



TXT

# **TXT Group: H1-2023 Results**

Call with Investors  
August 4 | 11.00 am (CEST)

Daniele MISANI, CEO  
Andrea FAVINI, IR



Revenues  
**€107 Mn**

**+71.6%**  
vs. 1H-2022



Solid **Organic**  
**Growth** in 1H-23

**+14%**  
vs. 1H-2022



**EBITDA**  
(consolidated)

**€13.9 Mn**  
Equal to 13% of revenues

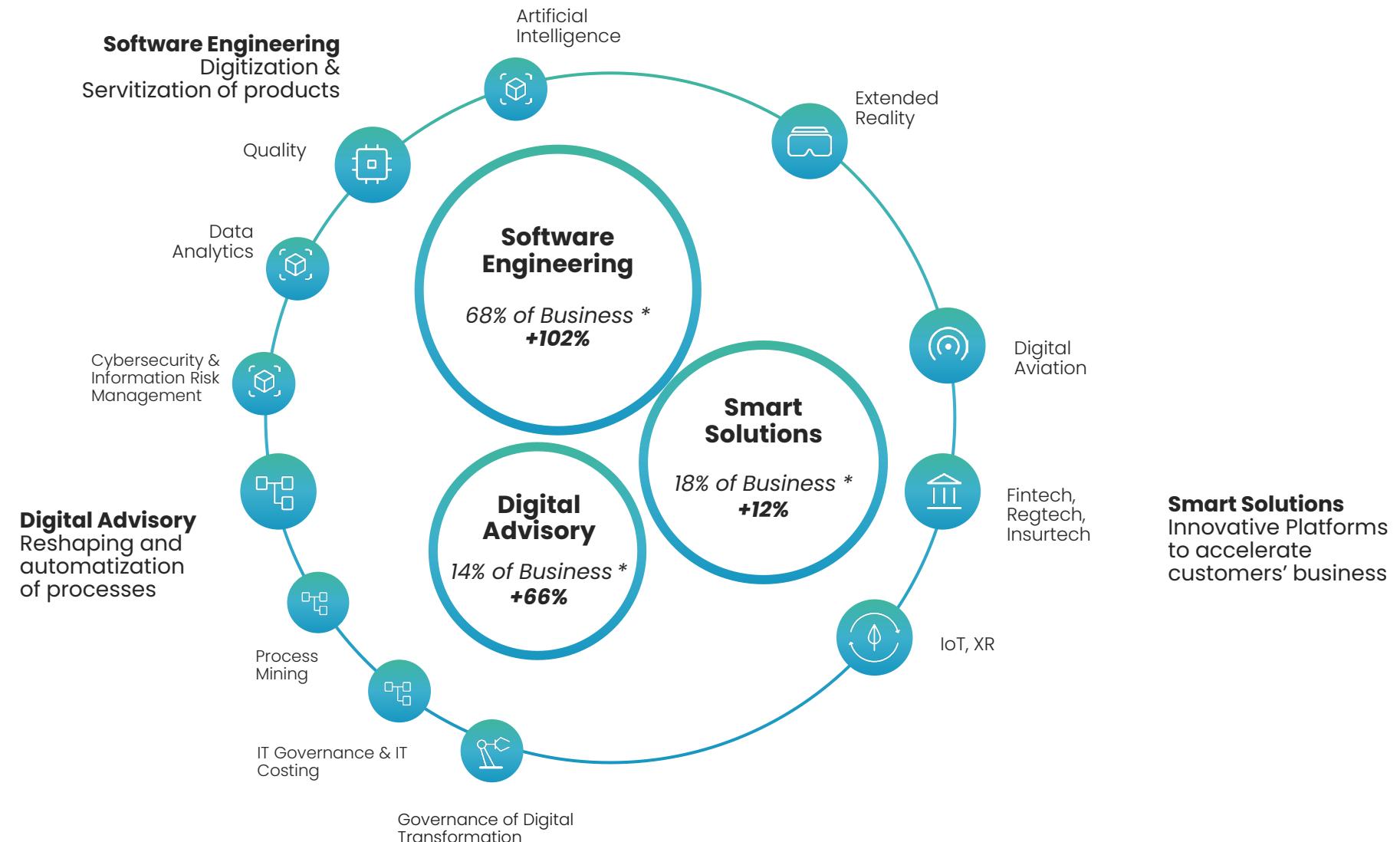


**Net Profit**  
(consolidated)

**€6.8 Mn**  
+93% vs. 1H-2022



# Digital Innovation



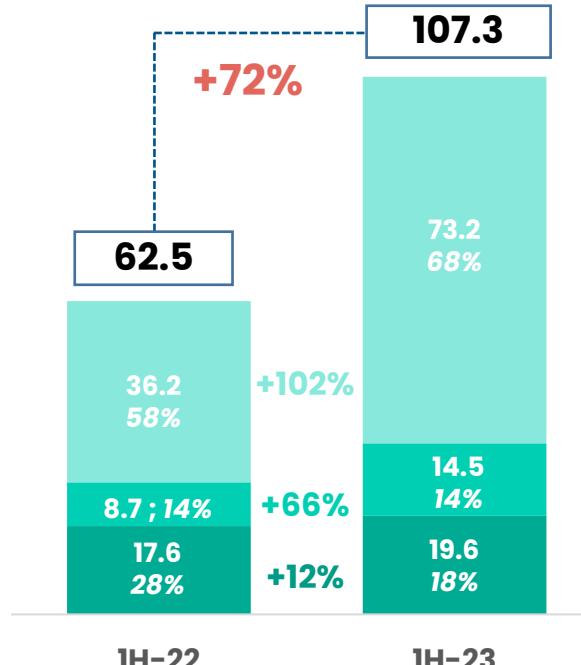
\*Percentages of business incidence by offering segment are calculated on H1-2023 Revenues of € 107Mn



# KPIs: H1-2023 by Offering

H1-2023 results consolidated the growth trend recorded in the first quarter of the current year, with double-digit organic growth of revenues and EBITDA, and M&A contribution that significantly boosted the revenues with a dilution of the EBITDA margin that is down 1.7pp with respect to H1-2022. Target EBITDA margin for FY-2023 of more than 14%.

**Revenues by Offering**  
(€mn, % on total revenues)



**EBITDA**  
(€mn, % on revenues)



**M&A contribution H1-2023: € 36 Mn Revenues (+58%)**



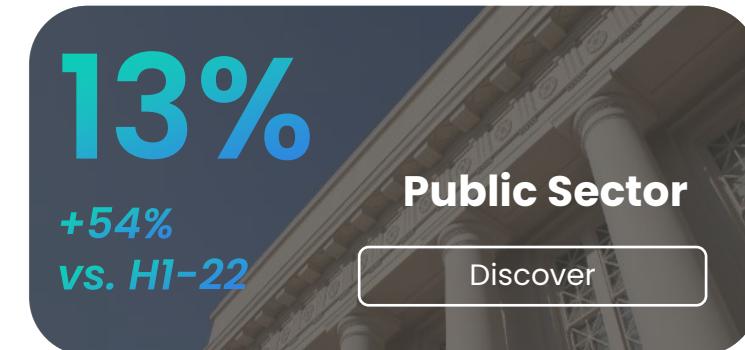
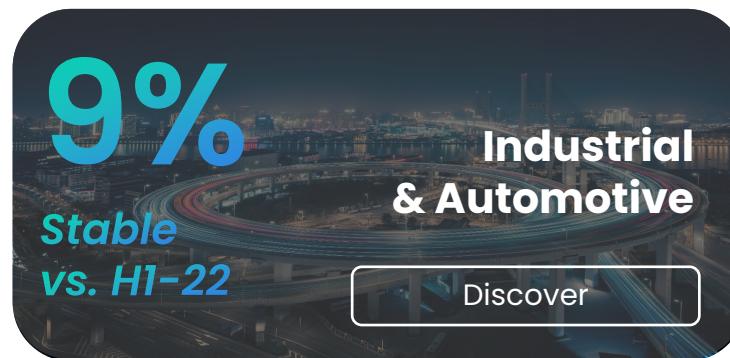
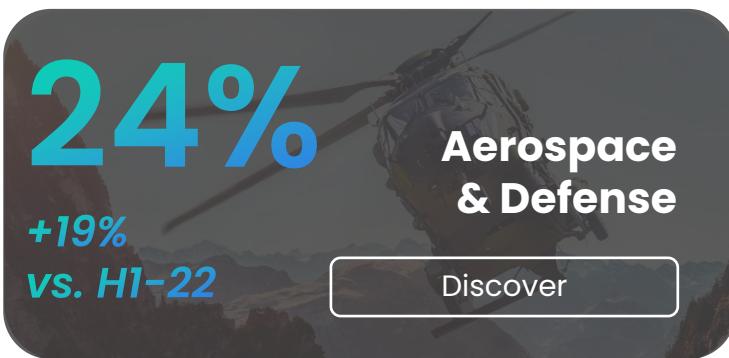
**R&D INVESTMENTS (fully expenses in the quarter)****€ 4.5Mn** H1-23, **+14%** vs. H1-22**SMART SOLUTIONS REVENUES****€ 20Mn** H1-23, **+12%** vs. H1-22**INTERNATIONAL REVENUES****€ 22Mn** 20% of total revenues**SUSTAINABLE DEBT (ADJUSTED) + TREASURY SHARES FOR FINANCING GROWTH****€ 24Mn** (Net Debt Adjusted) **- € 27Mn\*** in Treasury Shares

\* Value calculated with stock price of € 22,35 per share (Share Price June 30th, 2023)



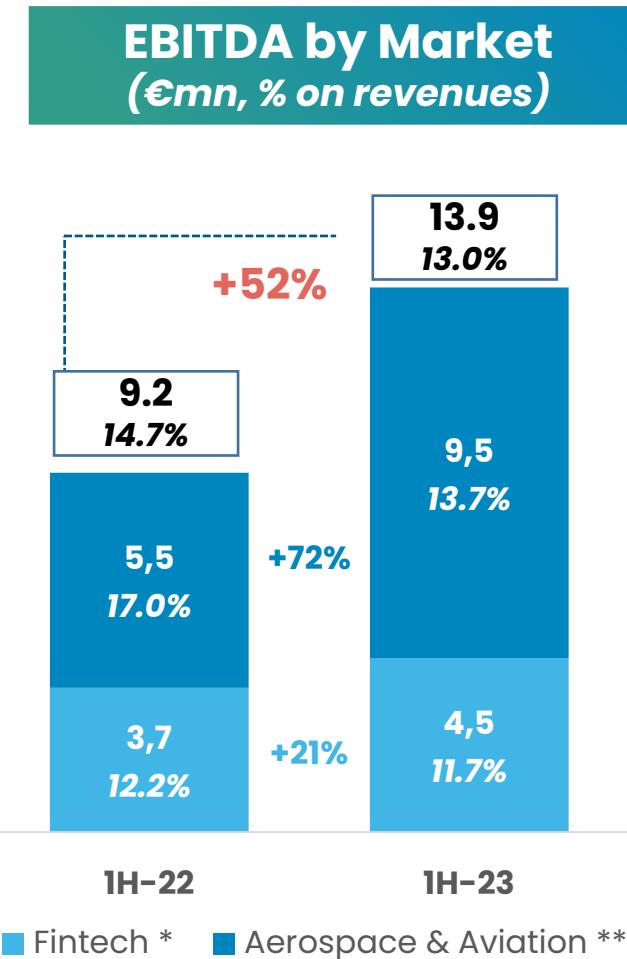
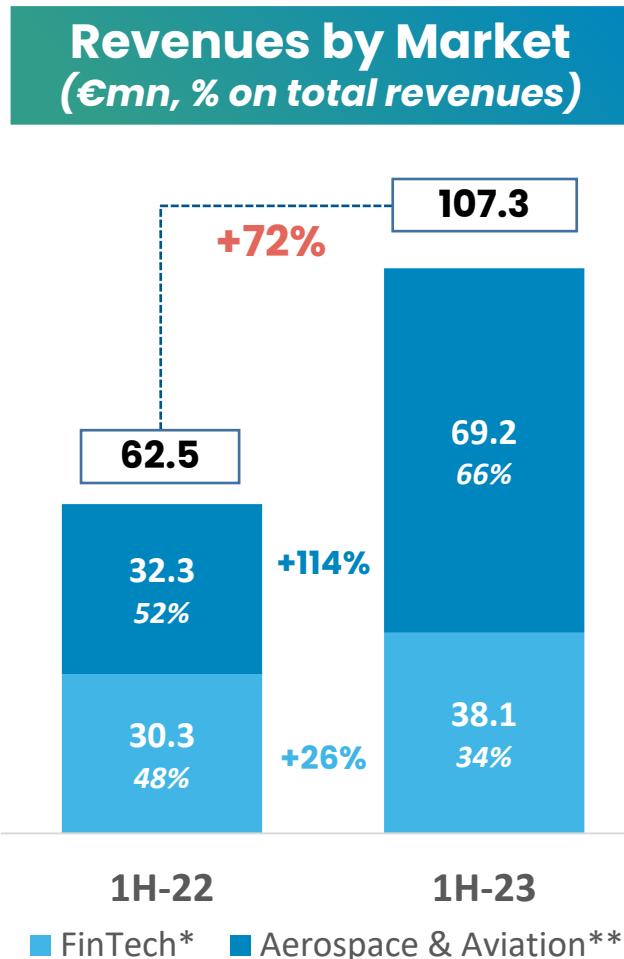
# Core Markets & Incidence

We are expanding across different markets, with a **growing footprint** in Aerospace, Aviation, Defense, Industrial, Automotive, Telco, Government and Fintech, by leveraging more than 2000 experts, **competence centers** in AI, cybersecurity, XR, IoT.



# KPIs: H1-2023 by Market

The graphs below shows H1-2023 KPIs, with a comparison against H1-2022, according to previous business segmentation by historical core markets (*after divestment of retail business*), with two divisions Aerospace & Aviation and Fintech that include the new markets covered through M&A, as detailed in the notes to the graphs.



# H1-2023 Subsequent Events & Business Evolution

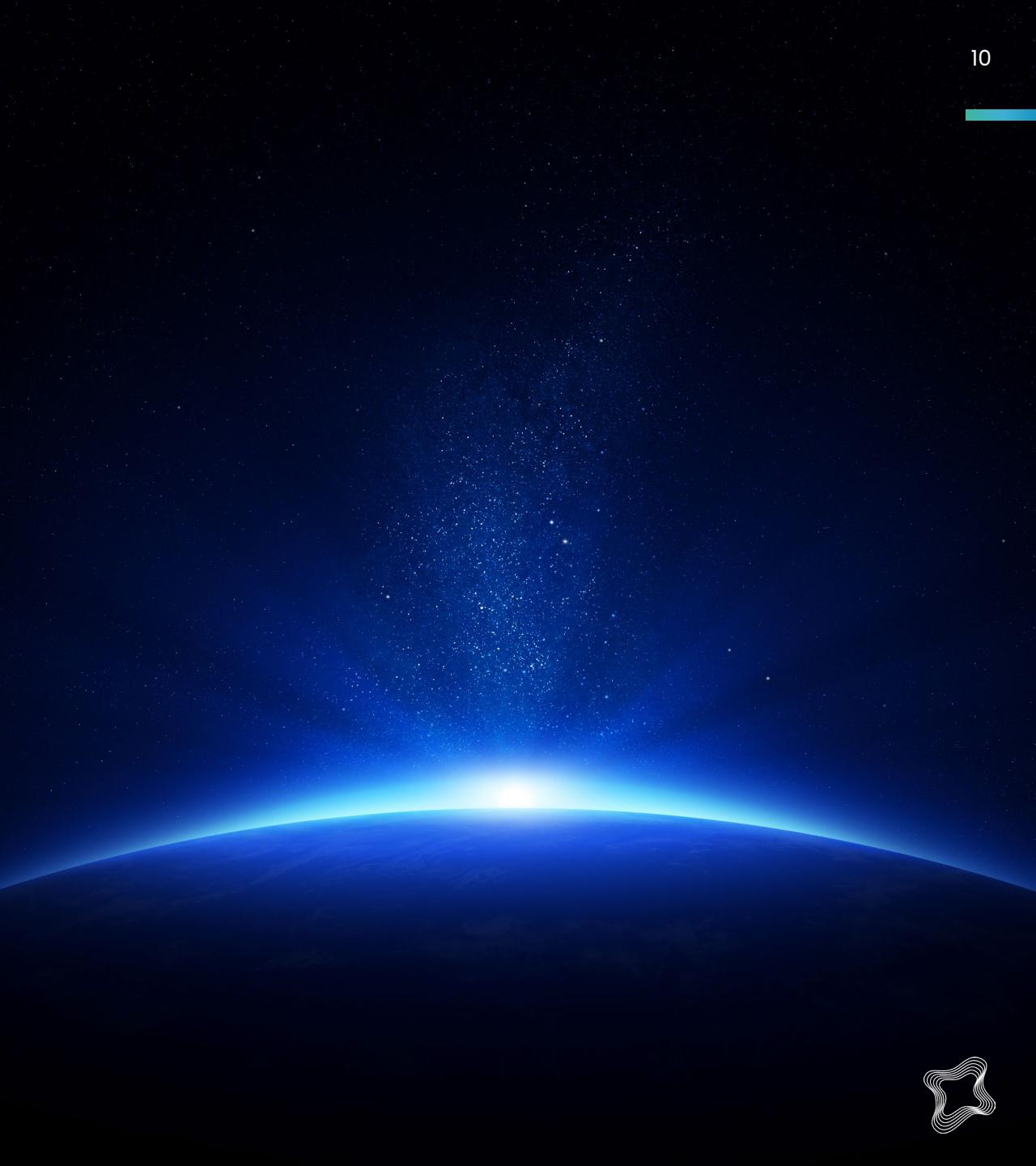
## Smart Solutions: Main Business Updates

- Division recorded a **+8.8% organic growth** driven by new contracts in the core markets.
- **RegTech:** **New multi-year contract** with main national banking institution for Faraday, proprietary AML Platform **AI** based.
- **Digital Twin:** strong **licenses upselling** with a leading North American engine manufacturer for Aircraft Preliminary Design platform.
- **Immersive training (XR):** **new markets reached** (e.g., Pharma) with contracts for technical training procedures deployed leveraging our tool WEAVR.
- **New innovative project:** with **worldwide leading IT blue-chip** to evolve the innovation in aviation. More information will follow.



# Digital Advisory: Main Business Updates

- Division recorded a **+34.9% organic growth** led by the start of the activities on CONSIP contracts (**Public Sector**) in H2-2023, with the positive trend confirmed for coming periods.
- **Health care:** benefits from **synergies** from M&A-22, that led to the **acquisition of new contracts** in both public and private health sector.
- **Cybersecurity:** positive trend from H1 confirmed, with new main contracts in the **space domain** and **strong cross-selling opportunities**.
- **New strategic opportunities ahead:** in H2-2023 new multi-year public contracts will be awarded, with the TXT Group which is positioned strategically.



# Software Engineering: Main Business Updates

- Division recorded a **double-digit organic growth** (+11.7%) driven by new opportunities in core historical market, Defence & Fintech.
- **Embedded & Simulation software:** Aerospace & Defence remains a strategic market, with the international business that recorded a +30% in H1-2023, and new award for EU defense project led by Rheinmetall with major players like Airbus Defence and Space, MBDA, Thales, Leonardo, and more to improve military training and decision-making capabilities across all Member States.
- **Quality Assurance:** service line that is growing fast, both domestically and internationally, within financial market and in other industry segments.
- **Emerging technologies:** like AI, XR/VR, Cybersecurity and Data Analytics are accelerating growth in **new markets** (Telco & Gaming) and in the historical ones.



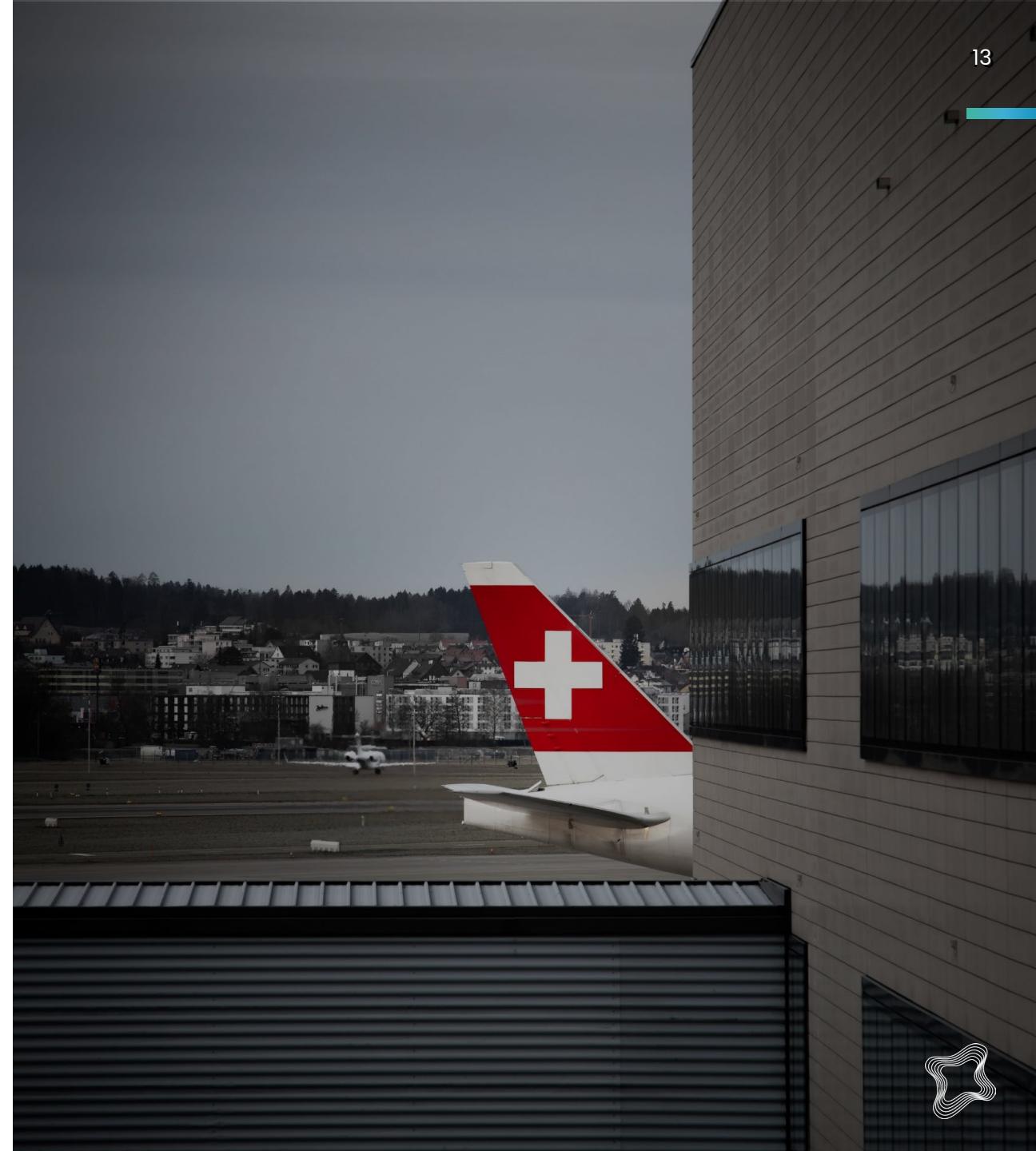
# Smart Solutions: TXT to acquire VAPS XT Business from Presagis Inc

- On July 11, 2023, TXT singed the asset purchase agreement to **acquire Embedded Graphics business** ("EG business") from Presagis entities, which are wholly owned subsidiaries of the Canadian giant CAE Inc;
- **EG business**, which will be **synergically integrated within the PACE offering**, strengthening its positioning as leading digital innovator in aviation, positions itself as the **market leader** for the commercialization of **VAPS XT**, cutting-edge COTS (Commercial-Off-The Shelf) HMI (**Human Machine Interface**) **software solutions for embedded displays** serving blue chips in the Aerospace & Defence industry, with **highest technological, safety and cybersecurity standards**;
- The economic and financial impact on the current year expected to be of a non-material value. Starting **from 2024**, TXT management expects **sales volumes related to EG businesses to be in the order of € 5 million**, excluding expected volumes deriving from synergies on specialized services, with **operating margin reduced compared to the average of the Smart Solutions division** following expected investments for the evolution of the EG proprietary solutions portfolio.
- The closing is subject to the fulfilment of certain conditions under the APA and is expected to take place in the third quarter 2023.



## TXT E-SWISS Consolidation & Geographic Focus

- In July TXT e-Swiss was born as a fusion of TXT Next Sagl and MACSOLUTION SA.
- Empower the presence in CH by bringing the overall offering of TXT Group to the region: Digital Advisory, Software Engineering and SMART Solutions
- Strong and continuous growth Aerospace & Defence customers & improvements in fintech and industrial domain thanks to synergies within the TXT Ecosystem.
  - +2 new customers in **Manufacturing sector** thanks to the synergy with LBA (Microsoft Business Central solution) and DM (proprietary Manufacturing Execution System (MES) platform)
- New opportunities in Public Sector & Government:
  - +2 important tender won in EOC for **expanding our footprint in Health Care** domain in Switzerland
  - +1 big multi-year tender (5M CHF) won in MeteoSuisse – Zurich thanks to our very **effective Sales Engineering approach**



# H1-2023 FINANCIALS

# Profit & loss H1 2023 details

€ thousand	30.06.2023	%	30.06.2022	%	Var %
REVENUES	<b>107,299</b>	<b>100</b>	<b>62,538</b>	<b>100</b>	<b>71.6</b>
Direct costs	69,949	65.2	38,482	61.5	81.8
<b>GROSS MARGIN</b>	<b>37,350</b>	<b>34.8</b>	<b>24,056</b>	<b>38.5</b>	<b>55.3</b>
Research and Development costs	4,499	4.2	3,954	6.3	13.8
Commercial costs	10,486	9.8	5,719	9.1	83.4
General and Administrative costs	8,444	7.9	5,192	8.3	62.6
<b>EBITDA</b>	<b>13,921</b>	<b>13.0</b>	<b>9,191</b>	<b>14.7</b>	<b>51.5</b>
Depreciation & Amortization	4,977	4.6	2,546	4.1	95.5
Riorganization and Non Recurrent Costs	0	0.0	75	0.1	n.a.
<b>OPERATING PROFIT (EBIT)</b>	<b>8,944</b>	<b>8.3</b>	<b>6,570</b>	<b>10.5</b>	<b>36.1</b>
Financial income (charges)	976	0.9	(1,371)	(2.2)	n.a.
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>9,920</b>	<b>9.2</b>	<b>5,199</b>	<b>8.3</b>	<b>90.8</b>
Taxes	(3,135)	(2.9)	(1,676)	(2.7)	87.1
<b>NET PROFIT</b>	<b>6,785</b>	<b>6.3</b>	<b>3,523</b>	<b>5.6</b>	<b>92.6</b>



# Profit & Loss I Q2 2023 details

€ thousand	Q2 2023	%	Q2 2022	%	Var %
REVENUES	<b>54,987</b>	<b>100</b>	<b>32,020</b>	<b>100</b>	<b>71.7</b>
Direct costs	35,433	64.4	19,591	61.2	80.9
<b>GROSS MARGIN</b>	<b>19,554</b>	<b>35.6</b>	<b>12,429</b>	<b>38.8</b>	<b>57.3</b>
Research and Development costs	2,268	4.1	2,046	6.4	10.9
Commercial costs	5,244	9.5	2,552	8.0	105.5
General and Administrative costs	4,957	9.0	3,133	9.8	58.2
<b>EBITDA</b>	<b>7,085</b>	<b>12.9</b>	<b>4,698</b>	<b>14.7</b>	<b>50.8</b>
Depreciation & Amortization	2,615	4.8	1,343	4.2	94.7
Riorganization and Non Recurrent Costs	-	0.0	0	0.0	n.a.
<b>OPERATING PROFIT (EBIT)</b>	<b>4,470</b>	<b>8.1</b>	<b>3,355</b>	<b>10.5</b>	<b>33.2</b>
Financial income (charges)	1,415	2.6	(1,084)	(3.4)	n.a.
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>5,885</b>	<b>10.7</b>	<b>2,271</b>	<b>7.1</b>	<b>159.1</b>
Taxes	(2,010)	(3.7)	(822)	(2.6)	144.5
<b>NET PROFIT</b>	<b>3,875</b>	<b>7.0</b>	<b>1,449</b>	<b>4.5</b>	<b>167.4</b>



# NET Financial Debt: solid financial position

.000 Euro	30.06.2023	31.12.2022	Var
Cash	65,169	33,015	32,154
Trading securities at fair value	38,136	48,490	(10,354)
Short term Financial Debts	(80,826)	(51,187)	(29,639)
<b>Short term Financial Resources</b>	<b>22,478</b>	<b>30,318</b>	<b>(7,839)</b>
Other Long Term Financial Assets	1,607	1,417	190
Non-current financial debt	(63,981)	(70,005)	6,024
Non current Financial Debts	(62,374)	(68,588)	6,214
<b>Net Available Financial Resources</b>	<b>(39,896)</b>	<b>(38,270)</b>	<b>(1,625)</b>
Non-monetary debts for adjustment of the price of the 2021 acquisitions to be paid in TXT shares	-	1,750	(1,750)
Financial Investments	16,542	16,542	-
<b>Net Cash/(Debt) Adjusted</b>	<b>(23,354)</b>	<b>(21,728)</b>	<b>(1,625)</b>
Debt referred to IFRS 16	(9,863)	(8,494)	(1,369)



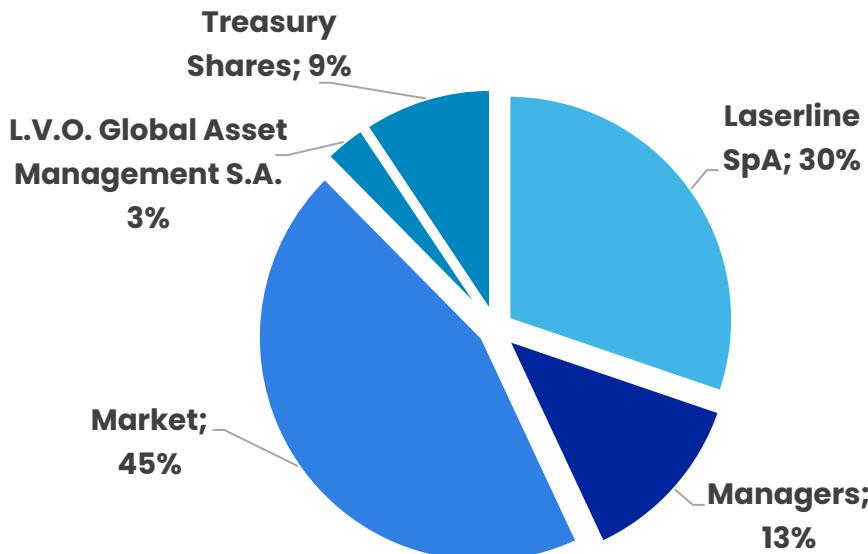
# Balance sheet: details

€ thousand	30.06.2023	31.12.2022	Change
Intangible assets	76,586	77,975	(1,389 )
Tangible assets	20,378	18,293	2,085
Other fixed assets	22,238	19,360	2,878
<b>Fixed Assets</b>	<b>119,202</b>	<b>115,628</b>	<b>3,574</b>
Inventories	17,076	13,765	3,311
Trade receivables	60,429	73,115	(12,686 )
Other short term assets	15,757	15,352	405
Trade payables	(17,473 )	(20,643 )	3,170
Tax payables	(6,986 )	(7,958 )	972
Other payables and short term liabilities	(35,965 )	(36,834 )	869
<b>Net working capital</b>	<b>32,837</b>	<b>36,797</b>	<b>(3,960 )</b>
Severance and other non current liabilities	(5,266 )	(4,772 )	(494 )
<b>Capital employed - Continuing Operations</b>	<b>146,773</b>	<b>147,653</b>	<b>(880 )</b>
Shareholders' equity	106,860	109,366	(2,506 )
Shareholders' equity - minority interest	17	17	0
Net financial debt	39,896	38,270	1,625
<b>Financing of capital employed</b>	<b>146,773</b>	<b>147,653</b>	<b>(880 )</b>



## Shareholding Structure June 30<sup>th</sup>, 2023\*

\* Latest Public Data Available as of 30 June 2023

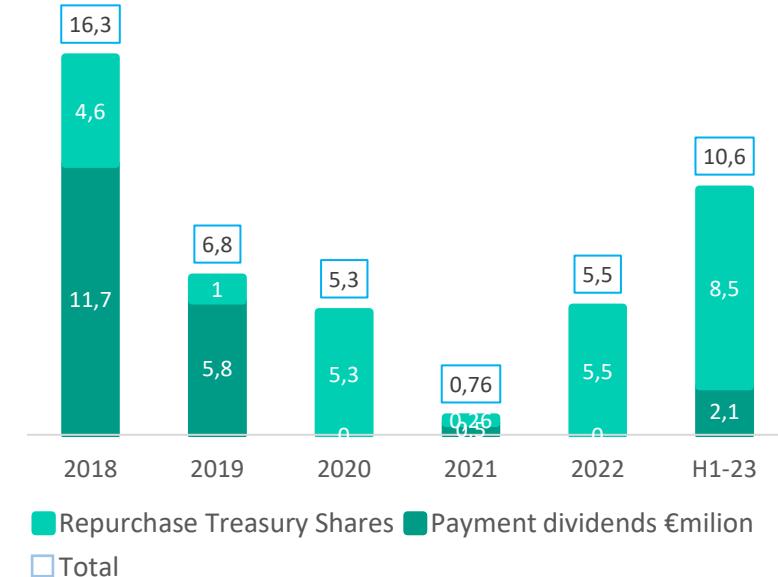


## Market Data

Share Price Dec 31st, 2019	9.66€/share
Share Price June 30th, 2023	22.35€/share
Mkt June 30th, 2023	263m €
Dividend Yield *	1.4%

\* Price per share of 12.84€ as of 31 Dec. 2022

## Dividends and Treasury Shares Repurchase (€m)



## Dividends

Year	Dividends
2018	1.00 € / share
2019	0.50 € / share
2020	nil
2021	0.04 € / share
2022	nil
2023	0.18 € / share



# Q & A