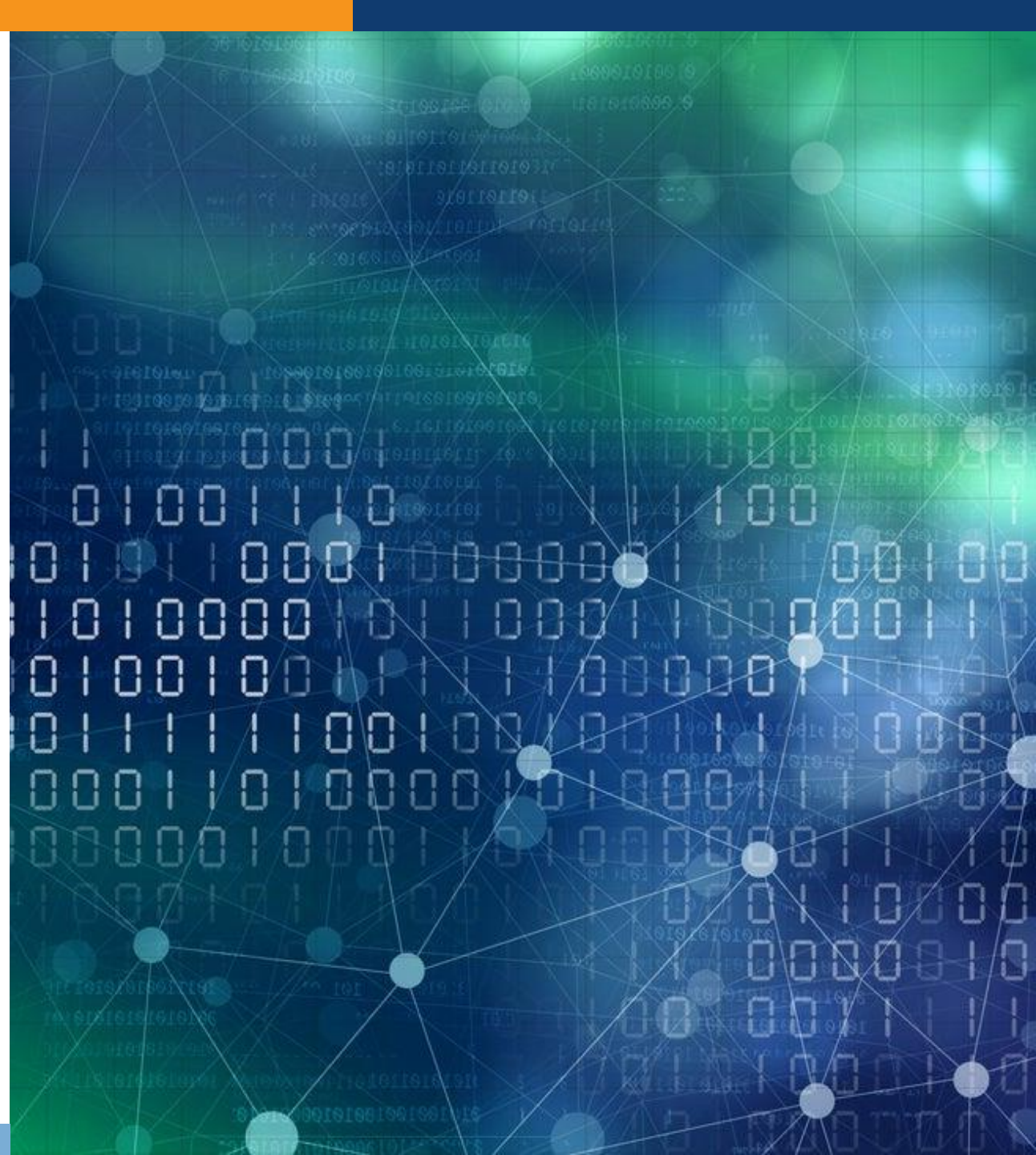# Cy4Gate Group
FY 2022 Financial Results

March 24, 2023

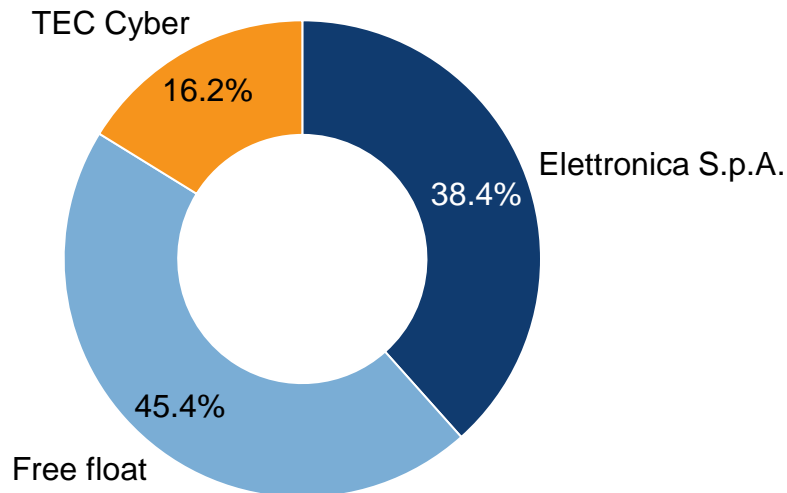**Agenda**

Cy4Gate Group

Products & Markets

FY 2022 results

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Sustainability report FY2022

Cy4Gate Group at a Glance

CY4Gate Group is composed by CY4Gate, founded in 2014, with the purpose to be a 360° Cyber Software House, addressing both the cyber intelligence and the cyber security market, **RCS Group** ("RCS" going forward), founded in 1990 and currently the leading Italian player operating in the forensic intelligence & data analysis market and **Diateam**, founded in 2002 and specializing in the design and development of cyber security advanced testing and training systems

CY4Gate Group consists of 2 main business lines: cyber intelligence and cyber security. The company mainly operates in **Italy** and is increasing its presence in **Europe.**

TEC Cyber

16.2%

Elettronica S.p.A.

38.4%

45.4%

Free float

Strategic and M&A Committee

Domitilla Benigni
Chairman

Emanuele Galtieri
CEO & General Manager

Roberto Ferraresi
Member

Sandro Etalle
Member

Cinzia Parolini
Member

Enrico Peruzzi
Member

Alberto Luigi Sangiovanni Vincentelli
Member

Paolo Izzo
Member

Vincenzo Pompa
Member

Top Management

Domitilla Benigni
CHAIRMAN

Emanuele Galtieri
CEO & General Manager

Marco Latini
CFO & Investor Relations Manager
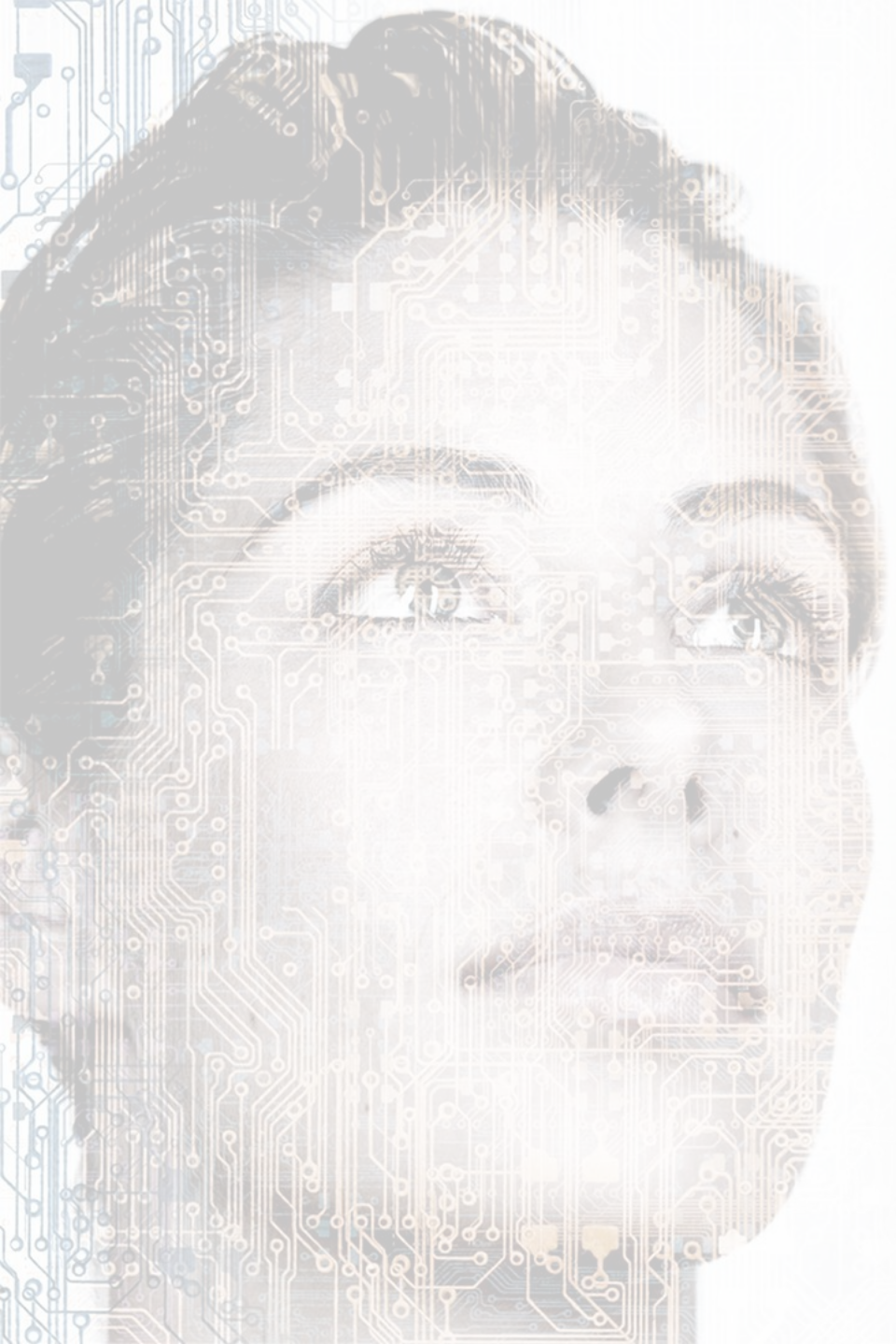
Group Mission and Vision

Mission statement

"

To **protect** and **empower people** through **reliable** and **leading edge** solutions
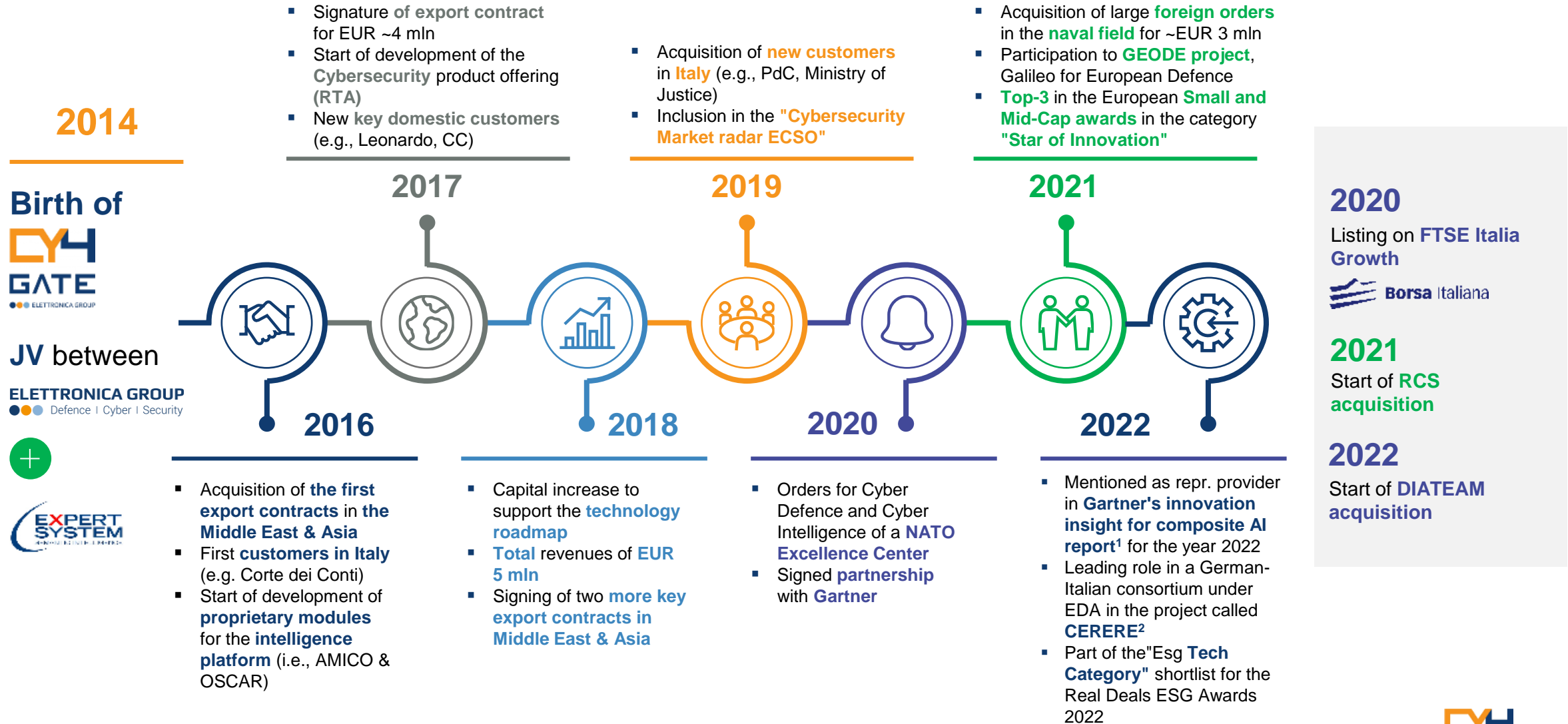
"

Vision statement

"

To become the **European trusted partner** for all **Cyber Security** and **Cyber Intelligence** needs of companies and institutions, enabling **decisions** and **resilience** through **augmented information analytics** and multidomain **proprietary technology**

"

Cy4Gate history

2014

Birth of

CY4 GATE
● ● ● ELETTRONICA GROUP

JV between

ELETTRONICA GROUP
● ● ● Defence | Cyber | Security

+

EXPERT SYSTEM

2016

- Acquisition of **the first export contracts** in **the Middle East & Asia**
- First **customers in Italy** (e.g. Corte dei Conti)
- Start of development of **proprietary modules** for the **intelligence platform** (i.e., AMICO & OSCAR)

2017

- Signature **of export contract** for EUR ~4 mln
- Start of development of the **Cybersecurity** product offering **(RTA)**
- New **key domestic customers** (e.g., Leonardo, CC)

2018

- Capital increase to support the **technology roadmap**
- **Total** revenues of **EUR 5 mln**
- Signing of two **more key export contracts in Middle East & Asia**

2019

- Acquisition of **new customers** in **Italy** (e.g., PdC, Ministry of Justice)
- Inclusion in the **"Cybersecurity Market radar ECSO"**

2020

- Orders for Cyber Defence and Cyber Intelligence of a **NATO Excellence Center**
- Signed **partnership** with **Gartner**

2021

- Acquisition of large **foreign orders** in the **naval field** for ~EUR 3 mln
- Participation to **GEODE project**, Galileo for European Defence
- **Top-3** in the European **Small and Mid-Cap awards** in the category **"Star of Innovation"**

2022

- Mentioned as repr. provider in **Gartner's innovation insight for composite AI report**[1] for the year 2022
- Leading role in a German-Italian consortium under EDA in the project called **CERERE**[2]
- Part of the"Esg **Tech Category"** shortlist for the Real Deals ESG Awards 2022

2020

Listing on **FTSE Italia Growth**

Borsa Italiana

2021

Start of **RCS acquisition**

2022

Start of **DIATEAM acquisition**

1. Gartner "Innovation Insight for Composite AI" report for the year 2022 2. Cyber Electromagnetic Resilience Evaluation on Replicated Environment, in German-Italian consortium under EDA
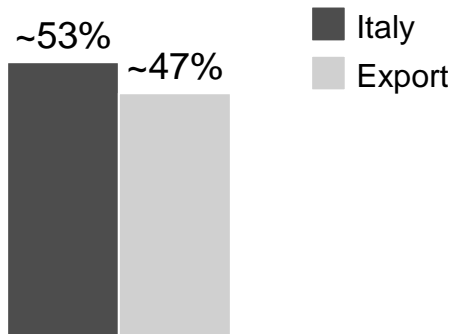
SOURCE: Financial statements, Company presentations

CY4 GATE
● ● ● ELETTRONICA GROUP

4

CY4Gate Group: International leader in Cyber Security and Intelligence

Group structure

100%

55%

FY 2022 Revenues

Split by country

~53% Italy
~47% Export

Split by markets

- Decision intelligence 21%
- Forensic intelligence 63%
- Cyber Security 17%

Geographical presence

- Local offices
- Ongoing commercial agreements

LatAm

Gulf/Middle East
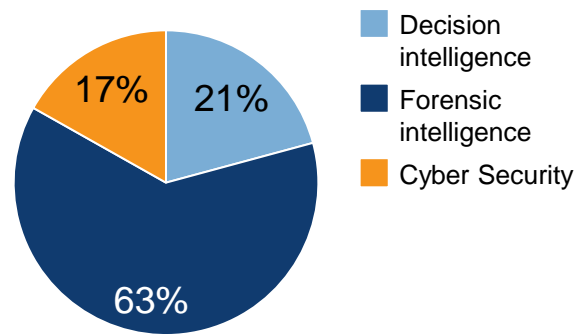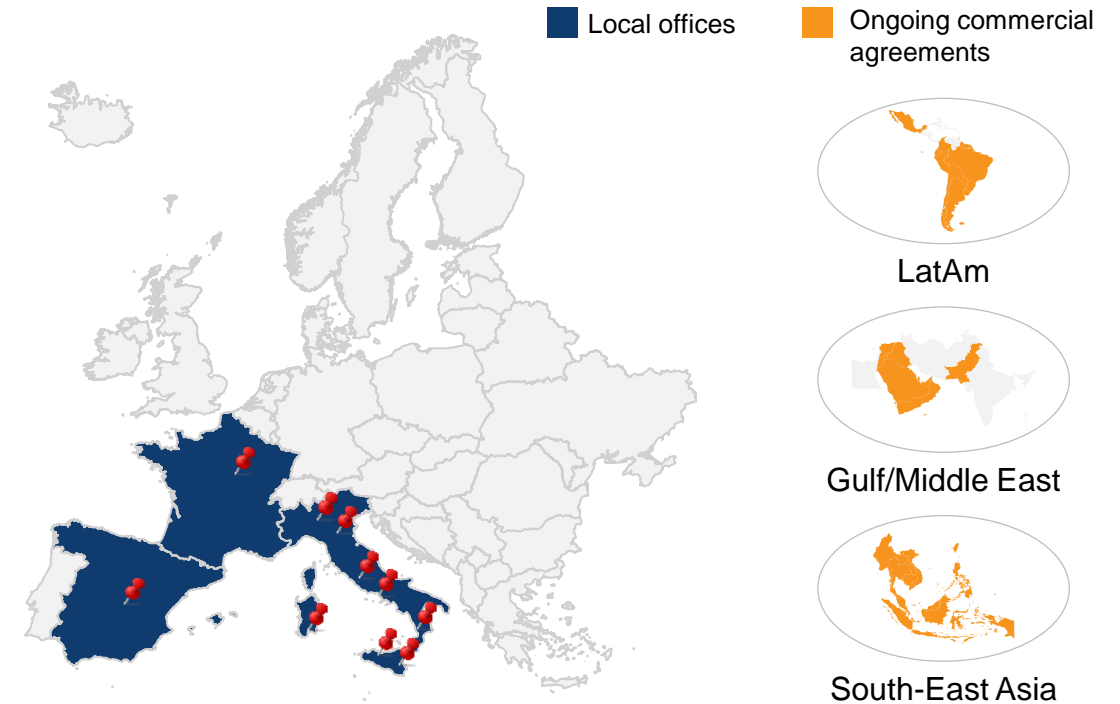
South-East Asia

Complementary geographical footprint thanks to RCS being mainly focused on European countries, Cy4Gate with a more global footprint, (e.g., Middle/South East, Latin America) and further opportunities deriving from Elettronica S.p.A. geographical presence

Note: Group results - including 9 Months of RCS, excluding Diateam financial figures (acquisition completed in January 2023)

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CY4Gate Strategic Portfolio

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

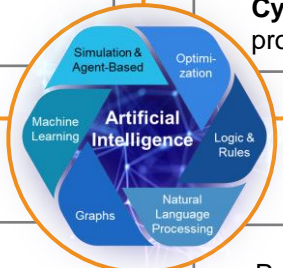*Cyber security products and services protect clients' information systems, enabling the detection of anomalies and generating response actions*

QUIPO · AMICO

rta REAL TIME ANALYTICS_ · DIATEAM · Sentry

Decision intelligence

QUIPO is a complete **Decision Intelligence** platform, **based on artificial intelligence technology**, able to mix and match: several data sources, analytical capabilities, visualization functions in order to offer a better prediction for timely and effective reaction to events

Cybersecurity Products

Real time analytics (RTA) operationalize incident detection and response to rapidly strike back using a **Modern Security Information and Event Management (SIEM)** approach. RTA is the core of our **Managed Detection & Response** and **SIEM-aaS** services. **Diateam** is the **Cyber Digital Twin platform,** for cyber training, prototyping, testing and validation. **Cyber Threat Intelligence Platform (CTI)** increases products offering

RCS

PRONTOCYBER® · CY4GATE ACADEMY

Forensic intelligence

Support law enforcement and int. agencies providing **customizable and easy-to-use forensic intelligence & data analysis solution** covering virtually any type of telecom network and electronic communications services.
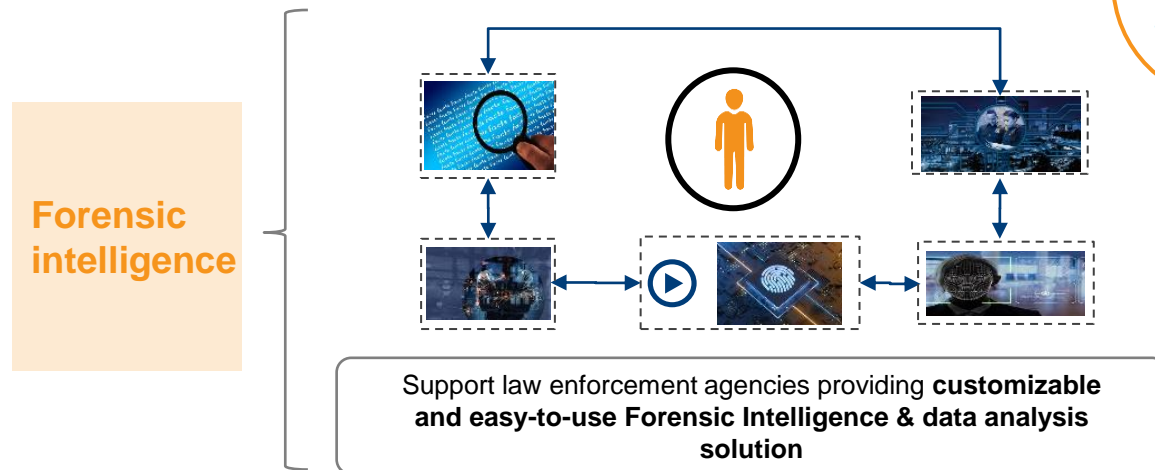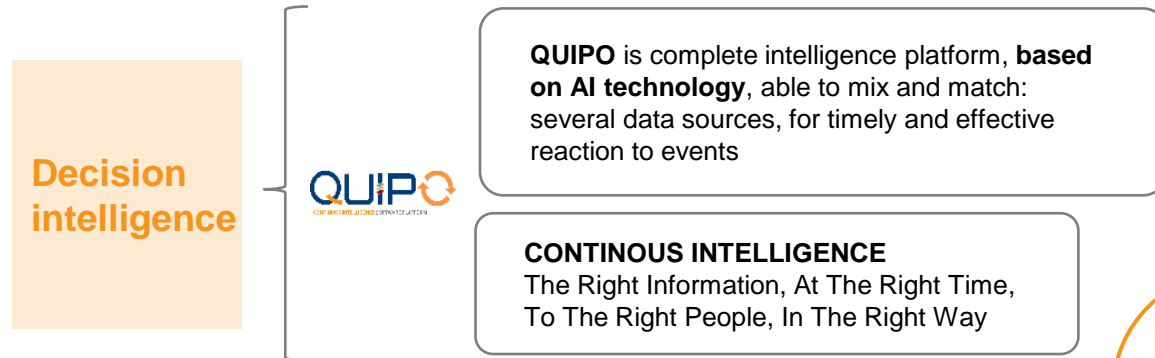
Cybersecurity services

Pool of strong **High-value Cyber Security services** covering the following topics:
- Red Teaming and Penetration Test
- Compliance Assessment
- Managed Detection & Response
- Incident Response & Malware Analysis
- Hands-on Cyber Training and Security Awareness
- Cyber Resilience Design for Critical Infrastructure

(center graphic: Artificial Intelligence — Simulation & Agent-Based, Optimization, Logic & Rules, Natural Language Processing, Graphs, Machine Learning)

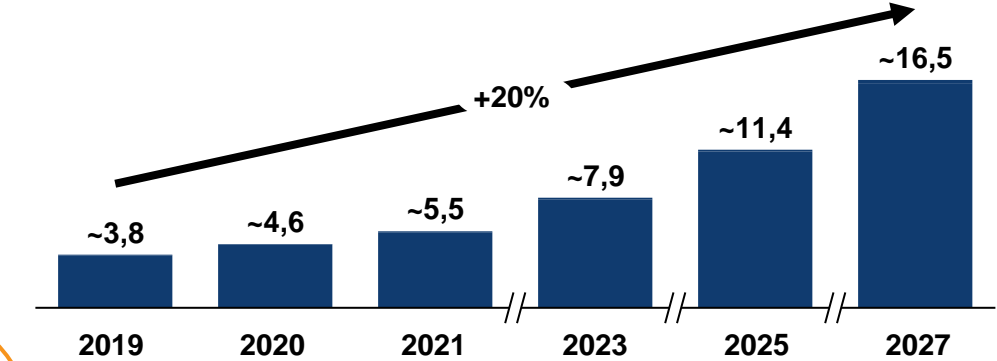# Cyber Intelligence Market (Double digit growth)

Cyber intelligence

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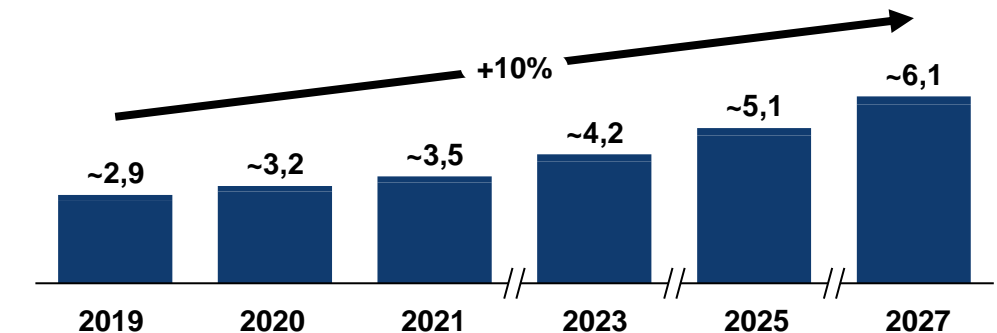
Decision intelligence

QUIPO is complete intelligence platform, **based on AI technology**, able to mix and match: several data sources, for timely and effective reaction to events

CONTINOUS INTELLIGENCE
The Right Information, At The Right Time, To The Right People, In The Right Way

Forensic intelligence

Support law enforcement agencies providing **customizable and easy-to-use Forensic Intelligence & data analysis solution**

Global opensource intelligence (Osint) market

€ bln

+20%

2019	2020	2021	2023	2025	2027
~3,8	~4,6	~5,5	~7,9	~11,4	~16,5

Global forensic intelligence & data analysis

€ bln

+10%

2019	2020	2021	2023	2025	2027
~2,9	~3,2	~3,5	~4,2	~5,1	~6,1

Source: Markets & Markets, industry reports and expert interviews

Cyber Security Market (Enduring growth)

Cyber Security

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

Cyber-security products

Real time analytics (RTA) is a **security information and event management (SIEM)**, advanced cyber security application that enables the analyst to detect cyber security anomalies and creates conditions to rapidly strike back.
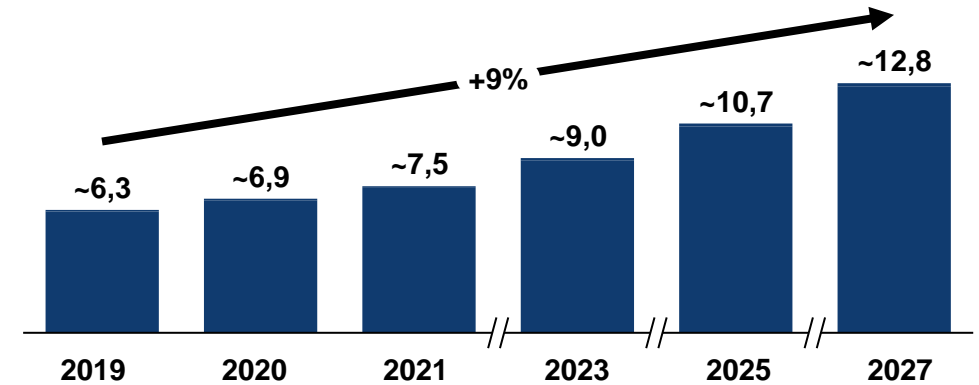
Cyber-security services

Pool of **Cyber Security services** covering the following topics:
- Red Teaming and Penetration Test
- Compliance Assessment
- Managed Detection & Response
- Incident Response & Malware Analysis
- Hands-on Cyber Training and Security Awareness
- Cyber Resilience Design for Critical Infrastructure

Global Cybersecurity Products[1] Market

+9%

2019	2020	2021	2023	2025	2027
~6,3	~6,9	~7,5	~9,0	~10,7	~12,8

Global Cybersecurity Services[2] Market

+9%

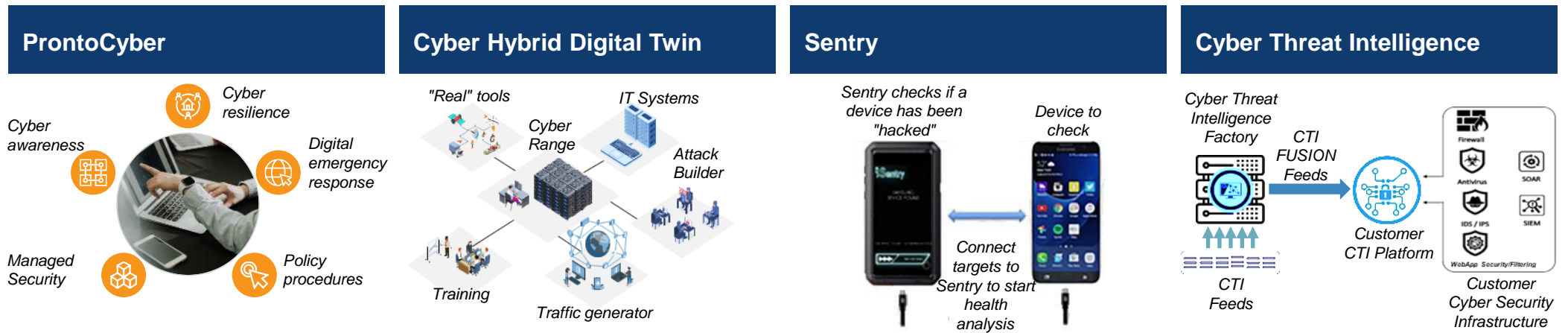~5,3 ~5,8 ~6,3 ~7,4 ~8,7 ~10,3
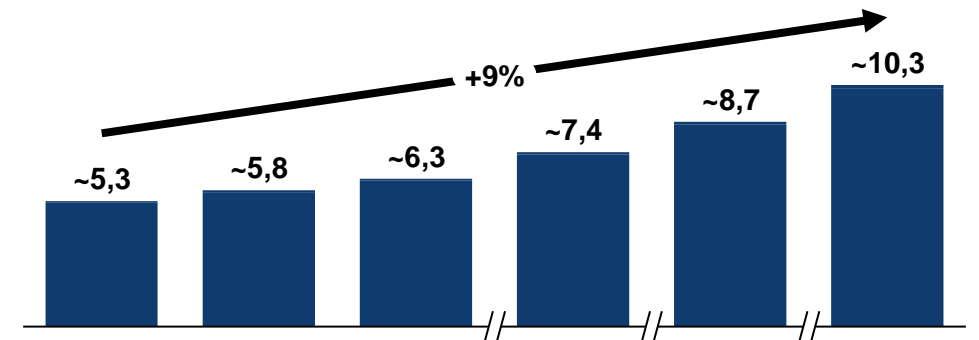
1. Includes Security Operations products such as SIEM, SOAR, UEBA, Threat Intelligence and related products
2. Includes Penetration testing, Vulnerability management and related services

9

Integration of new Cyber products within the Group's offer

	ProntoCyber	Cyber Hybrid Digital Twin	Sentry	Cyber Threat Intelligence
Example	*Cyber awareness* · *Cyber resilience* · *Digital emergency response* · *Policy procedures* · *Managed Security*	*"Real" tools* · *Cyber Range* · *IT Systems* · *Attack Builder* · *Training* · *Traffic generator*	*Sentry checks if a device has been "hacked"* · *Device to check* · *Connect targets to Sentry to start health analysis*	*Cyber Threat Intelligence Factory* · *CTI FUSION Feeds* · *Customer CTI Platform* · *CTI Feeds* · *Customer Cyber Security Infrastructure* (Firewall, Antivirus, SOAR, IDS / IPS, SIEM, WebApp Security/Filtering)
Target customers	▪ SME	Large corporations & institutions	▪ Institutions	▪ Large companies and institutions
Key features	▪ Platform for "at scale" offering of **Cyber-incident management services,** through **dedicated e-commerce,** towards SMEs ▪ **Price** based on the **average man-days consumed**, also factoring the risk of realization	▪ Development/delivery **platform** for **simulation environments** (digital twin) ▪ Wide range of **functions** and possible **applications** such as: – Systems **cyber resilence testing** in a "secure" environments – **Research** and **development** of **attack mitigation** solutions – **Education** and **training** for advanced Cybersecurity capabilities	▪ **Device** capable of **scanning mobile devices** for **real-time attack detection** (e.g., unknown APT1 and unknown vulnerabilities) ▪ Presence of **software elements** (e.g., *core* license), usable through a hardware device ("mobile sweeper") that enables scanning ▪ **Multiple revenue models** available: purchase, rental and "perpetual", "pay-per-use" use	▪ **Cyber attack reprocessing/intelligence service** (with possible integration with SIEM), exploitable at tactical level ▪ **Integration** and **correlation** of **CTI Feeds** (commercial and Open Source) in the platform, then presented in **specific reports** providing a **"vertical" view on Cyber** threats (e.g., for selected industries) ▪ Possibility to access **different levels of customized service** (i.e., Silver Gold, Advanced)

1. Advanced Persistent Threat

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FY 2022 Key numbers[1]

Revenues[2]
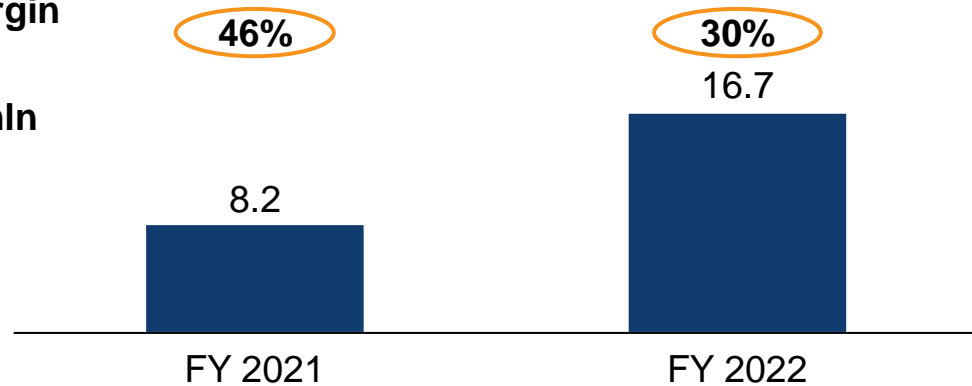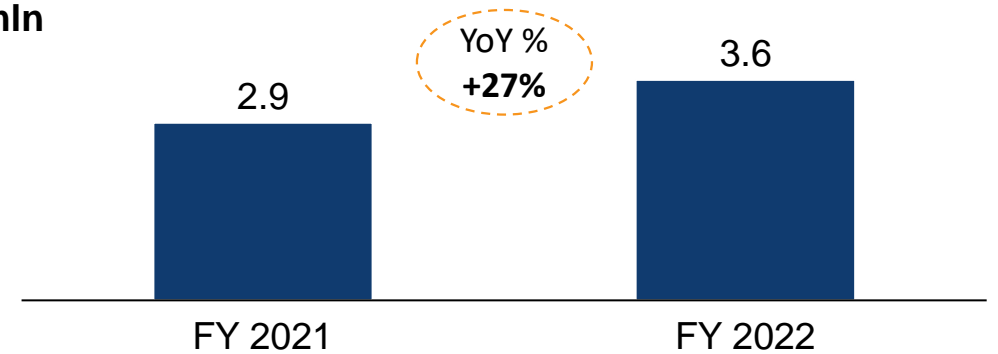
€ mln
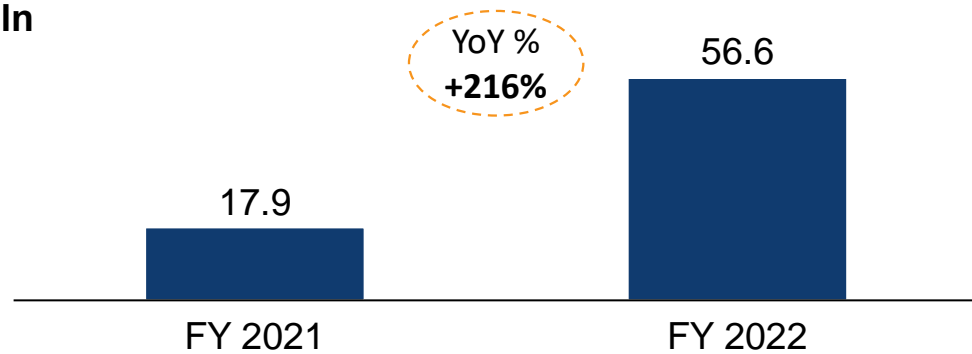
YoY %
+216%

17.9	56.6
FY 2021	FY 2022

EBITDA

Margin (%)

46%   **30%**

€ mln

8.2	16.7
FY 2021	FY 2022

R&D investments

€ mln

YoY %
+27%

2.9	3.6
FY 2021	FY 2022

Net profit

€ mln

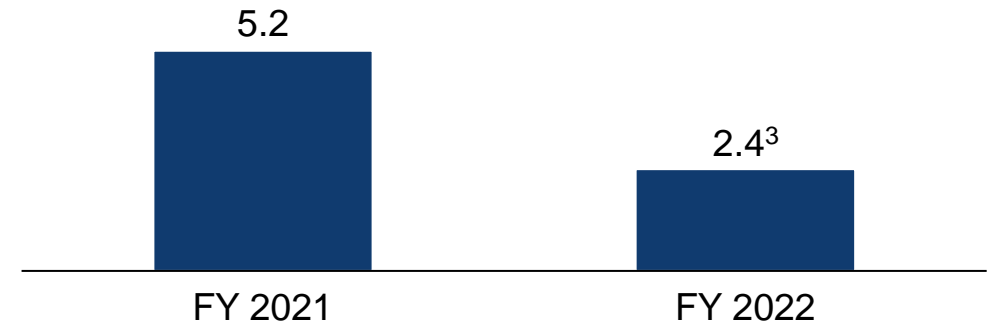|	
5.2	2.4[3]
FY 2021	FY 2022

1. 2021 and 2022 economic data have been restated due to the transition from Italian GAAP (OIC) to International Accounting Standards (IFRS): 2021 financial results refer to Cy4Gate stand alone, 2022 financial results refer to Cy4gate Group (12 months of Cy4Gate + 9 months of RCS)
2. Includes other operating revenues
3. Includes D&A component determined by Purchase Price Allocation mechanism from RCS acquisition and other extraordinary items
4. Full Year 2022 Group consolidated Revenues and EBITDA are equal to €68 mln and €19 mln respectively
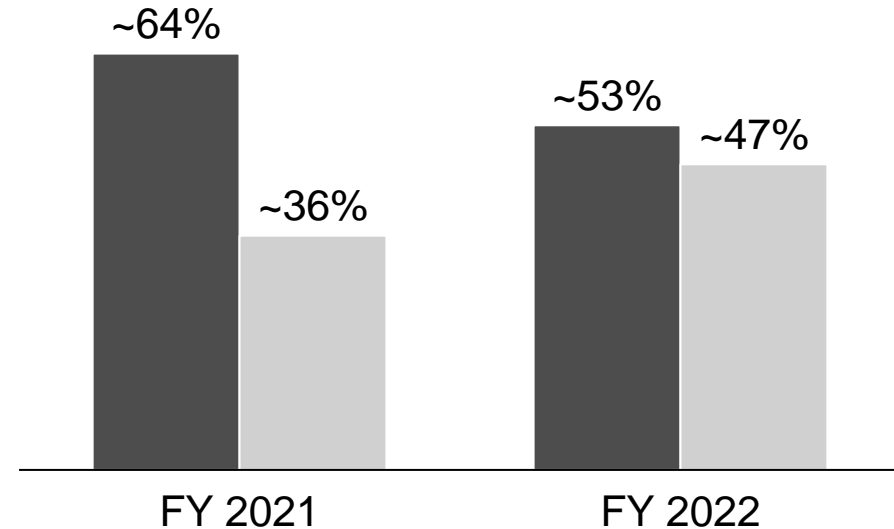
FY 2022 Revenues Breakdown

By Segment

Legend: Decision Intelligence · Forensic Intelligence · Cyber Security

FY 2021
- 19%
- 16%
- 64%

FY 2022
- 21%
- 63%
- 17%
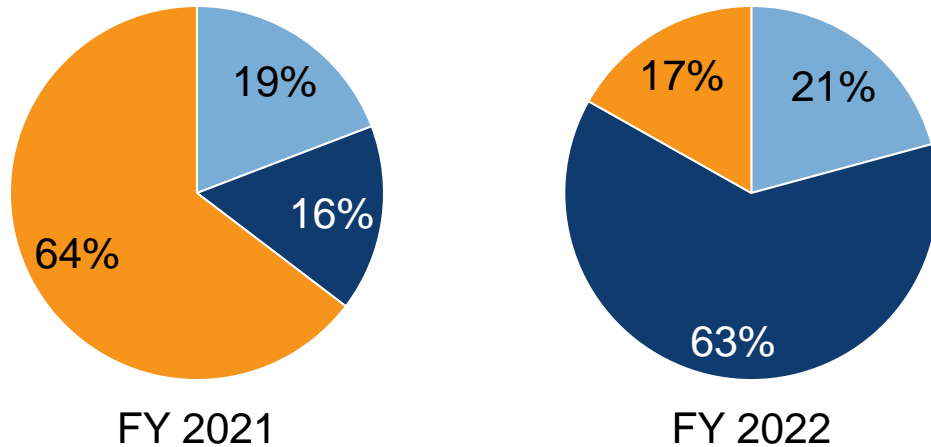
Forensic Intelligence revenues increased due to the acquisition of RCS and new projects acquired from Cy4gate

By Geographical Area

Legend: Italy · Export

FY 2021
- ~64%
- ~36%

FY 2022
- ~53%
- ~47%
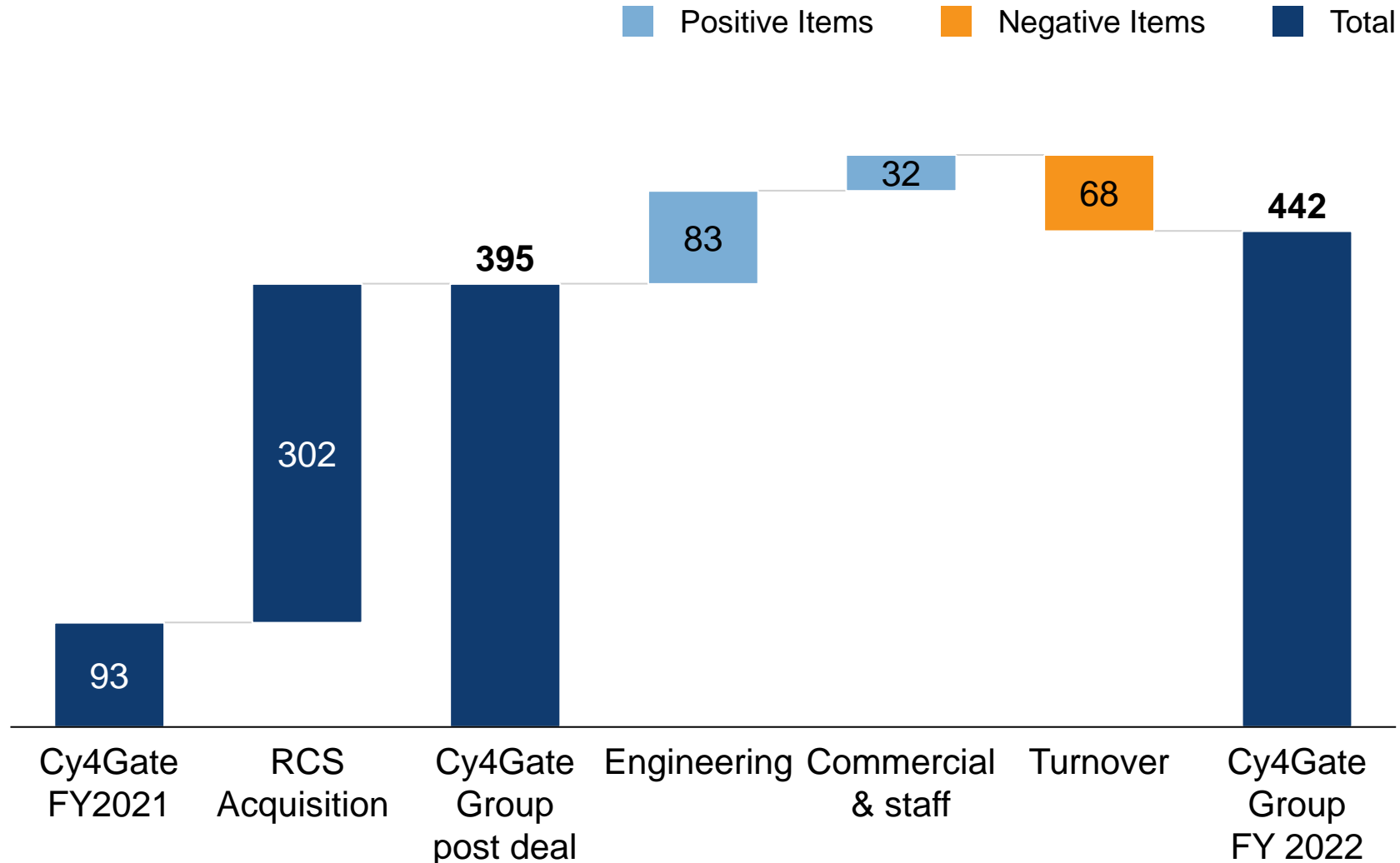
Expanded Group's presence in international markets

Note: Cy4gate Group results include 12 months of Cy4Gate + 9 months of RCS

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FY 2022 Personnel's Investments

Legend: Positive Items | Negative Items | Total

Chart values:
- Cy4Gate FY2021: 93
- RCS Acquisition: 302
- Cy4Gate Group post deal: 395
- Engineering: 83
- Commercial & staff: 32
- Turnover: 68
- Cy4Gate Group FY 2022: 442

- Large **increase** of **staff** from RCS acquisition (~x4 total FTE), playing a pivotal role in the **Group strategy** to **access talent**

- Hiring **focus on engineering** to increase capabilities in core domains, with **positive net effect** on the organization post deal

1. Cy4Gate staff + RCS staff

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Profit & Loss 2022

€ mln	FY2022	FY2021
Revenues	**56,6**	**17,9**
Services & Procurement and other operating costs	20,2	6,8
Personnel costs	23,3	5,7
R&D investments	(3,6)	(2,9)
Costs	**39,9**	**9,7**
EBITDA	**16,7**	**8,2**
EBITDA Margin	**30%**	**46%**
D&A [including leasing costs]	9,9	3,6
EBIT adjusted	**6,8**	**4,6**
One off costs	3,6	-
Depreciation & Ammortization [related to PPA]	3,1	-
EBIT	**0,1**	**4,6**
Financial incomes (expenses)	(0,9)	(0,1)
Income taxes	3,2	0,6
Net result	**2,4**	**5,2**

Executive Summary:

- **Revenues** +216% compared to FY21, +22% organically. Increase mainly driven by the inclusion of RCS (9 months results) and by CY4Gate relevant order acquisitions.

- **Services and Procurement Costs** increased mainly due to business volumes after the RCS' acquisition

- Rising **Personnel Costs** is entirely attributable to the strengthening of the structure, particularly to achieve the goals of new Group.

- **EBITDA margin** remains high although decreasing compared to 2021 (46%) as a result of the mix effect between Cy4gate and RCS.

- **Net Result** is due to the combined effect of the costs for the transaction (€ 3.6 million one off costs), higher depreciation and amortization especially affected by PPA and positive balance of taxes.

1. 2021 and 2022 economic data have been restated due to the transition from Italian GAAP (OIC) to International Accounting Standards (IFRS): 2021 financial results refer to Cy4Gate stand alone, 2022 financial results refer to Cy4gate Group (12 months of Cy4Gate + 9 months of RCS)
2. Full Year 2022 Group consolidated Revenues and EBITDA are equal to €68 mln and €19 mln respectively

Asset & Liabilities 2022

€ mln	FY2022	FY2021
Fixed assets	**70,1**	**10,3**
Inventory	0,8	0,1
Contract assets (liabilities)	(1,0)	1,5
Trade receivables	64,5	23,6
Trade payables	(10,6)	(4,3)
Trade Working Capital	**53,7**	**20,8**
Other assets (liabilities)	(4,4)	0,9
Net Working Capital	**49,3**	**21,7**
Net Capital Invested	**119,4**	**32,0**
Cash & cash equivalent	19,9	2,3
Financial assets	1,8	0,0
Fianancial liabilities	(15,4)	(2,0)
Lease liabilities	(3,3)	(2,1)
Net Financial position	**3,0**	**(1,8)**
Shareholder's Equity	**(122,5)**	**(30,3)**
Sources	**(119,4)**	**(32,0)**

Executive Summary:

- **Fixed Asset** increase mainly due to the effects of the transaction: recognition of goodwill and increase related to other intangible assets

- **Net Working Capital:** total increase due to business volumes after the RCS Group's acquisition

- **Net Financial Position** positive mainly due to a M&A post deal optimization through improved day to day operations as well as the residual of the capital increase carried out for RCS deal.

- **Shareholders' Equity** amounted to €122.5 million, due to the full subscription of the capital increase for a total amount of €90 million.

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Delivery on track on all strategic pillars

CY4 GATE
ELETTRONICA GROUP

Strategic pillars

Become the **market leader** in the **MOD/LEA Italian** scene

Establish as a prime **Cyber vendor "Made in Europe"**

Sustain **brand awareness and visibility in the industry**

Reinforce **foreign sales pipeline** with **global** outreach

Achievements

CY4 GATE + RCS (a Cy4gate company)

Acquistion completed (since 29/3/2022)

Gartner — "Representative provider"

EUROPEAN DEFENCE AGENCY — Leadership in Project **CERERE**

United Nations Global Compact — Joining the **coalition**

FRANCE CYBER SECURITY ◇ DIATEAM — **Label** France Cybersecurity

WOMEN 4CYBER ITALY — CYBER SEC 2023 — ECS EUROPEAN CYBER SECURITY ORGANISATION — Cyber Investor Days

A wide set of initiatives supporting consistent strategic guidelines

Commercial novelty in the Cyber field

Go-to-market strategies focused on **customer ecosystems** (Corporate vs. MOD/LEA, Italy vs. Abroad), leveraging both direct **sales force** and agreements with well-established **system integrators**

Modular and customizable Cyber product offer

Development "at scale" of a **competitive** product **offer** of solutions/products (modular and integrated licenses) and **tailor-made projects** ("big ticket" orders), constituting capabilities for a **Cyber factory "Made in EU"**

Clear Group brand identity

Strengthening **of Cy4Gate brand awareness as a single** integrated Group (rebranding), to further **accelerate market visibility** and support the **new post-integration "change story"**

Partnerships and M&A to support growth

Programmatic M&A and long-term commercial partnerships to accelerate **and de-risk the corporate strategy,** especially in **key** commercial **areas** and/or **countries**

Talent and People "at the core"

Intensification of **investments in human capital** (crucial asset of the Group), making **Cy4Gate** the **top employer** in the **Cyber** field, with distinctive **paths for talent** enhancement **and effective organizational governance**

CY4 GATE
ELETTRONICA GROUP

Outlook for upcoming year

Despite multiple challenges both in domestic arena (e.g., regulatory changes affecting volumes and price of forensic intelligence services) and abroad (macro-economic scenario, geopolitical tensions rising), Cy4Gate Group is well-equipped to sustain its growth and fuel its ambitions

Foundations already laid...

- Defined the **new go-to-market strategy** for **Cyber** in Q4 2022, leveraging **new partners** to reach a wider customer base through a **scalable product offering**

- Successfully launched **Cy4Gate-RCS integration** across:
  - **Product convergence** (e.g., single capturer, integration of complementary decision intelligence products)
  - **Centralization** of key **support activities** (e.g., single and integrated procurement process, joint HR governance)
  - Adoption of **new way of working** (e.g., organizational adjustments, Agile approach)

- Introduced **DIATEAM** products and services in Cy4gate Group **offering,** leveraging core synergies in the delivery of advanced training

... setting ambition level for 2023 and beyond

- **Operating revenues** expected in **double-digit growth**, mainly driven by consolidation in the international market

- **Marginality steadily improving through** cost efficiencies and product sales

- Increasing level of **investments** to attract and retain **human capital** across all Group entities

- Start execution of **PNRR project**

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Our committment for a greater sustainability

CY4GATE has included in 2023-2025 business plan investments to adopt its Social Report structured on the indications contained in the GRI (GRI 200, 300, 400) and GBS standards.

And, we will contribute to the achievement of the following 6 of the 17 goals of the 2030 Agenda for Sustainable Development.

UN Global Compact & SDGs

By joining the United Nations Global Compact, CY4GATE shares, supports and applies the fundamental Ten Principles of the Global Compact in its sphere of influence and actively contributes to the achievement of the United Nations Sustainable Development Goals.

Goal 4

To ensure **inclusive and equitable quality education and promote lifelong learning opportunities** for all

4 QUALITY EDUCATION

Goal 8

To promote **sustained, inclusive and sustainable economic growth**, full and productive employment and decent work for all

8 DECENT WORK AND ECONOMIC GROWTH

Goal 9

To build resilient infrastructure, and to promote inclusive and **sustainable industrialization and foster innovation**

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Goal 12

To ensure **sustainable production and consumption patterns**

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Goal 16

Relating to **Peace, justice and strong institutions**. Defence is a crucial component of security, and security constitutes the prerequisite for peace, prosperity, international cooperation, economic and social development.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Goal 5

To a**chieve gender equality and empower all women and girls**, for operational efficiency and social inclusiveness, actively promoting the implementation of the Women Empowerment Principles.

5 GENDER EQUALITY

Sustainability Report: areas and relevant issues

Governance

- Solid corporate governance
- Sustainability-oriented strategies and policies
- Responsible business conduct
- Information security and privacy
- Transparency of information towards investors
- Prevention to corruption
- Prevention on anticompetitive behaviour

Human rights

- Respect for human rights
  – in the production and sale of products
  – in People management
  – in the gender equality and diversity empowerment
  – in the supply chain management

Relationship and working conditions

- People management and care
- People empowerment
- Occupational health and safety
- Equal opportunities and gender equality

Environment

- Energy efficiency and emissions reduction
- Use of water resource
- Waste management

Business management

- Leadership in innovation
- Customer relationship management
- Responsible management of the supply chain

Responsability towards the community

- Protection and safety of the community
- IT security and critical infrastructure protection