

WE CARE, WE PERFORM, WE DELIVER!



Annual Conference in Paris, 11<sup>th</sup> of May 2023

# Today's presenters

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**Andrea Pizzarulli**

Co-founder and  
Chief Executive Officer



**Letizia Galletti**

Chief Financial Officer  
Investor Relation Director

# Introducing Civitanavi Systems' inertial systems

***Our Vision: Civitanavi Systems' vision is to be the technology powerhouse for inertial stabilisation and navigation solutions, enabling the future of mobility***



**Navigation**  
*relative position and orientation*



**Stabilisation**  
*automatic stabilisation for safety and function*

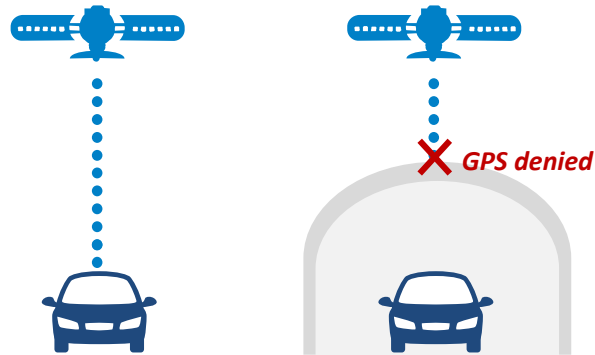


**Multiplatform-friendly**  
*appropriate for aerospace & defense or industrial purposes*



# Why GPS simply isn't enough

## Navigation and positioning reliability



GPS<sup>(1)</sup>



Relies on a clear signal from a satellite to establish navigation and position

INS



Does not require external sensors and provides uninterrupted navigation

## Stabilisation under harsh environments



GPS



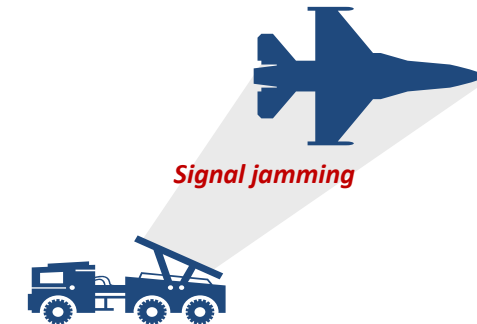
Cannot produce any gyro data to offer automatic stabilisation of vehicle

INS



Automatic stabilisation for efficient functioning of antennas and equipment

## Immune to jamming / spoofing



GPS



GNSS equipment are highly prone to jamming and/or spoofing

INS



Resistance to jamming and spoofing allows stable navigation and positioning

# Civitanavi Systems continuing a profitable growth since inception

## Revenue development 2012-2022<sup>(1)</sup> (€m)

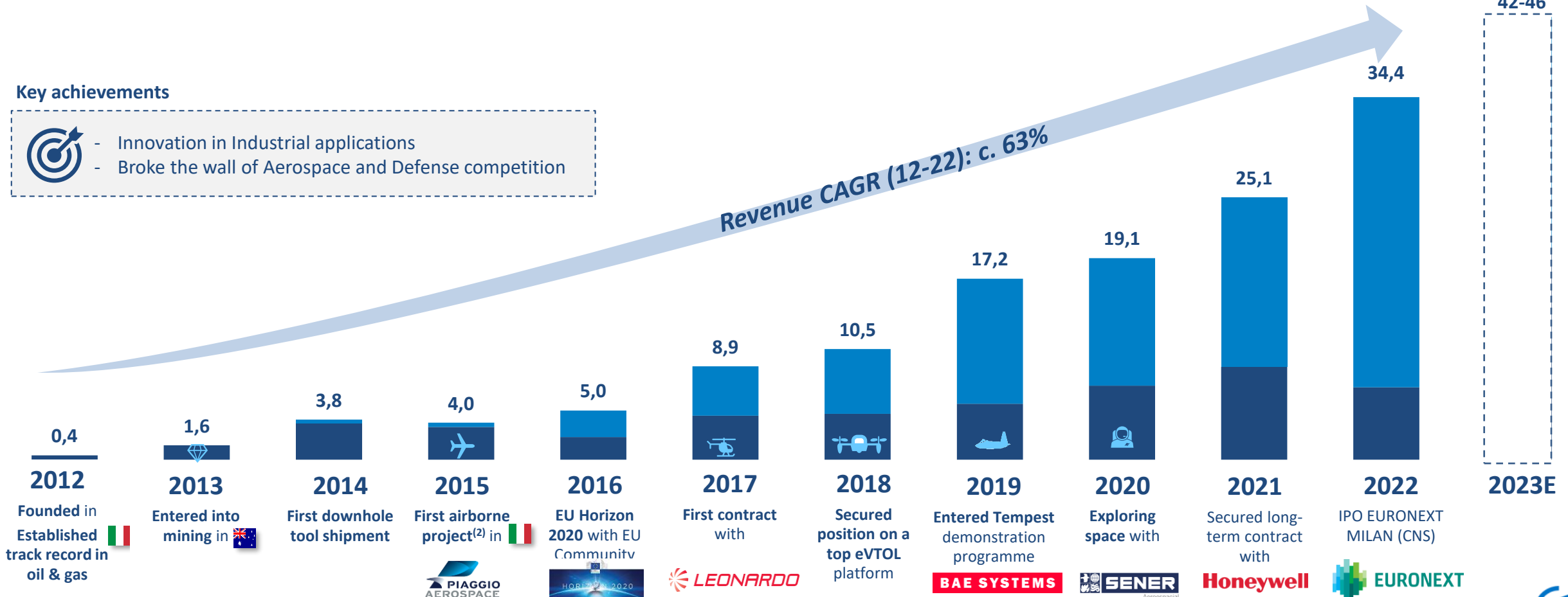
■ Industrial revenue ■ Aerospace and defence revenue ■ Other revenue □ EBITDA Margin ▲ Margin increase



## Key achievements



- Innovation in Industrial applications
- Broke the wall of Aerospace and Defense competition



Notes(s): Figures rounded; (1) 2018-2021 figures audited and compliant with IFRS. Revenues before 2018 are based on Italian GAAP and unaudited; (2) 2015 marks the first safety-critical airborne project for Civitanavi Systems. The first airborne project of any kind was carried out in 2014.



# Civitanavi Systems at a glance

## Unique capabilities



High performance



Avionics certified



ITAR-free<sup>(1)</sup>



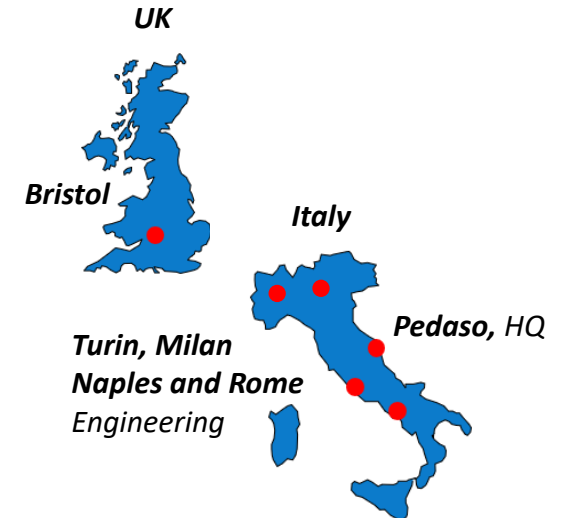
## Serving a globally diversified customer base...

**Honeywell**







**BAE SYSTEMS**

## ...growing presence, starting from Italy and the UK



# Unique position serving an unserved segment of the market

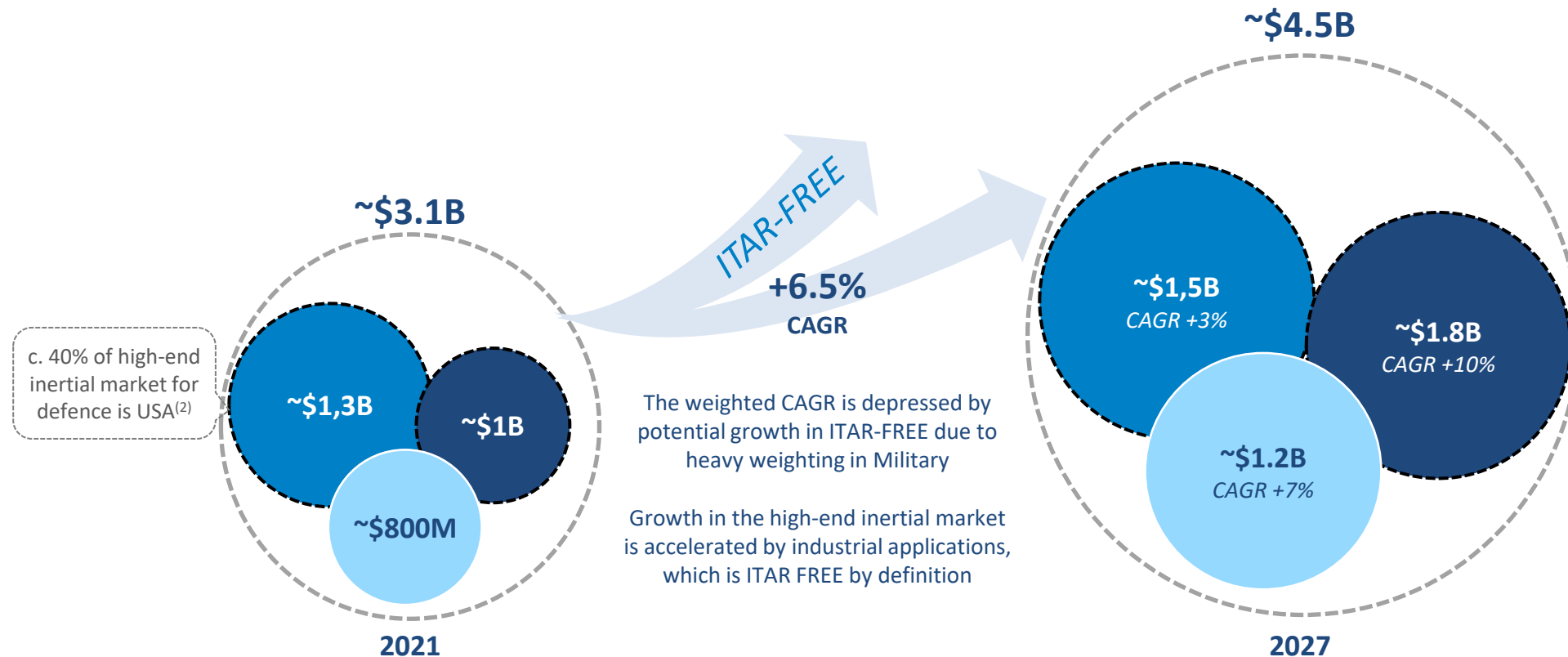
	Market share <i>Direct competitors of Civitanavi Systems</i>	ITAR-free / US content free <i>Exempt from strict export controls</i>	True solid state for safety-critical applications <i>High-performance, non-mechanical gyros</i>	Stabilisation suitability <i>Technology suitable for both stabilisation and navigation</i>
	Leading	X	X	X
	Leading	X	✓	✓
	Leading	✓	X	✓
	Niche	✓	X	X
	Niche	✓	X	✓
	Niche	✓	X	✓
	Niche	X	X	✓
	Niche	X	X	✓
		✓	✓	✓



# Civitanavi Systems is growing faster than the reference market (ITAR-FREE)

## High-end inertial market segment forecast

- Total high-end inertial industry
- Civitanavi Systems' definition of aerospace and defence
- Defence / Military
- Commercial aerospace
- Industrial/Commercial applications

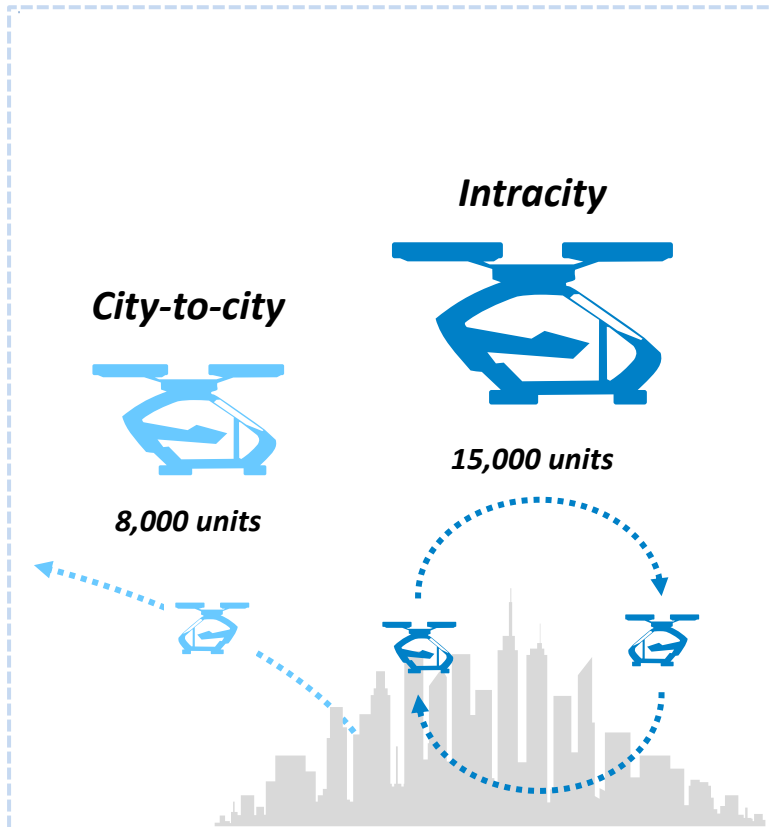




# Assessment of TAM<sup>(1)</sup> for urban air mobility

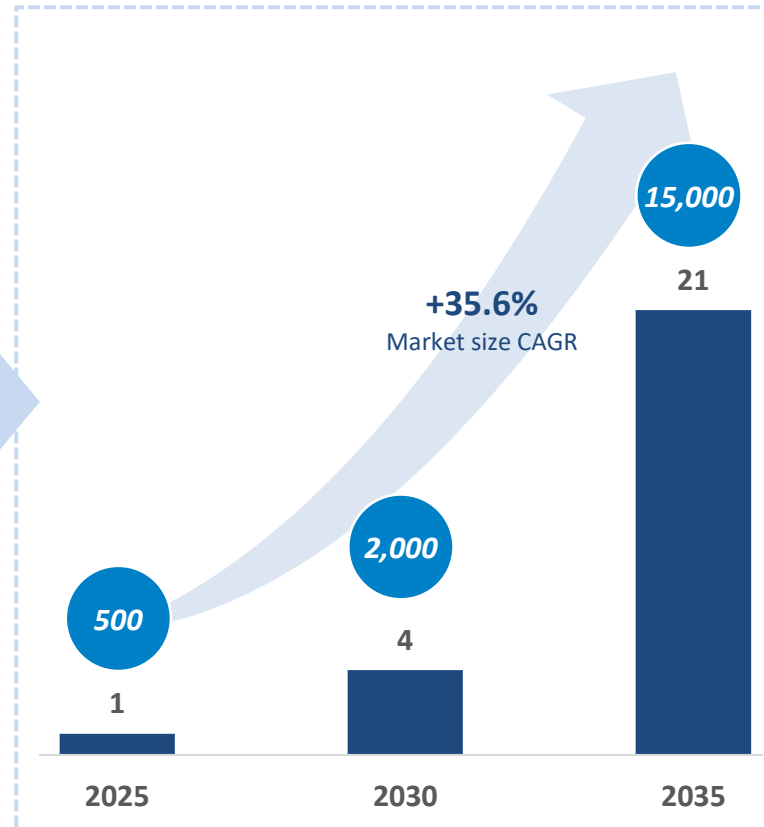
## Snapshot of eVTOL<sup>(2)</sup> market in 2035<sup>(3)</sup>

Visualising high volume commercialisation



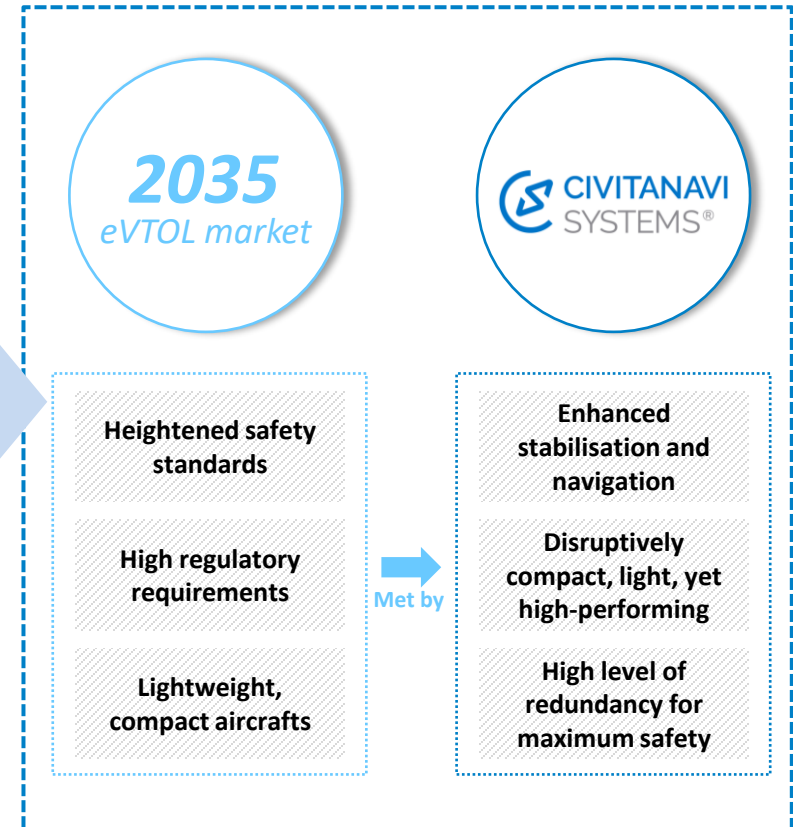
## Forecasted intracity eVTOL market growth<sup>(2)</sup>

■ Market size in \$bn ● Number of eVTOL aircrafts



## Civitanavi Systems' capturing forecasted growth

By introducing integrated, redundant, and customisable products



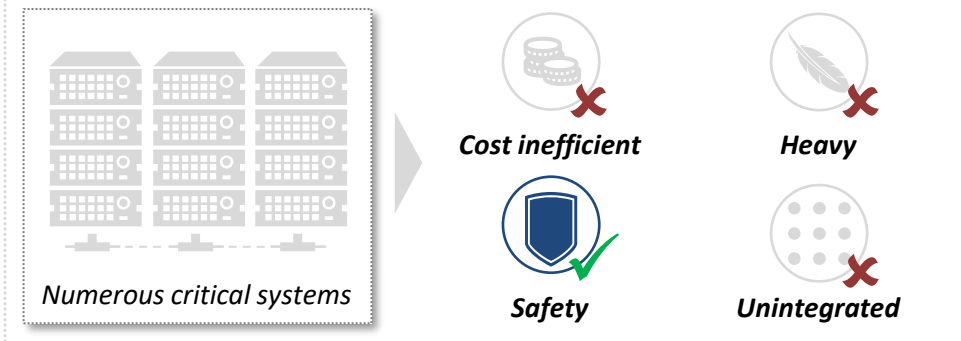
# Prepared for the coming eVTOL demand

## Conventional installation of critical systems for flight

Commercial aircraft



### Overview of critical systems<sup>(1)</sup>

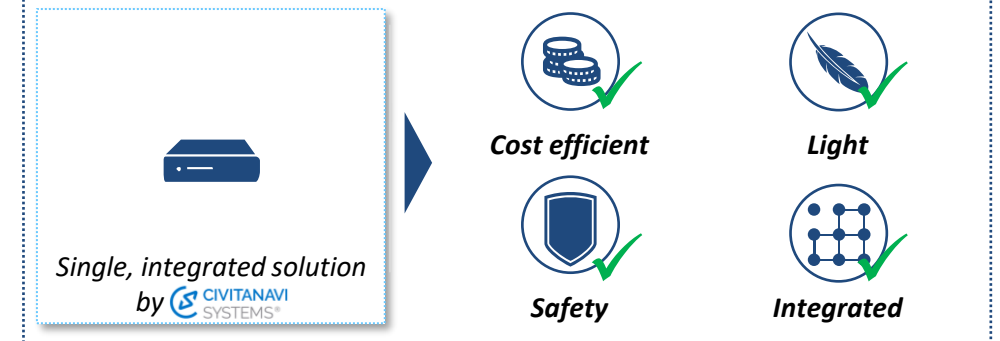


## Overcoming requirements with a single, highly-integrated solution

eVTOL



### Overview of next-generation critical systems<sup>(1)</sup>



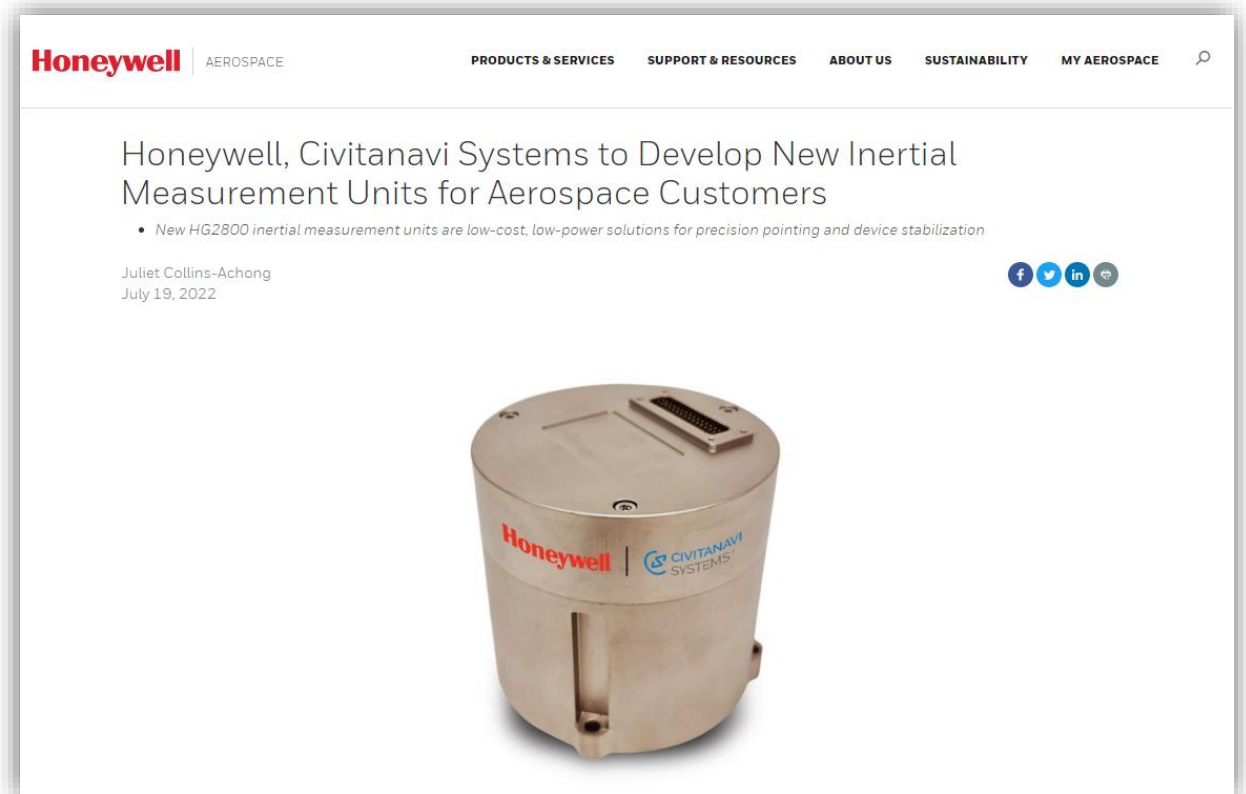
# Important strategic progresses

- Civitanavi Systems signs an agreement with **IEROM LTD** to expand its offer in the **sector of urban air mobility**.



# Important strategic progresses for USA market growth

- **Honeywell** and **Civitanavi Systems** signed an agreement to develop new Inertial Measurement Unit for the customers of the aerospace customers.





# Important strategic progresses – A new market opportunity for Civitanavi



## PRESS RELEASE

### CIVITANAVI SYSTEMS FINALIZES AGREEMENT TO INVEST IN THE CAPITAL OF PV-LABS, A LEADER IN ADVANCED IMAGING SYSTEMS

*Padaso (FM), 5th May 2023* – Civitanavi Systems S.p.A. (EURONEXT MILAN, CNS), leading Italian manufacturers of inertial navigation, georeferencing and stabilization systems, announced today finalization of the agreement for CNS to purchase a minority stake of 30 percent in PV-Labs Ltd for 2.5 million USD. The agreement includes a call option to purchase the remaining 70 percent ownership which can be exercised in 5 years. The contract is in line with the terms of the binding letter announced in a press release dated Jan. 30, 2023.

PV-Labs is an SME founded by Mark Chamberlain (former founder and CEO of WESCAM Inc, now L3Harris WESCAM) who designed a unique line of Airborne ISR&T products, based on PV-Labs' new patented stabilization technique for gimbals, called "Fifth-generation Advanced Stabilization Technology," or "FAST," to meet the growing demand for high-performance ISR&T products worldwide, organically and through licensing to other players in ISR&T to meet localization and other market demands.

The key components of PV-Labs FAST technology are the inertial sensors, now produced by CNS. This enables the production of a scalable ISR+T product family with the highest performance, smallest size, weight and lowest cost in its class.

# What is needed for a modern aircraft to fly and do surveillance?



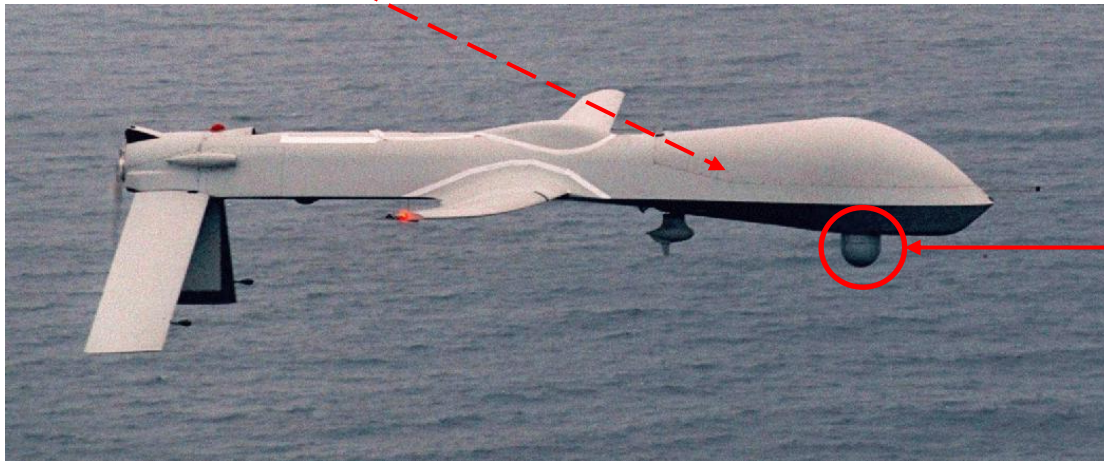
## ONEBOX

- **VMS:** Vehicle Management System
- **FCC:** Flight Control Computer
- **A-PNT:** Assured Position, Navigation and Timing with or without GPS.



## INERTIALS SENSORS

- **IMU:** Inertial Measurement Unit. Inertial sensor block for gimbals stabilization



- **Gimbal:** 2 axis electromechanical movements
- **ISR (Intelligence, Surveillance and Reconnaissance):** payload in the gimbal to host sensors for imaging and targeting
- **Stabilization:** in order to have a good imaging such payload needs to be stabilized with inertial sensors (gyroscopes)
- **Targeting:** in order to understand the target position, navigation (position and true heading) is necessary



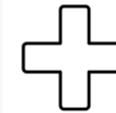
Civitanavi and PV-Labs can supply near to 100% avionics



# Large and growing TAM<sup>(1)</sup> exposed to a diversified set of key end markets

## Global Electro-Optical/Infrared (EO/IR) Systems Market Outlook

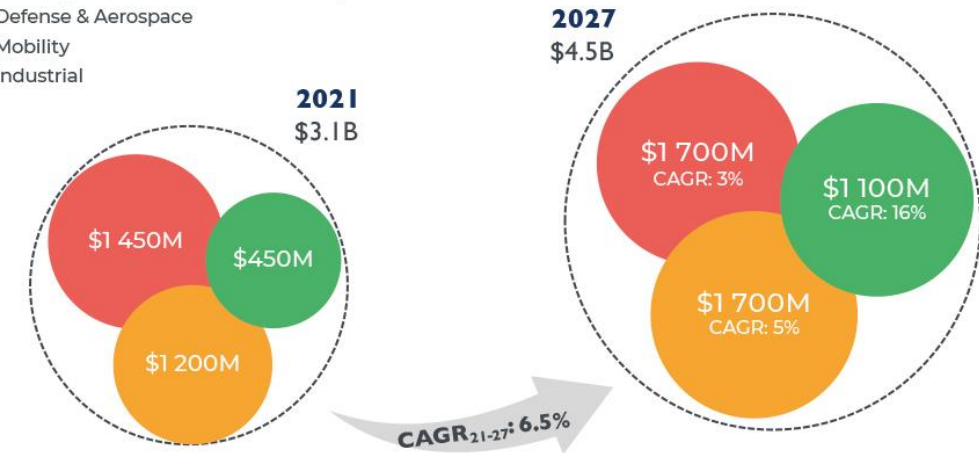
“ The global electro-optical/infrared (EO/IR) systems market size reached a value of USD 15.35 billion in 2021. During the forecast period of between 2023 and 2028, the market is expected to grow at a CAGR of 5.60% to reach USD 21.29 billion in 2027.



### 2021-2027 high-end inertial sensor market forecast

(Source: High-End Inertial Sensing 2022, Yole Intelligence, June 2022)

- Total high end inertial sensor industry
- Defense & Aerospace
- Mobility
- Industrial



...to address a \$25.8B market!



# Protected by an impenetrable moat made up of layers of value

## Software

Proprietary software developed in-house, which translates algorithm into embedded code of the processor

## Algorithm

An INS is formed by inertial sensor assembly and a complex navigation algorithm, which is developed by Civitanavi Systems' in-house team of PhD mathematicians and implemented into software and firmware designed according to safety-critical standards

## IMU Calibration

Assembled inertial sensors are calibrated with a sophisticated algorithm and state-of-the-art motion simulators

## Development & Assembly

Civitanavi Systems is the assembler and developer of the product with further improvement costs

## Gyro Fiber Coils

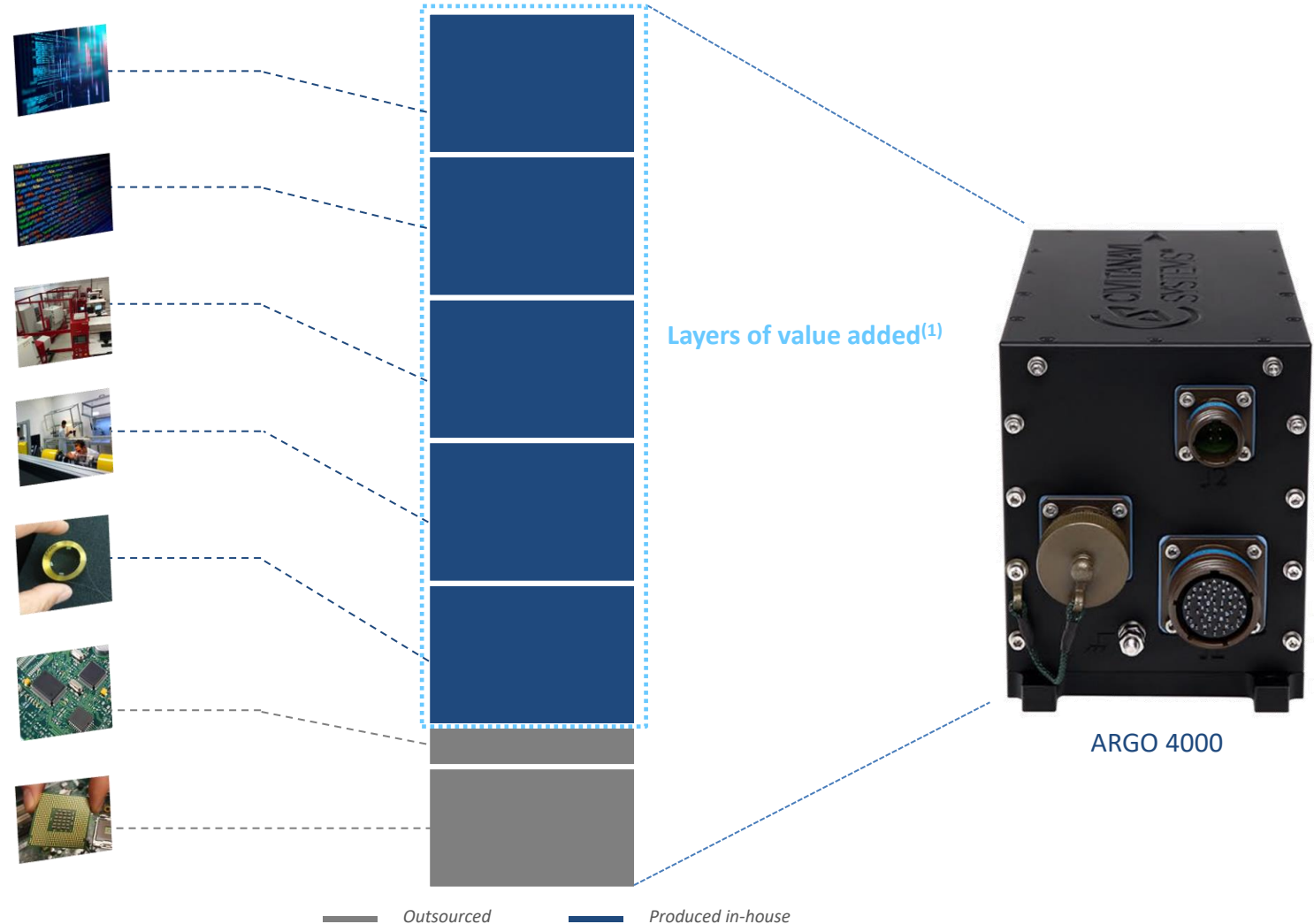
The fiber coil is the heart of the gyroscope sensor and represents a technological advantage in the manufacturing process and scalability

## Contract Manufacturing

Outsourcing of custom-made mechanical parts and electronics cards, all designed in-house. Outsourcing includes PCB (Printed Circuit Boards) and its surface mounting devices (SMD) assembly

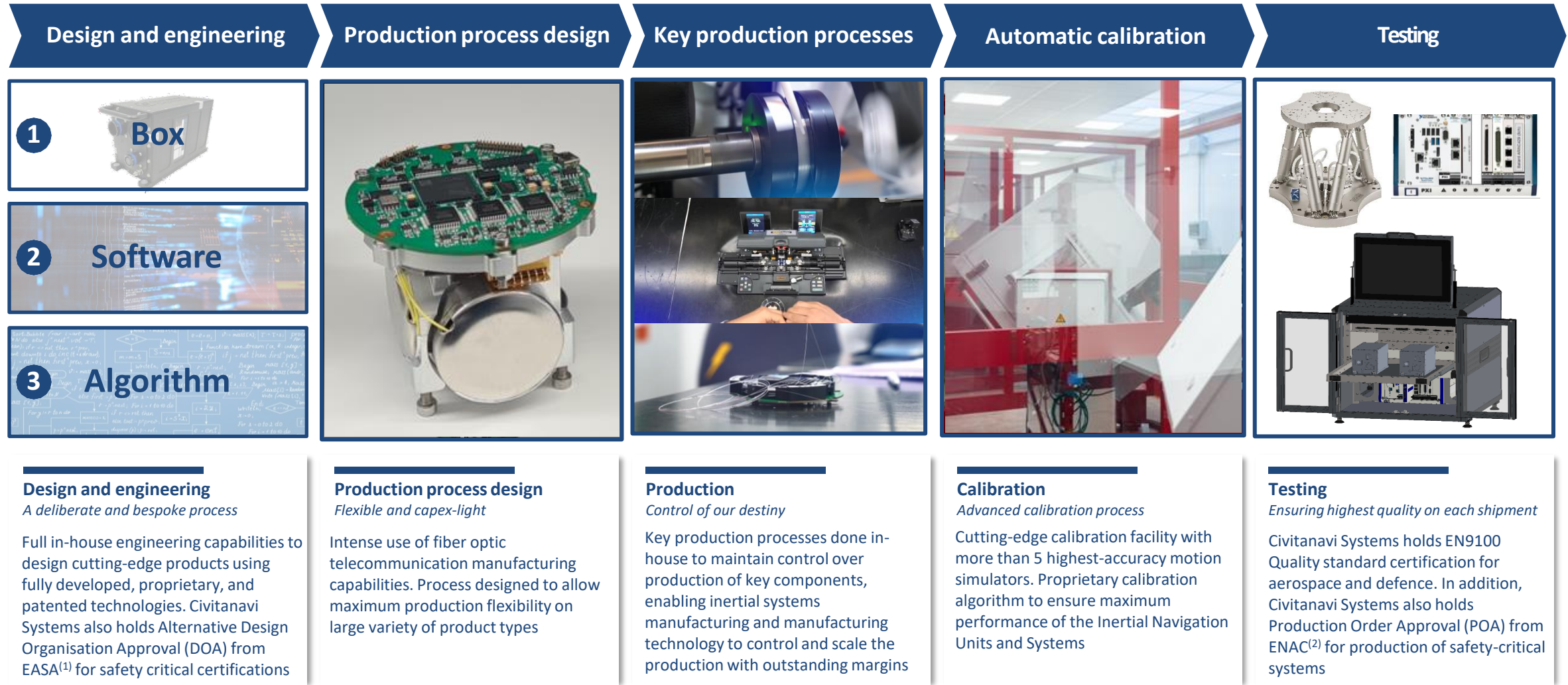
## Industrial / Telecom / Automotive "COTS"

Most of the electronics and opto-electronics components used in the inertial systems are COTS (Commercially Available Off-the-Shelf) from large-scale industries like automotive, consumer electronics or telecom





# Gold standard design and vertically integrated production



# FY 2022 at a glance

## Highlights FY2022

**34.4M€**  **+37% YoY**  
Total Revenue

**41.0M€**  **+38% 21YE**  
Booking FY22 [29.8M€ at Dec 31, 2021]

**24.3M€**  **+31% 21YE**  
Hard Backlog FY22 [18.6M€ at Dec 31, 2021]

**10.0M€ | 29%**  **+25% YoY**  
EBITDA Adj<sup>1</sup>

**7.0M€**  **+43% YoY**  
Net Result

**6.1M€**  **+483% YoY**  
FCF net to AUCAP

## Highlight 1Q2023

**8M€**  **+29% YoY**  
Operating Revenue

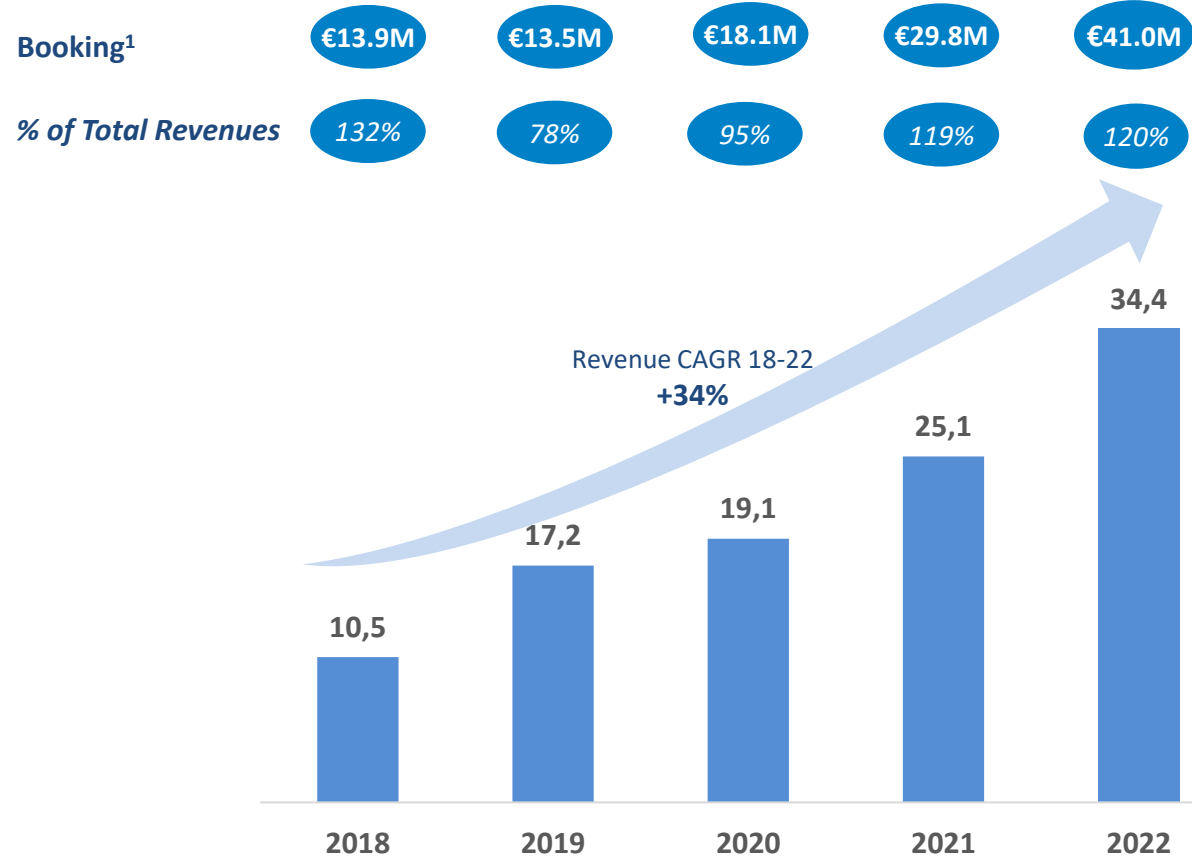
**20.4M€**  **+72% YoY**  
Booking 9th of May 2023

- **FY2022** approved **dividend** for **4M€** of **0.13 p.s.**
- **ESG progresses** with “Sustainability Report” and decarbonisation plan

1) EBITDA Adjusted is calculated as a profit or loss for the financial year/period, gross of income taxes, revenues and financial expenses, amortisation and depreciation, write-downs and write-downs of net financial assets, foreign currency gains or losses, the effects of non-recurring transactions and the effects of certain events and operations that the Management believes are not related to the Company's operational performance. It is consistent with the definition reported in the Prospectus during IPO.

# Strong revenue growth

Total revenue (€m)



## Key Comments 2022

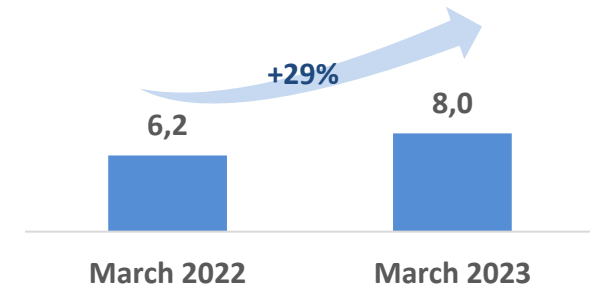
- Revenues in 2022 up c.37% YOY and a good proxy of the company growth trend is the 2018-22 CAGR of c. 34%
- Strong growth in 2022 booking, driven by the Company's ability to turn opportunities into actual revenues.
- Booking 2022 amount to 41.0M€ - book to bill 1.2
- Total booking 18-22 / total revenues 18-22 = 109%
- Updated 2022 Total Revenue Guidance in Q3 due to decrease in Industrial Sector, but it was offset by some A&D sales initially planned in 2023 and moved to 2022 based on request of the customer.
- Updated Guidance 2023 in December 2022 and it is confirmed up today

## Key Comments Q1 2023

- At the date of press release, **9 May 2023**, **Booking 2023 amount to EUR 20.4m€ +72%**

Updated Guidance 2023E Total Revenue: range: 42m€ – 46m€

## Operating Revenue Q1 2022 vs Q1 2023



# Platform-agnostic technology with variety of end markets

## Aerospace and defence

### Space

Launch systems



### Land

Military vehicles



### Aeronautics

Jets, Helicopters, & eVTOLs<sup>(1)</sup>



### Other

Naval surface, subsea, and guidance



## Industrial

### Mining, Oil & Gas

Drills, Subsea equipment



Product



IMU

24 %



PETRA

4 %



ARGO

20 %



NAUTILUS

32 %



RIG ALIGNER - DOWNHOLE

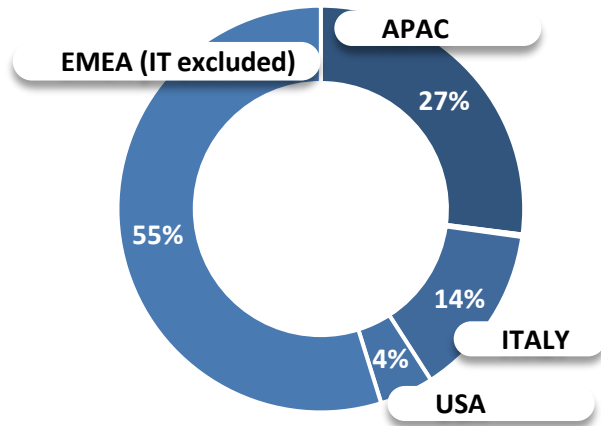
18 %

in EUR thousands	FY2022	%	FY2021	%	Var % YoY
Aeronautics	6.598	20%	6.781	28%	(3%)
Land	1.342	4%	1.052	4%	28%
Space	7.743	24%	3.411	14%	127%
Other (Naval, Submarine, Guidance)	10.632	32%	4.048	17%	163%
<b>Total Aerospace and Defence</b>	<b>26.315</b>	<b>80%</b>	<b>15.292</b>	<b>64%</b>	<b>72%</b>
<b>Industrial</b>	<b>5.953</b>	<b>18%</b>	<b>8.572</b>	<b>36%</b>	<b>(31%)</b>
<b>Other</b>	<b>758</b>	<b>2%</b>	<b>147</b>	<b>1%</b>	<b>416%</b>
<b>Total Operating revenues net of the change in FP/SFP inventories</b>	<b>33.027</b>	<b>100%</b>	<b>24.011</b>	<b>100%</b>	<b>38%</b>
Change in FP and SFP inventories	1.105		987		23%
<b>Total Operating revenues</b>	<b>34.132</b>		<b>24.998</b>		<b>37%</b>

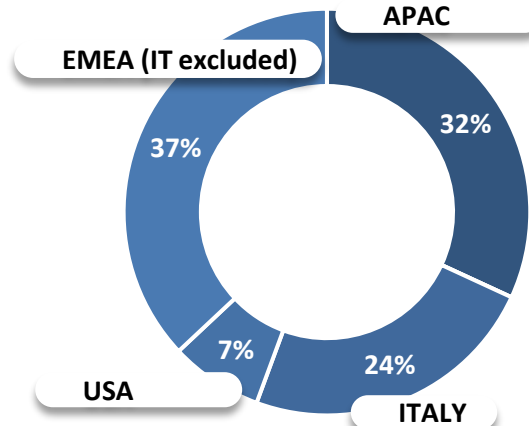
- Solid performance in all business divisions, confirming a significant portion of the A&D sector.
- Confirmed the growth in all core sectors of its business, except the industrial division that shows a drop due to import and re-export rules in the Country of the customers of reference (Australian market).

# Diverse revenue exposure by geography

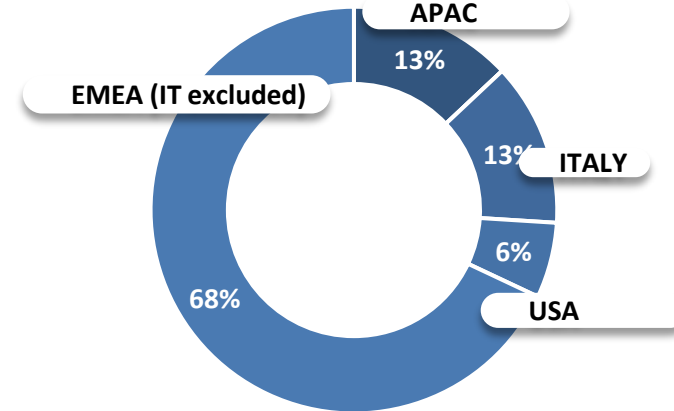
Revenue concentration 2020



Revenue concentration 2021



Revenue concentration 2022

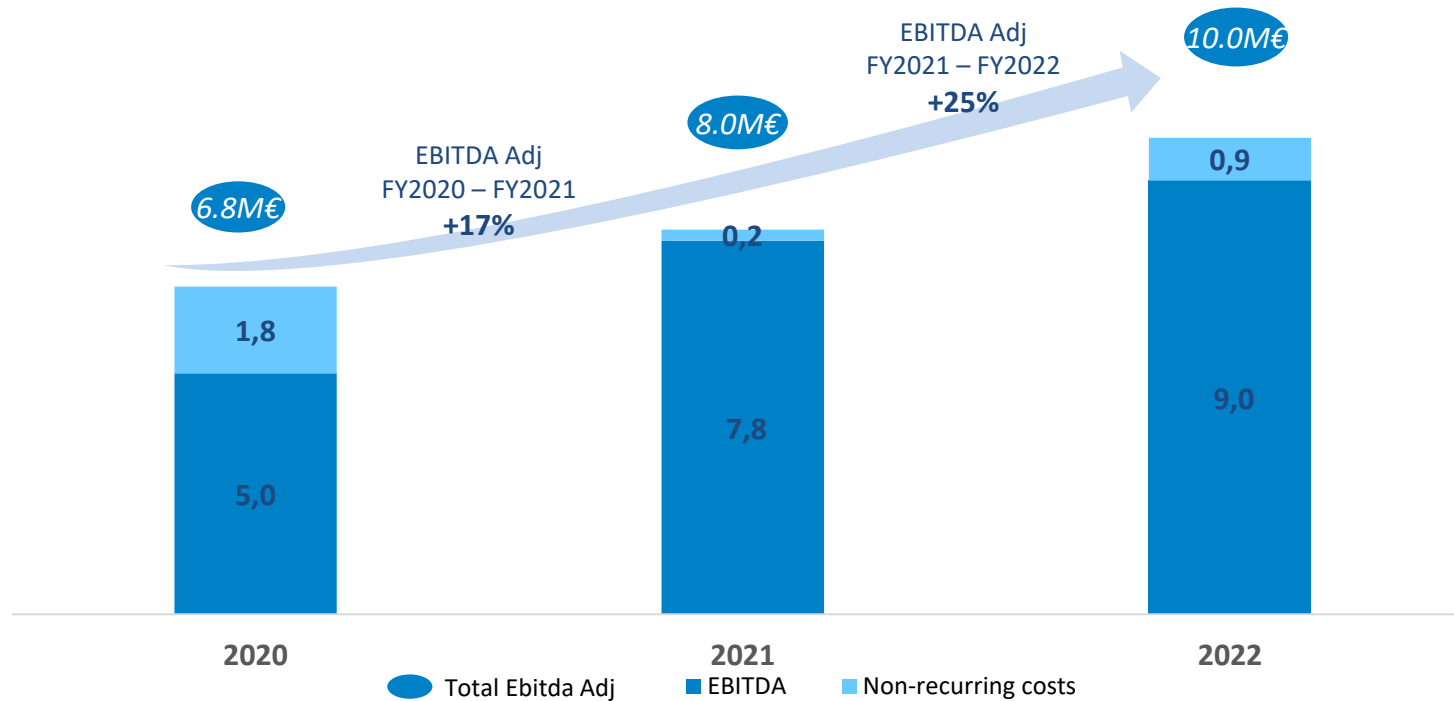


in EUR thousands	FY2022	%	FY2021	%	Var % YoY
APAC	4.251	13%	7.656	32%	(44%)
EMEA (Italy excluded)	22.604	68%	8.881	37%	155%
Italy	4.355	13%	5.701	24%	(24%)
USA	1.816	6%	1.774	7%	2%
Rest of the world	0	0%	0	0%	0%
<b>Total Operating revenues net of the change in FP/SFP inventories</b>	<b>33.027</b>	<b>100%</b>	<b>24.011</b>	<b>100%</b>	<b>38%</b>
Change in FP and SFP inventories	1.105		987		0%
<b>Total Operating revenues</b>	<b>34.132</b>		<b>24.998</b>		<b>37%</b>

- Well diversified portfolio revenue spread across different regions
- The EMEA area recorded a significant increase also due to new stipulated contract communicated in the 1Q2022
- The decrease of the APAC market is due to the Industrial division
- There is not any commercial relationship with the Russian Federation and Ukraine

# Highly attractive margin profile

EBITDA, EBITDA Adjusted and EBITDA margin (€m)



## Key Comments

- The excellent **EBITDA ADJ** in absolute value achieved in 2022 is supported by the significant increase in business volume.
- **EBITDA margin adjusted FY2022** shows a decrease in percentage terms is due to the changed scenario of energy costs, inflationary rates and the continued shortage, of the electronics component. In order to preserve margins, the company managed the "shortage" by providing also for the "re-design" of the product, replacing the electronic components with those more available on the market, in this way it managed, in part, the price increases and avoid production stops
- **Updated Guidance 2023** in December 2022 and it is **confirmed** up today
- Non-recurring costs amounts to:
  - FY2022: 0.9M€ of which: 0.6M€ related to the listing costs on the Euronext Milan market, 0.3M€ mainly related to consulting costs for Patent Box and M&A;
  - FY2021: 0.2M€ non-recurring costs

Updated Guidance  
2023E: ~29%



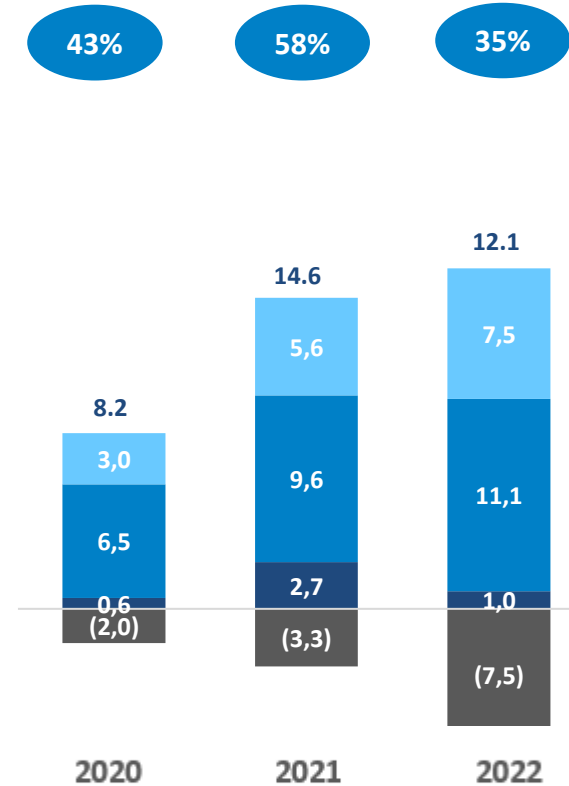
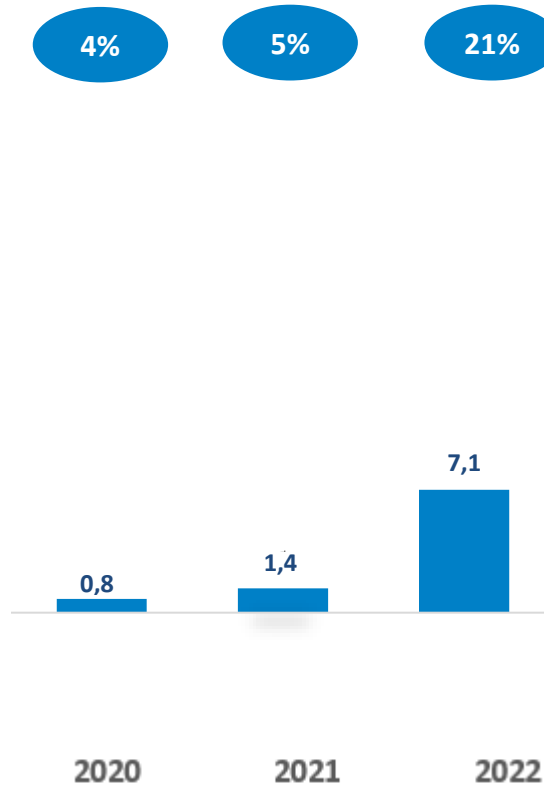
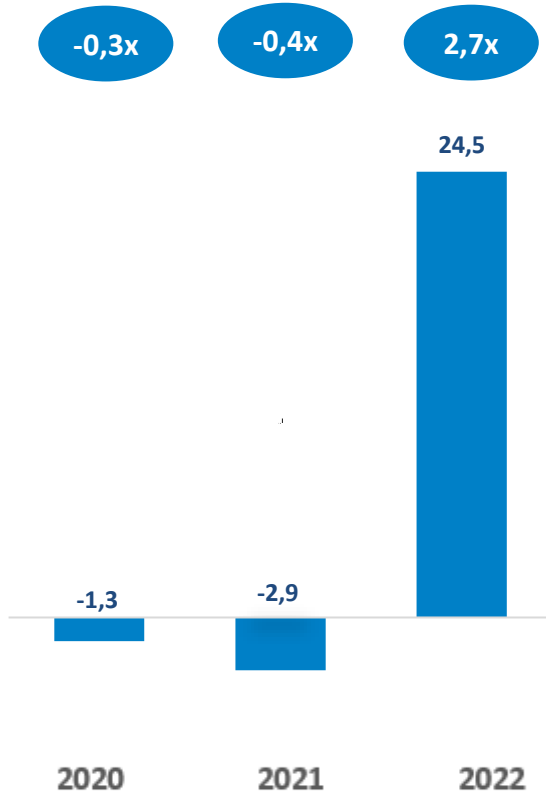
# Solid balance sheet and strong cash generation

Net Financial Position (€m)

CAPEX (€m)

Net Trade Working Capital (€m)

Key Comments 2022



- **Strong liquidity position** thanks to cash generation of the period and capital injection. The Free cash flow net to changes in Net equity, is +6,1M€ compared to -1,6M€ of FY2021 also due to excellent performance of NTC;
- **Capex:** *Tangible fixed assets* of 5.4M€, mainly related to the purchase of a new building and purchases of machineries and equipments for increasing the Company's production capacity. *Intangible assets* of 1,7M€ are mainly related to the development internal activities;
- **NTWC:** Excellent performance of NTC on Total revenue for 35%, such result is mainly due to:
  - Increase of trade receivables, less than proportional than the increase of billing in Q4 2022 thanks to more favorable terms condition of collection.
  - Positive variation of "Change in Assets for work in progress on order net to Advance payments on wip" thanks to the high level of cashed downpayments based on new signed contracts.
  - Increase of trade payables to face the production needs

■ NFP    ● NFP / Ebitda

■ CAPEX    ● CAPEX / Total revenue

■ Change in WIP assets and Advance payments - net  
 ■ Receivables    ■ Inventory    ■ Payables  
 ● NWC / Total revenue



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