverable amount means the greater of the fair value of the CGU, net of disposal costs, and the related value in use, meaning the present value of the estimated future cash flows for this asset. In determining the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market valuations of the cost of money, compared to the investment period and the specific risks of the asset. In the event that the reduction in value resulting from the impairment test is greater than the value of the goodwill allocated to the CGU, the residual surplus is allocated to the assets included in the CGU in proportion to their carrying amount. The minimum limit of this allocation is the higher of the following:

- the fair value of the asset net of selling costs;
- the value in use, as defined above; and
- zero.

the original value of goodwill cannot be reinstated if the reasons that led to the impairment cease to exist.

(b) Assets (intangible assets and property, plant and equipment) with a definite useful life

At each reporting date, a review is performed to ascertain whether there are any indicators that property, plant and equipment and/or intangible assets may have suffered an impairment. To this end, both internal and external sources of information are considered. With regard to the first, the following are considered: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic performance of the asset compared to what was expected. With regard to external sources, the following are considered: the trend of market prices of assets, any technological, market or regulatory discontinuities, the trend in market interest rates or the cost of capital used to measure investments.

If the presence of these indicators is identified, the recoverable amount of the aforementioned assets is estimated, allocating any impairment loss with respect to the relative carrying amount to profit or loss. The recoverable amount of an asset is represented by the higher of the fair value, net of ancillary sales costs, and the related value in use, meaning the present value of the estimated future cash flows for this asset. In determining the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market valuations of the cost of money, compared to the investment period and the specific risks of the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined in relation to the CGU to which the asset belongs.

An impairment loss is recognized in profit or loss if the carrying amount of the asset, or of the related CGU to which it is allocated, is higher than its recoverable amount. Impairment losses on CGUs are charged first against the carrying amount of any goodwill attributed to them and then, as a reduction of other assets, in proportion to their carrying amount and within the limits of the related recoverable amount. If the reasons that led to the impairment cease to exist, the carrying amount of the asset is reinstated with recognition in the statement of profit and loss, within the limits of the net carrying amount that the asset would have had if the impairment loss had not occurred and the related amortization/depreciation had been charged.

EQUITY INVESTMENTS

In the presence of evidence of impairment, recoverability is verified by comparing the carrying amount and the higher of the value in use, determined by discounting the prospective cash flows, where possible, of the investment, and the hypothetical sale value, determined on the basis of recent transactions or market multiples. The share of losses exceeding the carrying amount is recognized as a specific liability to the extent that the Group believes there are legal or implicit obligations to cover the losses and in any case within the limits of the equity. If the subsequent performance of the investee subject to impairment presents an improvement such that the reasons for the impairment losses made are no longer present, the investments are revalued within the limits of the impairment losses recognized in the previous years. Dividend income is recognized in the Statement of profit and loss when the right to receive payment is established.

INVENTORIES

Inventories are recorded at the lower of purchase or production cost and net realizable value, represented by the amount the Group expects to obtain from its sale in the normal course of business, net of selling costs.

The cost of finished products and semi-finished products includes raw materials, direct labor costs and other production costs (determined on the basis of normal operating capacity). Financial expense is not included in the measurement of inventories, they are charged to the statement of profit and loss when incurred, as the temporal conditions for capitalization do not exist.

Inventories of raw materials and semi-finished products that can no longer be used in the production cycle and inventories of unsaleable finished products are impaired. The impairment is eliminated in subsequent years if the reasons for it cease to exist.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank deposits or balances with other credit institutions available for current operations, postal accounts and other equivalent values, as well as investments with maturities of up to three months from the acquisition date. The items included in cash and cash equivalents are initially measured at fair value and then at amortized cost.

TRADE RECEIVABLES AND CURRENT FINANCIAL ASSETS

Trade receivables, other current assets and current financial assets are generated through the ordinary course of the business and held for the purpose of collecting the contractual cash flows, that consist of "solely capital payments and interest" according to the criterion set out in IFRS 9. Consequently, they are initially recognized at fair value adjusted for the directly attributable transaction costs and subsequently measured at amortized cost based on the effective interest rate method (i.e. the rate that makes the present value of expected cash flows and the carrying amount equal, at the time of initial recognition), appropriately adjusted to take account of any impairment losses, by recognizing a loss allowance. Trade receivables, other current assets and financial assets are included in current assets, with the exception of those with a contractual maturity of more than twelve months after the reporting date, which are classified in non-current assets.

Assets with due dates over 12 months and without significant financial components are presented at their present value.

IMPAIRMENT OF ASSETS

At each reporting date, financial assets, with the exception of those measured at fair value through profit or loss, are analyzed to verify the existence of indicators of impairment. According to IFRS 9, a model for forecasting expected credit losses must be applied when assessing an impairment. In carrying out this assessment, the Group applies a simplified approach provided by IFRS 9 to estimate the expected credit losses over the entire life of the Company and takes into account its historically gained experience regarding credit losses, adjusted for specific prospective factors, the nature of the Company’s receivables and the economic context. If there is evidence of impairment, the loss is recognized in the Statement of profit and loss under the item "Net impairment losses on financial assets and contract assets".

Trade receivables and financial assets are impaired when there is no rational expectation of them being recovered. The signs that indicate the absence of rational recovery expectations include, among others, the inability of a creditor to engage in a recovery plan with the Group, and the inability to make contractual payments for a significant period of time.

For financial assets accounted for at amortized cost, when an impairment loss has been identified, its value is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted at the original effective interest rate. This impairment loss is recognized in the statement of profit and loss.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are derecognized when one of the following conditions is met:

- the contractual right to receive the cash flows from the asset has expired;
- the Group has substantially transferred all the risks and benefits associated with the asset, transferred its rights to receive cash flows from the assets or assumed a contractual obligation to transfer the cash flows received to one or more potential beneficiaries by virtue of a contract that meets the requirements of the standard ("*pass through test*");
- the Group has neither transferred nor substantially maintained all the risks and benefits associated with the financial asset but has ceded control of it.

Financial liabilities are derecognized when they are extinguished, that is, when the contractual obligation is fulfilled, canceled or prescribed. An exchange of debt instruments with substantially different contractual terms must be accounted for as an extinction of the original financial liability and the recognition of a new financial liability. Similarly, a substantial change in the contractual terms of an existing financial liability, even partial, must be accounted for as an extinction of the original financial liability and the recognition of a new financial liability.

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The Group offsets financial assets and liabilities if and only if:

- there is a legally exercisable right to offset the amounts recognized in the financial statements;
- there is an intention either to offset on a net basis or to realize the asset and settle the liability simultaneously.

FINANCIAL LIABILITIES AND TRADE PAYABLES

Financial liabilities and trade payables are recognized when the Group becomes a party to the related contractual clauses. They are initially measured at fair value, adjusted for directly attributable transaction costs, and, except for derivative financial instruments, are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities are derecognized when and only when they are extinguished (that is, when the obligation specified in the contract is remitted, canceled or expires).

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used as economic hedging only to reduce interest rate risk. All derivative financial instruments are measured at fair value.

If financial instruments are not accounted for, under IFRS 9, as hedging instruments, changes in fair value detected subsequent to initial recognition are treated as components of the Profit (loss) for the year.

When derivative financial instruments qualify for accounting as hedging instruments, the following accounting treatments apply.

Cash flow hedge instruments

When a derivative financial instrument is designated as a hedging instrument for the exposure to the variability of future cash flows of an asset or liability recognized in the financial statements or a highly probable expected transaction and can impact profit or loss, the effective portion of any profit or loss on the derivative financial instrument is recognized directly in the Statement of comprehensive income through a specific capital reserve ("*Cash flow hedge reserve*"). The cumulative profit or loss is reclassified from the statement of comprehensive income to the statement of profit and loss when the economic effects deriving from the hedged item impact profit or loss. The profit or loss associated with a hedge or part of the hedge that has become ineffective is recognized in the statement of profit and loss immediately under financial income or financial expense, respectively. When an instrument or a hedging relationship expires (for example, the derivative is sold, reaches its expiry or the hedging relationship no longer qualifies as effective), but the Group expects the hedged transaction to happen in the future, the cumulative gain or loss at the time of extinction remains in the statement of comprehensive income and is recognized in the statement of profit or loss when the underlying transaction takes place. If the underlying transaction is no longer probable, the cumulative gain or loss present in the statement of comprehensive income is immediately recognized in the statement of profit or loss.

The Group companies make use of hedging derivatives subscribed to face the interest rate risk on the financing contracts stipulated.

If hedge accounting cannot be applied, the fair value gains or losses on the derivative financial instruments are recognized immediately in net financial income or expense, respectively.

EMPLOYEE BENEFITS

Short-term benefits are represented by wages and salaries, social security contributions, compensation for vacation and incentives paid in the form of bonuses payable in the twelve months from the reporting date. These benefits are accounted for as components of personnel expenses in the period in which the work is performed.

POST-EMPLOYMENT BENEFITS

In defined benefit plans, including the post-employment benefits due to employees pursuant to art. 2120 of Italian Civil Code ("TFR"), the amount of the benefit to be paid to the employee can be quantified only after the termination of the employment relationship, and is linked to one or more factors such as age, years of service and remuneration; therefore the related expense is charged to profit or loss on the basis of an actuarial calculation. The liability recorded in the financial statements for defined benefit plans corresponds to the present value of the obligation at the reporting date. The present value of the defined benefit plan is determined by discounting the future cash flows at an interest rate equal to that of bonds (high-quality corporate) issued in Euro and which takes into account the duration of the related pension plan. Actuarial gains and losses deriving from the aforementioned adjustments and changes in actuarial assumptions are recognized in comprehensive income.

Starting from January 1, 2007 the so-called 2007 Budget Law and the related implementation decrees have introduced significant changes to the post-employment benefit regulations, including the choice of the employee regarding the allocation of the accruing TFR. In particular, the new TFR flows may be directed by the worker to selected pension forms or maintained in the company. In the case of allocation to external pension schemes, only a defined contribution to the selected fund is paid by the Group, and from that date the newly accrued shares are defined contribution plans not subject to actuarial measurement.

SHARE-BASED PAYMENTS

In relation to share-based payments, the Group recognizes, where the conditions are met, the cost of the services acquired during the period in which they are rendered as a counterentry to an increase in equity or a liability, depending on the transaction settlement methods and, in particular, if the obligation is settled through shares (*equity-settled plan*) or with cash payment (*cash-settled plan*).

These plans are measured on the date the rights are assigned, through financial measurement techniques including market conditions in the measurement, and adjusting the number of rights that are expected to be assigned at each reporting date. The initial fair value of these rights is updated depending on whether the plan is classified as cash-settled or equity-settled respectively.

The Parent Company has provided for the Group's executives an Incentive Plan that consists of the free allocation of the Company's shares, upon reaching certain financial objectives. The Stock Grant Plan, as structured, falls within the scope of IFRS 2 in the "equity settled" transactions category.

The cost of the incentive plan is spread over the period to which the incentive refers (known as the vesting period) and is determined with reference to the fair value of the right assigned to the beneficiaries at the date of commitment, in order to reflect the market conditions existing at that date.

At each reporting date, the assumptions regarding the number of Stock Grants that are expected to mature are verified. The expense for the year is recognized in profit or loss, among the personnel expenses, and an equity reserve is recognized as a counterentry.

PROVISIONS FOR RISKS AND CHARGES

Provisions are recorded for losses and charges of a specific nature, of certain or probable existence, for which, however, the amount and/or date of occurrence cannot be determined. They are only recognized when there is a current obligation, legal or implicit, for a future outflow of economic resources as a result of past events and it is probable that this outflow is required for the fulfillment of the obligation. This amount represents the best estimate of the costs to settle the obligation. The rate used in determining the present value of the liability reflects current market values and takes into account the specific risk associated with each liability.

When the time value of money is significant and the payment dates of the obligations can be reliably estimated, the provisions are measured at the present value of the expected cash outflows using a rate that reflects the market conditions, the change in the cost of money over time and the specific risk linked to the obligation. The increase in the amount of the provision, determined by changes in the cost of money over time, is accounted for as an interest expense.

The risks for which the emergence of a liability is only possible are indicated in the specific section regarding contingent liabilities, and no provision is made for these.

RECOGNITION OF REVENUES FROM CONTRACTS WITH CUSTOMERS

The Group's revenues are mainly generated by the sale of technologies, products, systems and cyber security and cyber intelligence services.

Revenues for product sales are recognized at the time of transfer of control of the asset, namely risks and benefits, which normally coincides with the delivery or shipment of the goods, or at the time of transfer of the service to the customer, taking into account the value of any commercial discounts, allowances and expected returns. Revenues of a financial nature and that deriving from services are recognized on an accruals basis. Revenues and income, costs and expenses related to foreign currency transactions are determined at the current exchange rate on the date on which the related transaction is carried out.

Contracts that meet the requirements for revenue recognition “over time” are classified among "contract assets" or "contract liabilities" depending on the relationship between the status of fulfillment of the performance by the Group and the payments received from the customer. In particular:

- "contract assets" represent the right to consideration for goods or services that have already been transferred to the customer;
- "contract liabilities" represent the Group's obligation to transfer goods or services to the customer for which a consideration has already been received (or the right to receive has already arisen).

Where in a contract there is more than one performance obligation, representing a contractual promise to transfer to the customer a distinct good or service (or a series of distinct goods or services that are substantially the same and are transferred in the same way), the classification between assets and liabilities is made at an overall level and not at the level of single performance obligation.

Contract assets and liabilities are recognized using the percentage of completion as the methodology for measuring progress; according to this methodology, costs, revenues and the margin are recognized based on the progress of the activity, determined by referring to the ratio between costs incurred at the measurement date and total expected costs included in the relevant order budgets. The Company systematically updates the assumptions that are the basis of the order budgets in order to reflect in the financial statements the most reasonable estimate of the contractual considerations accrued and the economic result of the order.

Conversely, in the event that the requirements for recognition over a period of time are not met, revenues are recognized at a specific point in time (“at a point in time”), that is when the customer gains control of the promised goods or services.

Contract assets are presented net of any impairment losses. Periodic updates of estimates are made and any economic effects are accounted for in the period in which the updates are made.

The Group enters into contracts that are generally able to be distinguished and accounted for as separate performance obligations. The recognized revenues are limited to the amount of consideration that the Group expects to receive. The Group allocates the transaction price to performance obligations based on the stand-alone selling prices (SSP) for each obligation. When an SSP does not exist, the Group estimates it using a market-adjusted approach.

GRANTS

Government grants are recorded at fair value, when there is reasonable certainty that they will be received and all conditions relating to them are satisfied. When the grants are related to cost components, they are recognized as revenues, but are systematically allocated over the years to match the costs they intend to compensate. In the case where the contribution is related to an asset, the fair value is brought to decrease the asset itself. It is also suspended in liabilities if the asset to which it is related is not operational, or is under construction and the relative amount does not fit into the value of the asset itself.

DIVIDENDS

Dividends are recognized when the Shareholders' right to receive payment arises, which normally corresponds to the shareholders' meeting resolution on the distribution of dividends. The distribution of dividends to Shareholders is recorded as a liability in the financial statements in the period in which their distribution is approved by the Shareholders' Meeting and reflected as a change in equity.

TAXES

Current taxes are determined based on an estimate of taxable income, in compliance with the applicable tax legislation.

Deferred tax assets and deferred tax liabilities are calculated against all the differences that emerge between the tax base of an asset or liability and the related carrying amount, with the exception of goodwill upon initial recognition. Deferred tax assets, including those relating to previous tax losses, for the portion not offset by deferred tax liabilities, are recognized to the extent that it is probable that future taxable income will be available against which they can be recovered. Deferred tax assets and liabilities are determined using the tax rates that are expected to be applicable in the years in which the differences will be realized or settled.

The amount of deferred tax assets is reviewed at each reporting date and possibly reduced to the extent that it is no longer likely that sufficient taxable profits will be available in the future to allow all or part of the related credit to be utilized. Unrecognized deferred tax assets are reviewed annually at the reporting date and are recognized to the extent that it has become likely that the taxable profit is sufficient to allow such deferred tax assets to be recovered.

Current taxes, deferred tax assets and deferred tax liabilities are recognized in the statement of profit and loss under the item "Taxes", with the exception of those relating to items recognized in the Statement of comprehensive income other than profit and those relating to items directly debited or credited to equity. In these latter cases, deferred taxes are recognized in the Statement of comprehensive income and directly in equity. Deferred tax assets and deferred tax liabilities are offset when they are applied by the same tax authority, there is a legal right to offset them, and a settlement of the net balance is expected.

Other taxes not related to income, such as indirect taxes, are included in the statement of profit and loss item "Other operating costs".

EARNINGS/(LOSS) PER SHARE

The basic earnings (loss) per share are calculated by dividing the profit or loss attributable to the holders of ordinary shares of the Company by the weighted average of ordinary shares in circulation during the year, adjusted to take into account the treasury shares owned. The diluted earnings (loss) per share are calculated by adjusting the profit or loss attributable to the holders of ordinary shares, as well as the weighted average of shares in circulation, as defined above, to take into account the effects of all potential ordinary shares with dilutive effect.

SEGMENT INFORMATION

IFRS 8 defines an operating segment as a component i) that involves business activities generating revenues and costs, ii) whose operating results are periodically reviewed at the highest decision-making level and iii) for which separate financial-economic data are available. For the purposes of IFRS 8, the activity carried out by the Group is identifiable in a single operating segment, that of the development and marketing of cyber intelligence and cyber security products.

ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires the Directors to apply accounting principles and methods which, in certain circumstances, are based on assessments and estimates based on historical experience and assumptions that are considered reasonable from time to time and realistic according to the relative circumstances. The application of these estimates and assumptions affects the amounts reported in the financial statements, in the statement of financial position, in the statement of profit and loss, in the statement of comprehensive income, in the statement of cash flows, in the statement of changes in equity, as well as in the disclosure provided. The estimates are based on the most recent information that the Directors have at the time of drafting these financial statements.

The final results of the financial statements items for which the aforementioned estimates and assumptions have been used may differ from those reported in the financial statements that reflect the effects of the occurrence of the event subject to estimation, due to the uncertainty that characterizes the assumptions and conditions on which the estimates are based.

The areas that require more subjectivity on the part of the Directors in preparing the estimates, and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial data, are briefly described below.

(a) Impairment of assets

In accordance with the accounting standards applied by the Group, property plant and equipment, intangible assets and goodwill are subject to verification in order to ascertain whether a reduction in value has taken place, which must be recognized through an impairment loss, when there are indicators that suggest difficulties in recovering the related net carrying amount, represented by the higher between fair value less cost of disposal and value in use. The verification of the existence of the aforementioned indicators requires the Directors to make subjective assessments based on the information available within the Group and on the market, as well as from historical experience. Furthermore, if it is determined that a potential impairment may have occurred, the companies of the Group proceed with the determination of the impairment using measurement techniques deemed appropriate. The correct identification of the elements indicating the existence of a potential impairment of property plant and equipment and intangible assets, as well as the estimates for their determination, depend on factors that may vary over time, influencing the assessments and estimates made by the Directors.

With particular reference to the estimation of the value in use through a method based on the discounting of expected financial cash flows, it is highlighted that this methodology is characterized by a high degree of complexity and the use of estimates, by their uncertain and subjective nature, about:

- the expected flows, determined taking into account the general economic trend and the specific industry, the financial cash flows produced in the last few years and the forecast growth rates;
- the financial parameters to be used for the discounting of the above mentioned flows.

(b) Purchase Price Allocation

In the context of business combinations, for the consideration transferred for the acquisition of control of a company, the identifiable assets acquired and liabilities assumed are recognized in the consolidated financial statements at present values (fair value) at the date of acquisition, through a process of allocation of the price paid (Purchase Price Allocation). Generally, the Group determines the fair value of the acquired assets and liabilities assumed through methodologies based on the discounting of expected cash flows. This method is characterized by a high degree of complexity and the use of estimates, by their uncertain and subjective nature, about:

- the expected cash flows, determined taking into account the economic trend of the acquired companies and their respective industry, the cash flows accounted for in the last few years and the forecast growth rates;
- the financial parameters used for the determination of the discount rate.

(c) Amortization and depreciation

The cost of property, plant and equipment, intangible assets and right-of-use assets is amortized/depreciated on a straight-line basis over the estimated useful life of the related assets. The useful economic life of these assets is determined by the Directors when they are purchased; it is based on historical experience for similar assets, market conditions, and expectations regarding future events that could have an impact on the useful life of the assets, including changes in technology. Therefore, the actual economic life may differ from the estimated useful life.

(d) Fair value measurement

In measuring the fair value of an asset or a liability, the Group makes use of observable market data as far as possible. Fair values are distinguished into various hierarchical levels based on the input data used in measurement techniques, as better described in the previous paragraph "Fair value measurement".

(e) Provisions for risk and charges

The Group identifies in the provisions for risk and charges the likely liabilities attributable to personnel expenses, suppliers, third parties and, in general, other expenses arising from obligations undertaken; the provisions recorded are representative of the risk of negative outcome associated with the listed cases. The amount of the provisions recorded in the financial statements relating to these risks represents the best estimate at the date made by the Directors. This estimate involves the adoption of assumptions which depend on factors that may change over time and that could, therefore, have significant effects compared to the current estimates made by the Directors for the preparation of the Group's financial statements.

(f) Loss allowance

The loss allowance reflects the estimates of losses for the Group's loan portfolio. Provisions were made for expected losses on receivables, estimated based on past experience with reference to receivables with similar credit risk, to current and historical unpaid amounts, as well as to the careful monitoring of the quality of the loan portfolio and the current and expected conditions of the economy and the reference markets. Estimates and assumptions are periodically reviewed and the effects of any change are reflected in the statement of profit or loss in the relevant year.

(g) Contract assets and liabilities

In the measurement of contract assets and liabilities, the Group determines whether contract revenues should be recognized at a point in time or over time and estimates the percentage of completion based on the method of cost to cost.

(h) Employee benefits

The actuarial measurement of employee benefits requires the elaboration of various assumptions that can differ from actual future developments. The results depend on the technical bases adopted such as, among others, the discount rate, the inflation rate, the wage increase rate and the expected turnover. All assumptions are reviewed annually.

(i) Deferred tax assets

Deferred tax assets must be recognized for all deductible temporary differences or for tax losses if it is likely that taxable income will be realized against which deductible temporary difference or tax losses can be used exist. The Group assesses the possibility to recognize deferred tax assets based on future economic projections. The estimates and assumptions underlying such future economic projections are reviewed periodically.

(l) Lease liabilities

The measurement of lease liabilities is influenced by the duration of the lease as the non-cancellable period of the lease, to which both the following periods are to be added: a) periods covered by a lease extension option, if the lessee is reasonably certain to exercise the option; and b) periods covered by the lease termination option, if the lessee is reasonably certain not to exercise the option. The measurement of the lease duration involves the assumption of estimates that depend on factors that can change over time with potentially significant effects compared to the assessments made by the Directors.

NEWLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

a) The accounting standards and interpretations approved by the IASB, endorsed by the European Union, and effective from January 1, 2025, are listed below:

	Effective date
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on August 15, 2023)	Financial years starting from January 1, 2025

b) New documents issued by the IASB and endorsed by the EU, to be mandatorily adopted starting from the financial statements of fiscal years beginning on January 1, 2025:

	Effective date
Annual Improvements Volume 11	Financial years starting from January 1, 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	Financial years starting from January 1, 2026
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	Financial years starting from January 1, 2026

c) New documents issued by the IASB and endorsed by the EU, applicable to the financial statements of fiscal years beginning after January 1, 2025, but not yet endorsed by the EU as of June 30, 2025:

	Effective date
IFRS 18 (Presentation and Disclosure in Financial Statements)	Financial years starting from January 1, 2027
IFRS 19 (Subsidiaries without Public Accountability – Disclosures)	Financial years starting from January 1, 2027

SEASONALITY OF THE BUSINESS

The business sector in which the Group operates is characterized by a marked concentration of deliveries and cash flow from customers in the last months of the year.

This aspect of collections affects both intra-annual cash flows and the variability of the Group's debt situation in different periods of the financial year, characterized by substantial improvements in the last few months of the calendar year.

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

1. REVENUES

	Period ended June 30	
(in Euro)	**2025**	**2024**
Revenues from sales and services	34,606,803	29,088,409
Change in contract work in progress	4,864,110	759,575
Total	**39,470,913**	**29,847,984**

The revenues recognized in the first half of 2025 amounted to Euro 39,470,913, an increase compared to the previous half-year period (Euro 29,847,984), mainly attributable to the increase, in the 2025 half-year period, of revenues related to foreign orders and orders with main institutional clients.
The item "Change in contract work in progress" amounted to Euro 4,864,110 and is attributable to the sum of revenues related to ongoing orders in execution, recognized "over time".

The following table presents the breakdown of revenues recognized "at a point in time" (*i.e.*, upon delivery of the good/service) or "over time".

	Period ended June 30	
(in Euro)	**2025**	**2024**
Recognized at a point in time	7,277,691	5,474,054
Recognized over time	27,329,112	23,614,355
Total	**34,606,803**	**29,088,409**

2. OTHER REVENUES AND INCOME

	Period ended June 30	
(in Euro)	**2025**	**2024**
Tax benefits	205,126	282,735
Grants	439,698	784,242
Others	501,633	223,989
Total	**1,146,457**	**1,290,966**

Other revenues and income mainly relates for Euro 501,633 to operating grants accrued in connection with certain ongoing projects partially funded by the European Commission, for Euro 439,698 to grants from tax credits and for Euro 205,126 to recognition of a tax credit for Research and Development.

3. PURCHASES, SERVICES AND PERSONNEL EXPENSES

Below is the breakdown of purchases, services and personnel expenses:

	Period ended June 30	
(in Euro)	**2025**	**2024**
Costs for raw materials and goods	2,932,487	1,381,372
Change in inventories	(234,892)	(286,614)
Total costs for raw materials	**2,697,595**	**1,094,758**
Legal and consultancy services	688,917	1,004,292
Utilities and telephone	2,099,270	1,802,624
Technical and commercial services	288,932	841,435
Management and administration services	2,070,444	1,431,865
Maintenance	2,380,215	1,437,514
Rentals and accessory expenses	421,157	332,758
Software licenses	2,725,865	1,117,149
Representation and promotion expenses	914,614	1,025,261
Remuneration of corporate bodies	486,299	608,759
Services provided by third-party suppliers on orders	2,331,467	451,392
Other costs	1,967,152	1,466,269
Total service costs	**15,919,445**	**11,519,317**
Wages and salaries	14,995,168	10,850,433
Social security contributions	4,845,687	4,233,939
Post-employment benefits	618,878	697,702
Retirement benefits and similar obligations	71,551	82,090
Other costs	316,515	84,810
Total personnel expenses	**18,299,943**	**15,948,974**
Total purchases, services and personnel expenses	**36,916,983**	**28,563,049**

Purchases, services and personnel expenses increased by Euro 8,353,934 compared to the first half of 2024, mainly attributable to higher costs to support ongoing orders, as well as the effect of lower capitalizations in the period.

It is further specified that the item also includes costs for the use of third-party assets relating to lease contracts that fall outside the scope of IFRS 16, as they are of low value, short-term, or characterized by variable payments.

Number of employees

Below is the composition of the Group's workforce as of June 30, 2025, highlighting the average number of employees in the first half of 2025 compared to the closing of the previous year.

WORKFORCE BREAKDOWN AND CHANGES

	As of	
(in Units)	**June 30, 2025**	**December 31, 2024**
Executive managers	25	25
Middle managers	83	81
Employees	441	443
Total	**549**	**549**

4. AMORTIZATION, DEPRECIATION AND IMPAIRMENT OF FINANCIAL ASSETS

The Amortization and Depreciation can be detailed as follows:

	Period ended June 30	
(in Euro)	**2025**	**2024**
Amortization of intangible assets	7,746,341	7,258,891
Depreciation of property, plant and equipment	1,482,927	1,205,961
Depreciation of right-of-use assets	980,990	1,016,066
Total	**10,210,258**	**9,480,918**

The increase in amortization and depreciation is mainly linked to the effect of the amortization of development costs and to the investments made in the period.

The amortization of intangible assets refers for Euro 1.3 million related to software identified during the allocation of the respective purchase prices in the business combinations of the RCS Group (completed in the consolidated financial statements as of December 31, 2022), Diateam (completed as of December 31, 2023), and XTN (completed as of December 31, 2024). In this regard, it is noted that the amortization of intangible assets as of June 30, 2024, was restated for comparative purposes to reflect the effects of the XTN Purchase Price Allocation (PPA) – completed in the second half of 2024 – already in the comparative half-year.

This restatement resulted in the recognition, as of June 30, 2024, of increased amortization of intangible assets related to software identified through the XTN purchase price allocation (PPA), amounting to Euro 92 thousand.

Depreciation of property, plant and equipment mainly refers to electronic office machines and equipment – predominantly from the investee RCS – used in the Group's ordinary business activities.

The balance of impairment losses amounting to Euro 439 thousand reflects the adjustments made following management's assessments of the recoverability of financial assets recognized at the reporting date, in line with the provisions of IFRS 9 on impairment, and specific impairment losses applied by management on positions prudently considered to be unrecoverable.

5. OTHER OPERATING COSTS

	Period ended June 30	
(in Euro)	**2025**	**2024**
Losses on transactions	83,434	72,078
Contributions and membership fees	33,266	67,421
Taxes and other indirect taxes	20,057	5,833
Other costs	168,336	276,810
Total	**305,093**	**422,143**

The item "Other operating costs" mainly refers to other costs, primarily attributable to losses on transactions of the Parent Company.

6. NET FINANCIAL INCOME (EXPENSE)

	Period ended June 30	
(in Euro)	**2025**	**2024**
Interest income	7,967	12,061
Other financial income	553,785	165,221
Financial income	**561,752**	**177,282**
Bank interest expense	(1,408,091)	(1,283,399)
Interest expense on lease contracts	(73,076)	(44,847)
Net exchange profits (losses)	(6,220)	(10,874)
Interest expense on employee benefits	(73,965)	(10,516)
Other interest and financial expense	(287,082)	(295,484)
Financial expense	**(1,848,434)**	**(1,645,119)**

Financial income mainly refers to credits on derivatives for Euro 44 thousand relating to the Parent Company and Euro 493 thousand recognized as financial income from the adjustment to present value of the put option liabilities of Diateam as of June 30, 2025. The item is completed by Euro 8 thousand in interest income and other financial income related to the subsidiary RCS.

Financial expense includes bank interest (amounting to Euro 1,408 thousand), an increase of Euro 125 thousand compared to the same period in 2024, and interest related to lease contracts and interest costs on employee benefits and guarantees on foreign orders amounting to Euro 99 thousand, and Euro 32 thousand for the recognition of financial expense for the adjustment to present value of the put option liabilities of XTN as of June 30, 2025. Other interest and financial expense includes Euro 246,137 for the portion of loss of the investee Helmon, accounted for using the equity method, net of tax effects.

7. TAXES

	Period ended June 30	
(in Euro)	**2025**	**2024**
Current taxes	(567,494)	(668,050)
Taxes relating to previous periods	-	(28)
Deferred taxes	396,572	634,253
Total	**(170,922)**	**(33,825)**

As of June 30, 2025, the Group's taxes are primarily attributable to current taxes for Euro 567 thousand, relating to tax liabilities of the subsidiaries DARS, Diateam, and XTN, as well as net deferred taxes, mainly due to the reversal of deferred tax liabilities associated with the purchase price allocation (PPA) of RCS, Diateam, and XTN.

8. EARNINGS/(LOSS) PER SHARE

Earnings (loss) per share (hereinafter "earnings per share" or "EPS") amounted to Euro (0.37), determined by dividing the net result (negative for Euro 8,711,421) by the average number of shares outstanding during the reference period (23,571,428).

9. GOODWILL

Goodwill as of June 30, 2025 amounted to a total of Euro 49,190,205, of which:

- Euro 35,798 thousand arising from the acquisition of the RCS Group, completed on March 29, 2022;
- Euro 6,282 thousand arising from the acquisition of Diateam, completed on January 30, 2023;
- Euro 7,110 thousand arising from the acquisition of XTN, completed on January 16, 2024.

In consideration of the performance analysis for the first six months of 2025, the seasonality of the business, and the headroom identified in the latest impairment test, no indicators of impairment were identified as of June 30, 2025. Goodwill was subjected to an impairment test as of December 31, 2024.

10. INTANGIBLE ASSETS

Intangible assets recognized as of June 30, 2025, amounted to Euro 27,874,027, showing a decrease compared to the previous year, mainly attributable to amortization for the period.

Development costs mainly relate to expenses for employed personnel and external technical consulting directly involved in development activities. Following appropriate analyses, the Directors considered that all the requirements for the relevant capitalization were met. The amortization of these capitalized costs is carried out over a time horizon consistent with the estimated recovery period of the investments made.

Reported below is the movement of intangible assets as of June 30, 2025.

(in Euro)	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Assets under construction and payments on account	Other intangible assets	**Total**
Balance as of January 1, 2024	**9,444,509**	**10,000,332**	**11,653,086**	**1,797,573**	**1,453,292**	**34,348,792**
Changes in scope of consolidation	578,493	-	1,841,348	-	-	**2,419,841**
Investments	7,883,063	676,864	2,411,968	-	985,153	**11,957,048**
Disposals	-	-	-	-	(368,748)	**(368,478)**
Depreciation and amortization	(5,746,015)	(2,995,554)	(6,722,776)	-	(891,082)	**(16,355,427)**
Reclassifications	-	1,044,641	633,507	(1,678,148)	-	**-**
Balance as of December 31, 2024	**12,160,050**	**8,726,283**	**9,817,133**	**119,425**	**1,178,615**	**32,001,506**
Of which:						
- historical cost	*35,624,631*	*19,293,030*	*23,286,588*	*119,425*	*3,886,837*	***82,210,511***
- accumulated amortization	*(23,464,580)*	*(10,566,747)*	*(13,469,455)*	-	*(2,708,014)*	***(50,208,796)***
Changes in scope of consolidation	-	-	-	-	-	**-**
Investments	3,154,465	506,215	81,399	185,679	-	**3,927,758**
Disposals	-	-	-	-	(309,104)	**(309,104)**
Depreciation and amortization	(3,419,206)	(2,289,364)	(2,004,693)	-	(33,078)	**(7,746,341)**
Reclassifications	-	-	-	-	-	**-**
Balance as of June 30, 2025	**11,895,309**	**6,943,134**	**7,893,839**	**305,104**	**836,641**	**27,874,027**
Of which:						
- historical cost	*38,779,095*	*19,479,392*	*23,367,987*	*305,104*	*3,577,733*	***85,509,311***
- accumulated amortization	*(26,883,786)*	*(12,536,258)*	*(15,474,148)*	-	*(2,741,092)*	***(57,635,284)***

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of June 30, 2025, amounted to Euro 9,933,537, showing a net increase of Euro 83,290 compared to the previous year. This increase is mainly attributable to investments made in industrial and commercial equipment (totaling Euro 1,330,060).

Other assets show a balance of Euro 3,440,591, mainly attributable to furniture, furnishings, and office equipment.

Reported below is the movement of property, plant and equipment as of June 30, 2025:

(in Euro)	Plant and machinery	Industrial and commercial equipment	Other assets	Land and buildings	Assets under construction and payments on account	**Total**
Balance as of January 1, 2024	**421,911**	**3,962,895**	**2,500,139**	**328,959**	**81,219**	**7,295,123**
Changes in scope of consolidation	-	21,765	-	-	-	**21,765**
Investments	660,516	3,175,287	1,727,177	-	218,066	**5,781,046**
Disposals	(633,554)	-	-	-	-	**(633,554)**
Depreciation and amortization	(169,518)	(1,850,287)	(539,750)	(54,578)	-	**(2,614,133)**
Balance as of December 31, 2024	**279,355**	**5,309,660**	**3,687,566**	**274,380**	**299,286**	**9,850,247**
Of which:						
- historical cost	*1,473,639*	*18,181,688*	*11,092,689*	*554,208*	*299,286*	***31,601,509***
- accumulated depreciation	*(1,194,283)*	*(12,872,028)*	*(7,405,123)*	*(279,827)*	-	***(21,751,261)***
Investments	26,816	1,330,060	209,341	-	-	**1,566,217**
Depreciation and amortization	(42,430)	(957,028)	(456,316)	(27,153)	-	**(1,482,927)**
Reclassifications	-	237,173	-	-	(237,173)	**-**
Balance as of June 30, 2025	**263,741**	**5,919,865**	**3,440,591**	**247,227**	**62,113**	**9,933,537**
Of which:						
- historical cost	*1,500,454*	*19,689,321*	*11,302,030*	*554,208*	*62,113*	**33,108,126**
- accumulated depreciation	*(1,236,713)*	*(13,769,457)*	*(7,861,439)*	*(306,980)*	-	**(23,174,589)**

12. RIGHT-OF-USE ASSETS

	As of June 30	**As of December 31**
(in Euro)	**2025**	**2024**
Buildings	3,894,752	4,366,485
Hardware	428,873	326,480
Vehicles	953,274	1,001,412
Total right-of-use assets	**5,276,899**	**5,694,377**

As of June 30, 2025, the amount of right-of-use assets was equal to Euro 5,276,899, mainly related to the lease of the Group's offices. The right-of-use assets are depreciated over 6 years for buildings, 5 years for hardware, and 4 years for vehicles. It should also be noted that the Group has chosen to exclude from the scope of application leases with a duration of less than 12 months and those concerning assets of modest value whose effects, therefore, are recorded under the item "Purchases and personnel expenses".

13. OTHER CURRENT AND NON-CURRENT ASSETS

	As of June 30		**As of December 31**	
	2025		**2024**	
(in Euro)	**Current**	**Non-current**	**Current**	**Non-current**
Deposits	69,702	239,455	93,860	42,704
Derivative financial instruments	28,328	25,395	50,380	59,532
Policies on active contracts	-	-	26,492	-
Securities	800,000	-	800,000	-
Loans to Helmon	-	975,000	-	400,000
Others	836,716	663,299	-	15
Total current and non-current financial assets	**1,734,746**	**1,903,149**	**970,732**	**502,251**

The item "derivative financial instruments" refers to hedging derivatives on interest rates subscribed to deal with the interest rate risk on financing contracts signed by the Parent Company and its subsidiaries. These instruments will mature in 2028 for those entered into by the Parent Company, and between 2025 and 2026 for those entered into by the subsidiaries. The item "securities" relates to liquidity investments held by the subsidiary Diateam.

14. EQUITY-ACCOUNTED INVESTMENTS

The decrease in the item "Equity-accounted investments" of Euro 246 thousand relates to the accounting of the Helmon Joint Venture. The investment was recorded at the fair value of the asset contributed by the Parent Company upon the establishment of the investee, measured in proportion to the interest held by the other investors in the investee – as required by the applicable accounting framework (IAS 28) – net of the Group’s share of Helmon’s profit/(loss) for the year 2024 and the first half of 2025.

15. CURRENT AND NON-CURRENT TAX ASSETS AND LIABILITIES

The items of tax assets and tax liabilities, respectively amounting to Euro 84 thousand and Euro 352 thousand as of June 30, 2025 (Euro 79 thousand and Euro 278 thousand as of December 31, 2024), refer entirely to amounts claimed from the Tax Authority for IRES and IRAP.

16. INVENTORIES

The item is attributable to the inventories of finished products and goods, mainly of the RCS Group (Euro 1,683 thousand), mainly consisting of external hard drives and other similar products currently used in the RCS Group's business. The item comprises also the inventories of the subsidiary Diateam (Euro 151 thousand).

17. CONTRACT ASSETS AND LIABILITIES

Contract assets include the net amount of activities carried out for amounts exceeding the payments on account received from customers. Similarly, contract liabilities accommodate the opposite case. The net balance of contract assets is composed as follows:

	As of June 30	As of December 31
(in Euro)	**2025**	**2024**
Gross contract assets	11,647,657	9,031,355
Contract liabilities	(1,374,648)	(584,817)
IFRS 9 impairment provision	(1,397)	(17,357)
Contract assets	**10,271,612**	**8,429,181**
Gross contract liabilities	(9,413,163)	(2,631,155)
Contract assets	3,104,159	159,150
Contract liabilities	**(6,309,004)**	**(2,472,005)**
Total net amount	**3,962,609**	**5,957,176**

18. TRADE RECEIVABLES

This item can be detailed as follows:

	As of June 30	As of December 31
(in Euro)	**2025**	**2024**
From customers	43,540,710	45,940,377
From parent companies	1,071,269	5,662,699
Loss allowance	(1,664,360)	(1,662,510)
Total	**42,947,619**	**49,940,566**

The decrease in trade receivables is mainly attributable to the seasonality of the business, which is concentrated in the second half of the year, particularly in the fourth quarter.
The loss allowance for trade receivables includes the estimated cumulative impairments applied in accordance with the international accounting standard IFRS 9. In the first half of 2025, the use of the impairment provision was reported for an amount of €441 thousand. With regard to credit risk management, reference is made to the specific section of the Management Report.

19. OTHER CURRENT AND NON-CURRENT ASSETS AND DEFERRED TAX ASSETS

	As of June 30	As of December 31
(in Euro)	**2025**	**2024**
Accrued income	2,995,731	1,926,526
VAT receivables	2,004,406	1,708,386
Tax receivables for capital goods	126,445	517,987
Tax receivables for Research and Development	253,744	1,032,037
Other	98,764	496,006
Total other current assets	**5,479,090**	**5,680,942**
Tax receivables for capital goods	-	62,999
Tax receivables for Research and Development	645,342	570,852
Others	1,222,279	397,938
Total other non-current assets	**1,867,621**	**1,031,789**
Total other current and non-current assets	**7,346,710**	**6,712,731**

Other current assets mainly refer to accrued income and VAT receivables, as well as the current portion of tax receivables recognized in relation to investments made in research and development activities and in capital goods. The item "Other" mainly includes advances to suppliers and tax receivables of the subsidiary Diateam.
Other non-current assets mainly include the portion of receivables due beyond 12 months relating to accrued income, research and development activities, and investments in capital goods.
Deferred tax assets amounted to Euro 10,417,061 as of June 30, 2025 (Euro 10,460,187 as of December 31, 2024).

20. CASH AND CASH EQUIVALENTS

As of June 30, 2025, cash and cash equivalents amounted to Euro 11,052,429 (Euro 14,537,530 as of December 31, 2024) and are essentially made up of deposits in Euro at leading financial institutions. The decrease compared to December 31, 2024, is mainly due to the payment of the outstanding loan installments by the Parent Company.

21. EQUITY

	As of June 30	As of December 31
(in Euro)	2025	2024
Share capital	1,441,500	1,441,500
Share premium reserve	108,539,944	108,539,944
Other reserves	(10,796,127)	(3,479,508)
Profit/(loss) for the period	(9,186,357)	(7,401,686)
Total Group equity	**89,998,960**	**99,100,250**
Non-controlling interests	1,517,501	1,429,407
Profit/(Loss) for the period attributable to non-controlling interests	474,937	1,763,176
Total equity	**91,991,397**	**102,292,833**

As of June 30, 2025, the Company's share capital, fully subscribed and paid-in, amounted to Euro 1,441,500, unchanged compared to December 31, 2024, and is composed of 23,571,428 fully subscribed shares, broken down as follows:

- 9,045,912 ordinary shares owned by Società Elettronica S.p.A.;
- 3,809,524 ordinary shares owned by TEC Cyber S.p.A;
- 10,265,992 ordinary shares listed on Euronext STAR Milan, held by other shareholders on the market;
- 450,000 treasury shares held by CY4Gate S.p.A.

22. NON-CURRENT EMPLOYEE BENEFITS

The item includes the provision for post-employment benefits (TFR) for Group employees, amounting to Euro 5,031,600 as of June 30, 2025 (Euro 4,739,373 as of December 31, 2024).

(in Euro)	2025	2024
Balance as of January 1	**4,739,373**	**3,581,384**
Change in scope of consolidation	-	202,344
Transfers to Pension Funds / Treasury / Taxation	-	-
Service costs	506,795	1,022,451
Interest expense	73,965	128,088
Uses of post-employment benefits	(174,990)	(404,392)
Actuarial (gains)/losses for the period	(113,544)	209,499
Balance as of June 30	**5,031,600**	**4,739,373**

The actuarial assumptions for the calculation purposes of the defined benefit pension plans are detailed in the following table:

	As of June 30	As of December 31
Economic assumptions	2025	2024
Inflation rate	2.00%	2.00%
Discount rate	3.21%	3.18%
Salary growth rate	1.00%	1.00%

Demographic assumptions are based on actuarial expectations, in accordance with relevant and published industry statistical data, applied on the average of the personnel in service during the periods.

The following is a sensitivity analysis related to defined benefit pension plans based on changes in the main assumptions as of June 30, 2025:

Sensitivity Analysis	As of June 30, 2025
Central Assumption	**5,031,600**
Turnover rate +1%	5,043,762
Turnover rate -1%	5,017,911
Inflation rate +0.25%	5,089,906
Inflation rate -0.25%	4,974,454
Discount rate +0.25%	4,960,012
Discount rate -0.25%	5,105,326

23. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES AND CURRENT AND NON-CURRENT FINANCIAL LIABILITIES ARISING FROM LEASES

As of June 30, 2025 *(in Euro)*	Within 12 months	Between 1 and 5 years	Over 5 years	**Total**
Bank loans and borrowings	16,744,431	16,930,902	-	33,675,333
Other loans and borrowings	179,149	31,065	-	210,214
Lease liabilities	1,588,862	3,876,873	-	5,465,735
Put option on business combinations	1,588,927	2,123,900	-	3,712,827
Total	**20,101,369**	**22,962,740**	**-**	**43,064,109**

As of December 31, 2024 *(in Euro)*	Within 12 months	Between 1 and 5 years	Over 5 years	**Total**
Bank loans and borrowings	14,932,527	21,819,952	-	36,752,478
Other loans and borrowings	139,509	5,000	-	144,509
Lease liabilities	1,631,866	4,227,281	-	5,859,147
Put option on business combinations	1,781,953	2,391,845	**-**	4,173,798
Total	**18,485,855**	**28,444,078**	**-**	**46,929,933**

Non-current financial liabilities mainly refer to bank loans and borrowings, for Euro 16,931 thousand, predominantly consisting of:

- the portion beyond 12 months of the Line A of the loan agreement subscribed with Credit Agricole Italia S.p.A., leader of a pool of credit institutions, for a maximum total amount of Euro 45,000,000 (the "Loan Agreement"), used as of June 30, 2025 for the portion dedicated to the partial financing of the acquisition in 2022 of the RCS Group amounting to a total of Euro 12,500,000 accounted for a carrying amount of Euro 7,330,149, which takes into account the effect related to the application of the amortized cost criterion and the installments paid based on the amortization plan provided for by the agreement;
- the portion beyond 12 months of the Acquisition/Capex Line of the loan agreement described above, used as of June 30, 2025 for: (i) the financing of the acquisition of Diateam in 2023 amounting to a total of Euro 5,555,052; the financing of the acquisition of XTN in the current year amounting to a total of Euro 8,729,700; further drawdowns for Euro 10,715 thousand, net of repayments of Euro 4,688 thousand made in accordance with the contractual amortization plan, aimed at financing the Group’s consolidation and investments within the plan’s horizon;

- the portion beyond 12 months of a loan to support the working capital and investments of the investee RCS, amounting to Euro 500 thousand.

In addition to bank loans and borrowings, non-current financial liabilities include Euro 3,877 thousand of non-current lease liabilities and Euro 2,124 thousand representing the portion beyond 12 months of the financial liability recognized pursuant to the put options included in the acquisition agreements of Diateam SaS and XTN. These options are exercisable by the minority interests of the subsidiaries, in accordance with the anticipated acquisition method adopted by the Group for this type of arrangement – during the 2024-2026 period for Diateam and in 2027 for XTN – with the aim of enabling the parent company, CY4Gate S.p.A., to acquire 100% of Diateam's share capital and an additional 2.2% of XTN's share capital.

Current financial liabilities mainly refer to bank loans and borrowings for Euro 16,744 thousand, predominantly comprised of:

- the portion of liabilities within 12 months attributable to CY4Gate S.p.A. for the aforementioned Loan Agreement, for Euro 8,530 thousand;
- the portion within 12 months of the three loans of the investee RCS to support working capital and investments, for Euro 4,376 thousand;
- the portion within 12 months of two Parent Company loans in support of working capital, for Euro 3,500 thousand.

In addition to bank loans and borrowings, current financial liabilities include Euro 1,589 thousand of current lease liabilities and Euro 1,589 thousand representing the portion within 12 months of the financial liability recognized pursuant to the put options included in the acquisition agreement of Diateam SaS and XTN referred to above.

The loan agreement subscribed with Credit Agricole Italia S.p.A., acting as lead bank of a pool of credit institutions, provides, for Line A, the repayment of the capital share by the relative due date, in 10 semi-annual installments according to the contractually agreed amortization plan. Furthermore, CY4Gate will pay the interest accrued from time to time, for each interest period, on the amounts disbursed and not repaid, at an interest rate amounting to the EURIBOR 6M/360 rate increased by a spread of 225 b.p. for which derivatives were subscribed to cover 100% of the amount in terms of risk.

It is also noted that according to the loan agreement, the margin to be applied to the reference rate for each credit line can vary semi-annually, either increasing or decreasing, depending on the change of the "Net Financial Indebtedness/EBITDA (NFP/EBITDA)" ("financial covenant") ratio calculated based on the consolidated financial statements data or the consolidated half-yearly report, starting from a base ratio of 2x. The Parent Company, therefore, has committed to respect the aforementioned NFP/EBITDA financial parameter, accepting that the financing banks and the agent bank may take the actions and remedies contractually provided, among others the repayment of the amounts not yet paid and the relative interests, in the event that the initial financial situation at consolidated level does not comply with said parameter.

The compliance with the aforementioned financial parameter is checked every six months on a "rolling" basis (*i.e.*, with reference to the data related to the previous twelve months), starting from that relating to for the year ended December 31, 2022. The covenant was complied with as of June 30, 2025.

In addition, it should be noted that such a loan agreement provides certain limitations on the distribution of profits and/or dividends to the parent company, in particular, the parent company will not be able to proceed with the distribution of profits and/or dividends, nor payments of any amount under any title and in any form to its shareholders, except for payments under commercial contracts and/or subordinate employment relations (including, for example, as capital payment, interest or other utilities on shareholders' loans also in bond form, or as consideration for services rendered and/or management fees) (each operation, a "Distribution"), if not subject to the occurrence of all the following conditions:

- the first Distribution is subsequent to the approval of the Issuer's financial statements as of December 31, 2022;
- for the duration of the Loan Agreement, each Distribution does not exceed 50% (fifty percent) of the profits resulting from the Issuer's financial statements for the year immediately preceding the one in which the relevant Distribution is to be made;
- at the date of the Distribution there is no Relevant Event and such Distribution does not in itself determine a Relevant Event (as defined in the Loan Agreement).

The remaining portion of the loan, currently unused, provides for the possibility of activating a medium-to-long-term revolving credit line, available as a cash line on a revolving basis, up to a maximum of Euro 5,000,000 (the "Revolving Line") aimed at financing the cash needs related to the treasury needs of the Group.

The item also includes financial liabilities related to bank loans and borrowings held by Diateam under an existing loan agreement with Credit Mutuel Bretagne, as well as financial liabilities of XTN arising from a minibond agreement.
It should be noted that in relation to the loans of the RCS Group, Diateam and XTN, there are no financial covenants.

The table below summarizes the information on bank loans and borrowings:

Lender	Funding entity	Rate applied	Maturity date	Principal amount	Carrying amount as of June 30, 2025	of which current
"Bank pool" loan Line A	Credit Agricole, ICCREA	6m Euribor + 225bp	03/29/2028	12,500,000	7,330,149	2,279,668
"Bank pool" loan Acquisition / Capex Line	Credit Agricole, ICCREA	6m Euribor + 225bp	03/29/2028	25,000,000	17,187,500	6,250,000
Short-term loan	Credit Agricole	3m Euribor + 120bp	10/23/2025	2,000,000	2,000,000	2,000,000
Short-term loan	Credit Agricole	3m Euribor + 120bp	09/26/2025	1,500,000	1,500,000	1,500,000
Unsecured loan agreement	BPER	3m Euribor + 90 bp	10/25/2025	1,000,000	505,839	505,839
Unicredit loan	Unicredit	3m Euribor + 50 bp	12/31/2025	1,500,000	369,973	369,973
Intesa San Paolo loan	Intesa San Paolo	6m Euribor + 132 bp	11/30/2026	3,000,000	1,500,830	1,000,830
"Bank pool" loan Revolving Line	Credit Agricole, ICCREA	6m Euribor + 200 bp	03/29/2028	2,500,000	2,500,000	2,500,000
Credit Mutuel Bretagne loan	Credit Mutuel Bretagne	3m Euribor + 1.15%	06/17/2029	550,000	231,202	55,872
Mediocredito InvestitionsBank	Mediocredito Trentino Alto Adige SpA	0	07/31/2027	700,000	437,500	175,000
Other	n.a.	n.a.	n.a.	n.a.	112,339	107,247
Total				**50,250,000**	**33,675,333**	**16,744,431**

The item "Bank loans and borrowings" refers for Euro 313 thousand to liabilities of RCS for advance bank payments of invoices, in addition to a bank payable of Diateam and credit card payables.

It is confirmed that, in choosing financing and investment operations, the Group has adopted criteria of prudence and limited risk and that no speculative transactions have been carried out. In this regard, it is noted that the Group hedges itself from financial risk, particularly from the risk of rising interest rates, through Interest Rate Swap contracts, three of which were in place as of June 30, 2025. The aforementioned Interest Rate Swap contracts should be considered as hedging transactions and their impact on the result of the period is given exclusively by the accounting of the active and passive differentials on the interest rates accrued as of June 30, 2025.

The item "Lease liabilities" refers to lease liabilities that are recognized as a counter-entry to the recording of the right-of-use assets, relating to existing lease contracts for properties in which the Group companies' offices are located, as well as for hardware and cars.

The item "Put option on business combinations" includes financial liabilities recognized under the anticipated acquisition method adopted by the Group for minority interests in Diateam and XTN subsidiaries. The increase in the item compared to December 31, 2024, relates to the adjustment of the present value, as of June 30, 2025, of the liability for put options on the minority interests' share capital of Diateam, and to the recognition in the half-year of liabilities for put options on an additional 2.2% of the share capital of XTN.

NET FINANCIAL POSITION

The following is the detailed statement of the composition of the Net Financial Position of the Group as of June 30, 2025, as required by CONSOB communication no. DEM/6064293 of July 28, 2006 and in compliance with CONSOB Warning no. 5/21 of April 29, 2021 with reference to ESMA Orientation 32-382-1128 of March 4, 2021.

	For the period ended	
(in Euro)	**06/30/2025**	**12/31/2024**
A. Cash	(11,052,429)	(14,537,530)
B. Cash equivalents	-	-
C. Other current financial assets	(1,706,419)	(667,780)
D. Liquidity (A+B+C)	**(12,758,848)**	**(15,205,310)**
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	7,040,744	5,295,877
F. Current portion of non-current financial debt	13,032,296	12,887,026
G. Current financial indebtedness (E+F)	**20,073,040**	**18,182,902**
H. Net current financial indebtedness (G+D)	**7,314,193**	**2,977,592**
I. Non-current financial debt (excluding current portion and debt instruments)	22,937,346	28,269,571
J. Debt instruments	-	-
K. Non-current trade and other payables	-	-
L. Non-current net financial indebtedness (I+J+K)	**22,937,346**	**28,269,570**
M. Total financial indebtedness (H+L)	**30,251,539**	**31,247,162**
N. Non-current financial assets	(1,877,753)	(327,742)
Net Financial Position (M-N)	**28,373,786**	**30,919,422**

The item "C. Other current financial assets" includes the item of the condensed consolidated financial statements as of June 30, 2025 relating to Current financial assets (Euro 1,734,747) excluding financial derivative assets classified in this item.

The item "E. Current financial debt" includes Bank loans and Other Loans borrowings as of June 30, 2025, excluding the non-current portion. As of the given date, there are no Other bank payables due entirely within 12 months.

The item "F. Current portion of non-current financial debt" includes the current portion of the item in the condensed consolidated financial statements relating to Bank loans and borrowings (Euro 9,761,371), to Other loans and borrowings (Euro 14,218), to Other bank payables (Euro 107,247), to the liability related to put options on business combinations (Euro 1,588,927), to liabilities arising from leases (Euro 1,588,862), and the current portion of financial derivative assets (Euro 28,328).

The item "I. Non-current financial debt" includes items in the condensed consolidated financial statements as of June 30, 2025 related to Non-current financial liabilities relating to Bank loan and borrowings (Euro 16,925,810), to Other loans and borrowings (Euro 31,065), to Other bank payables (Euro 5,092), to the liability connected to put options on business combinations (Euro 2,123,900), to lease liabilities (Euro 3,876,873) and the non-current portion of financial derivative assets (Euro 25,395).

The item "N. Non-current financial assets" corresponds to the item in the condensed consolidated financial statements as of June 30, 2025 related to Non-current financial assets (Euro 1,903,148), excluding financial derivative assets classified in this item.

24. TRADE PAYABLES

	As of June 30	As of December 31
(in Euro)	**2025**	**2024**
Trade payables	12,301,719	11,918,398
Payables to parent companies	30,352	-
Total	**12,332,071**	**11,918,398**

Trade payables are recorded for a total of Euro 12,332,071 (of which Euro 3,410,966 represents invoices to be received and Euro 902,027 represents advance payments to suppliers).

25. OTHER CURRENT AND NON-CURRENT LIABILITIES

	As of June 30	As of December 31
(in Euro)	**2025**	**2024**
Accrued expenses and deferred income	4,414,772	3,559,998
Total other non-current liabilities	**4,414,772**	**3,559,998**
Accrued expenses and deferred income	5,362,191	6,265,132
Employees	4,238,762	3,954,489
Social security and welfare institutions	2,068,740	1,596,657
Tax Authorities for VAT	648,328	1,048,291
Tax Authorities for IRPEF	126,824	169,036
Advances on grants	-	773,625
Other liabilities	3,914,418	3,199,307
Total other current liabilities	**16,359,263**	**17,006,538**
Total	**20,774,035**	**20,566,536**

The item "Other non-current liabilities" includes the deferred purchase price for the acquisition of XTN, amounting to Euro 831 thousand (Euro 972 thousand contractually stipulated, discounted as of June 30, 2025), as well as Euro 100 thousand in deferred consideration payable to the minority interests of Diateam.

The item "Employees" mainly consists of liabilities for accrued and unused vacation, ROL (leave entitlements), and social security contributions.

26. TRANSACTIONS WITH RELATED PARTIES

In the first half of 2025, the Group conducted transactions with related parties, specifically with Elettronica S.p.A., a shareholder of the Parent Company with a stake of 38.38% of the share capital. These relationships, which do not constitute atypical and/or unusual operations, are regulated by normal market conditions and follow a physiological development with respect for contractual commitments and payment conditions. Specifically, contract assets (Euro 3,764 thousand) and trade receivables (Euro 1,164 thousand) relate to activities directly linked to sales made by the company to its parent company, amounting to Euro 3,357 thousand.

Leases liabilities (Euro 614 thousand) refer to lease payments for properties rented from the parent company and used as office space. Contract liabilities (Euro 516 thousand) refer to net balances where payments received from customers exceed the services provided by the entity, and are recognized as liabilities in accordance with international accounting standards.

The totals of the transactions are detailed in the tables shown below.

(in Euro)	Parent Company	Joint Venture	**Total related parties**	**Financial statements item**	**Impact (%)**
Impact of transactions on profit or loss					
Revenues and other income					
Year ended as of June 30, 2025	3,356,650	57,703	**3,414,353**	40,617,370	**8%**
Period ended as of June 30, 2024	3,830,965	-	**3,830,965**	31,138,950	**12%**
Services					
Year ended as of June 30, 2025	(119,710)	-	**(119,710)**	(15,919,445)	**1%**
Period ended as of June 30, 2024	(229,678)	-	**(229,678)**	(11,519,317)	**2%**
Depreciation and amortization					
Year ended as of June 30, 2025	(149,942)	-	**(149,942)**	(10,210,258)	**1%**
Period ended as of June 30, 2024	-	-	**-**	(9,480,918)	**0%**
Financial income (expense)					
Year ended as of June 30, 2025	(2,125)	-	**(2,125)**	(1,040,545)	**0%**
Period ended as of June 30, 2024	-	-	**-**	(1,467,837)	**0%**
Impact of transactions on the statement of financial position					
Other current and non-current assets					
As of June 30, 2025	19,000	975,000	**994,000**	3,637,895	**27%**
As of December 31, 2024	19,000	400,000	**419,000**	1,472,983	**28%**
Trade receivables					
As of June 30, 2025	1,163,977	57,703	**1,221,680**	42,947,619	**3%**
As of December 31, 2024	5,302,682	325,160	**5,627,842**	49,940,566	**11%**
Right-of-use assets					
As of June 30, 2025	613,913	-	**613,913**	5,276,899	**12%**
As of December 31, 2024	712,970	-	**712,970**	5,694,377	**13%**
Contract assets					
As of June 30, 2025	3,763,637	-	**3,763,637**	10,271,612	**29%**
As of December 31, 2024	2,430,044	-	**2,430,044**	8,429,181	**48%**
Lease liabilities					
As of June 30, 2025	691,874	-	**691,874**	5,465,735	**12%**
As of December 31, 2024	730,955	-	**730,955**	5,859,147	**26%**
Trade payables					
As of June 30, 2025	76,412	-	**76,412**	12,332,071	**0%**
As of December 31, 2024	-	3,172	**3,172**	11,918,398	**3%**
Contract liabilities					
As of June 30, 2025	515,806	-	**515,806**	6,309,004	**22%**
As of December 31, 2024	535,808	-	**535,808**	2,472,005	**37%**

26. OTHER INFORMATION

Guarantees

As of June 30, 2025, the following are noted:

- guarantees (advance bond) issued by Creval in September 2018 for Euro 70,000 relating to a contract of the Parent Company towards an end user in a Middle Eastern country;
- guarantees (bid bond) issued by Creval at the request of the Parent Company in October 2021 for Euro 30,000 for participation in a tender in a Middle Eastern country;
- Advance Bond guarantee amounting to Euro 2,162,290 on a foreign order, issued by Banca Ubae in favor of a Libyan bank and counter-guaranteed by the banking institution Intesa San Paolo, with an expiry date of 01/31/2030;
- guarantees issued by Credit Institutions at the request of the subsidiary RCS ETM Sicurezza for Euro 236,218, of which Euro 189,298 relate to foreign orders and Euro 46,920 was issued in lieu of a security deposit for a leased property;

The following describes the pledges on social participations established (or to be established) under the Loan Agreement subscribed on March 29, 2022 between Cy4gate S.p.A. and RCS ETM Sicurezza S.p.A., and a pool of lending banks led by Crédit Agricole Italia S.p.A.

- **RCS Group (formerly Aurora)**: on March 29, 2022, CY4Gate S.p.A., in its capacity as grantor, pledged in favor of Crédit Agricole Italia S.p.A., Creval S.p.A., ICCREA Banca S.p.A., Banca di Credito Cooperativo di Milano – Soc. Coop. (the "Lending Banks"), 100% of the share capital of Aurora S.p.A. as a guarantee of the correct, full and timely fulfillment of all present and/or future monetary obligations of CY4Gate S.p.A. and RCS ETM Sicurezza S.p.A., arising from any title from the loan agreement subscribed on March 29, 2022 between CY4Gate S.p.A. and RCS ETM Sicurezza S.p.A. and the Lending Banks. It is noted that this pledge has converged in RCS following the reverse merger completed on November 15, 2022
- **RCS ETM Sicurezza pledge**: on March 29, 2022, Aurora S.p.A., as grantor, pledged in favor of Crédit Agricole Italia S.p.A., Creval S.p.A., ICCREA Banca S.p.A., Banca di Credito Cooperativo di Milano – Soc. Coop. (the "Lending Banks"), 100% of the share capital of RCS ETM Sicurezza S.p.A., as a guarantee of the correct, full and timely fulfillment of the monetary obligations (within the limits expressly provided for in the relevant pledge deed) of CY4Gate S.p.A. and RCS ETM Sicurezza S.p.A. arising from any title from the loan agreement subscribed on March 29, 2022 between CY4Gate S.p.A. and RCS ETM Sicurezza S.p.A. and the Lending Banks.

JUDICIAL AND ARBITRATION PROCEEDINGS

As of the date of these consolidated financial statements, the Group is not a party to significant administrative, judicial or arbitration proceedings that may have or have had significant repercussions on the financial situation or profitability of the Company and/or the Group in the recent past.

For the sake of completeness, it should be noted that during the first half of 2021, the Public Prosecutors' Offices of Naples and Florence opened investigations against the members of the Board of Directors of RCS at the time of the disputed events and the then technical engineer in charge of the subsidiary. These investigations refer to the active electronic interception activity carried out on behalf of the Prosecutor's Office of Perugia by the subsidiary RCS and, in particular, had concerned the storage of the data captured on a transit server located in Naples and owned by the subsidiary RCS, before their final transfer to another server in use by the competent Prosecutor's Office located in Rome.

As of the drafting date of these consolidated financial statements, the Naples proceedings have been dismissed by order of February 18, 2025 (Case No. 11408/2021). Similarly, the Public Prosecutor's Office of Florence requested the dismissal of the proceedings in January 2025, with a hearing held in June 2025, and have been dismissed by order of September 4, 2025 (Case No. 2518/2021)

None of the Group companies have ever been involved, as an entity, in criminal proceedings pursuant to Italian Legislative Decree No. 231/2001.

The proceedings confirmed the technical and legal soundness of the RCS systems, with expert technical analyses validating the integrity of the systems and their compliance with interception regulations. The established case law of the Italian Supreme Court of Cassation (Division 6, No. 10611/2024) has further confirmed the legitimacy of interception technologies that use intermediate servers.

27. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

XTN dividend distribution

On July 2, 2025, the dividend was disbursed by the subsidiary XTN, as resolved at the shareholders' meeting of XTN on April 28, 2025, for an amount of Euro 1,684,970, of which Euro 1,310,959 was paid to the Parent Company and the remaining part to third parties.

Purchase of an additional stake in Diateam S.a.S.

On July 30, 2025, following the exercise of the "Put & Call" option agreements exercisable in the 2024-2026 three-year period and signed at the time of the purchase of the first 55.33% of Diateam S.a.S., CY4Gate S.p.A. signed the closing for the purchase of a further 14.66% of the French investee at a price of Euro 1.6 million, thus coming to hold 85.32% of its share capital.

ON BEHALF OF THE BOARD OF DIRECTORS

(Enrico Peruzzi)

(Emanuele Galtieri)

Certification of the condensed interim consolidated financial statements pursuant to art. 81-ter of CONSOB Regulation no. 11971 of May 14, 1999, as subsequently amended and supplemented

1. The undersigned Emanuele Galtieri and Arianna Ciccolella, respectively Chief Executive Officer and Financial Reporting Officer of CY4Gate S.p.A. hereby certify, also taking into account the provisions envisaged by art. 154-bis, paragraphs 3 and 4, of the Italian Legislative Decree No. 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the company (also considering any changes occurred during the half-year), and
- the effective application of administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements for the period ended June 30, 2025.

2. From the application of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements as at June 30, 2025, no significant issue emerged.

3. It is also certified that:

3.1 these condensed interim consolidated financial statements:

a) are prepared in compliance with the applicable International Accounting Standards recognized in the European Community under Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
b) are consistent with the underlying accounting books and records;
c) provide a true and correct view of the operating result and financial position of the issuer and of all the companies included in the consolidation.

3.2 The Interim Management Report includes a reliable analysis of references to important events that occurred during the first six months of the financial year and their impact on the condensed interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim management report also includes a reliable analysis of the information on significant related-party transactions.

Rome, September 11, 2025

Chief Executive Officer	Financial Reporting Officer
…………………………………………	…………………………………………