



TXT Group: FY 2023 Results

Call with Investors
March 15 | 11 a.m. (CET)

Daniele MISANI, CEO
Andrea FAVINI, IR



Revenues
€224 Mn

+48.8%

vs. FY-2022



Pro-Forma
Revenues

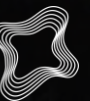
~235 Mn



Solid **Organic**
Growth in FY-23

+11.9%

+€18 Mn





EBITDA
(consolidated)

€31.6 Mn

Equal to 14.1% of revenues



Net Profit
(consolidated)

€15.5 Mn

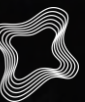
+29% vs. FY-2022



Dividend
(proposal)

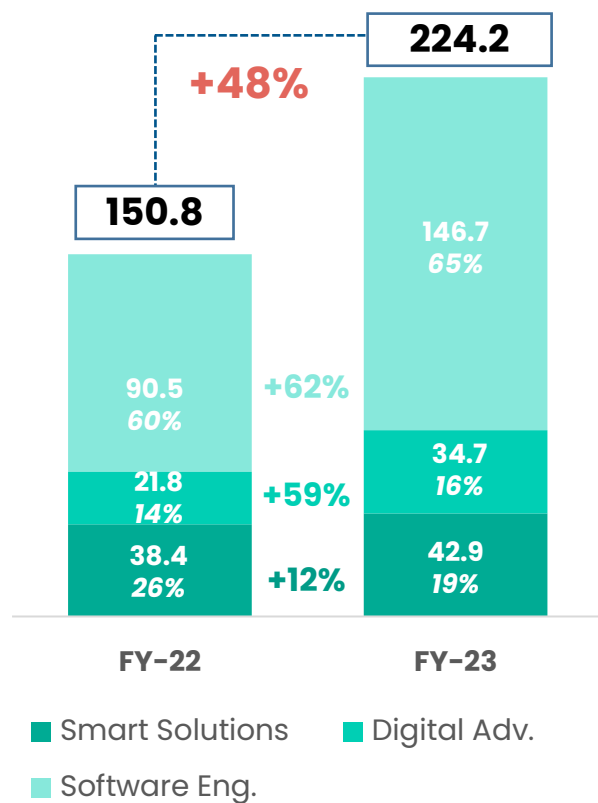
€0.25 /share

+39% vs. 2023

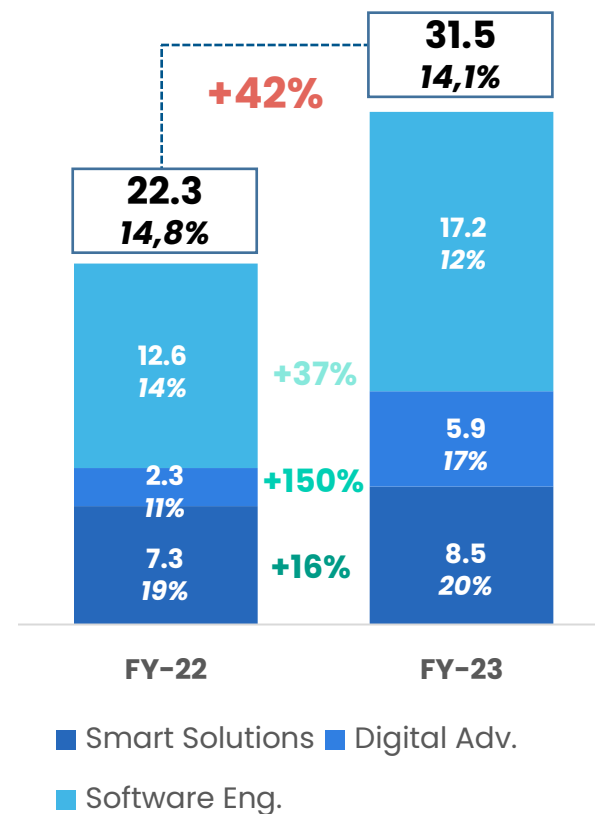


FY-2023 results show resilience in the organic growth of business and an increase in the operating margin (EBITDA), with synergies and M&A contribution that are expected to generate additional growth. EBITDA margin for FY 2023 reached the target set at more than 14% for.

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



EBITDA (€mn, % on revenues)



_Value creation: FY-23



R&D INVESTMENTS (fully expenses in the period)

€ 9.0Mn FY-23, **+18%** vs. FY-22



SMART SOLUTIONS REVENUES

€ 43Mn FY-23, **+12%** vs. FY-22



INTERNATIONAL REVENUES

€ 48Mn 21% of total revenues



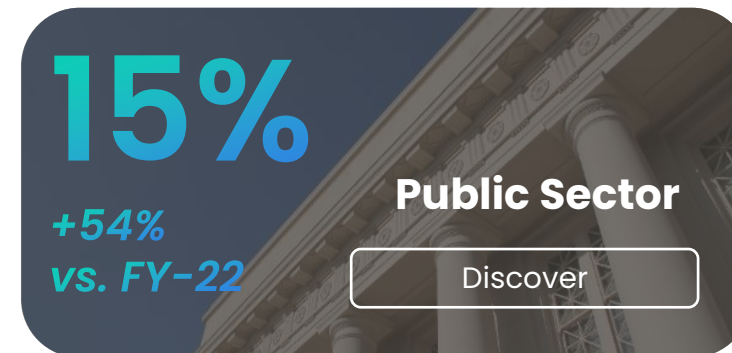
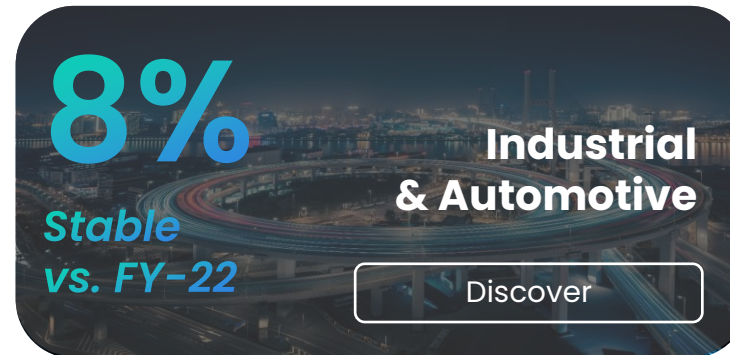
SUSTAINABLE DEBT (ADJUSTED) + TREASURY SHARES FOR FINANCING GROWTH

€ 31Mn (Net Debt Adjusted) **- € 26Mn*** in Treasury Shares

** Value calculated with stock price of € 19,82 per share (Share Price Dec. 31st, 2023)*



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.





**Target Revenues
Organic Growth FY-24**

> 10%



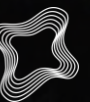
**Target EBITDA
Margin FY-24**

> 14%



**Continuing
M&A plan**

Net Debt < 2xEBITDA





_FY-2023 Business Evolution & Subsequent Events

Type of Investment

Equity & Asset Deals

Innovative Technology

Capital Increase (Minority stakes)

Minority with put/call options

N. Of Deal

2

**FastCode;
EGS**

2

**Arcan;
Paladin AI**

2

**Las Lab;
Simplex**

1

PayDo

TXT Strategy

Boost Software Engineering & Smart Solutions Portfolio

Increase specialized know-how in Artificial Intelligence

TXT to act as technology partner in innovative projects

TXT to accelerate the go-to-market and positioning



FastCode: strengthened Cloud & Digital Transformation Expertise

- In December 2023 TXT acquired 100% of **FastCode**, a digital company based in Emilia Romagna region funded in 2006 which has developed into a firm with **specialized proficiency in digital transformation**, supported by **advanced capabilities in cloud computing, data analytics**, and other **enabling technologies**.
- Revenues of FastCode reached EUR 9.5 million in 2023, with Adj. EBITDA margin at 15%. For 2024, forecasted revenues are expected to grow and operating margins are sustainable, with the synergies expected to provide additional momentum to the overall growth of the TXT Group
- Financials of FastCode are **consolidated from December 2023** within the **Software Engineering division**.



During **Q4-2023**, TXT **strengthened the specialized know-how in Artificial Intelligence** for the benefit of Group offering in different market sectors.

- In the **Aerospace & Defence**, **InstructIQ®** is a new Smart Solution based on **AI for Evidence-Based-Training** acquired from Paladin AI, a Canadian innovative start-up in its growth phase that collected more than EUR 2.5 Mn for the development of its intuitive data-driven training analytics tool that gives instructors a second set of eyes by analyzing real-time flight simulator data.

The inclusion of **InstructIQ® into the offering of Pace Aerospace & IT** marks a pivotal **synergy within the PACE ecosystem**.

- In the **Software Quality** field, TXT invested in **Arcan**, an Italian innovative start-up that develops B2B SaaS platforms to support developers and IT managers during the development of software products;

Arcan's strength is the detection through **AI** of '**Technical Debt**', a problem that costs USD 500 billion worldwide every year.



PayDo: Innovation for the Digital Payments market

- In December 2023 **TXT invested in the capital of PayDo**, an **innovative SME** offering **proprietary solutions for digital payments** and money collection, withdrawal, and deposit at bars, kiosks, and other shops.
- PayDo was **funded in 2018 by the current CEO and majority shareholder** as a **fintech company** offering multiple **proprietary cloud-based digital solutions** created to accelerate, simplify, and streamline payment and collection processes while reducing operating costs.
- **TXT initial investment** in PayDo consists of a **capital increase of EUR 2.0 million**, aimed at **financing PayDo's domestic and international growth** project, against which **TXT holds a 16.67% stake** in the company, with **further investment steps** that will give TXT the possibility to **increase its stake in PayDo to at least 51% of the company's share capital** following the approval of PayDo's financial statements ending 31 December 2025.
- **2023 represented a further year of major investments**, with revenues of about EUR 1 million and major technology investments that led to a negative EBITDA. The business plan **2024–2026** of PayDo expects sustained business growth, with **revenue CAGR 2023–2026 exceeding 100%** and **positive EBITDA margin** in 2025 and above 40% in 2026



Subsequent Events and Business Outlook:

- **Smart Solutions:** leveraging strategic investments made throughout 2023, both internal and external, the TXT Group forecasts growth rates in line with the expected market trend for the software segment estimated at 12%.
- **Digital Advisory:** organic growth is expected to exceed 10%, driven by activities on multi-year public contracts acquired. Among the key contracts is an innovative healthcare project named *“Tele-Rehabilitation Solutions with Innovative Cores of Extended Reality based on Metaverse”* for which we will serve as the prime contractor in a temporary consortium composed of significant players such as CNR, Università Cattolica Sacro Cuore, and Fondazione Don Gnocchi.
- **Software Engineering:** investments in diversifying our offerings continue for 2024, with a focus on investing in enabling technologies that accelerate the digital transformation of our group's clients across an increasingly broad spectrum of market segments. Organic growth for the Software Engineering division in 2024 will be underpinned by digital offerings in the Aerospace & Defence and Public Sector sectors.





FY-2023 FINANCIALS

_Profit & loss: FY-2023 details

€ thousand	2023	%	2022	%	Var %
REVENUES	224,394	100	150,758	100	48.8
Direct costs	143,112	63.8	94,309	62.6	51.7
GROSS MARGIN	81,282	36.2	56,449	37.4	44.0
Research and Development costs	9,035	4.0	7,634	5.1	18.4
Commercial costs	24,227	10.8	14,149	9.4	71.2
General and Administrative costs	16,388	7.3	12,407	8.2	32.1
EBITDA	31,632	14.1	22,259	14.8	42.1
Amortization, Depreciation & Write-offs	11,443	8.0	8,348	8.9	37.1
OPERATING PROFIT (EBIT)	20,188	9.0	13,911	9.2	45.1
Net Financial/Extraordinary income (charges)	835	0.4	2,287	1.5	(63.5)
EARNINGS BEFORE TAXES (EBT)	21,023	9.4	16,198	10.7	29.8
Taxes	(5,511)	(2.5)	(4,210)	(2.8)	30.9
NET PROFIT	15,512	6.9	11,988	8.0	29.4



Profit & loss: Q4 2023 details

€ thousand	Q4 2023	%	Q4 2022	%	Var %
REVENUES	65,038	100	58,358	100	11.4
Direct costs	40,441	62.2	37,771	64.7	7.1
GROSS MARGIN	24,597	37.8	20,587	35.3	19.5
Research and Development costs	2,311	3.6	1,856	3.2	24.5
Commercial costs	8,761	13.5	5,336	9.1	64.2
General and Administrative costs	3,295	5.1	4,667	8.0	(29.4)
EBITDA	10,230	15.7	8,728	15.0	17.2
	4,071	6.3	3,980	6.8	2.3
OPERATING PROFIT (EBIT)	6,158	9.5	4,748	8.1	29.7
Financial income (charges)	936	1.4	3,918	6.7	(76.1)
EARNINGS BEFORE TAXES (EBT)	7,094	10.9	8,666	14.8	(18.1)
Taxes	(1,377)	(2.1)	(2,014)	(3.5)	(31.6)
NET PROFIT	5,717	8.8	6,652	11.4	(14.1)



NET Financial Debt: Solid financial position

.000 Euro	31.12.2023	31.12.2022	Var
Cash	(37,927)	(33,015)	(4,912)
Trading securities at fair value	(24,058)	(48,490)	24,431
Other Short Term Financial Assets	(810)	-	(810)
Short term Financial Debts	57,654	51,187	6,467
Short term Financial Debts	(5,141)	(30,318)	25,176
Non current Financial Debts – Lessors IFRS 16	6,423	5,988	435
Other Long Term Financial Assets	(700)	(1,417)	717
Other Non current Financial Debts	51,140	64,017	(12,877)
Non current Financial Debts	56,863	68,588	(11,725)
Net Financial Debt	51,721	38,270	13,451
Non-monetary debts for adjustment of the price of the acquisitions to be paid in TXT shares	(2,500)	(1,750)	(750)
Financial Investment – Banca Del Fucino	(17,778)	(16,542)	(1,236)
Adjusted Net Financial Debt	31,443	19,978	11,465

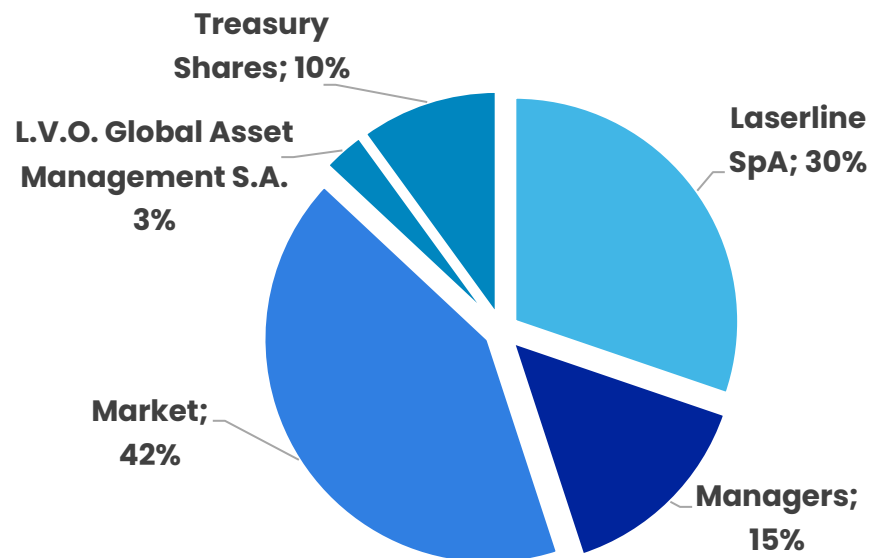


€ thousand	31.12.2023	31.12.2022	Change
Intangible assets	85,900	77,975	7,925
Tangible assets	20,430	18,293	2,137
Other fixed assets	24,462	19,360	5,102
Fixed Assets	130,792	115,628	15,164
Inventories	18,733	13,765	4,968
Trade receivables	74,346	73,115	1,231
Other short term assets	14,876	15,352	(476)
Trade payables	(21,585)	(20,643)	(942)
Tax payables	(11,208)	(7,958)	(3,250)
Other payables and short term liabilities	(34,761)	(36,834)	2,073
Net working capital	40,402	36,797	3,605
Severance and other non current liabilities	(5,603)	(4,772)	(831)
Capital employed - Continuing Operations	165,590	147,653	17,937
Shareholders' equity	113,852	109,366	4,486
Shareholders' equity - minority interest	17	17	0
Net financial debt	51,721	38,270	13,451
Financing of capital employed	165,590	147,653	17,937



Shareholding Structure December 31st, 2023*

* Latest Public Data Available as of 31 Dec. 2023

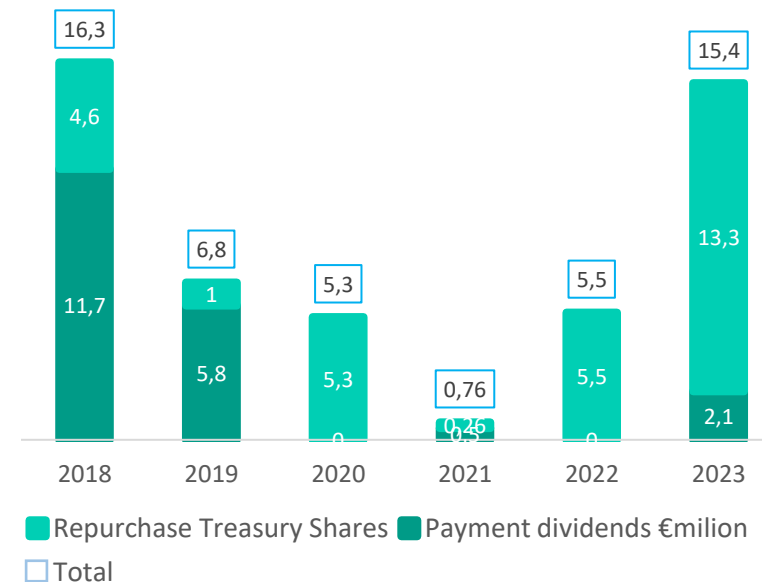


Market Data

Share Price Dec 31 st , 2019	9.66€/share
Share Price Dec. 31 st , 2023	19.82€/share
Mkt Dec. 31 st , 2023	232m €
Dividend Yield	1.3%

* Price per share of 19.82€ as of 31 Dec. 2023

Dividends and Treasury Shares Repurchase (€m)



Dividends

Year	Dividends
2019	0.50 € / share
2020	nil
2021	0.04 € / share
2022	nil
2023	0.18 € / share
2024	0.25 € / share



Q & A