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**Euronext Milan** 

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Oggetto : Consolidated operating revenues amounted to

EUR 7.2 million as of March 31, 2024,

Aerospace and Defense division growing by

+6% YOY

# Testo del comunicato

Vedi allegato





# PRESS RELEASE

# CIVITANAVI SYSTEMS S.P.A.: CONSOLIDATED OPERATING REVENUES AMOUNTED TO EUR 7.2 **MILLION AS OF MARCH 31, 2024**

Aerospace and Defense Division growing by +6% YoY

Pedaso (FM), May 9th 2024 - The Board of Directors of Civitanavi Systems S.p.A. (EURONEXT MILAN, CNS), a company engaged in the design, development, and production of navigation and inertial stabilization systems ("Civitanavi" or the "Company"), met today and announced the approval of the selected information indicative of the performance of its consolidated operating revenues as of March 31, 2024 (Revenues, Booking).

Andrea Pizzarulli, CEO of Civitanavi Systems, commented, "We are facing a dynamic quarter, which confirms the solidity of our development strategy and has allowed us to achieve operating revenues net of changes in finished and semi-finished product inventories for EUR 6.6 million, in line with the first quarter of the previous fiscal year. This result demonstrates the strong resilience of our company despite the ongoing challenging macroeconomic environment and reflects our commitment to delivering solid and sustainable results through continuous innovation of systems and products and operational efficiency. Looking ahead, based on the current scenario, market indicators and Civitanavi's distinctive competitive characteristics, long-term demand trends in the reference sector remain positive."

### **CONSOLIDATED OPERATING REVENUES AS OF MARCH 31, 2024**

As of March 31, 2024, Civitanavi recorded operating revenues net of the change in finished and semifinished product inventories in line with the same period of the previous fiscal year, amounting to EUR 6.6 million.

Revenues from engineering services and change in assets for work in progress on order undergo a significant increase from EUR 0.3 million as of March 31, 2023, to EUR 1.1 million as of March 31, 2024 (+216%). The impact of this result indeed increases from 5% to 17% of Operating Revenues net of the change in finished and semi-finished product inventories, supporting the Group's profitability objectives.

in EUR thousands	As of March 31st 2024	Inc %	As of March 31st 2023	Inc %	Change%
Revenues from sale of goods	5,238	79%	5,929	89%	(12%)
Revenues from "Service"	206	3%	303	5%	(32%)
Revenue from royalties	75	1%	57	1%	31%
Revenues from engineering services	175		747		
Change in Assets for work in progress on order	929		(398)		
Revenues from engineering services and Change in Assets for work in progress on order!	1,104	17%	349	5%	216%
Operating revenues net of the change in FP/SFP inventories	6,622	100%	6,638	100%	0%
Change in inventories of finished and semi-finished Products	528		1.365		(61%)
Total Operating Revenues	7,151		8,003		(11%)

<sup>&</sup>lt;sup>1</sup> It should be noted that "Revenue from engineering services" should be analysed in combination with the item "Change in Assets for work in progress on order" because some engineering service contracts, accounted for using the percentage-of-completion method, were completed in the period.

Civitanavi Systems S.p.A.

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Revenue from sale of goods experience a decrease of 12% compared to the same period of the previous fiscal year, dropping from EUR 5.9 million to EUR 5.2 million, while still maintaining a significant share of total operating revenues net of the change in finished and semi-finished product inventories (+79% Q1 2024 vs +89% Q1 2023) benefiting from the development of engineering services, typically with higher profitability. Thanks to the revenue mix, the profitability *margin*<sup>2</sup> of the first quarter of 2024 were in line with expectations and increased compared to the same period last year.

Revenues for "Service" and royalties follow the expected trend.

The growth outlook for 2024 remains in line with management's expectations although there were slight slowdowns in the first quarter attributable to the following factors:

- postponement in the delivery of some units due to the delay in obtaining the export license by the customer to Civitanavi, paralyzing the program for several months; to date the license has been obtained and the program is proceeding in its normal course. This event had an impact in both revenues from sale of goods and revenues from engineering service.
- the delivery of the electronic boards necessary for the production of the units and kits (sets of components that are assembled by the customer who will pay a royalty to the Group), already on backlog as of December 31, 2023, continues to have a medium-term lead time, therefore, it has not been possible to complete the planned sales within the first quarter. However, current planning confirms the fulfillment of what was budgeted within the fiscal year.
- As part of the partnership with Honeywell, offers are in the process of being finalized for the sale of the HG2800 product, in co-investment, which as of March 31, 2024, have not yet generated revenues.

The change in inventories of finished and semi-finished products reflects improved efficiency of inventory management and decreased by 61% compared to the same period of the previous fiscal year, dropping from EUR 1.4 million on March 31, 2023, to EUR 0.5 million on March 31, 2024. In the first quarter of the previous fiscal year, significant inventory change was mainly due to maintaining an efficient supply chain of materials, even in the face of inflation and electronic materials shortages.

#### REVENUES BY BUSINESS AREA

As of March 31, 2024, Civitanavi has achieved excellent performance in all business areas, confirming strength in all Group divisions, particularly in the **Aerospace and Defense** sector, which delivered a **6%** growth compared to the same period of the previous year.

in EUR thousands	As of March 31st 2024	Inc %	As of March 31st 2023	Inc %	Change%
Aeronautics	1,075	15%	946	14%	14%
Land defence	920	3%	22	0%	4,058%
Space	789	11%	2,690	41%	(71%)
Other (Naval, Submarine, Guidance)	2,206	33%	1,042	16%	112%
Total Aerospace and Defense	4,989	77%	4,701	71%	6%
Industrial	1,580	22%	1,557	23%	1%
Other	53	1%	379	6%	(86%)
Operating revenues net of the change in FP/SFP inventories	6,622	100%	6,638	100%	0%

<sup>&</sup>lt;sup>2</sup> Percentage ratio of profitability to total revenue



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#### REVENUES BY GEOGRAPHICAL AREA

The Group confirms its positioning in the main international markets through a careful strategy of geographical diversification of the client portfolio, while maintaining a significant portion in the domestic market.

in EUR thousands	As of March 31st 2024	Inc %	As of March 31st 2023	Inc %	Change%
Italy	1,198	17%	610	13%	97%
APAC	679	10%	454	61%	50%
EMEA (except Italy)	4,442	67%	5,759	19%	(23%)
North America	302	5%	(185)	7%	264%
Operating revenues net of the change in FP/SFP inventories	6,622	100%	6,638	100%	0%
Change in inventories of finished and semi-finished Products	528		1,365		(61%)
Total Operating Revenues	7,151		8,003		(11%)

As of March 31, 2024, revenues in **Italy** amounted to EUR 1.2 million, an increase of 97% compared to the same period in 2023. The increase is mainly due to the dynamics of reference orders, specifically related to the Land defence division of Aerospace and Defense.

Regarding the **APAC** area, revenues amounted to EUR 0.7 million, a 50% increase compared to 0.5 million euros in the same period of the previous year, attributable to the Industrial division and Aeronautics of Aerospace and Defense division.

In the **EMEA** area (excluding Italy), revenues stood at EUR 4.4 million, down 23% compared to the same period in 2023. The decrease affects both the Aerospace and Defense and Industrial divisions.

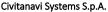
Finally, the **North America** market recorded a strong growth of +264% compared to the same period of the previous year, also thanks to the cost-sharing agreement for product development with Honeyewell. Therefore, the revenue booked in 2023 had been adjusted based on the reconciliation of expenses incurred as of the contract signing date.

It is specified that the Group has no business relationship with Russian Federation or Israel.

## **BOOKING - ORDERS RECEIVED**

As of the date of this document, May 9, 2024, the orders received during 2024 amount to EUR 8.6 million.

The negative variation compared to the bookings recorded in the same period of 2023 (EUR 20.4 million, data communicated to the market on May 9, 2023) is attributable to the new multi-year orders received during the first quarter of 2023, related to both *kits* and engineering services, for which the Group currently has a significant backlog to date.











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

Civitanavi also recorded a Book to Bill ratio of 103% at the end of 2023, data that confirm the strength of the Group's order base, reflecting the persistent sector demand and customer confidence in the products and services offered.

#### EVENTS AFTER THE END OF THE QUARTER

The Board of Directors approved the transfer of the registered office from Pedaso (FM) to Porto Sant'Elpidio (FM). The move to the new operational Headquarters of the Civitanavi Systems Group, will be completed by the end of the second quarter 2024.

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#### 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 press release is available in the Investors section of the company's website at <a href="https://www.civitanavi.com/investors/comunicati-stampa/">https://www.civitanavi.com/investors/comunicati-stampa/</a>

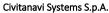
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Civitanavi Systems, born as a start-up in 2012, is one of the main players in the design, development and production of inertial navigation and stabilization systems used in the aerospace and defense sectors in space, terrestrial, aeronautical, naval and industrial, mining and oil & gas. The Company vertically provides high accuracy systems, designed and manufactured with methods, techniques and algorithms based on FOG (Fiber Optic Gyroscope) and MEMS (Micro Electro Mechanical Systems) technology, also integrated with devices for satellite navigation. Today it carries out its activities in Pedaso (FM), in Porto Sant'Elpidio (FM), in Pomezia (RM), in Casoria (NA) in Turin (TO) and in Filton, Bristol, counting on a staff of around 185 employees in Italy and UK.

**Investor Relations** 

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