

Cy4Gate

Q1 2024

Financial Results

May 15, 2024



AGENDA

- Business Update
- Q1 2024 Financials
- Strategy & Outlook



Business Update

Highlights



360° CYBER VENDOR

Robust technology engine with proprietary solutions



UNIQUE POSITIONING

Unique positioning in the cyber space with presence in all the 3 market segments



TAILORMADE SOLUTIONS

Tailormade proprietary solutions to suit customer needs



GLOBAL PRESENCE

Extensive coverage of the domestic and foreign markets



HUGE TARGET ADDRESSABLE MARKET

Governments – Big Corporation & SME in the cyberintelligence and cybersecurity markets



TALENT AND PEOPLE “AT THE CORE”

Investments in human capital and talent development



PARTNERSHIP & M&A GROWTH

Expand our business through excellent partnership and M&A activity



LISTED ON THE STAR MARKET

Listed since June 2023 on the STAR Market of the Italian Stock Exchange

Focus on M&A to become an European Cyber Leader Company

2021



RCS is a leading Italian player operating in the forensic intelligence & data analysis market, the best target for Cy4Gate's growth ambition - Cy4Gate acquired 100% of the Company. In 2020, RCS recorded revenues for over € 40 million.

2022



DIATEAM is a French company operating in the cyber security sector for specialises for Government and corporate customers – Cy4Gate acquired 55% of the Company. In 2021, Diateam recorded revenues for over € 2 million.

2023



XTN is an Italian company operating in the IT security sector, with solutions aimed at identifying risk behaviour typical of abuse or fraud – Cy4Gate acquired 97.8% of the Company in partnership with Alfa Group, 77.8% and 20% respectively. In 2022, XTN recorded revenues for over € 3 million.



2024 Partnership



February 2024

Attiva

Signed a strategic agreement which sees ATTIVA as distributor for Cy4Gate solutions on the Italian corporate market both in the CyberSecurity and Decision Intelligence fields.



May 2024

Innovery

Signed a strategic agreement which sees Innovery as distributor for Cy4Gate solutions on the Italian corporate market both in the CyberSecurity and Decision Intelligence fields.

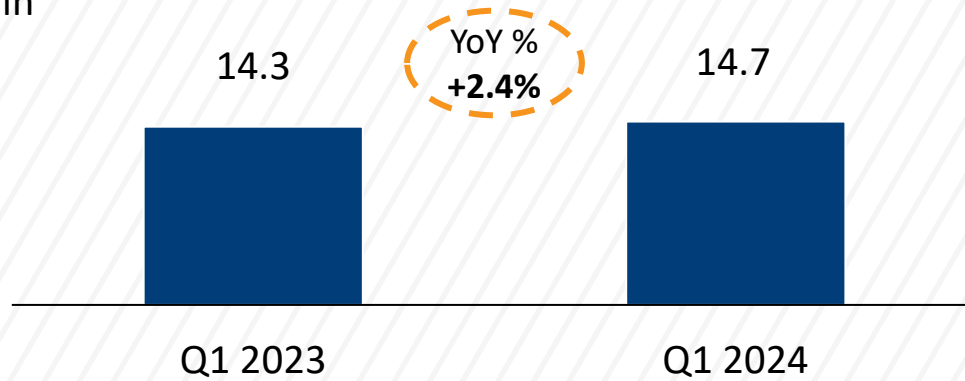




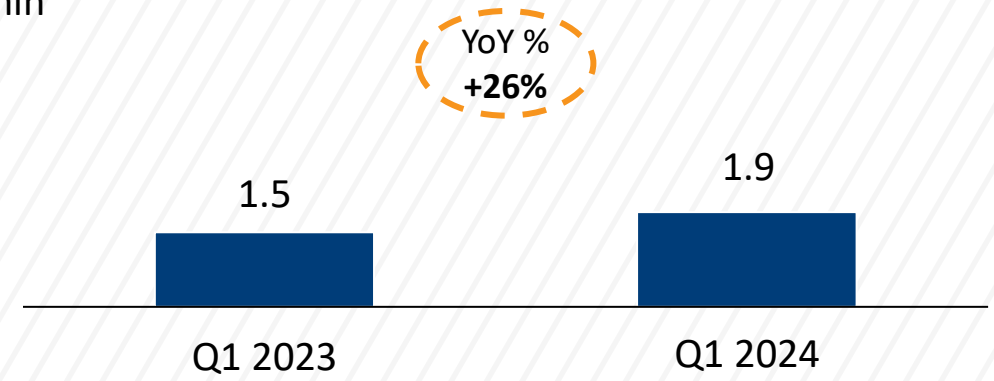
Financials

Q1 2024 Key Data

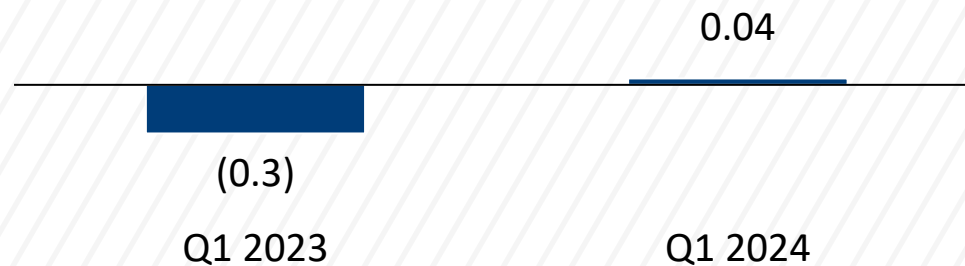
Revenues¹ € mln



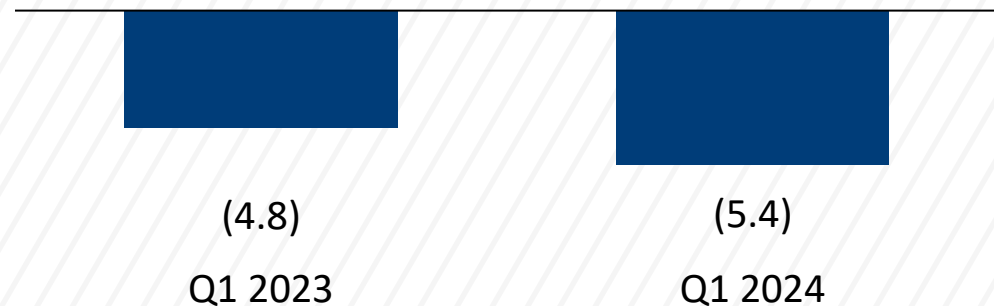
R&D € mln



EBITDA € mln



Profit/(Loss)² € mln

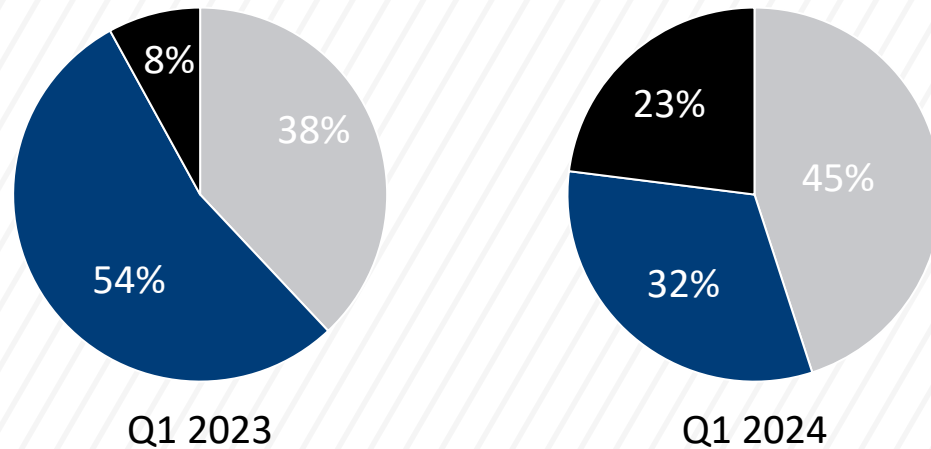


1. Including other operating revenues; comparative 2023 does not include 1Q of XTN
2. Negative result (loss for the period) includes D&A related to Purchase Price Allocation and extraordinary costs

Q1 2024 Revenues Breakdown

By business line

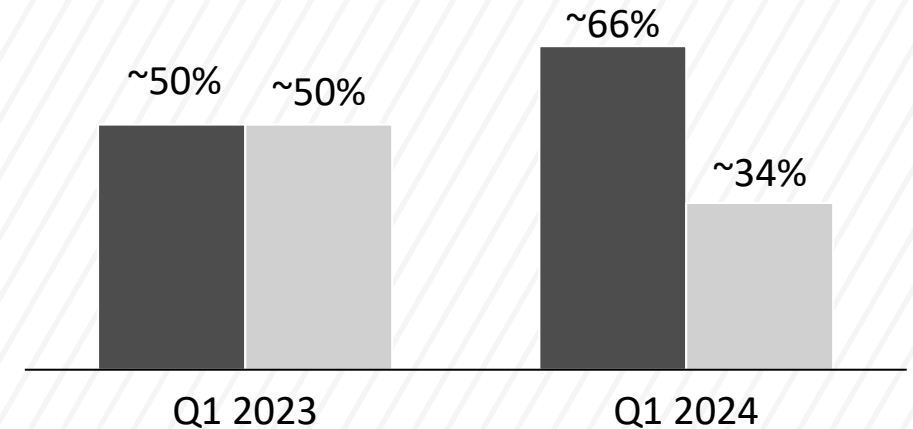
Decision Intelligence Forensic Intelligence Cyber Security



Business mix changes, mainly due to increased sales of licences and services in Cyber Security

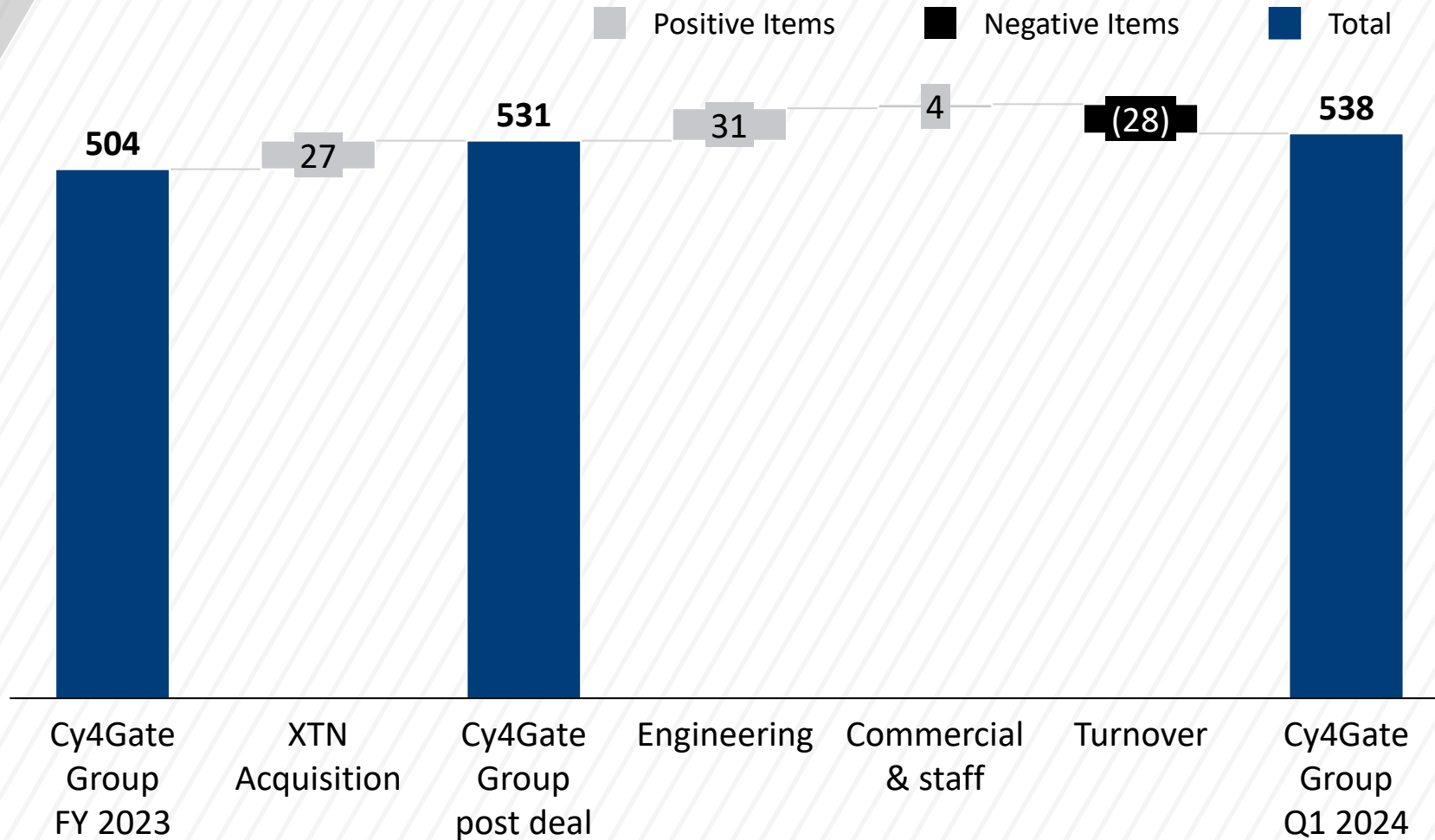
By geographical area

Italy Export



International sales are slightly down compared to the first quarter of 2023

Q1 2024 People Investment



Total personnel increased in the first quarter of 2024 by a total of 34 resources:

- Increase of 27 resources related to the XTN acquisition that will strengthen the cybersecurity line
- Increase of 35 resources in engineering and commercial & staff compared to 28 exits

Q1 2024 Profit & Loss

€ mln	Q1 2024 ¹	Q1 2023
Operating Revenues	14.4	14.1
Other Operating Revenues	0.2	0.2
Total Revenues	14.7	14.3
Services, Procurement & other operating costs	6.6	7.2
Personnel Costs	8.0	7.4
Costs	14.6	14.6
EBITDA	0.04	(0.3)
D&A [including leasing costs]	(3.3)	(2.8)
EBIT Adjusted	(3.3)	(3.1)
D&A [related to PPA]	(1.1)	(1.0)
EBIT	(4.4)	(4.1)
Financial Income (Expenses)	(0.6)	(0.3)
One off costs	(0.1)	(0.7)
Income Taxes	(0.2)	0.3
Net Result	(5.4)	(4.8)
Net Result Adjusted	(4.5)	(3.3)

Executive Summary:

- **Revenues** +2% compared to the first quarter of 2023, with the consolidation of XTN.
- **Costs** in line with the Group's costs in Q1 2023, despite the inclusion of XTN Cognitive Security in the perimeter. Net of the acquired company, costs decreased by about 3% YoY.
- **EBITDA** turned positive compared to the same quarter last year, mainly due to the consolidation of XTN.
- **Net Result** recorded a loss of € 5.4 million affected by higher D&A and interests/charges.
- **Net Result Adjusted** considers the Net Result as above described, net D&A on Diateam PPA and Extraordinary costs.

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

Q1 2024 Asset & Liabilities

€ mln	Q1 2024	FY 2023
Fixed assets	96.2	87.9
Inventory	0.7	0.8
Contract assets (liabilities)	3.6	3.1
Trade receivables	52.8	53.7
Trade payables	(12.1)	(14.4)
Trade Working Capital	45.0	43.1
Other assets (liabilities)	(13.3)	(6.3)
Net Working Capital	31.7	36.8
Net Capital Invested	127.9	124.8
Cash and cash equivalents	26.9	17.6
Financial assets	1.5	1.4
Financial Liabilities	(47.8)	(28.8)
Lease liabilities	(3.6)	(3.8)
Net Financial Position	(23.0)	(13.6)
Diateam put option liability	(5.7)	(5.7)
Net Financial Position Adjusted	(17.3)	(7.9)
Shareholders' Equity	(104.8)	(111.1)
Sources	(127.9)	(124.8)

Executive Summary:

- **Fixed Assets** increase due to the goodwill of the acquisition of 77.8% of the share capital of XTN.
- **Net Working Capital** decreased thanks to other liabilities mainly for the consolidation of XTN.
- **Net Financial Position** is negative affected by the absorption of capital to finance Capex and working capital, M&A and buyback programme.
- **Shareholders' Equity** stood at 104.8 million compared to 111.1 million at December 31, 2023.



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



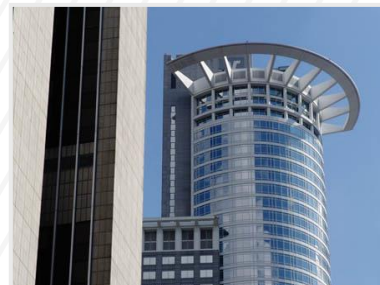
- Increasing internal and external security threats and undergoing military network-centric modernization;
- Market CAGR 8% - predicted to grow to 1350B\$ in 2030 from 750B\$ (2022).

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	~210 €M	~16%	~32-35 €M

	BACKLOG	RECURRING	TOTAL
TOTAL	~21 €M	~31-34 €M	~52-55 €M

Outlook FY 2024

01

PIPELINE CONVERSION FY2024

32-35 €M

02

BACKLOG/RECURRING FY2024

52-55 €M

REVENUES

84-90 €M

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