

# **Civitanavi Systems S.p.A.**

**Interim Report  
Operating Revenues as of 31 March 2023**





This is an English translation of the original Italian document. In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails.



# Company Data and Governance

## Registered office of the Company

Civitanavi Systems S.p.A.  
Via del Progresso 5, 63827  
Pedaso (FM) - Italy  
VAT no. IT01795210432

## Corporate website

<https://www.civitanavi.com>

## Board of Directors

Andrea Pizzarulli	Chairman of the Board of Directors and CEO
Michael Perlmutter	Executive director
Thomas Jung	Non-executive director
Mario Damiani	Non-executive director
Laura Guazzoni	Independent director*
Maria Serena Chiucchi	Independent director*
Tullio Rozzi	Independent director*

**Lead Independent Director:** Laura Guazzoni

## Remuneration and Appointments Committee

Laura Guazzoni	Chairwoman
Maria Serena Chiucchi	Member
Tullio Rozzi	Member

## Control and Risk Committee

Laura Guazzoni	Chairwoman
Maria Serena Chiucchi	Member
Tullio Rozzi	Member

## Board of Statutory Auditors

Marco Donadio	Chairman of the Board of Statutory Auditors
Cesare Tomassetti	Standing Statutory Auditor
Eleonora Mori	Standing Statutory Auditor
Giuseppe Mogliani	Alternate Statutory Auditor
Daniela Angeloni	Alternate Statutory Auditor

**Auditing Firm** BDO Italia S.p.A.

**Manager In Charge Of Financial Reporting** Letizia Galletti

**Supervisory Body** Antonio Francesco Morone

*\*Independent director pursuant to art. 148, paragraph 3 of the (It.) Consolidated Law on Finance [TUF], as cited in Art. 147-ter, paragraph 4 of the TUF and pursuant to the Corporate Governance Code.*

## Methodological note

Values are reported in thousand euro, unless expressly stated. Percentage ratios, margins and variations, have been calculated referring to punctual euro values.



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# Introduction

Civitanavi Systems S.p.A. (hereinafter referred to as "Civitanavi" or the "Company") is a company incorporated and domiciled in Italy, with its registered office in Pedaso (FM), Via del Progresso No. 5, organized according to the laws of the Italian Republic.

Civitanavi's share capital is held 70.3% by Civitanavi Systems Ltd, while the remaining shares are in circulation on the stock market (floating shares).

The Company operates in the design, development, and production of navigation and inertial stabilization systems used in the industrial (mining, oil & gas) and aerospace and defense (naval, land, aeronautical, and space) sectors. The Company is a vertically integrated supplier of high-precision systems, designed and manufactured using proprietary methods and techniques, based on both FOG (Fiber Optic Gyroscope) and MEMS (Micro Electro Mechanical Systems) technologies, possibly integrated with other devices for satellite navigation (GPS, airspeed data, odometers, etc.). The navigation and inertial stabilization systems produced by the Company, thanks to the application of the aforementioned FOG and MEMS technologies, allow (i) autonomous inertial navigation (without GPS) and high precision, (ii) stabilization, and (iii) precise orientation (direction with respect to true north) of the mobile device on which it is applied.

The Company carries out its activities at its registered and production office in Pedaso (FM) and in three additional locations dedicated to research and development activities, in Ardea (RM), Casoria (NA), and Turin (TO), the latter of which was recently opened.

In 2022, the operation of the UK subsidiary Civitanavi UK LTD was launched (it should be noted that the subsidiary was not operational in 2021), mainly dedicated to commercial and design activities, with the future objective of extending production. In 2023, Civitanavi UK Ltd hired four engineers dedicated primarily to design activities, and the signing of the rental contract for the company's headquarters located in Bristol is currently underway.

# Operating revenues

The operating revenues as of March 31, 2023, amounted to EUR 8,003 thousand, an increase of EUR 1,805 thousand (+29%) compared to the same period of the previous year, which recorded operating revenues of EUR 6,198 thousand.

This report has been prepared in accordance with EU-IFRS accounting principles.

<i>in Eur thousands</i>	<b>As of 31 March, 2023</b>	<b>As of 31 March, 2022</b>	<b>Changes %</b>
Operating revenues	8,003	6,198	29%

The table below shows the division of revenues by "type":

<i>in Eur thousands</i>	<b>As of 31 March, 2023</b>	<b>As of 31 March, 2022</b>	<b>Changes %</b>
Revenues from product sales	5,929	3,178	87%
Revenues from services	1,050	241	336%
Revenues from royalties	57	273	(79%)
Changes in Assets for work in progress on order	(398)	1,856	(121%)
<b>Operating revenues net of the change in FP/SFP inventories</b>	<b>6,638</b>	<b>5,547</b>	<b>20%</b>
Change in inventories of finished and semi-finished products	1,365	650	110%
<b>Total Operating revenues</b>	<b>8,003</b>	<b>6,198</b>	<b>29%</b>

During the first three months of 2023, operating revenues, net of changes in finished and semi-finished goods inventories, grew 20% compared to the previous year. Except for revenues from royalties, all other revenue types showed significant growth compared to the previous period.

It should be noted that the increase in "revenues from service" provision should be analyzed in conjunction with the reduction in the item "Work in progress on contract" as some engineering service contracts, accounted for using the percentage of completion method, were completed in the first quarter of 2023.



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Semi-finished and finished goods inventories increased by 110% compared to March 31, 2022, leading to a 29% increase in operating revenues as of March 31, 2023, compared to the same period in the previous year.

The results obtained demonstrate solid and consistent growth, strengthening the company's position in the global inertial navigation and stabilization systems sector.

However, it is important to remember that the company's activity is subject to seasonality and traditionally experiences peaks in the second half of the reference year, mainly in the last quarter.

Regarding the different divisions in which the Company operates, below are the data related to the period as of March 31, 2023, compared to the same period of the previous year.

<i>in Eur thousands</i>	As of 31 March, 2023	% of the 2023 total	As of 31 March, 2022	% of the 2022 total	Changes %
Aeronautics	946	14%	790	14%	20%
Land defence	22	0%	546	10%	(96%)
Space	2,690	41%	747	13%	260%
Other (Naval, Submarine, Guidance)	1,042	16%	2,137	39%	(51%)
<b>Total Aerospace and Defence</b>	<b>4,701</b>	<b>71%</b>	<b>4,220</b>	<b>76%</b>	<b>11%</b>
<b>Industrial</b>	<b>1,557</b>	<b>23%</b>	<b>1,178</b>	<b>21%</b>	<b>32%</b>
<b>Other</b>	<b>379</b>	<b>6%</b>	<b>149</b>	<b>3%</b>	<b>154%</b>
<b>Operating revenues net of the change in FP/SFP inventories</b>	<b>6,638</b>	<b>100%</b>	<b>5,547</b>	<b>100%</b>	<b>20%</b>
Change in inventories of finished and semi-finished products	1,365		650		110%
<b>Total Operating revenues</b>	<b>8,003</b>		<b>6,198</b>		<b>29%</b>

The Company has achieved excellent performance in all its operating divisions, confirming significant development in various areas of its business and a recovery in the Industrial division, which was previously in decline.

Operating revenues follow the expected trend and allow us to confirm what was communicated to the market during the approval of the 2023 Budget (which took place on December 22, 2022).

With regard to the geographical area, we highlight in the following table the data achieved as of March 31, 2023, compared to the same period of the previous fiscal year.

<i>in Eur thousands</i>	As of 31 March, 2023	% of the 2023 total	As of 31 March, 2022	% of the 2022 total	Changes %
Italy	610	9%	325	6%	88%
EMEA (except Italy)	5,759	87%	3,956	71%	46%
APAC	454	7%	905	16%	(50%)
USA	(185)	(3%)	361	7%	(151%)
Rest of the World	0	0%	0	0%	0%
<b>Operating revenues net of the change in FP/SFP inventories</b>	<b>6,638</b>	<b>100%</b>	<b>5,547</b>	<b>100%</b>	<b>20%</b>
Change in inventories of finished and semi-finished products	1,365		650		110%
<b>Total Operating revenues</b>	<b>8,003</b>		<b>6,198</b>		<b>29%</b>

The company ensures its presence in the main international markets with an adequate geographical diversification of the customer portfolio. In Italy, revenues amounted to EUR 610 thousand as of March 31, 2023, up 88% compared to the same period in 2022. The company considers it strategic to maintain a portion of its business in the domestic market, while the international market remains the reference market.

In the EMEA region (excluding Italy), revenues amounted to EUR 5,759 thousand as of March 31, 2023, up 46% compared to EUR 3,956 thousand in the same period of 2022. The increase concerns both the Aerospace and Defense division and the Industrial division.

In the APAC region, there was a slight contraction, with revenues of EUR 454 thousand as of March 31, 2023, halved from EUR 905 thousand in the same period last year.

In the U.S. market, on the other hand, there were negative revenues of EUR -185 thousand as of March 31, 2023, compared to EUR 361 thousand in the same period last year. With regard to the results of the latter, the decrease is mainly due to the sharing of development costs for the product made for Honeywell. In fact, the company has recently signed a co-investment contract



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for profit and cost sharing in connection with the future commercialization of this product and similar products in defined markets. As a result, the revenue was adjusted in light of the reconciliation of expenses incurred as of the contract signing date. The additional agreement with Honeywell represents an important growth opportunity at the strategic level, aimed at collaboration in the relevant sector.

It is specified that the Company has no commercial relationships with the Russian Federation, Belarus, and Ukraine.

## Booking 2023 - orders received

An important indication of the Company's business growth is given by the evolution of customer orders acquired during a fiscal year, whether or not they were fulfilled within the same year (so-called "Booking").

The table below shows the booking growth trend and the corresponding percentage of total revenues.

	2019	2020	2021	2022
Booking (in Eur thousands)	13.5	18.1	29.8	41.0
% of Total Revenue	78%	95%	119%	120%

The Booking as of March 31, 2023 amounts to EUR 18,895 thousand.

As of the date of this document, May 9, 2023, the orders received during 2023 amount to EUR 20,372 thousand, significantly increasing by 72% compared to the booking recorded in the same period of 2022 (EUR 11,896 thousand communicated on April 29, 2022), confirming the company's growth trend.

The Company remains confident about the long-term demand trends in our industry, fueled by its main competitive distinctive features.

Pedaso, 09 May 2023

### ***Attestation of Manager in charge of Financial Reporting***

Letizia Galletti, as the Manager in Charge of drawing up the corporate accounting documents, hereby declares - pursuant to paragraph 2, article 154-bis of Legislative Decree no. 58 of 1998 ("Consolidated Law on Finance") - that the accounting information contained in this release corresponds to the balances on the books of account and the accounting records and entries.

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The figures included in this report are not subject to audit. This document may contain forward looking statements which reflect Management's current views and estimates. The forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.