Cy4Gate

9M 2024
Financial Results

November 13, 2024

AGENDA

- ➢ 9M 2024 Financials

- ➢ Strategy & Outlook

Speakers

EMANUELE GALTIERI

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CEO & General Manager

CFO & Investor Relations Manager

Highlights

The results of the first 9 months of 2024 confirm the soundness of the CY4Gate Group with the **improvement of all economic indicators** compared to 9M 2023; **seasonality of turnover -** historically concentrated in the last quarter of the year - **is still relevant** partially offset by XTN and DARS (RCS group Company) sales

The Value of Production compared to 30 September 2023 **grows by around 6%** thanks to the defence sector, the cyber intelligence sector to support law enforcement in Italy, and the excellent performance of the newly acquired XTN. This growth offset the lack of revenues related to **foreign orders in the Forensic Intelligence sector,** affected by the uncertainty of the international geopolitical scenario
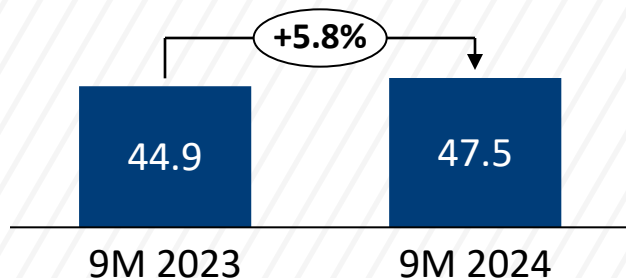
The Group continues to pursue **its strategy to deseasonalize the business**, also thanks to the creation of an **important backlog** with the closing of significant **contracts in terms of amount and profitability**, with multi-year duration. **Guidance 2024 confirmed**.
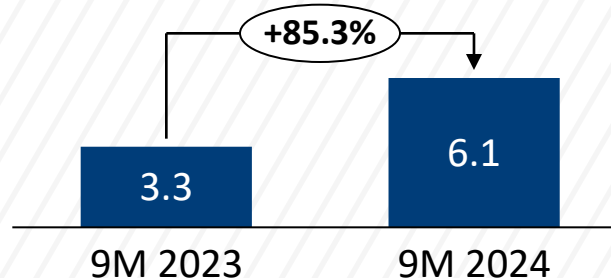
Financials

9M 2024 Key Data

Revenues[1] (€ mln)

+5.8%

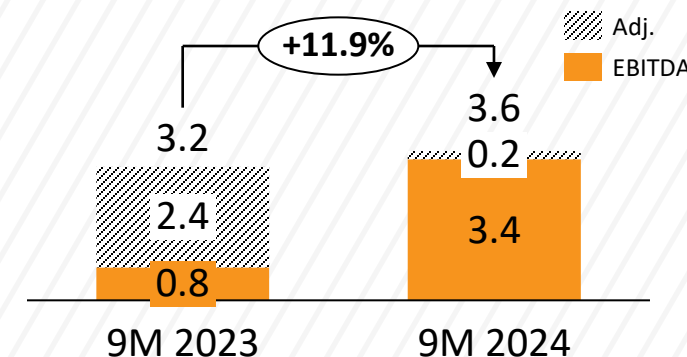| 9M 2023	9M 2024
44.9	47.5

- **Revenues** +5.8% compared to the first nine months of 2023, thanks to Defence and national Forensic Intelligence sectors, as well as the excellent performance of the newly acquired XTN Cognitive Security

R&D (€ mln)

+85.3%

9M 2023	9M 2024
3.3	6.1

- **R&D Costs** +85% compared to the comparative period taking account of the exposure of RCS's R&D costs from end of 2023.

EBITDA Adj. (€ mln)
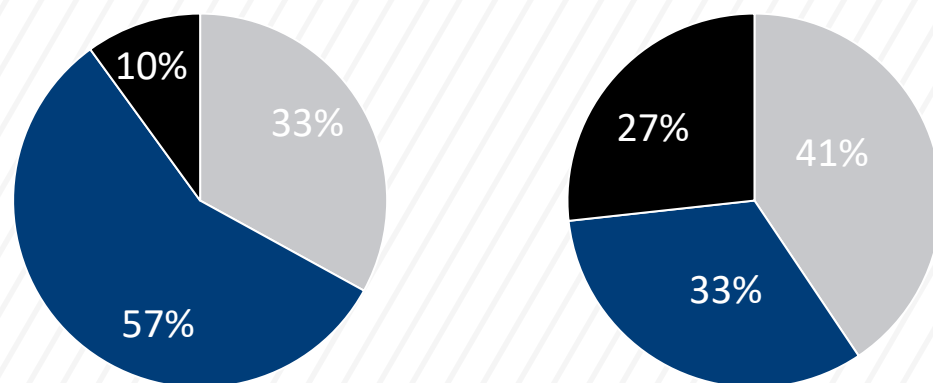

+11.9%

Adj.
EBITDA

9M 2023	9M 2024
3.2	3.6
2.4	0.2
0.8	3.4

- **EBITDA Adjusted** at €3.6 million – margins increased by 12% but still affected by lower revenues in foreign Forensic Intelligence

9M 2024 Revenues Breakdown

By business line

Legend: Decision Intelligence · Forensic Intelligence · Cyber Security

9M 2023
- 33% Decision Intelligence
- 57% Forensic Intelligence
- 10% Cyber Security

9M 2024
- 41% Decision Intelligence
- 33% Forensic Intelligence
- 27% Cyber Security

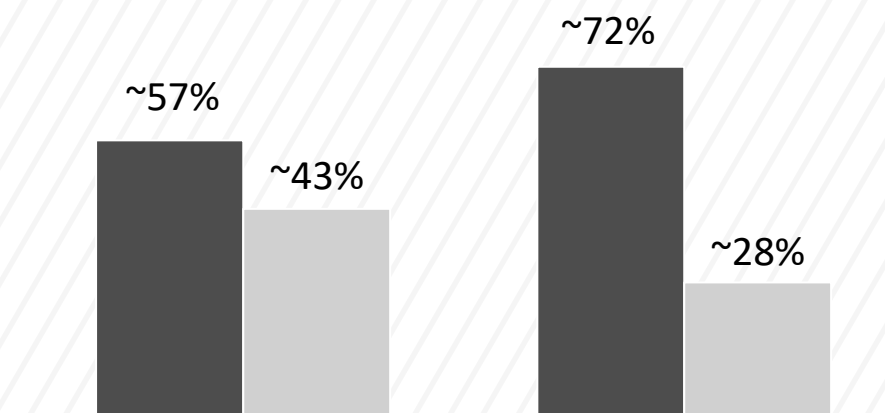> Business mix changes, mainly due to the consolidation of XTN and increase in cyber activities in the Defence sector

By geographical area

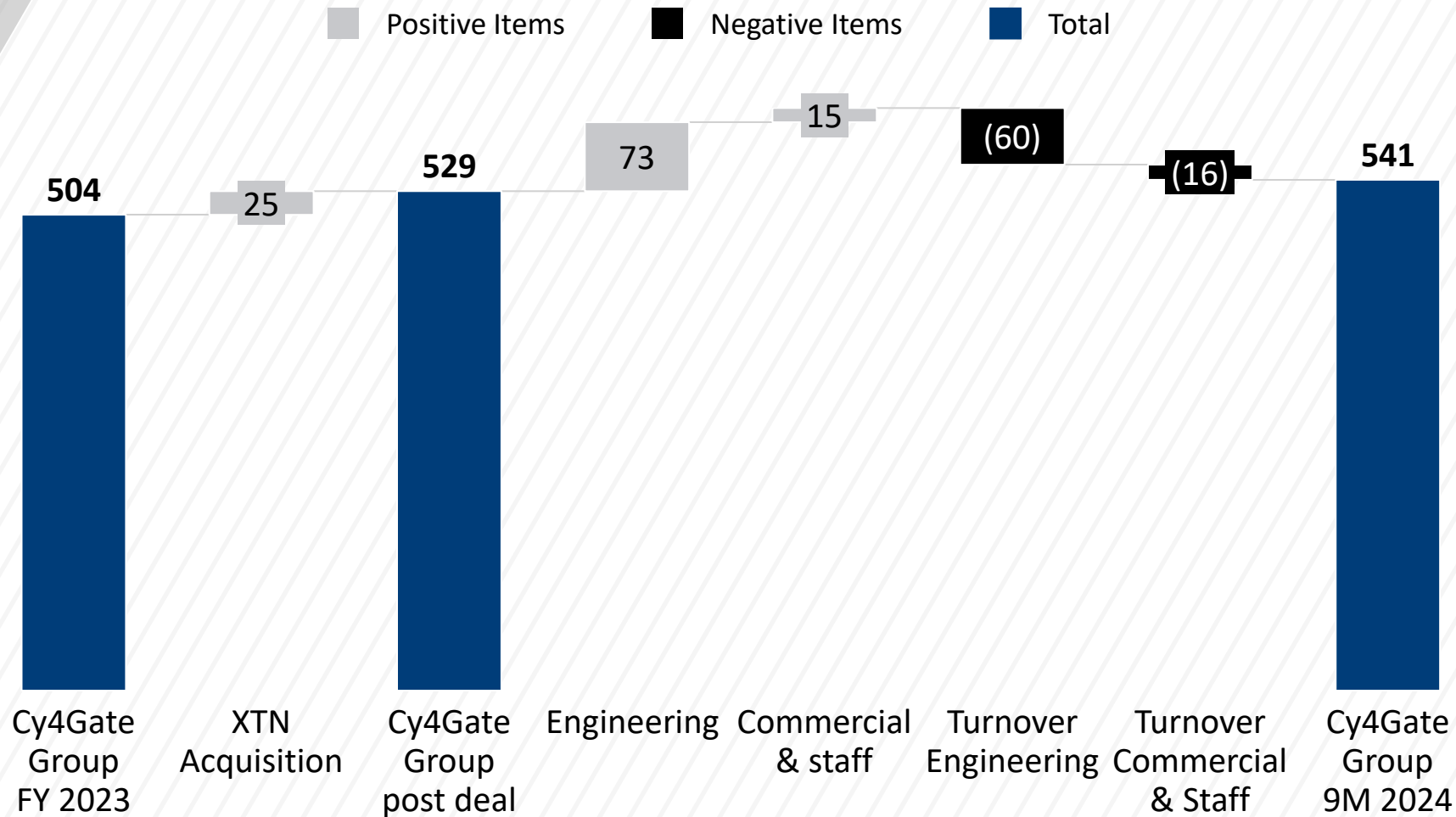Legend: Italy · Export

9M 2023
- ~57% Italy
- ~43% Export

9M 2024
- ~72% Italy
- ~28% Export

> International sales are down compared to the 9M 2023 due to the slowdown of Forensic Intelligence market

Note: Calculated on operating revenues

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9M 2024 People Investment

Legend: Positive Items, Negative Items, Total

Waterfall chart values:
- Cy4Gate Group FY 2023: **504**
- XTN Acquisition: 25
- Cy4Gate Group post deal: **529**
- Engineering: 73
- Commercial & staff: 15
- Turnover Engineering: (60)
- Turnover Commercial & Staff: (16)
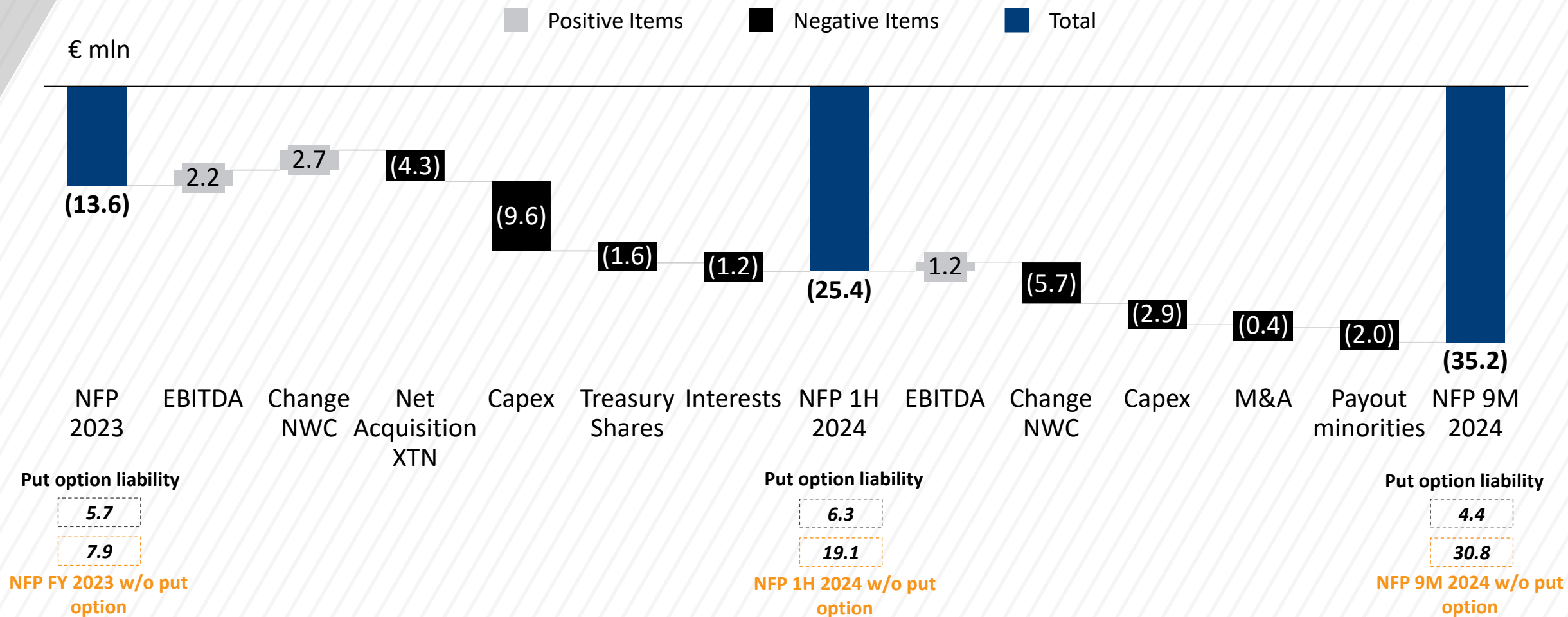- Cy4Gate Group 9M 2024: **541**

Total personnel increased in the first nine months of 2024 by a total of 37 resources:

- Increase of 25 resources related to the XTN acquisition that will strengthen the cybersecurity line

- Increase of 88 resources in engineering and commercial & staff compared to 76 exits

9M 2024 NFP Bridge

€ mln

Legend: Positive Items · Negative Items · Total

Waterfall values:
- NFP 2023: (13.6)
- EBITDA: 2.2
- Change NWC: 2.7
- Net Acquisition XTN: (4.3)
- Capex: (9.6)
- Treasury Shares: (1.6)
- Interests: (1.2)
- NFP 1H 2024: (25.4)
- EBITDA: 1.2
- Change NWC: (5.7)
- Capex: (2.9)
- M&A: (0.4)
- Payout minorities: (2.0)
- NFP 9M 2024: (35.2)

Put option liability
- 5.7
- 7.9
- NFP FY 2023 w/o put option

Put option liability
- 6.3
- 19.1
- NFP 1H 2024 w/o put option

Put option liability
- 4.4
- 30.8
- NFP 9M 2024 w/o put option

9M 2024 Profit & Loss

€ mln	9M 2024[1]	9M 2023
Operating Revenues	45.4	43.6
Other Operating Revenues	2.2	1.3
Total Revenues	**47.5**	**44.9**
Services, Procurement & other operating costs	20.1	19.3
Personnel Costs	23.8	22.4
Costs	**43.9**	**41.7**
EBITDA Adjusted	**3.6**	**3.2**
D&A [including leasing costs]	(11.4)	(9.6)
EBIT Adjusted	**(7.8)**	**(6.3)**
D&A [related to PPA]	(3.4)	(3.4)
EBIT	**(11.1)**	**(9.7)**
Financial Income (Expenses)	(1.8)	(1.0)
One off costs	(0.2)	(2.4)
EBT	**(13.2)**	**(13.2)**

1. Including the consolidation of XTN from 1st January 2024

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9M 2024 Asset & Liabilities

€ mln	9M 2024	FY 2023
Fixed assets	**96.8**	**87.9**
Inventory	1.5	0.8
Contract assets (liabilities)	6.1	3.1
Trade receivables	49.4	53.7
Trade payables	(11.1)	(14.4)
Trade Working Capital	**45.9**	**43.1**
Other assets (liabilities)	(13.0)	(6.3)
Net Working Capital	**32.9**	**36.8**
Net Capital Invested	**129.7**	**124.8**
Cash and cash equivalents	8.3	17.6
Financial assets	3.4	1.4
Financial Liabilities	(43.1)	(28.8)
Lease liabilities	(3.8)	(3.8)
Net Financial Position	**(35.2)**	**(13.6)**
Put option liability	(4.4)	(5.7)
Book value of treasury shares in portfolio	(3.2)	(1.6)
Net Financial Position Adjusted	**(27.5)**	**(6.3)**
Shareholders' Equity	**(94.5)**	**(111.1)**
Sources	**(129.7)**	**(124.8)**

Strategy & Outlook

Our growth Strategy: Market

Cy4Gate Group portfolio – cyber intelligence & cyber security products - perfectly fits with the following **3 fast growing markets**, both in Italy and abroad:

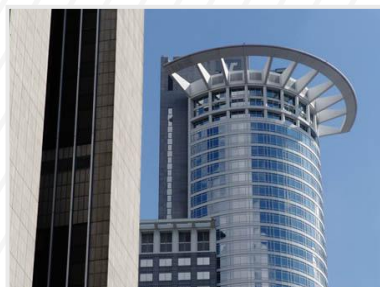|		**Products involved**
Defence	▪ Increasing internal and external security threats and undergoing military network-centric modernization; ▪ Market CAGR 8% - predicted to grow to 1350B$ in 2030 from 750B$ (2022).	▪ Decision Intelligence & AI (Quipo) for C2 platforms ▪ Cyber security products and services bundle (RTA, Diateam, CTI, customization services)
Security & Law Enforcement	▪ Digital crime via digital/electronic devices is LEAs biggest challenge; AI is a key enabler; ▪ Market is globally growing at 9% CAGR up to 2028; ▪ Need for cases management, track evidences, data gathering and correlation, creation of reports.	▪ Decision Intelligence & AI (Quipo & Mito) for data gathering and correlation ▪ Forensic Intelligence suite
Corporate	▪ Double digit growth for digital transformation market (around 20% CAGR to 2027); ▪ Cyber security market is underpenetrated in terms of for SMEs, targets of massive attacks.	▪ Decision Intelligence & AI (Quipo) ▪ Cyber security products and services bundle (RTA, Diateam, CTI, Pronto Cyber, Services) for a 360° capabilities coverage

Our growth Strategy: Actions

2024

2025-2026

Opportunities

Defence

2024
- **Strengthen industrial partnerships** with Tier-1 Italian and European Defence Contractors
- **Penetrate new geographies** through Cyber Academy and Cyber Labs
- **Increase direct domestic and international** market penetration leveraging mother company network

2025-2026
- **Capture EU funds** (NATO, EDA, ESA) for R&D in the cyber also through industrial partnership
- **Take part to international consortia** or JVs for pluriannual defence programs

Security & Law Enforcement

2024
- **Consolidate the Italian market**, focusing on more relevant P.P.O. districts whilst decreasing exposure on less profitable Offices
- **Maintain commercial advantage** while mitigating need for relevant investments through selected partnership with specialized boutique firms
- **Increase market penetration** of newly developed tactical devices in Italy and abroad

2025-2026
- **Progressively gain relevant** shares and presence in the more stable European region
- **Ensure consistent growth in the Spanish** market leveraging on our pluriannual presence in the Country (Dars), to create Cy4 second domestic market for revenues after Italy.

Corporate

2024
- **Shift from products to capabilities offering** to improve competitiveness (cyber security platform)
- **Complement sales force efforts** through new effective channel partnerships (Attiva, Innovery)
- **Enlarge domestic market penetration** in big/medium size corporation through a reinforced and well seasoned sales team
- **Pursue up-selling and cross-selling** opportunities in new corporate segments (banking, automotive, luxury, travel) thanks to XTN acquisition

2025-2026
- **Expand business to new geographies in E.U**. partnering with foreign channels and fostering development of an international sales team
- **Push on inorganic** growth via M&A

Opportunities

The strategy will be a key enabler to:

- ✓ intercept growing Defence market needs, characterized by global relevant investments, huge size and pluri-annual contracts, enabling quick creation of backlog, thus supporting Corporate sales in seasonality risks reduction

- ✓ further consolidate leadership position in Italy (notwithstanding sector justice reform) and boost growth primarily in E.U.

- ✓ expand Corporate market presence to support creation of recurring stream of regular revenues throughout the year, accelerating the process of seasonality mitigation

Expected Revenues 2024

	PIPELINE	CONVERSION RATE	TOTAL
TOTAL	~122 €M	~11%	~13-15 €M

	BACKLOG	RECURRING	TOTAL
TOTAL	~38 €M	~31-34 €M	~69-72 €M

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