



HUB Cyber Security Reports First Half 2024 Financial Results and Corporate Update

December 2, 2024 12:00 PM EST

A Year of Transformation, Momentum, and Leadership in Secure Data Solutions and Modern Compliance

TEL AVIV, Israel, Dec. 02, 2024 (GLOBE NEWSWIRE) -- via IBN – HUB Cyber Security Ltd. (NASDAQ: HUBC) (“HUB”; or the “Company”), a leading provider of cybersecurity solutions and advanced data fabric, today announced its financial results for the first half of 2024.

Financial results for H1 2024:

- Revenues: \$15.7 million, compared to \$25.0 million in H1 2023. The revenue shift highlights HUB's strategic effort to optimize its business sectors by transitioning away from less profitable segments, including certain parts of its IT Services and Cyber Consultancy operations. Instead, HUB has made great strides in refining its blend of solutions to focus on core, higher-margin offerings, while positioning itself for more sustainable and profitable growth in the future.
- Gross margin improved significantly to 9.5% in H1 2024, compared to -7.6% in H1 2023. This improvement reflects the impact of the Company's strategic shift toward higher-margin business areas, allowing HUB to optimize profitability despite a smaller revenue base. By refining its focus, management has built the foundation for a more sustainable financial performance moving forward.
- Operating expenses for H1 2024 totaled \$16.5 million, a significant 71% reduction compared to \$57.5 million in H1 2023. This dramatic decline in expenses reflects management's disciplined cost management and focus on streamlining operations as the Company transitions to a more focused, higher-margin business model.
- Operating loss improved significantly by 74%, or \$44.5 million, compared to the prior year, reflecting the positive impact of streamlined operations and a more efficient organizational structure. This improvement also highlights the normalization of expenses following the high legal costs and related expenses incurred in H1 2023 related to the SPAC merger.

Noah Hershcoviz, CEO of HUB Security, said, "We have made significant strides in our transformation journey. Over the past year, the Company has taken decisive actions to streamline operations, improve focus, and position itself for sustainable, high-margin growth. I am proud of our new leadership team for planning and executing a strategic turnaround plan, which has resulted in a stronger and more resilient business.

As we look ahead to 2025, we are not merely aiming for success, but we are shaping it. The solid foundation HUB established over the past year has positioned us to capitalize on emerging opportunities with confidence and precision. Building on the momentum of our successful Secured Data Fabric deployments, we are experiencing strong and growing demand for our solutions.

This momentum sets the stage for the anticipated launch of our groundbreaking "HUB 360" approach, a comprehensive suite encompassing assessment, deployment, and client management. We believe this new business line represents a transformative opportunity, offering projected margins of 50-60% on overall turnover. We are already well advanced in closing terms with our initial client and expect to onboard at least one more client by the end of 2025. We believe HUB 360 positions us as the go to, one stop shop for banks seeking to modernize their secured data systems to meet today's stringent compliance and regulatory standards, further solidifying our leadership in the financial technology sector.

H1 2024 marked the start of our turnaround, and H2 has continued this momentum. We expect revenues in H2 to increase sequentially, stemming from our Cyber Security consulting business and Secured Data Fabric clients, resulting from our successful Secured Data Fabric deployments. We are confident that our strategy, centered on our Secured Data Fabric platform, will continue to drive growth and deliver exceptional value for our clients and shareholders."

Secured Data Fabric: Innovation and Market Penetration

The Secured Data Fabric platform is the Company's primary growth engine. This cutting-edge technology consolidates data from multiple silos into a unified, secure system that enables clients to navigate vast data pools, ensure compliance, and protect sensitive information with advanced encryption.

HUB's solution stands apart from traditional data lake systems by securely retrieving data in real-time, offering a transformative approach that reduces costs and mitigates security vulnerabilities. This unique value proposition has driven strong demand, reflected in a significant increase in our backlog

and a surge in RFPs from both existing and new clients.

Leading financial institutions have already embraced the platform, and we are seeing growing interest across a range of sectors, including healthcare, payment companies, transportation, travel tech, and other regulated industries. This broadening demand highlights the versatility of our solution in addressing critical challenges in data security and operational efficiency across diverse verticals.

With an expanding pipeline of opportunities and a proven ability to deliver tailored solutions at scale, HUB is well-positioned for continued growth and to further establish itself as a trusted partner across industries.

Legacy IT Services: Stability and Cross-Selling Opportunities

HUB's legacy IT services business provides a stable foundation with longstanding relationships across key sectors. The Company's trusted advisor role to global enterprises enables HUB to cross-sell its innovative solutions into these well-established accounts. We anticipate keeping a steady growth in the turnover and keeping the momentum in optimizing our margins.

A Year of Transformation: Restructuring and Strategic Focus

In 2024, HUB made significant strides in its strategic restructuring efforts, decisively closing underperforming businesses and optimizing its operations through targeted headcount reductions. We believe these bold actions have transformed HUB into a leaner, more agile organization, delivering tangible improvements in operational efficiency and setting a clear path toward sustained profitability.

Our products are already driving revenue growth, underscoring the market's confidence in our solutions. Additionally, our revitalized R&D team, led by the seasoned expertise of Mr. Nachman Geva, is accelerating innovation and ensuring that our offerings remain at the forefront of industry needs. HUB is not just evolving—we are making real, impactful progress and optimizing every aspect of our business for a stronger, more dynamic future.

We have successfully eliminated the majority of our high-cost debt, refinancing the business with long-term investors who share our vision for sustainable growth. These strategic actions are beginning to streamline our liabilities and strengthen our balance sheet, providing enhanced financial flexibility to invest in high-growth opportunities, including the continued expansion of our Secured Data Fabric platform.

Building for the Future: Talent and Leadership

In the past year HUB has focused on building a world-class team to execute the company's growth strategy. We have appointed top-tier industry talent, ensuring the Company is well-positioned to expand its market presence and strengthen its competitive position.

Outlook: A Strong Foundation for Long-Term Growth

Looking ahead, we believe HUB is poised for continued growth driven by its Secured Data Fabric platform. With a solid foundation in place, we believe the Company is well-positioned to capitalize on the growing demand for secure, scalable data management solutions in the financial and enterprise sectors.

In today's financial landscape, banks face a growing compliance burden with increasing demands for data protection, traceability, and transparency. Traditional data security solutions often fail to meet these heightened regulatory standards, and we see HUB leading the charge in delivering innovative, reliable solutions that empower banks to stay ahead of compliance challenges.

About HUB Security Ltd.

HUB Cyber Security Ltd ("HUB") was established in 2017 by veterans of the elite intelligence units of the Israeli Defense Forces. The Company specializes in unique cyber security solutions protecting sensitive commercial and government information. The company debuted an advanced encrypted computing solution to prevent hostile intrusions at the hardware level while introducing a novel set of data theft prevention solutions. HUB provides innovative cybersecurity computing appliances and a wide range of cybersecurity services worldwide. Hub's Secured Data Fabric is a revolutionary product developed in partnership with BlackSwan Technologies that is emerging as a leader in highly secure data management and unification.

Forward-Looking Statements

This press release contains forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995, including statements about HUB's financial condition, results of operations, earnings outlook and prospects of its debt refinancing, new business line and Secured Data Fabric solution. Forward-looking statements are typically identified by words such as "plan," "believe," "expect," "anticipate," "intend," "outlook," "estimate," "future," "forecast," "project," "continue," "could," "may," "might," "possible," "potential," "predict," "seem," "should," "will," "would" and other similar words and expressions, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements are based on the current expectations of the management of HUB Security, as applicable, and are inherently subject to uncertainties and changes in circumstances and their potential effects and speak only as of the date of such statement. There can be no assurance that future developments will be those that have been anticipated. These forward-looking statements involve a number of risks, uncertainties, or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those discussed and identified in public filings made with the SEC by the HUB Security and the following: (i) significant uncertainty regarding the adequacy of HUB Security's liquidity and capital resources and its ability to repay its obligations as they become due; (ii) the war between Israel and Hamas commenced in October 2023, and the expansion of hostilities to other fronts, which may harm Israel's economy and HUB Security's business; (iii) expectations regarding HUB Security's strategies and future financial performance, including its future business plans or objectives, prospective performance and opportunities and competitors, revenues, products and services, pricing, operating expenses, market trends, liquidity, cash flows and uses of cash, capital expenditures, and HUB Security's ability to invest in growth initiatives and pursue acquisition opportunities; (iv) the outcome of any legal or regulatory proceedings against HUB Security in connection with our previously announced internal investigation or otherwise; (v) the ability to cure and meet stock exchange continued listing standards and remain listed on the Nasdaq; (vi) competition, the ability of HUB Security to grow and manage growth profitably, maintain relationships with customers and suppliers and retain its management and key employees; (vii) limited liquidity and trading of HUB Security's securities; (viii) geopolitical risk, including military action and related sanctions, and changes in applicable laws or regulations; (ix) the possibility that HUB Security may be adversely affected by other economic, business, and/or competitive factors; (i) other risks and uncertainties set forth in the sections entitled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" in HUB Security's Annual Report on Form 20-F/A filed on October 22, 2024.

Should one or more of these risks or uncertainties materialize, or should any of the assumptions made by the management of HUB Security prove incorrect, actual results may vary in material respects from those expressed or implied in these forward-looking statements.

All subsequent written and oral forward-looking statements concerning the business combination or other matters addressed in this press release and attributable to HUB Security or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in the press release. Except to the extent required by applicable law or regulation, HUB Security undertakes no obligation to update these forward-looking statements to reflect events or circumstances after the date of this press release to reflect the occurrence of unanticipated events.

Investor Relations

Lytham Partners
Ben Shamsian
646-829-9701
shamsian@lythampartners.com

Wire Service Contact:

IBN
Los Angeles, California
www.InvestorBrandNetwork.com
310.299.1717 Office
Editor@InvestorBrandNetwork.com