

# Cy4Gate

9M 2024

Financial Results

November 13, 2024



# AGENDA

- 9M 2024 Financials
- Strategy & Outlook

# Speakers

## EMANUELE GALTIERI



CEO & General Manager

## MARCO LATINI



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



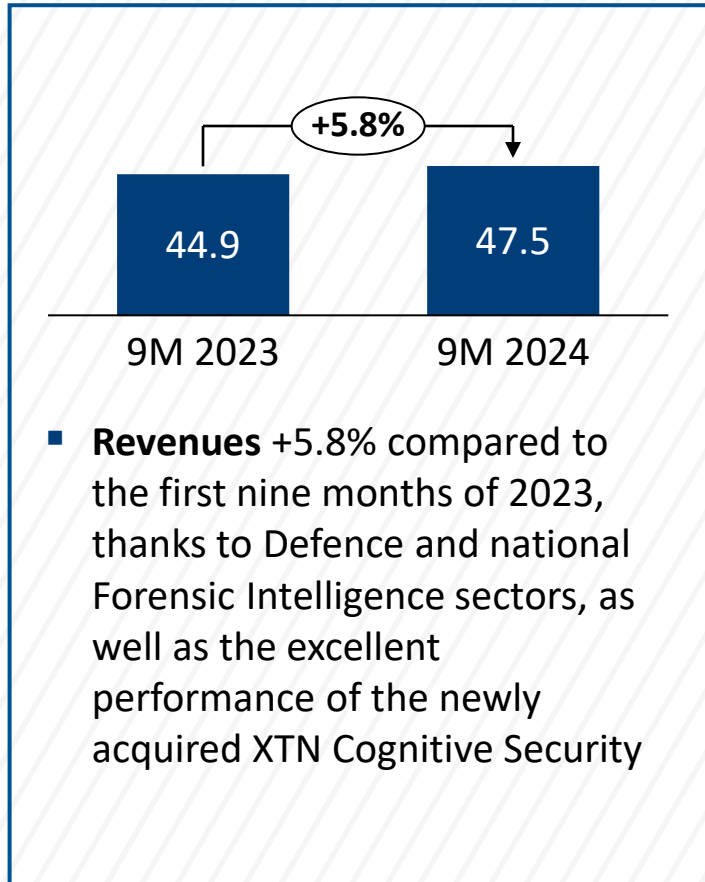
The Group continues to pursue **its strategy to deseasonalize the business**, also thanks to the creation of an **important backlog** with the closing of significant **contracts in terms of amount and profitability**, with multi-year duration. **Guidance 2024 confirmed.**



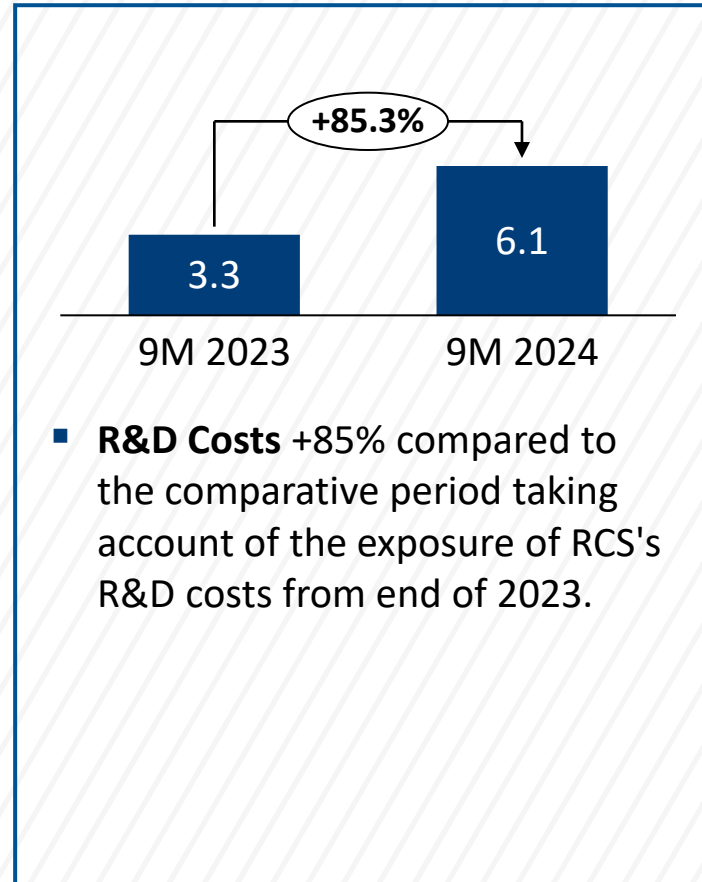
# Financials

# 9M 2024 Key Data

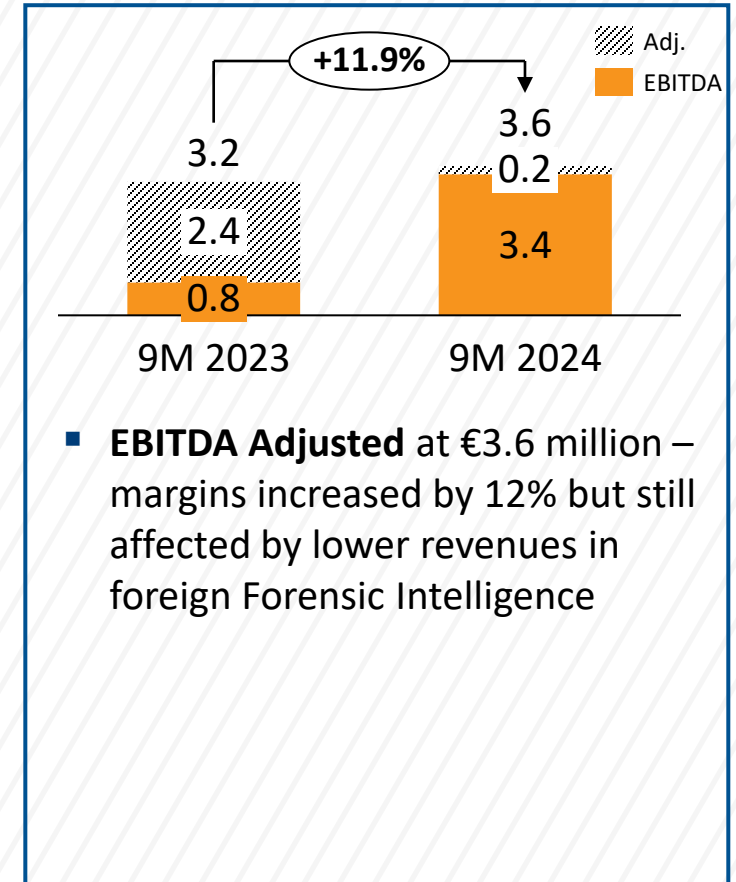
Revenues<sup>1</sup> (€ mln)



R&D (€ mln)



EBITDA Adj. (€ mln)

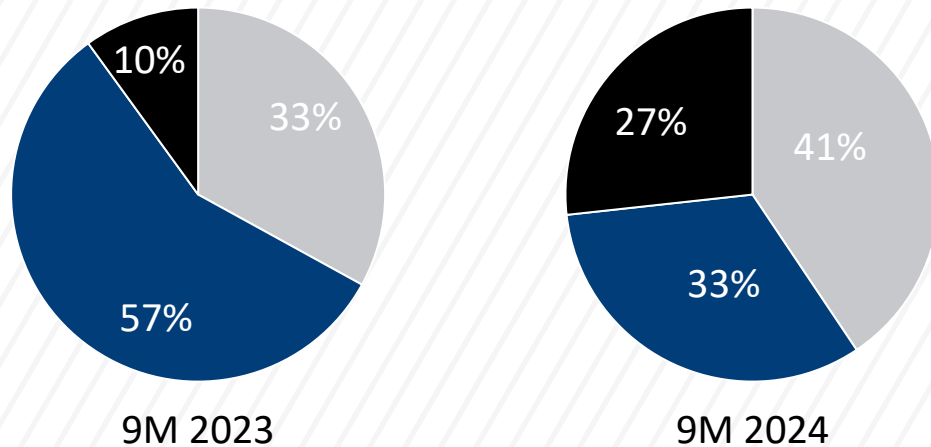


1. Including other operating revenues; comparative 2023 does not include 9M of XTN

# 9M 2024 Revenues Breakdown

## By business line

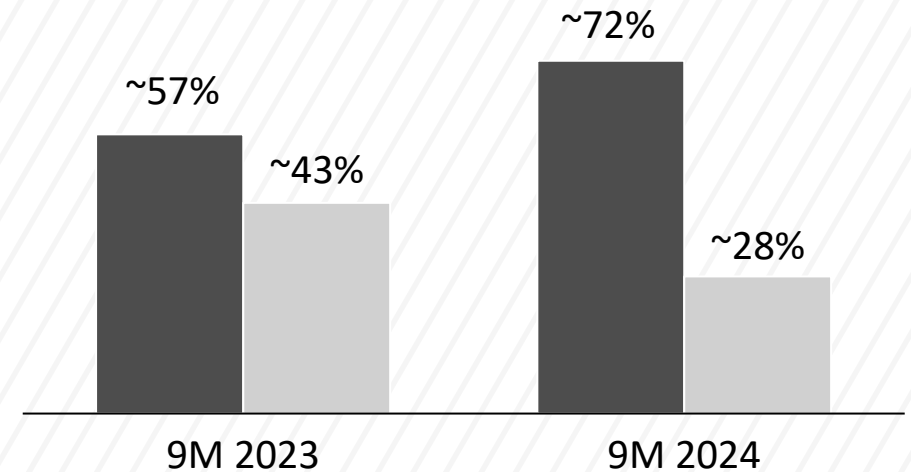
Decision Intelligence   Forensic Intelligence   Cyber Security



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

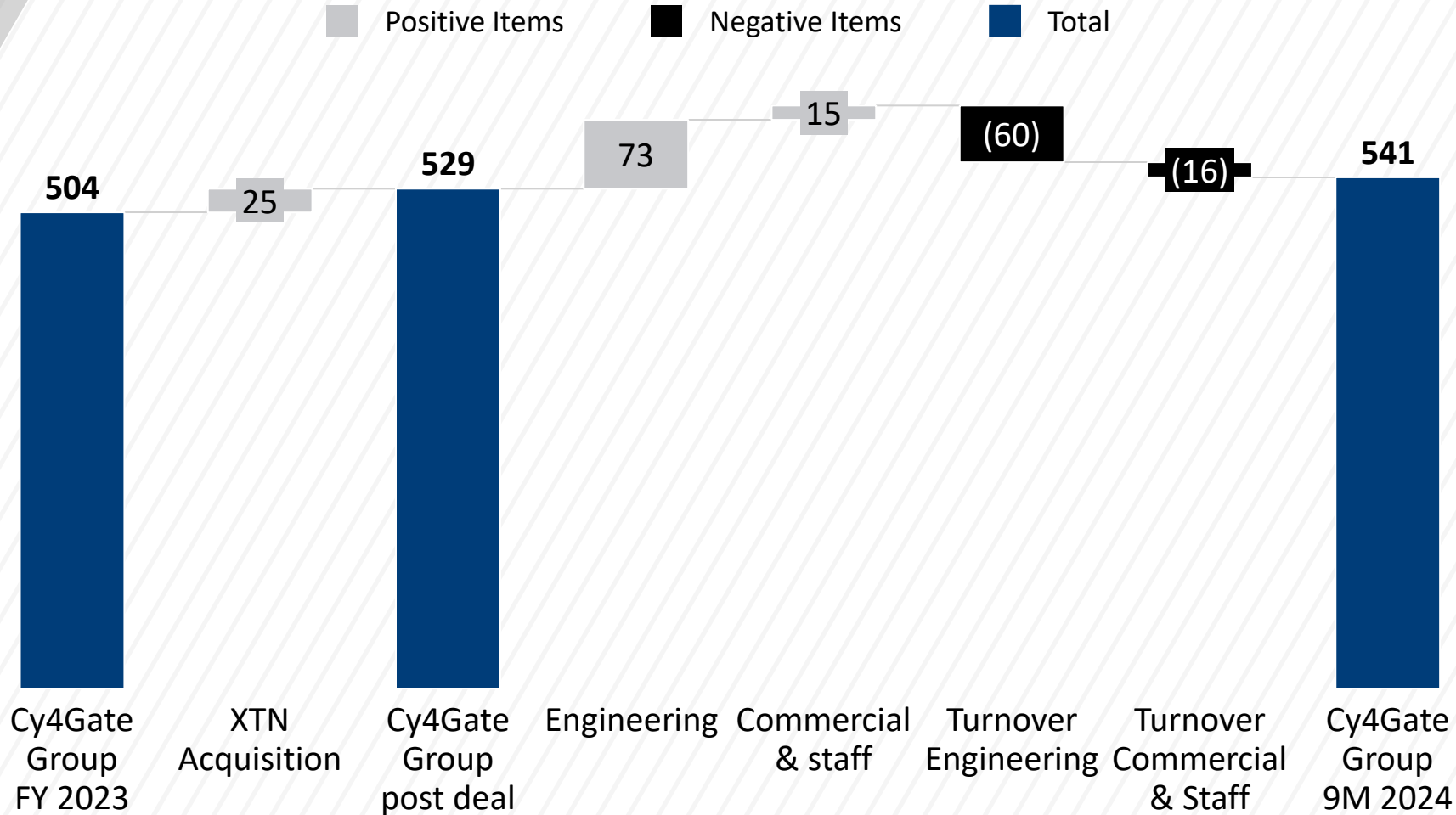
## By geographical area

Italy   Export



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

# 9M 2024 People Investment

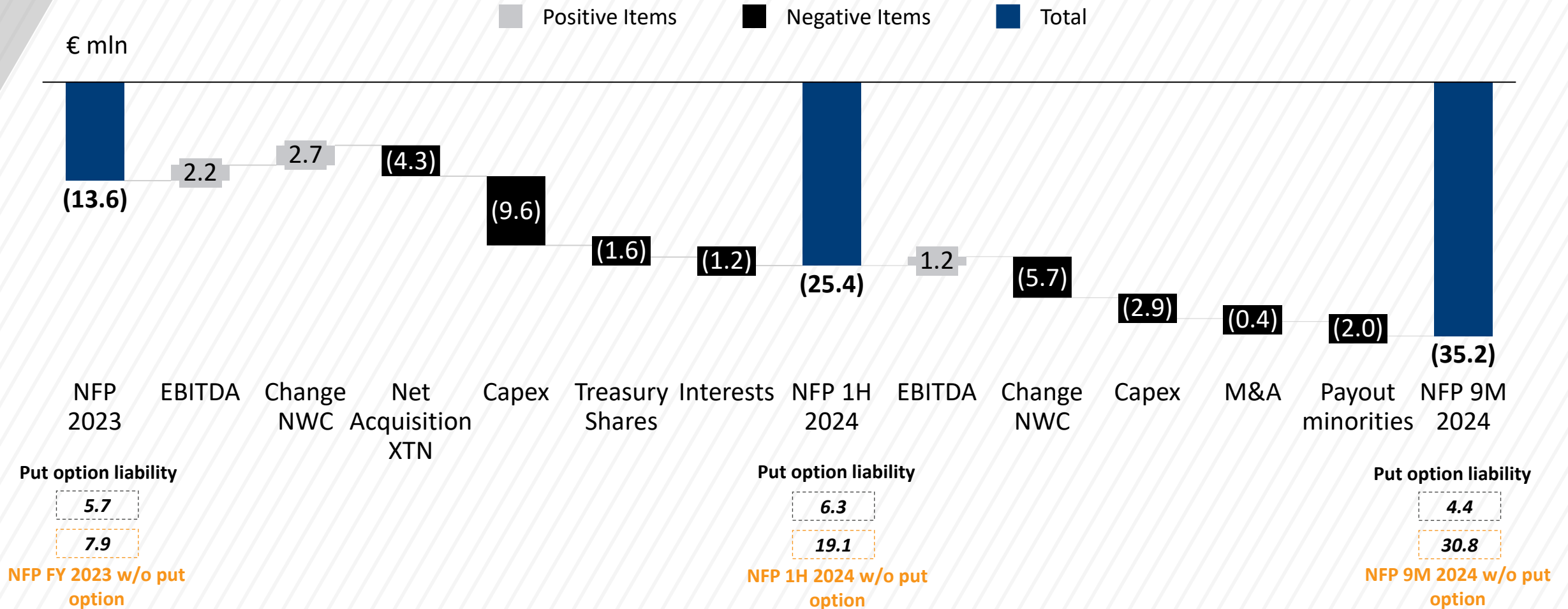


Total personnel increased in the first nine months of 2024 by a total of 37 resources:

- 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



# 9M 2024 Profit & Loss

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

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

# 9M 2024 Asset & Liabilities

€ mln	9M 2024	FY 2023
<b>Fixed assets</b>	<b>96.8</b>	<b>87.9</b>
Inventory	1.5	0.8
Contract assets (liabilities)	6.1	3.1
Trade receivables	49.4	53.7
Trade payables	(11.1)	(14.4)
<b>Trade Working Capital</b>	<b>45.9</b>	<b>43.1</b>
Other assets (liabilities)	(13.0)	(6.3)
<b>Net Working Capital</b>	<b>32.9</b>	<b>36.8</b>
<b>Net Capital Invested</b>	<b>129.7</b>	<b>124.8</b>
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)
<b>Net Financial Position</b>	<b>(35.2)</b>	<b>(13.6)</b>
Put option liability	(4.4)	(5.7)
Book value of treasury shares in portfolio	(3.2)	(1.6)
<b>Net Financial Position Adjusted</b>	<b>(27.5)</b>	<b>(6.3)</b>
<b>Shareholders' Equity</b>	<b>(94.5)</b>	<b>(111.1)</b>
<b>Sources</b>	<b>(129.7)</b>	<b>(124.8)</b>



# 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:

## Defence



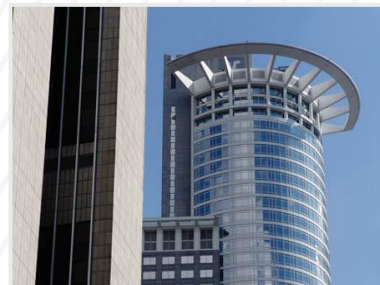
- Increasing internal and external security threats and undergoing military network-centric modernization;
- Market CAGR 8% - predicted to grow to 1350B\$ in 2030 from 750B\$ (2022).

## 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.

## 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.

## Products involved

- Decision Intelligence & AI (Quipo) for C2 platforms
- Cyber security products and services bundle (RTA, Diateam, CTI, customization services)
- Decision Intelligence & AI (Quipo & Mito) for data gathering and correlation
- Forensic Intelligence suite
- 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

## Defence

- **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

- **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

- **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

- **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

- **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

- **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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