

Cy4Gate

FY 2023

Financial Results

March 15, 2024



AGENDA

- Business Update
- FY2023 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.



2022-2023 Partnership



November 2022

Almawave

Strategic partnership aimed at integrating some of Almawave's technologies related to the ability to recognition and interpretation of natural language into Cy4Gate's Decision Intelligence platforms



June 2023

DeepCyber

Signed a strategic agreement. DeepCyber will provide cooperate with Cy4Gate to develop & commercialize a Cyber Threat Intelligence platform



July 2023

Reco

Cy4Gate and RECO will integrate Advanced Image Recognition technologies to improve Cy4Gate Decision Intelligence platforma with enhanced video/image analysis.



August 2023

Jakala

A collaboration to develop ProntoCyber®, the "digital emergency response" platform for cyber incidents, designed for Enterprises, Professionals and SMEs.



2023 Awards



Legality rewards companies for compliance with high standards of legality and proper business management. The certification (with a rating ★★++) confirms the **validity of Cy4Gate's business model**, a virtuous model characterised by reliability and fairness, ethical and transparent behaviour.



March 2023



European Rating Group serving sustainable finance and sustainable development, issued the first ESG Rating with a score of **64/100**. **Cy4Gate** is placed **above the average of the 154 companies** subject to the rating belonging to the IT Sector.



August 2023



Shortlisted at Real Deals Awards 2023. The ESG Tech category rewards companies that create cutting-edge technologies that promote ESG values, selected after a careful analysis of the customer portfolio, initiatives and products created during 2022.



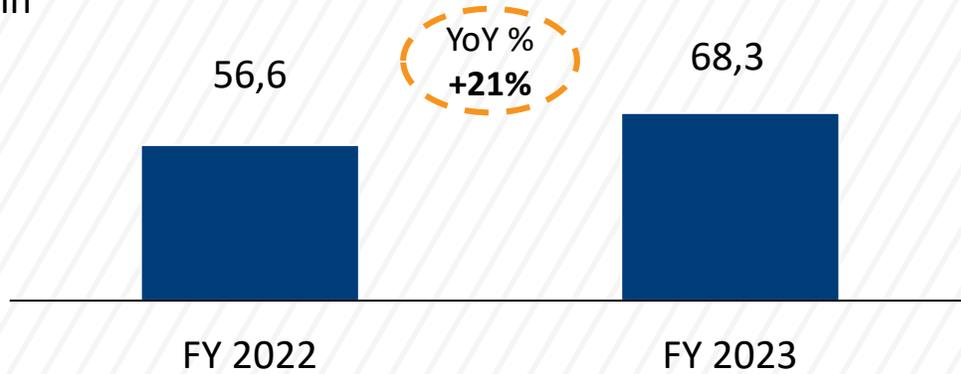
October 2023



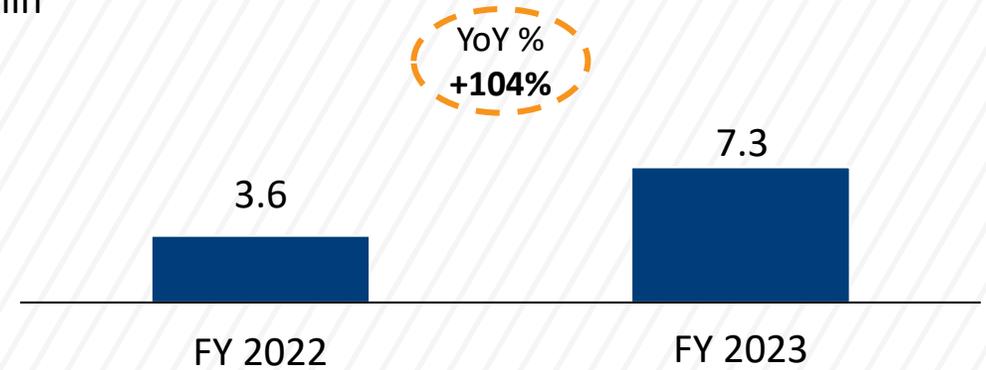
Financials

FY 2023 Key Data

Revenues¹
€ mln

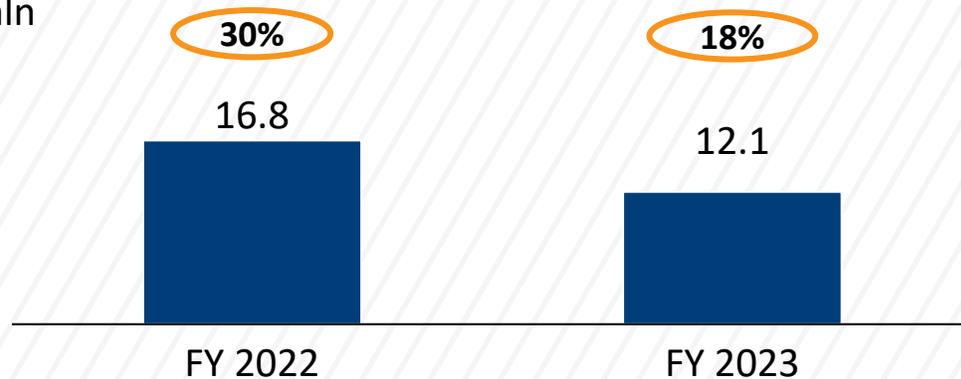


R&D
€ mln



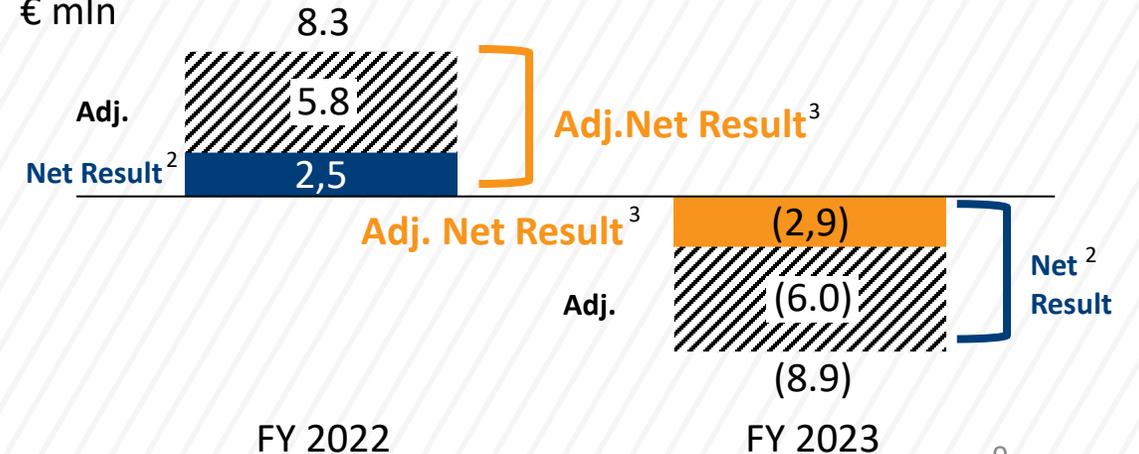
EBITDA margin (%)

€ mln



Profit/Loss

€ mln

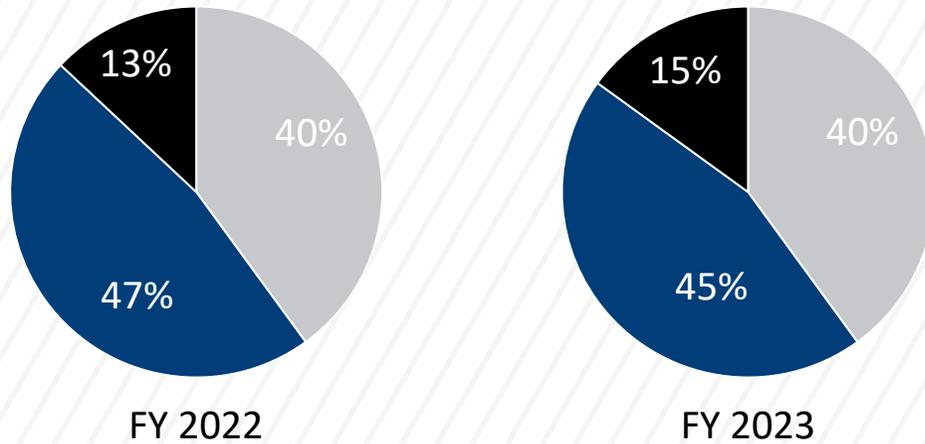


1. Including other operating revenues; comparative 2022 does not include 1Q of RCS Group and DIATEAM
 2. Negative result (loss for the period) includes costs related to Purchase Price Allocation and extraordinary costs
 3. Adjusted for PPA Purchase Price Allocation and one off costs

FY 2023 Revenues Breakdown

By business line

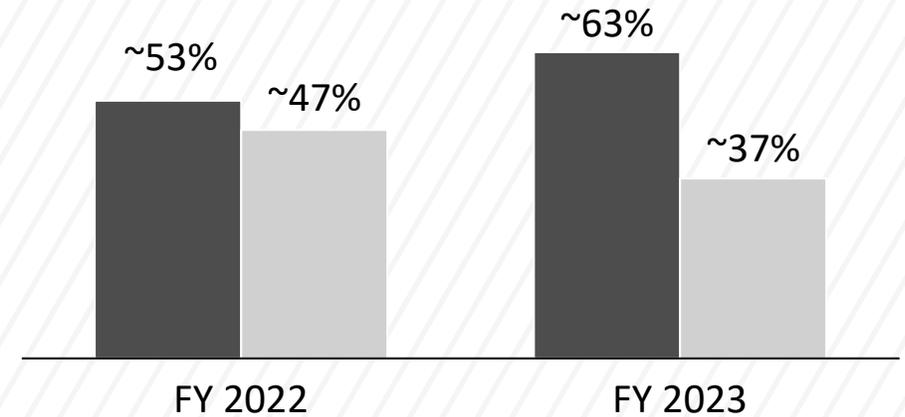
Decision Intelligence Forensic Intelligence Cyber Security



Business mix remains unchanged compared to the previous year

By geographical area

Italy Export



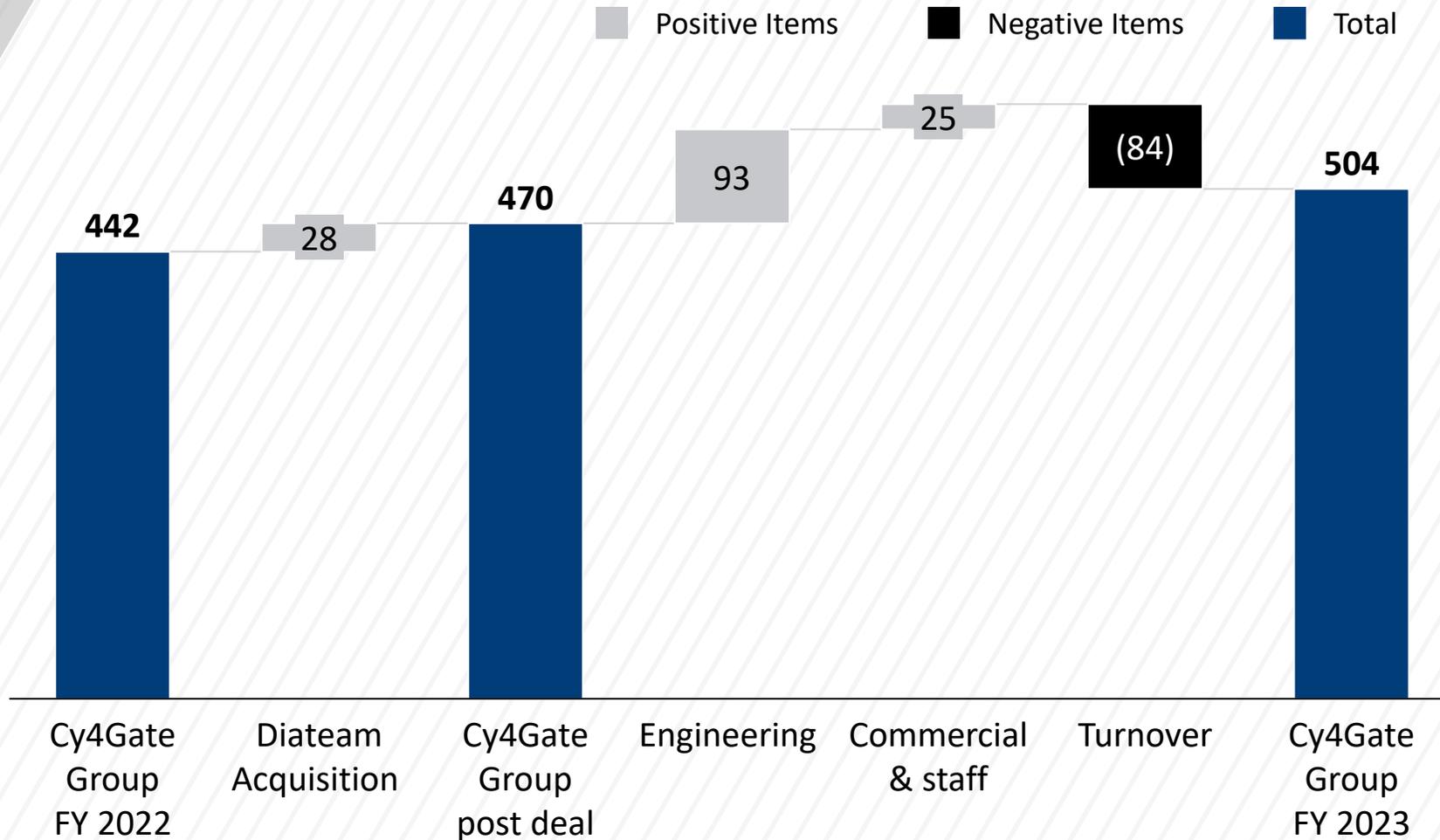
International sales are slightly down compared to 2022

Note: Cy4gate Group results as of 31.12.2023 include the consolidation of DIATEAM for the entire period

Note: The comparative as of 31.12.2022 is calculated on RCS full year excluded Diateam

Note: Calculated on operating revenues

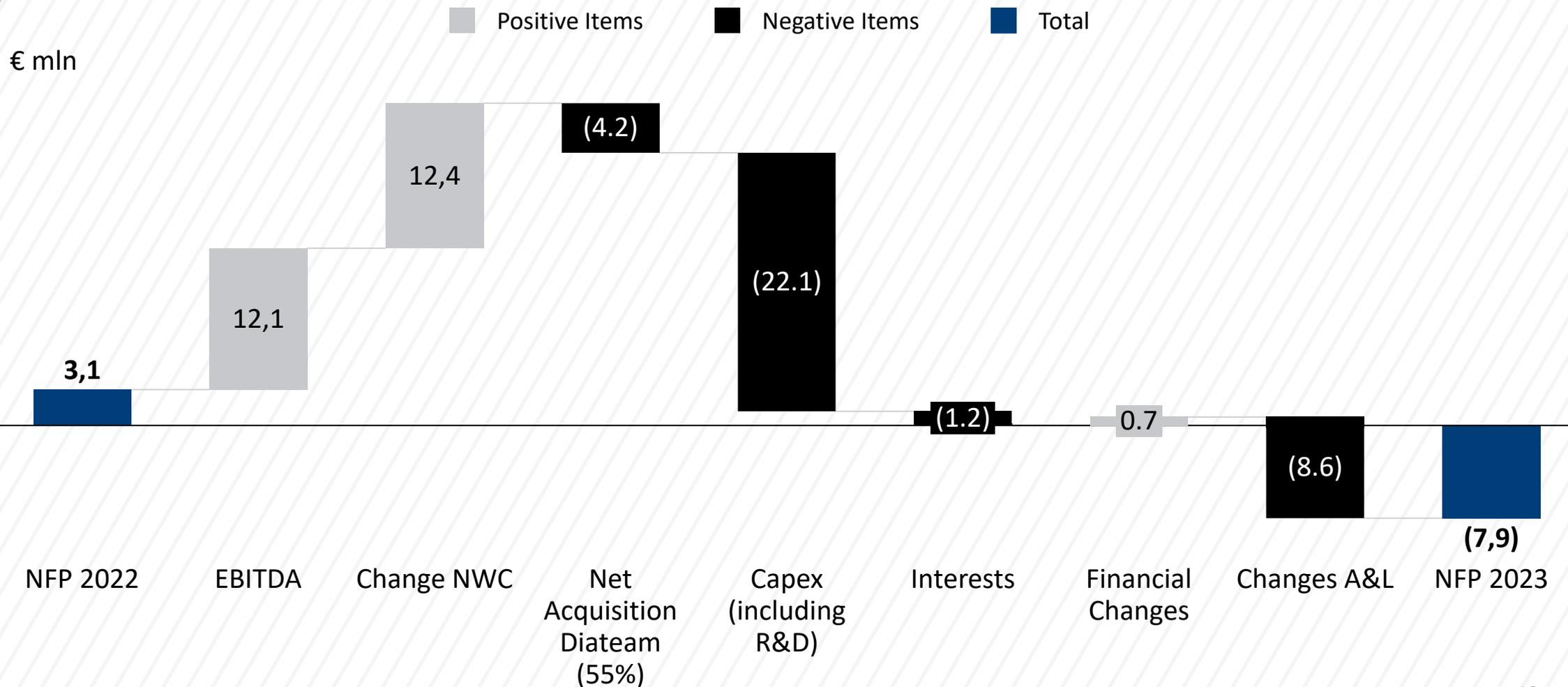
FY 2023 People Investment



Total personnel increased in 2023 by a total of 34 resources:

- Increase of 93 engineering resources to the achievement of the plan objectives, which largely balanced the turnover
- Increase of 25 resources in commercial & staff compared to 22 exits

FY 2023 NFP Bridge



FY 2023 Profit & Loss

€ mln	FY 2023 ¹	FY 2022
Operating Revenues	66.5	54.1
Other Operating Revenues	1.8	2.6
Total Revenues	68.3	56.6
Services, Procurement & other operating costs	27.1	18.7
Personnel Costs	29.1	21.1
Costs	56.2	39.8
EBITDA	12.1	16.8
EBITDA Margin	18%	30%
D&A [including leasing costs]	12.3	9.9
EBIT Adjusted	(0.2)	6.9
One off costs	2.7	3.6
D&A [related to PPA]	4.5	3.1
EBIT	(7.5)	0.2
Financial Income (Expenses)	(2.0)	(0.8)
Income Taxes	0.6	3.2
Net result	(8.9)	2.5
Net Result Adjusted	(2.9)	8.3

Executive summary:

- **Revenues** +23% compared to 2022, with the full consolidation of RCS group and DIATEAM. Compared *like for like* to 2022 total revenue are substantially stable for a minor traction of cybersecurity software sales.
- **Costs** +41% compared to 2022 (+10% compared to 2022 *like for like*) in line with the Group's growth expected goals and due to a mix shift in Cybersecurity from license to services lead by higher market demand.
- **EBITDA** decrease compared to 2022, reflects the change of business mix.
- **Net result** recorded a loss of € 8.9 million affected by higher D&A due mainly to full consolidation, PPA and one off costs.

1. Including the consolidation of DIATEAM from 1st January 2023
 Note: Compared *like for like* to 2022 total revenue are substantially stable

FY 2023 Asset & Liabilities

€ mln	FY 2023	FY 2022
Fixed assets	87.9	70.1
Inventory	0.8	0.8
Contract assets (liabilities)	3.1	(1.0)
Trade receivables	53.7	64.5
Trade payables	(14.4)	(10.6)
Trade Working Capital	43.1	53.7
Other assets (liabilities)	(6.3)	(4.4)
Net Working Capital	36.8	49.4
Net Capital Invested	124.8	119.5
Cash and cash equivalents	17.6	19.9
Financial assets	1.4	1.8
Financial Liabilities	(23.1)	(15.4)
Lease liabilities	(3.8)	(3.3)
Net Financial Position Adjusted	(7.9)	3.1
Adjustments for non rec. events and/or extraordinary transactions	(5.7)	-
Shareholders' Equity	(111.1)	(122.5)
Sources	(124.8)	(119.5)

Executive Summary:

- **Fixed Assets** increase due to the goodwill and the group investment mainly in intangible asset.
- **Net Working Capital** decreased thanks to the optimization in receivables collection and the start up of recurring factoring.
- **Net Financial Position** is negative affected by Capex investment, M&A and buyback programme.
- **Shareholders' Equity** stood at 111.1 million compared to 122.5 million at December 31, 2022.

FY 2023 - XTN

Board of Directors



Alberto Nobili
Chairman



Paolo Pittarello
Member



Dario Lauricella
Member



Marco Latini
Member

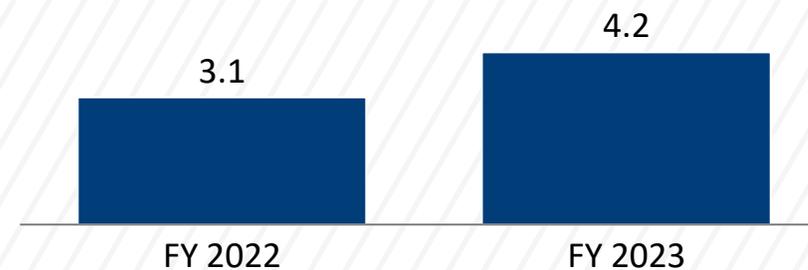


Guido Ronchetti
Independent
Member



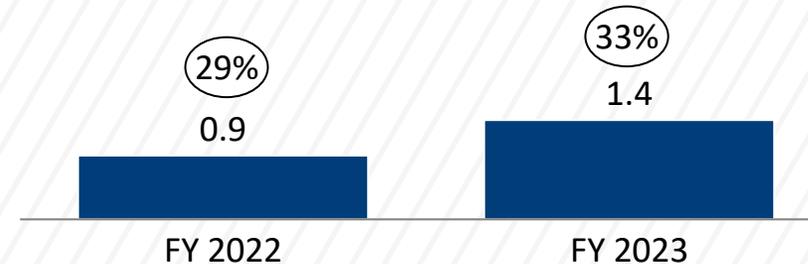
Main figures, € mln

Revenues



EBITDA

○ Margin



NFP: Cash





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, ...)
- **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	WIN RATE	CONVERSION
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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