Cy4Gate

1H 2024
Financial Results

September 13, 2024

AGENDA

- ➢ 1H 2024 Financials

- ➢ Strategy & Outlook

Speakers

EMANUELE GALTIERI

CEO & General Manager

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CFO & Investor Relations Manager

Highlights

The results of the first half of 2024 confirm the solidity of the CY4Gate group in **governmental sales; seasonality of turnover -** historically concentrated in the second half of the year - **is still relevant** partially offset by XTN and RCS sales;

The Value of Production compared to 30 June 2023 slightly suffered the lack of revenues related to **foreign orders in the Forensic Intelligence sector,** affected by the uncertainty of the international geopolitical scenario. Sales growth in Italy in the defence and justice sector partially filled the revenues gap.
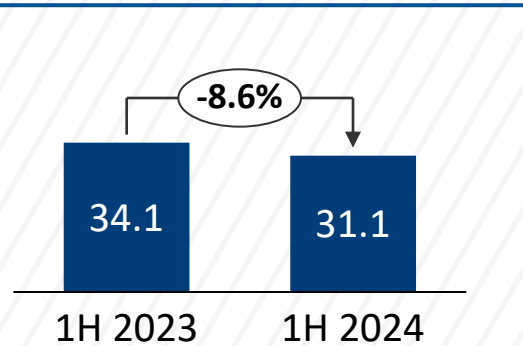
The acquisition of XTN early this January, in the frame of the Group's M&A operations strategy, confirms the objective of CY4Gate management to **ensure the implementation of the path undertaken to create a European cyber intelligence and cyber security champion**
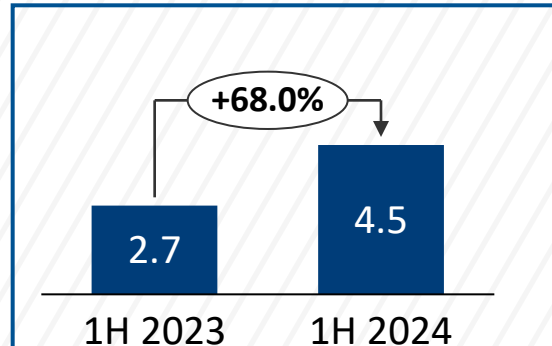
Financials

1H 2024 Key Data

Revenues[1] (€ mln)

-8.6%

1H 2023	1H 2024
34.1	31.1

- **Revenues** -8.6% compared to the first half of 2023, mainly due to slowdown of International Forensic Intelligence market

R&D (€ mln)

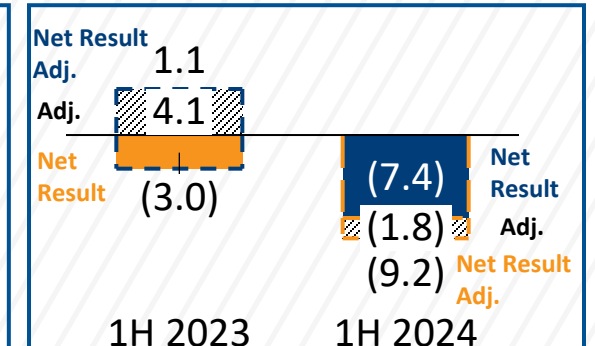+68.0%

1H 2023	1H 2024
2.7	4.5

- **R&D Costs** +68% compared to the comparative period taking account of the exposure of RCS's R&D costs from end of 2023.

EBITDA Adj. (€ mln)

Adj.
EBITDA

-56.9%

1H 2023	1H 2024
5.5	2.4
2.4	0.2
3.1	2.2
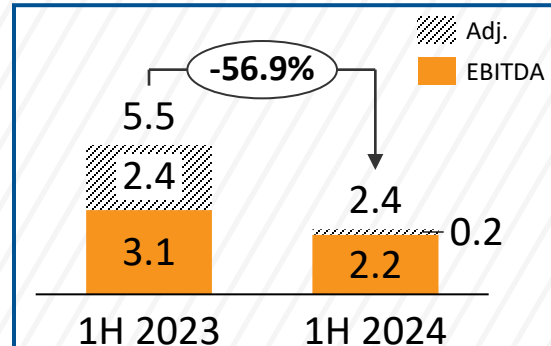
- **EBITDA** at €2.4 million – margins affected by lower revenues in foreign Forensic Intelligence

Net Profit/Loss[2](€ mln)

Net Result Adj. 1.1
Adj. 4.1
Net Result (3.0)

Net Result (7.4)
Adj. (1.8)
Net Result Adj. (9.2)

1H 2023	1H 2024

- **Net Result** recorded a loss of € 7.4 million affected by higher D&A

- **Net Result Adjusted** considers the Net Result as above described, net D&A on Diateam, PPA and Extraordinary costs.

1. Including other operating revenues; comparative 2023 does not include 1H of XTN
2. Negative result (loss for the period) includes D&A related to Purchase Price Allocation and extraordinary costs

1H 2024 Revenues Breakdown

By business line

Legend: Decision Intelligence | Forensic Intelligence | Cyber Security

1H 2023
- Decision Intelligence: 30%
- Forensic Intelligence: 59%
- Cyber Security: 11%

1H 2024
- Decision Intelligence: 40%
- Forensic Intelligence: 35%
- Cyber Security: 25%
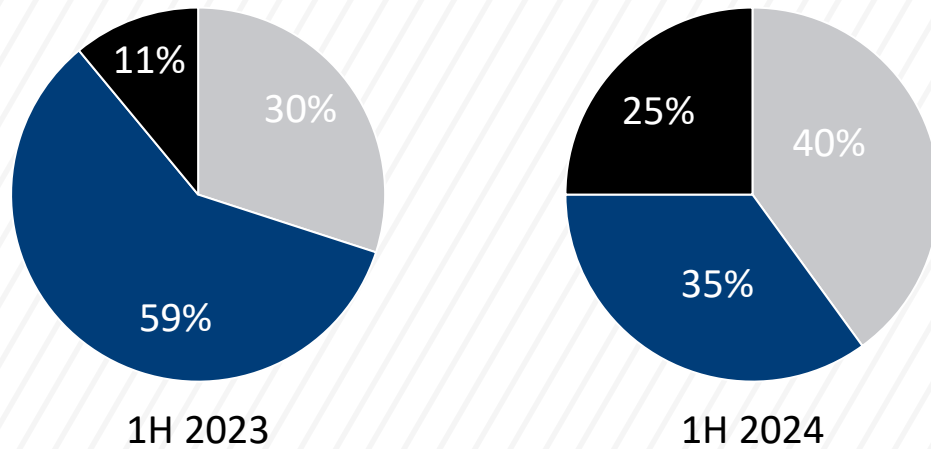
> Business mix changes, mainly due to the consolidation of XTN and increase in cyber activities in the Defense sector

By geographical area

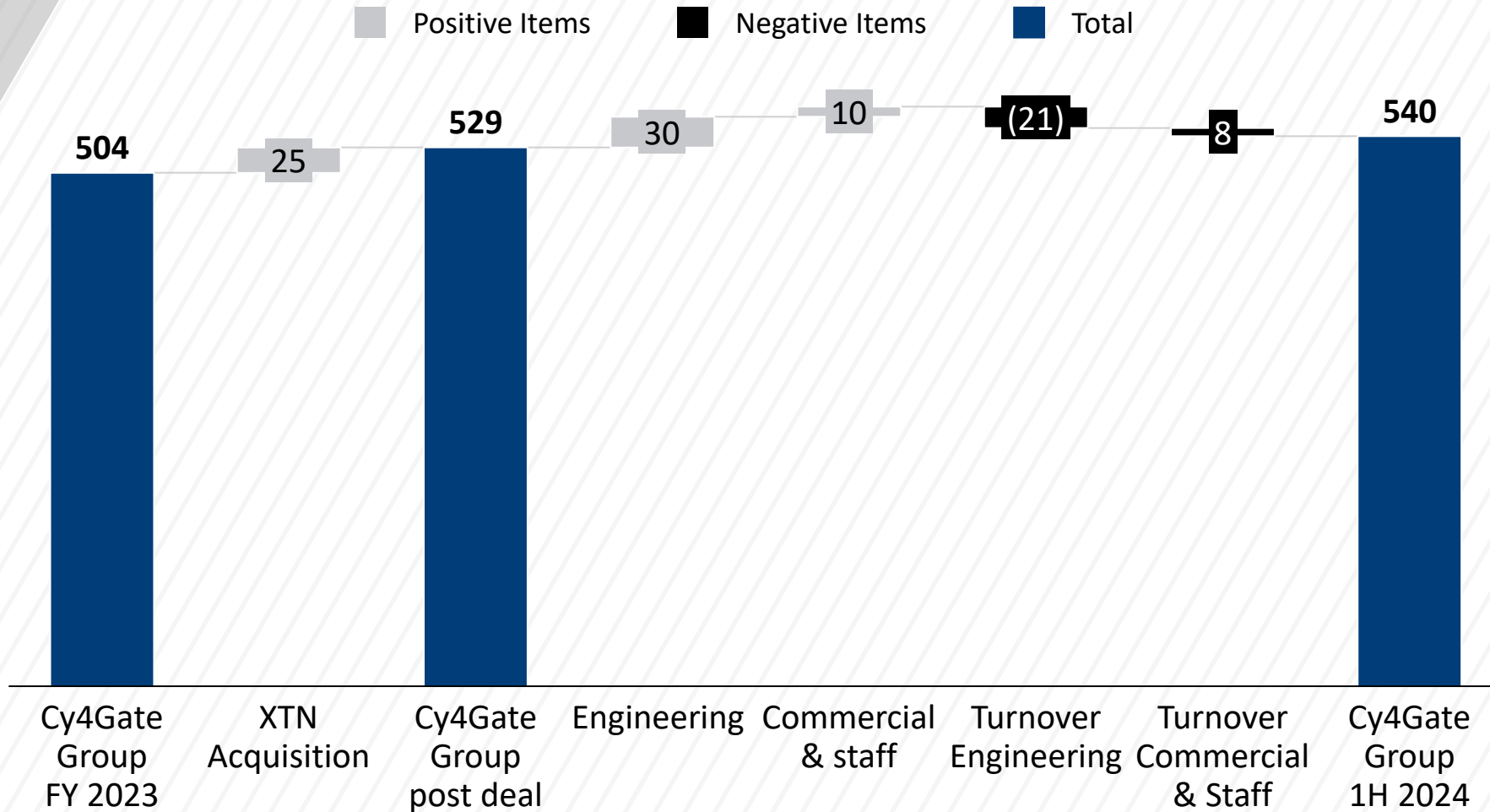Legend: Italy | Export

1H 2023
- Italy: ~54%
- Export: ~46%

1H 2024
- Italy: ~71%
- Export: ~29%
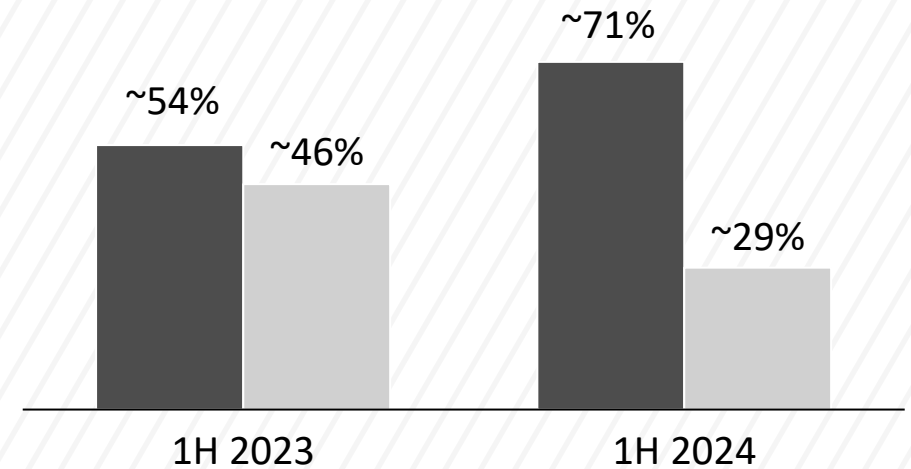
> International sales are down compared to the 1H 2023 due to the slowdown of Forensic Intelligence market

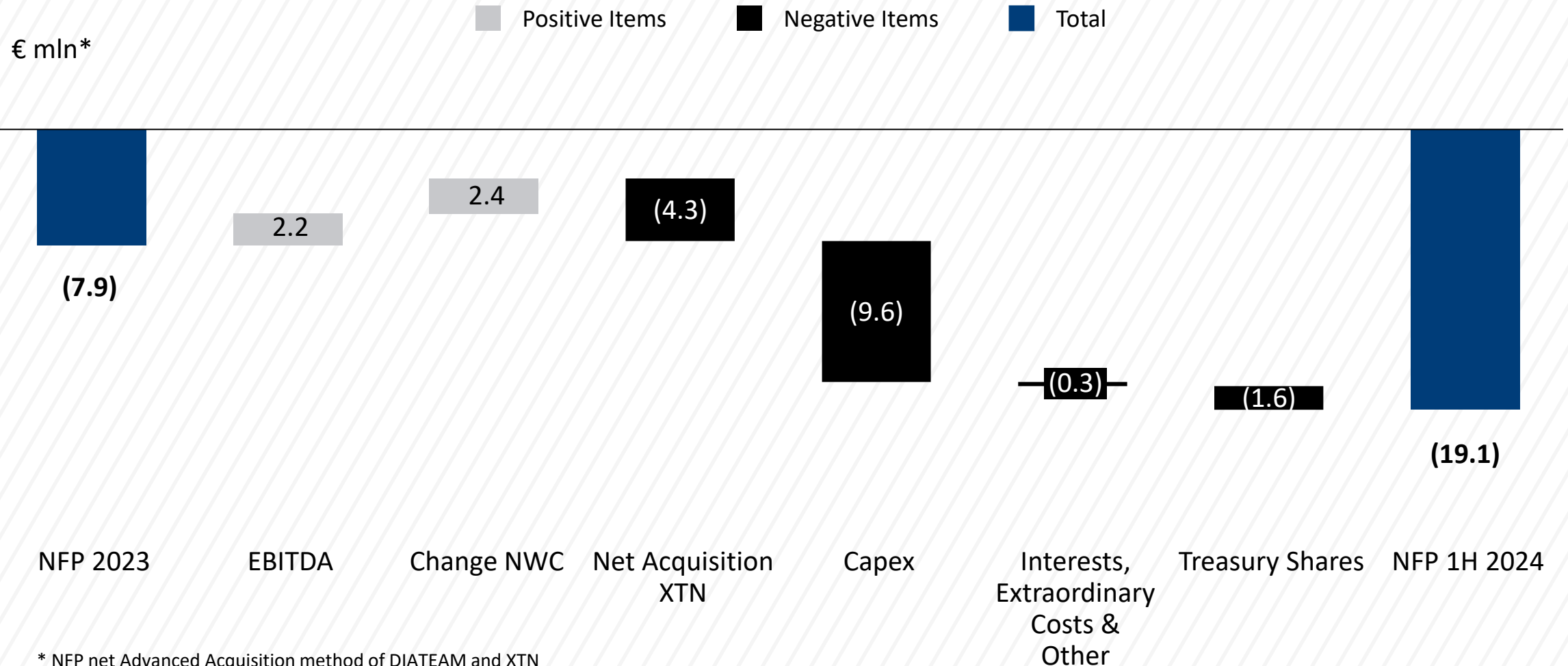Note: Calculated on operating revenues

1H 2024 People Investment

Total personnel increased in the first half of 2024 by a total of 36 resources:

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

- Increase of 40 resources in engineering and commercial & staff compared to 29 exits

1H 2024 NFP Bridge

€ mln*

Positive Items   Negative Items   Total

NFP 2023	EBITDA	Change NWC	Net Acquisition XTN	Capex	Interests, Extraordinary Costs & Other	Treasury Shares	NFP 1H 2024
(7.9)	2.2	2.4	(4.3)	(9.6)	(0.3)	(1.6)	(19.1)

* NFP net Advanced Acquisition method of DIATEAM and XTN

1H 2024 Profit & Loss

€ mln	1H 2024[1]	1H 2023
Operating Revenues	29.8	33.1
Other Operating Revenues	1.3	1.0
Total Revenues	**31.1**	**34.1**
Services, Procurement & other operating costs	12.8	13.2
Personnel Costs	15.9	15.4
Costs	**28.8**	**28.6**
EBITDA Adjusted	**2.4**	**5.5**
D&A [including leasing costs]	(7.6)	(6.4)
EBIT Adjusted	**(5.2)**	**(0.9)**
D&A [related to PPA]	(2.3)	(2.0)
EBIT	**(7.4)**	**(2.9)**
Financial Income (Expenses)	(1.5)	(0.9)
One off costs	(0.2)	(2.4)
Income Taxes	(0.06)	3.3
Net Result	**(9.2)**	**(3.0)**
Net Result Adjusted	**(7.4)**	**1.1**

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

1H 2024 Asset & Liabilities

€ mln	1H 2024	FY 2023
Fixed assets	**97.5**	**87.9**
Inventory	0.9	0.8
Contract assets (liabilities)	3.5	3.1
Trade receivables	50.8	53.7
Trade payables	(13.4)	(14.4)
Trade Working Capital	**41.9**	**43.1**
Other assets (liabilities)	(13.6)	(6.3)
Net Working Capital	**28.2**	**36.8**
Net Capital Invested	**125.7**	**124.8**
Cash and cash equivalents	22.6	17.6
Financial assets	1.4	1.4
Financial Liabilities	(45.3)	(28.8)
Lease liabilities	(4.1)	(3.8)
Net Financial Position	**(25.4)**	**(13.6)**
Put option liability	(6.3)	(5.7)
Book value of treasury shares in portfolio	(3.2)	(1.6)
Net Financial Position Adjusted	**(15.9)**	**(6.3)**
Shareholders' Equity	**(100.3)**	**(111.1)**
Sources	**(125.7)**	**(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:
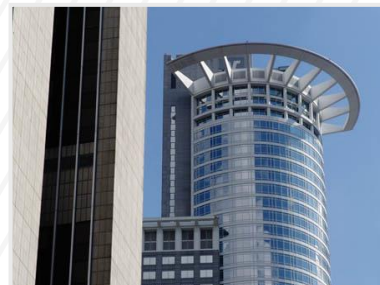
Products involved

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	~16%	~20-23 €M

	BACKLOG	RECURRING	TOTAL
TOTAL	~33 €M	~31-34 €M	~64-67 €M

Outlook FY 2024

01

PIPELINE CONVERSION FY2024

20-23 €M

02

BACKLOG/RECURRING FY2024

64-67 €M

REVENUES

84-90 €M

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