



November 3/4, 2020

NEXT GEMs Conference 2020

AGENDA

INVESTOR PRESENTATION

- ❖ CY4GATE AT A GLANCE
- ❖ PRODUCTS & CLIENTS
- ❖ MARKETS
- ❖ 1H2020 RESULTS
- ❖ STRATEGY & OUTLOOK
- ❖ APPENDIX

CY4GATE AT A GLANCE

INVESTOR PRESENTATION

CY4GATE a listed company at AIM Italia operating in the 360° cyber market, was founded in 2014 as a joint venture between Elettronica S.p.A (which has been a leader for more than 60 years in the field of Electronic Countermeasures and which is nowadays the majority partner owing about 80% of the shares) and Expert System S.p.A.

CY4GATE design, develop and produce I-Techs, goods and services which are able to satisfy even the most particular and peculiar “*Cyber Intelligence & Cyber Security*” needs moved by the Armed forces, Police, Intelligence Agencies and Enterprises within or outside the national borders and markets. The covered fields and offered services are for example: DSINT, Igea, when it comes to *Cyber Intelligence*; RTA, in the world of *Cyber Security*.



Domitilla Benigni
Chairman



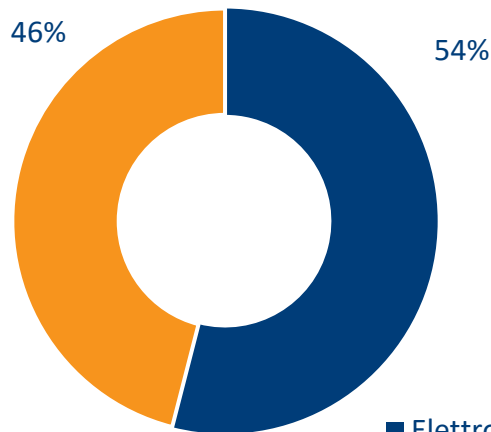
Enrico Peruzzi
Member

Eugenio Santagata
CEO



**Alberto Luigi Sangiovanni
Vincentelli**
Member

Antonio Catricalà
Independent Member



■ Elettronica S.p.A.
■ Free float

TOP MANAGEMENT

Eugenio Santagata
CEO



Luca Lucidi
CFO





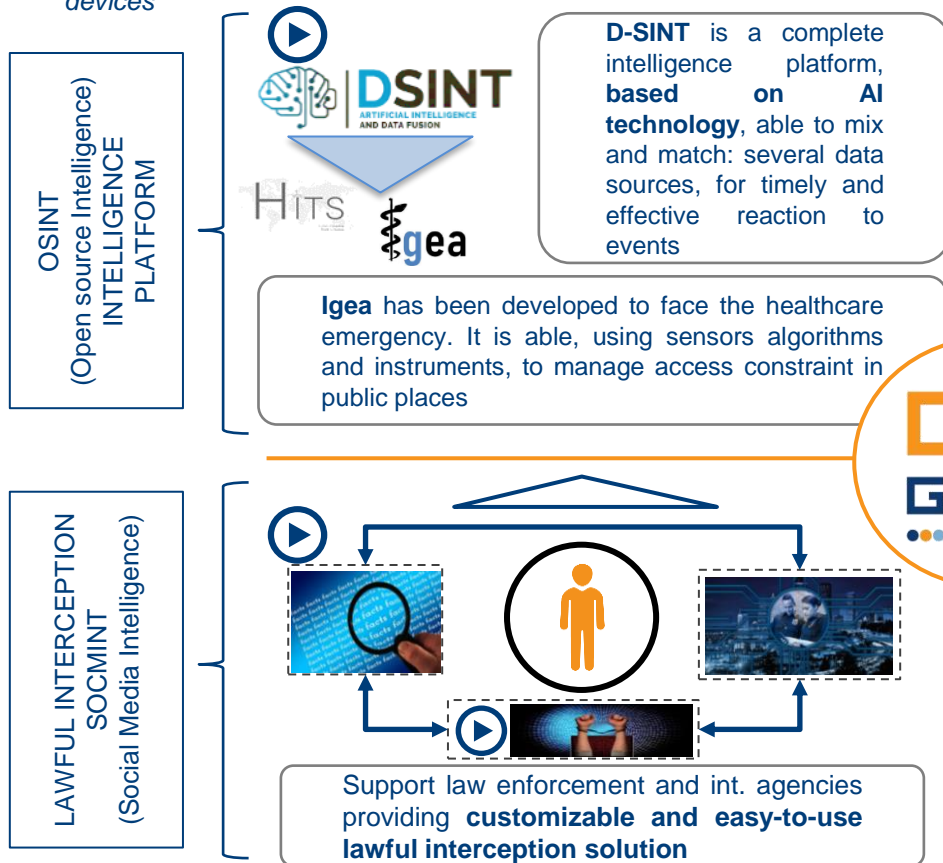
ONE-STOP-SHOP APPROACH WITH A WIDE RANGE OF PROPRIETARY PRODUCTS

INVESTOR PRESENTATION

A unique, defensive and offensive platform of integrated HW and SW proprietary modules to gather, collect, analyze, protect or disrupt data and networks, and to extract and disseminate operational meaningful information

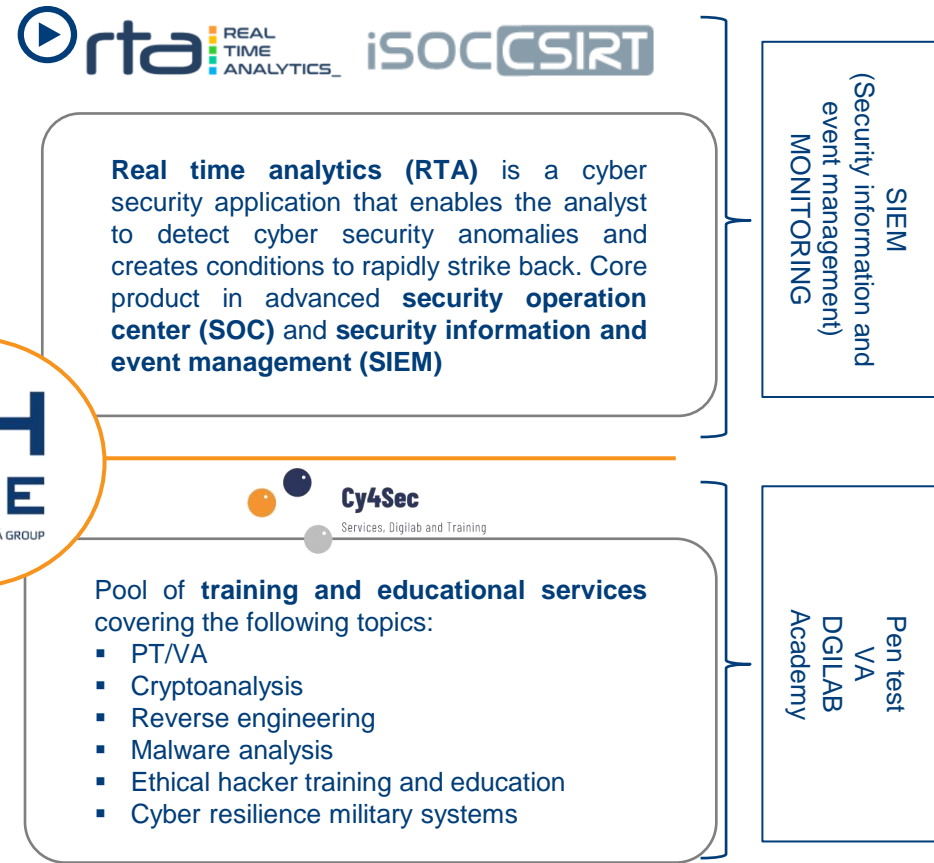
CYBER INTELLIGENCE

Cyber Intelligence products and services collect and analyze information available online and generated through the use of digital and electronic devices



CYBER SECURITY

Cyber security products and services protect clients' information systems, enabling the detection of anomalies and generating response actions

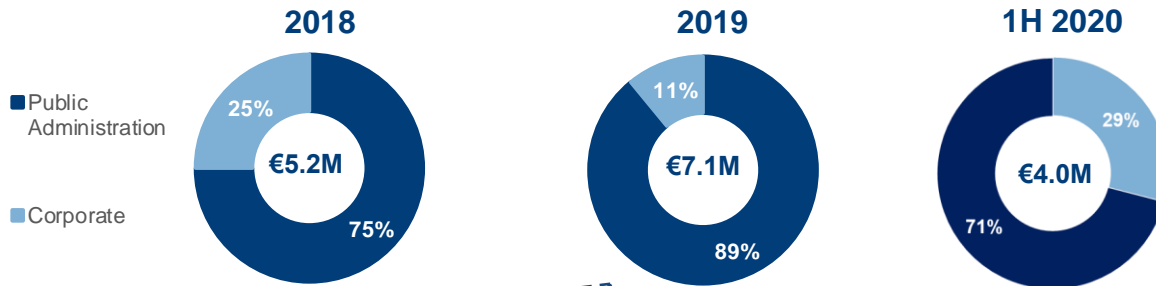


HIGH-STANDING CUSTOMER BASE IN DIVERSIFIED END MARKETS

INVESTOR PRESENTATION

CY4's main customers are currently Public entities and Governments and the company is already well-equipped to enlarge its customer portfolio to corporates

REVENUES BY CUSTOMER TYPE



Revenues coming from corporates clients accounted for 25% of total revenues in 2018 and 11% in 2019. **Historically, CY4 registered revenues from corporate clients for c €1.0M**

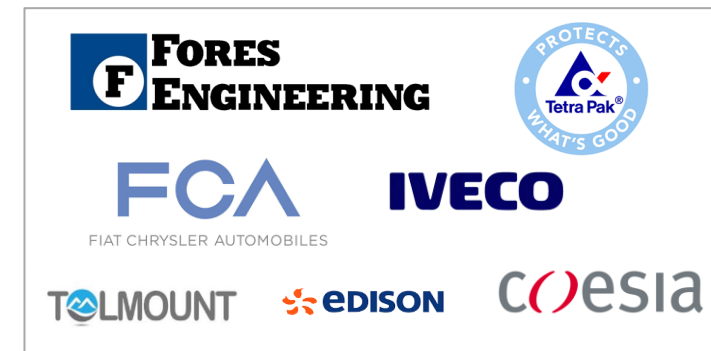
The company is now focused on scaling up this revenues stream by implementing the **following strategic actions**

- ▶ During 2020, CY4 started to invest in a **marketing and communication campaign** targeting corporate clients
- 👤 **Dedicated sales force** to serve corporate clients and **opening of sales offices** in selected regional areas
- 📈 **Enhancement of indirect sales channels**

MAIN CLIENTS



RECURRING CORPORATE CLIENTS



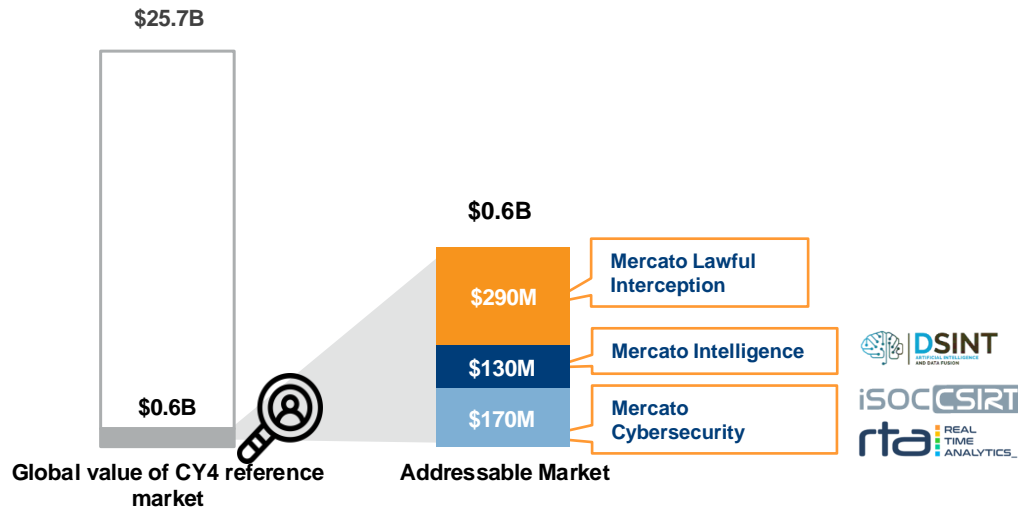


STRONG MARKET DEMAND DYNAMICS WITH FURTHER GROWTH EXPECTATIONS

INVESTOR PRESENTATION

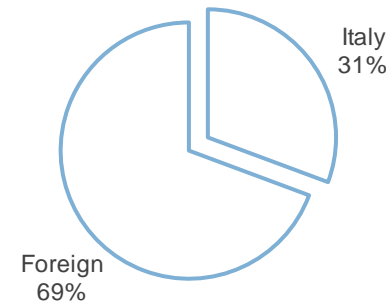
In a double digit growing market valued approx. €25.7B, CY4's addressable market is estimated around €600M

ADDRESSABLE MARKET (2023)

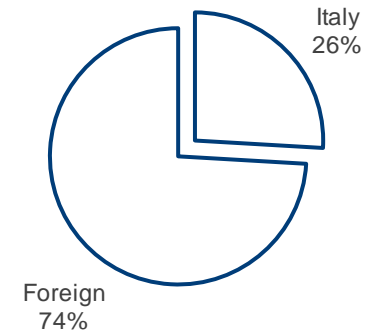


BREAKDOWN BY COUNTRY

CYBER INTELLIGENCE

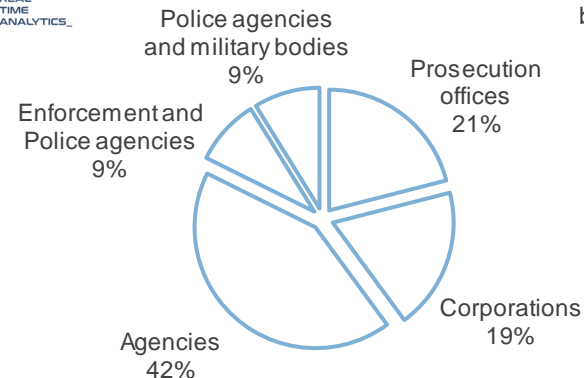


CYBER SECURITY

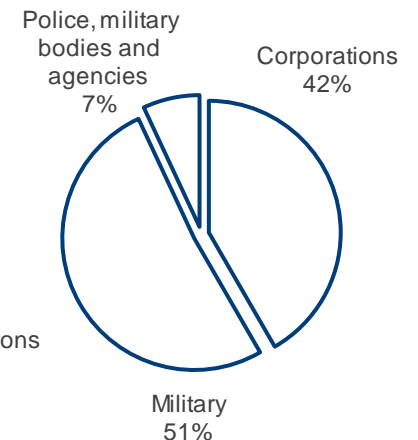


BREAKDOWN BY CLIENT

CYBER INTELLIGENCE



CYBER SECURITY



GLOBAL OPEN SOURCE INTELLIGENCE (OSINT) MARKET

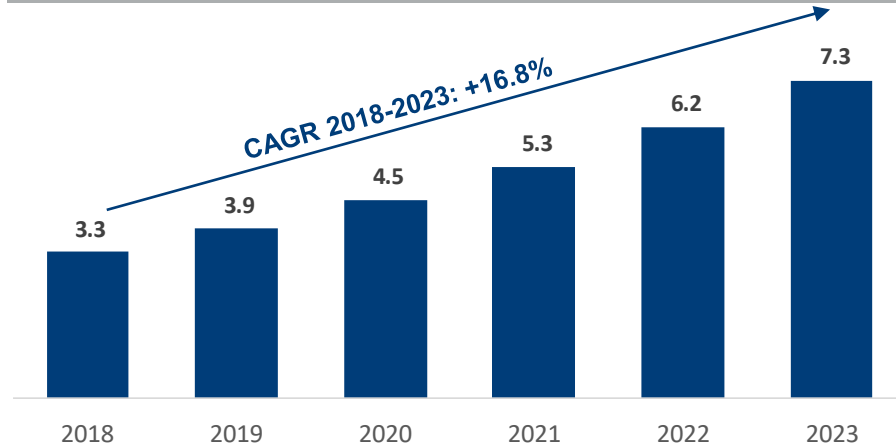
INVESTOR PRESENTATION

Thanks to its proprietary and flexible OSINT technologies, CY4 is able to play a starring role in the Corporate Intelligence Market grating a wide range of products and services to both institutional and corporate clients

MARKET SEGMENTS

	DESCRIPTION	REFERENCE BRAND
HUMAN INTELLIGENCE	It is defined as a category of intelligence derived from information collected and provided by human sources. Typical HUMINT activities consist of interrogations and conversations with persons having access to information.	
CONTENT INTELLIGENCE	It is a strategy that uses artificial intelligence systems and software to process content data into reliable insights about the effectiveness of a business' content. The use of content intelligence is therefore connected to the science of big data and artificial intelligence	
DARK AND DEEP WEB ANALYSIS	The deep web is a part of the World Wide Web whose contents are not indexed by standard web search-engines	

MARKET SIZE (\$B)



MAIN TRENDS

- **Intelligence**, carried out through digital tools, consists in the collection, analysis and exploitation of information in order to take a decision, **is becoming one of the most relevant part of the Governments and Corporates life**
- The importance to be able to elaborate an **“information output”** is a **primary need for public and private players on the market**

GLOBAL LAWFUL INTERCEPTION MARKET

INVESTOR PRESENTATION

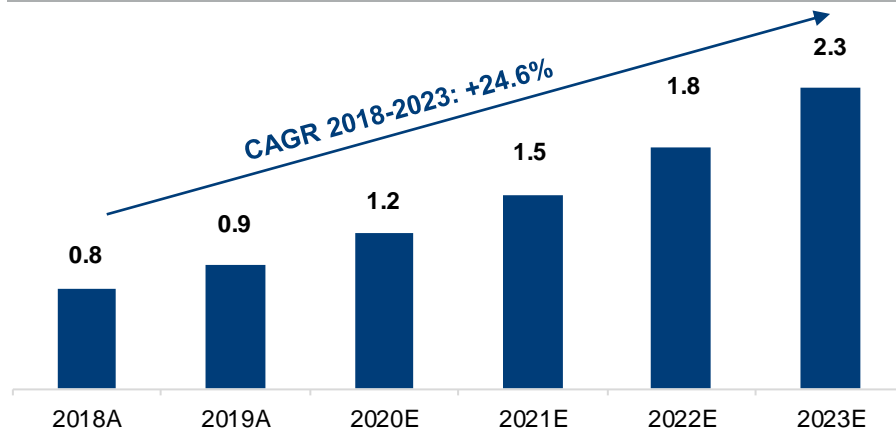
Thanks to its proprietary technologies, CY4 is able to cover all market segments in the digital lawful interception

MARKET SEGMENTS

DESCRIPTION

OFFENSIVE LAWFUL INTERCEPTION	Target's digital profile and behaviour by visualizing which social accounts it is using, which social accounts it has, how, when and what web contents it surfs
DEFENSIVE LAWFUL INTERCEPTION	Collecting and analysing data on open and closed, internal and external sources linked to a Target
VIRTUAL HUMINT	Monitoring or engaging Target's social networks with virtual identities units and/or avatars with their own bio, interests and personality interesting for the Target, capable of automatically interacting with it

MARKET SIZE (\$B)



MAIN TRENDS

- Increasing number of **governments initiatives** supporting lawful interception
- Increasing vulnerability to **crime and terrorism**
- Vendor compliance with standards and regulations governing lawful interception
- Increasing need for lawful interception in **web-based messaging**

ITALIAN LAWFUL INTERCEPTION MARKET

INVESTOR PRESENTATION

CY4 is considered as a reference player in the Italian digital lawful interception market, with many growing opportunities deriving from the partnership with SIO

ITALIAN PROSECUTION OFFICES SPENDING

Total Spending of Italian Court (2017)

€193.6M

Total Spending of Italian Court in Interception (2017)

€168.7M

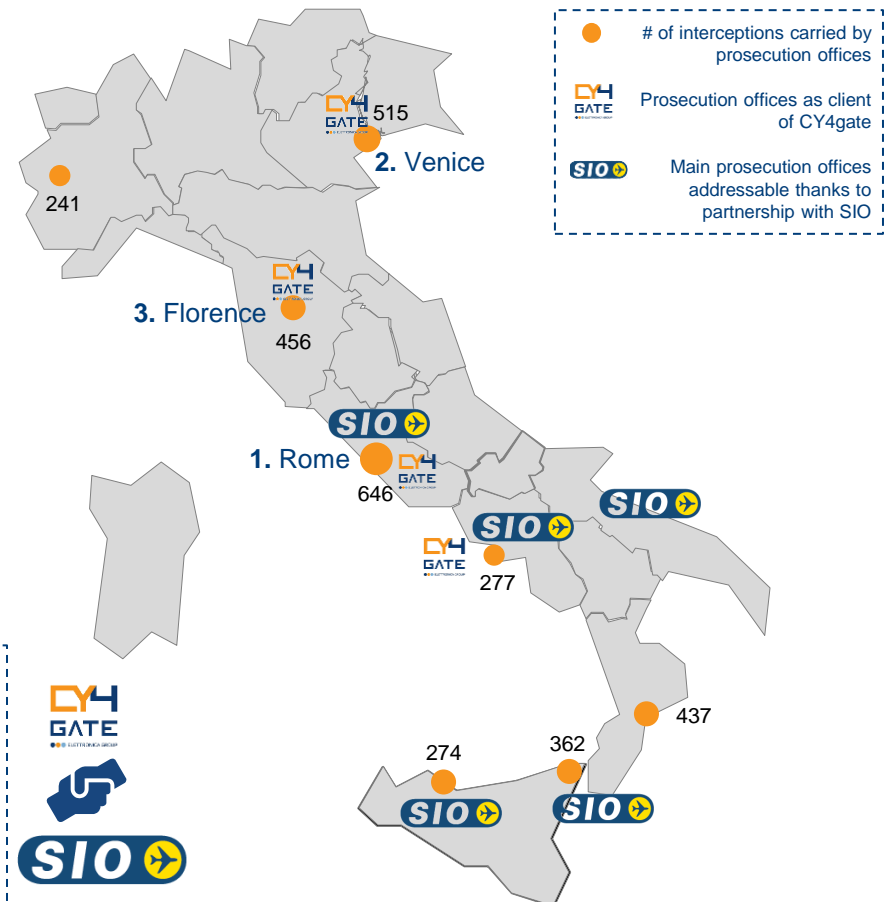
Italian Lawful Digital Interception Accessible Market Size

€36.3M⁽¹⁾

Thanks to the partnership with SIO, CY4 will be able to:

- ⌚ Get direct and immediate access to c.70 new prospect of prosecution offices
- 📈 Reach a potential 70% market share in an estimated market of €36.3M

MOST ACTIVES JUDICIAL DISTRICTS



CYBERSECURITY ANALYTICS, INTELLIGENCE, RESPONSE AND ORCHESTRATION (“AIRO”) WORLDWIDE

INVESTOR PRESENTATION

Thanks to its wide range of products CY4 has the technological capabilities to address every sub-segments of the AIRO market, which is experiencing a double-digit growth

CY4 OFFER FITS WITH INDUSTRY TRANSFORMATION

FROM INFORMATION TECHNOLOGY ...

IT is a set of methods and technologies used in public and private environments for the storage, transcription and processing of information and data through the use of networks, computers and telecommunications equipment

... TO OPERATION TECHNOLOGY

It is a set of technologies, software and hardware, directly related to the monitoring and control of decentralized production systems and plants and next generation “end-points” protection

Industry 4.0

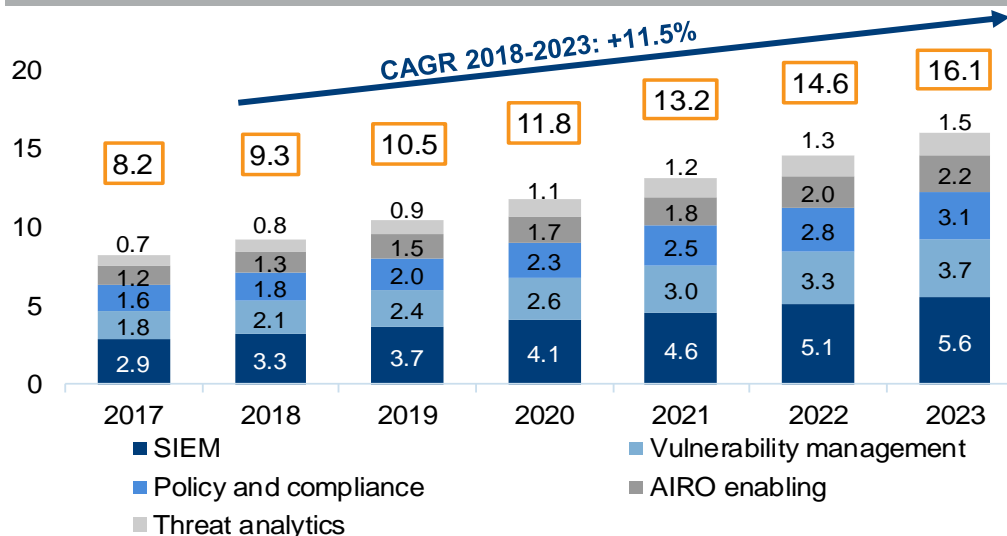
Consumer IoT

Smart City

REFERENCE BRAND



MARKET SIZE (\$B)*



MAIN TRENDS

- Cyber-physical systems attacks will have an increasing financial impact due to the **continuous evolution** of operational technology (OT), smart buildings, smart cities, connected cars and autonomous
- Complexities and compliance emanating from trade wars and political instability **will boost investments in cyber security**
- Organizations **will experience the need of adding expertise to newer IT and security** personnel in order to protect their IT systems

WHERE DOES THE RECOVERY FUND GO? AND WHEN?

INVESTOR PRESENTATION

ITALY

€ 200 Billions

Interesting projects for Cy4gate

DEFENCE

€ 2,2 billions
Security and resilience
Cyber defense sector, 10%
of the total sector

PA

€15 billions
PA Digitization

SMEs

€ 7,3 billions
SMEs Digitization

GOVERNMENTs

€ 1 billion
Government agency

HEALTH CARE

€ 2-3 billions
Digitization and cyber
security

SCHOOL

€ 2-3 billions
Digitization and cyber
security

€ 30 billions of cyber projects over the next 3-5 years

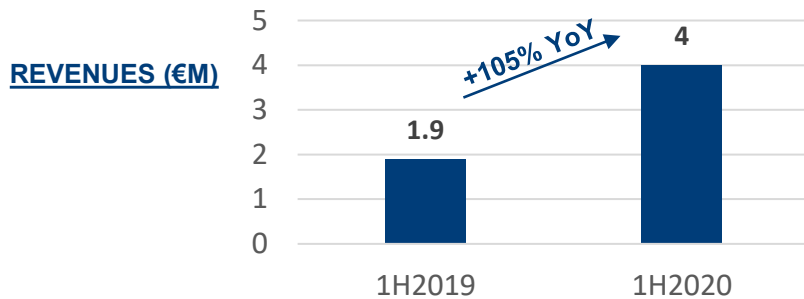


1H 2020 FINANCIAL HIGHLIGHTS

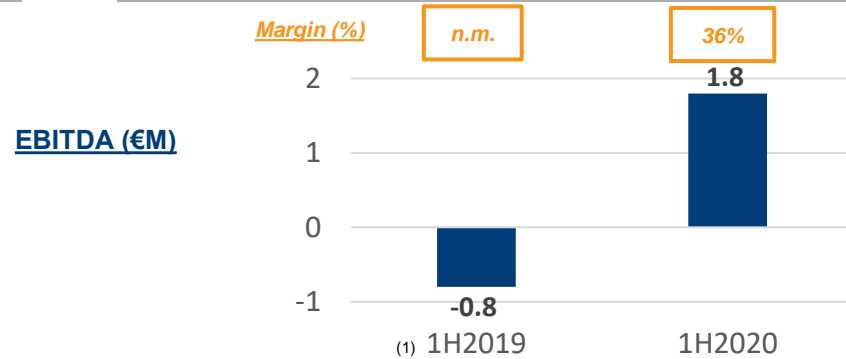
INVESTOR PRESENTATION

Top line grows despite impact of Covid-19, Margins up thanks to commercialization of SW products internally developed, solid NFP

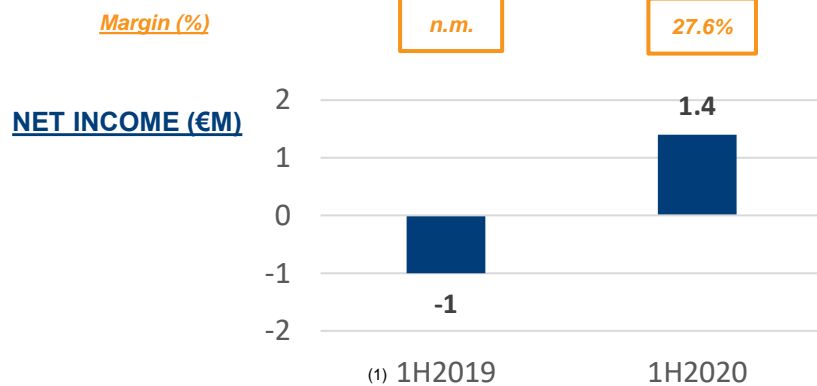
ATTRACTIVE REVENUES



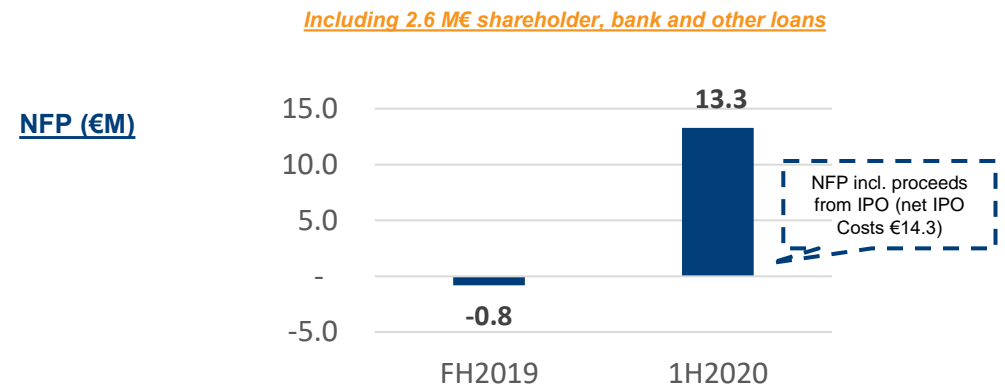
EBITDA GROWTH



ENABLING INTERESTING RETURNS

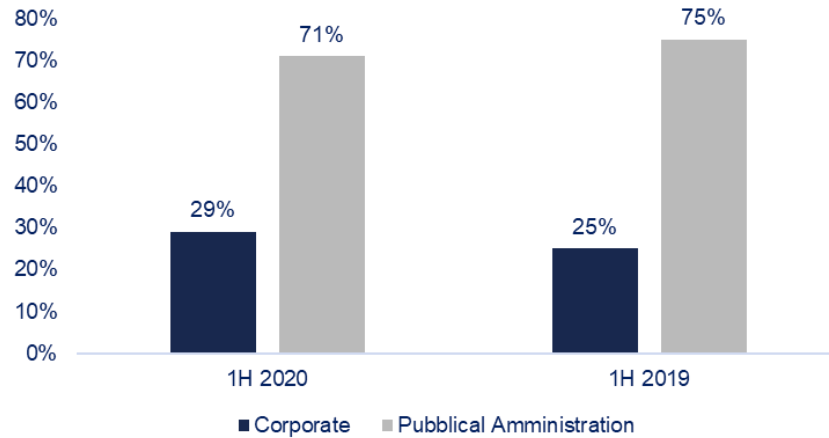


DECREASING LEVERAGE

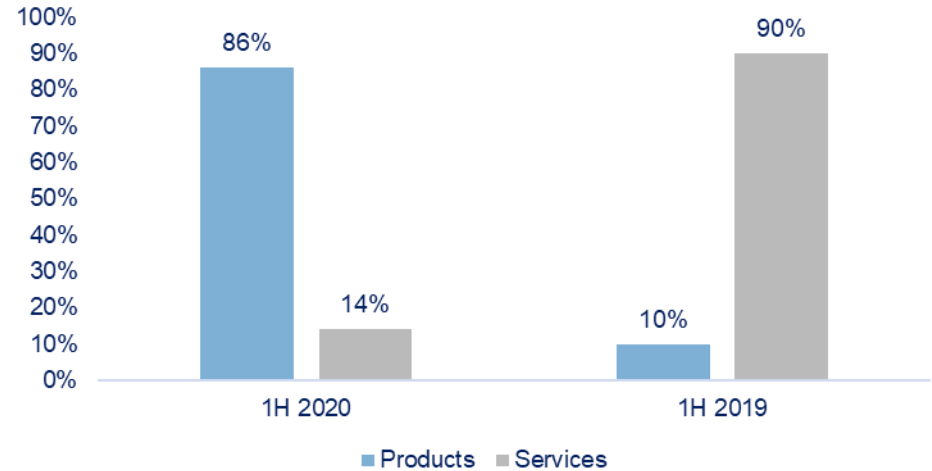


REVENUES BREAKDOWN 1H 2020

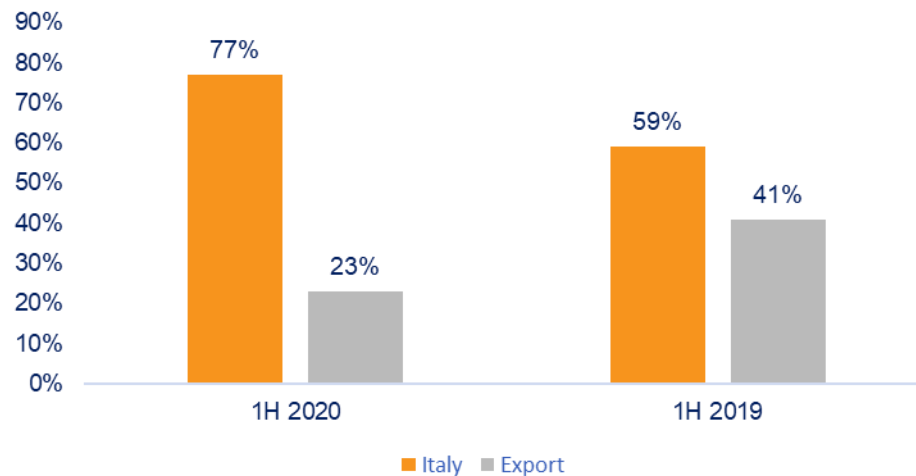
By Clients



By Type

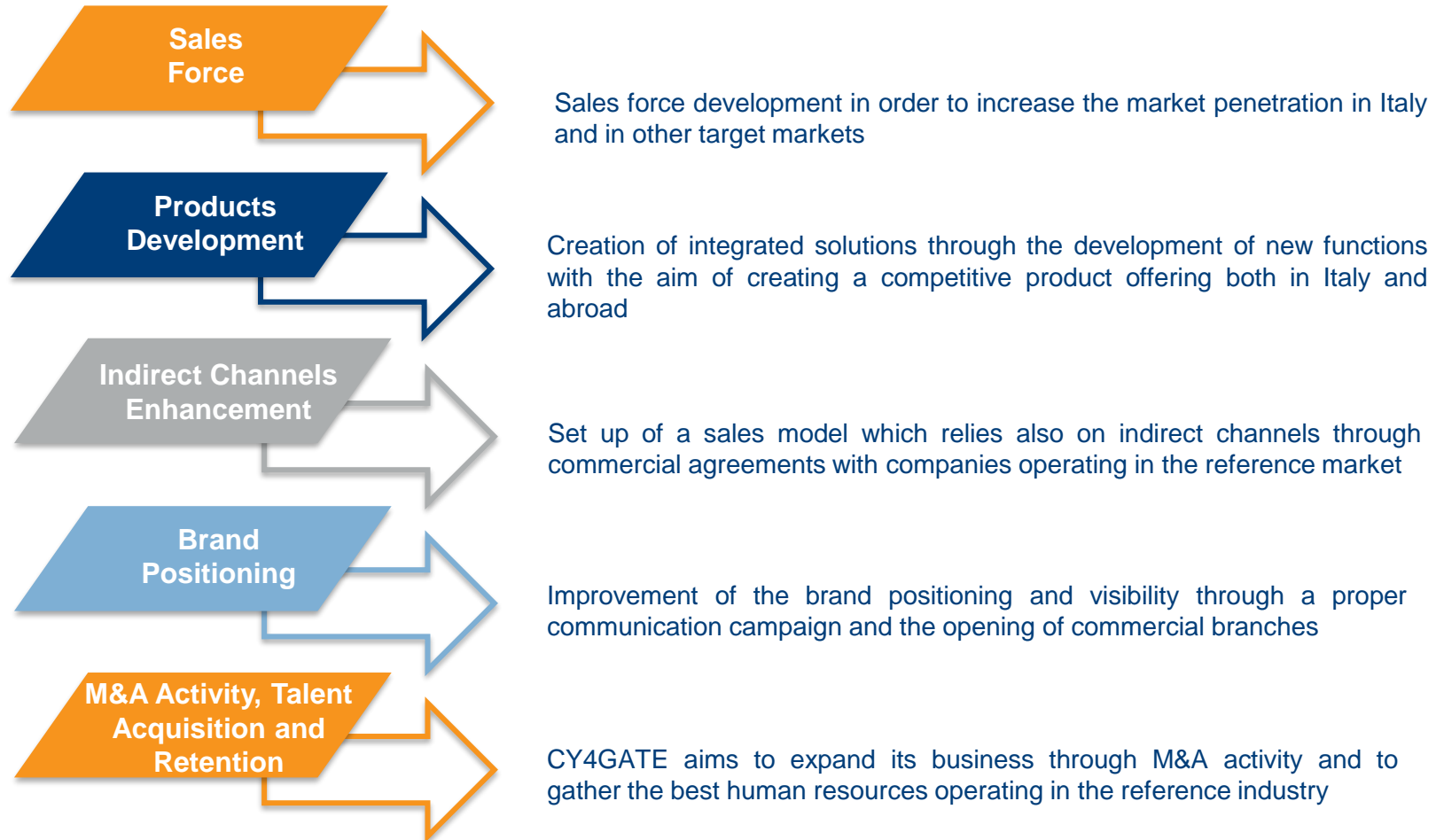


By Geographical Area



- **By Type:** focused on products commercialization
- **By Geographical area:** increased domestic sales due to covid 19 impact to export activities







HISTORY

2014

Foundation of



set up as a JV
between



2016

- Signing of the first export contracts in **Middle East & Asia**
- Acquisition of the first **domestic customers** (FCA & Corte dei Conti)
- Development of the first **intelligence platform proprietary modules** (AMICO & OSCAR)

2017



- Signing of c. **€4M Export Contract**
- Start up of the **development Cybersecurity product** (RTA)
- **New key domestic contracts** (Leonardo, MMI and CC)



2018

- Capital increase to **finalize technological roadmap**
- **€5M Revenues**
- Signed other **two key export contracts** in Asia and Middle East

2019



- Acquisition of other **key domestic customers** (PdCM, Intelligence, Ministry of Justice)
- **Inclusion in the ECSO Cybersecurity Market radar**



2020



LEADING POSITIONING IN THE CYBER SECURITY, CYBER INTELLIGENCE AND LAWFUL INTERCEPTION LANDSCAPE

INVESTOR PRESENTATION

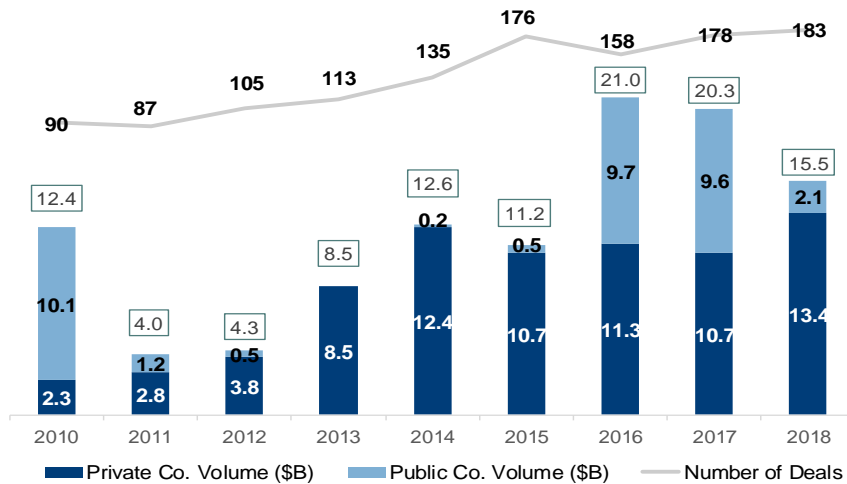
CY4GATE's offering integrates Cyber Intelligence & Cyber Security and spans from standardized products to full customization. Moreover, thanks to its proprietary technologies, CY4 is the leading Italian player in providing lawful interception solutions.

		COMPETITORS										
		CY4 GATE	Player1	Player2	Player3	Player4	Player5	Player6	Player7	Player8	Player9	Player10
												
AIRO MARKET	"SIEM" (Security information and event management)	✓	✓	✓	✓	✓						
	THREAT ANALYTICS	✓	✓									
	VULNERABILITY MANAGEMENT	✓	✓		✓	✓						
	POLICY AND COMPLIANCE	✓	✓		✓	✓						
	AIRO ENABLING	✓	✓									
LAWFUL INTERCEPTION	OFFENSIVE LAWFUL INTERCEPTION	✓							✓	✓	✓	
	DEFENSIVE LAWFUL INTERCEPTION	✓						✓				
	VIRTUAL HUMINT	✓										✓

POTENTIAL CONSOLIDATION TREND IN THE REFERENCE MARKET

Since there are growing M&A opportunities in the Cyber Security sector, CY4 is already in talks with some potential targets in specified market niches, in order to take time to market advantage opportunities

M&A DEALS AND VOLUME EVOLUTION 2010-2018 ...



- ✓ Cybersecurity M&A Totaled \$110B Across 1,225 Deals Since 2010
- ✓ Cybersecurity M&A deal volume of 183 transactions sets new record; previous high of 178 set in 2017
- ✓ 96% of deals in 2018 involved targets that were private companies or assets

...AND CY4 EXTERNAL GROWTH

Targeted growth strategy

M&A

CY4 is willing to catch some M&A opportunities in order to reach:

- Dimensional Expansion
- New clients
- Int'l expansion
- New technologies

Talent Acquisition

CY4 is looking for gathering talented teams operating in the reference industry in order to develop technologies

Potential M&A Pipeline		
Target	A	B
Sector	Cybersecurity	Cybersecurity
Geography		
Revenues (€M)	€5-10m	€5-10m
Potential synergies	Next generation end point protection	Security Orchestration, Automation and Response
Deal status	Preliminary analysis	Preliminary analysis

PROFIT & LOSS 1H 2020

INVESTOR PRESENTATION

€/000	1H 2020	1H 2019
Revenues	2.716,4	1.414,7
LIC change	1.288,3	537,0
Operating revenues	4.004,7	1.951,7
Capitalized R&D costs	1.175,8	
Total Production value	5.180,5	1.951,7
Personnel costs	1.550,8	931,6
Services cost	1.592,0	1.593,4
Change in inventories		59,5
Other general costs	197,2	133,5
Total cost	3.340,0	2.718,0
EBITDA	1.840,5	(766,3)
<i>EBITDA margin</i>	36%	-39%
Depreciation and write-downs	537,6	200,3
EBIT	1.302,9	(966,6)
Extraordinary income	49,1	133,0
Financial income/charges	(37,8)	(32,0)
Taxes	114,4	0,0
Profit (loss)	1.428,6	(998,6)

Executive Summary:

- **Production Value:** includes the capitalization of R&D costs for € 1.2 million and tax credits on various items (e.g. advertising)
- **Personnel costs:** improving eng. dpt and commercial forces
- **Service costs:** in line with H1 2019, more internal efficiency
- **EBITDA and Net Income:** benefit from the cancellation of the first IRAP advance of the law decree 34/2020 and the absence of IRES taxes to date, covered by the previous losses accrued

ASSET & LIABILITIES 1H 2020

INVESTOR PRESENTATION

(€/000)	1H2020	FY2019
Tangible fixed assets	3.068,0	1.169,3
Intangible fixed assets	597,2	578,8
Fixed assets	3.665,2	1.748,1
Finished products warehouse	251,0	251,0
Work in progress warehouse	2.600,8	1.312,4
Receivables from customers	5.200,3	5.141,6
Payables to suppliers	(1.417,1)	(1.444,6)
Receivables from subsidiaries	1.153,1	991,9
Payables to subsidiaries	(1.064,9)	(791,5)
Advances from customers	(1.225,1)	(1.434,0)
Operating working capital	5.498,2	4.026,8
Other activities	667,2	1.066,0
Other liabilities and provisions	(643,8)	(758,3)
Net working capital	5.521,6	4.334,5
Net invested capital	9.186,8	6.082,6
Cash and cash equivalents	15.957,5	1.398,4
shareholder, bank and other loans	(2.640)	(2.150)
payables for interest expense and other	(51,3)	(56,7)
NFP	13.265,9	(808,3)
Shareholders' Equity		
Share capital	(481,5)	(321,0)
Share premium reserve	(19.499,9)	(3.910,4)
Legal reserve	(92,6)	0,0
Profit/(loss)	(1.428,6)	(1.851,8)
Profit/(loss) carried forward	(950,2)	809,0
Shareholders' Equity	(22.452,8)	(5.274,2)
Total sources	(9.186,9)	(6.082,5)

Executive Summary:

- **Fixed Assets:** increase deriving from R&D capitalization for € 1.2 million and capitalization of listing costs for € 1.2 million
- **Operating Working Capital:** increasing related to volume of business
- **NFP:** very positive due to the IPO Proceeds



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