



TXT Group: Q1 2024 Results

Call with Investors
May 16 | 11 a.m. (CEST)

Daniele MISANI, CEO
Andrea FAVINI, IR





Revenues

€67 Mn

+28.3%

vs. Q1-2023



Solid **Organic Growth** in Q1-24

+21.3%

+€11 Mn



EBITDA
(consolidated)

€8.8 Mn

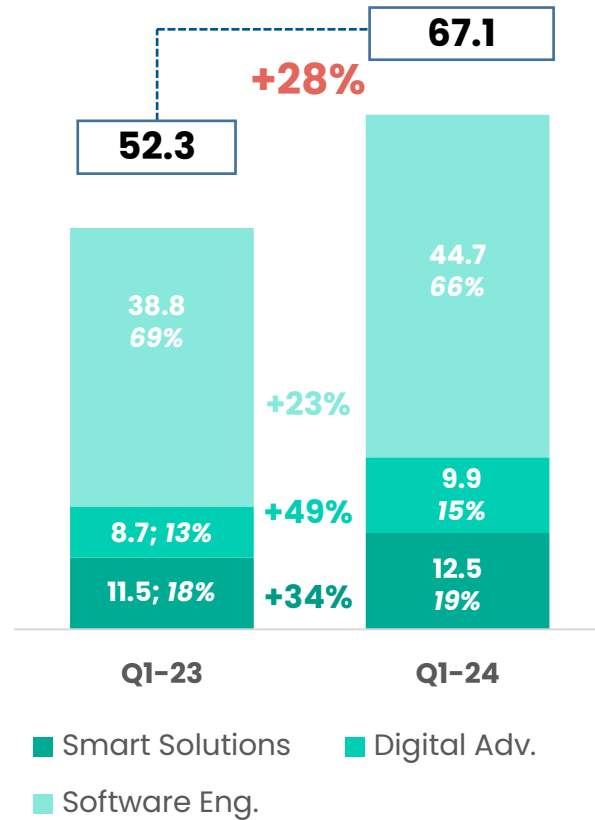
Equal to 13.0% of revenues



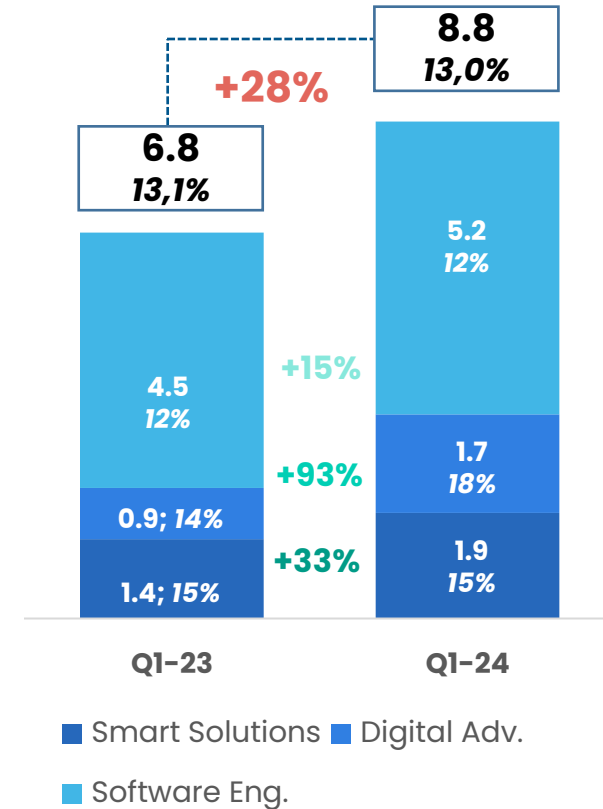
KPIs reported in Q1-2024 show continuity in the accelerated growth plan of TXT based on the mix of organic growth of business, M&A contribution and synergies that are expected to generate additional growth and benefits during the year: EBITDA margin target for FY 2024 set at more than 14% (14.1% in FY-2023).

_KPIs: Q1-2024 by offering

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



EBITDA
(€mn, % on revenues)



_ Value creation: Q1-24



R&D INVESTMENTS (fully expenses in the period)

€ 3.3Mn Q1-24, **+51%** vs. Q1-23



SMART SOLUTIONS REVENUES

€ 12.5Mn Q1-24, **+34%** vs. Q1-23



INTERNATIONAL REVENUES

€ 18.1Mn 27% of total revenues



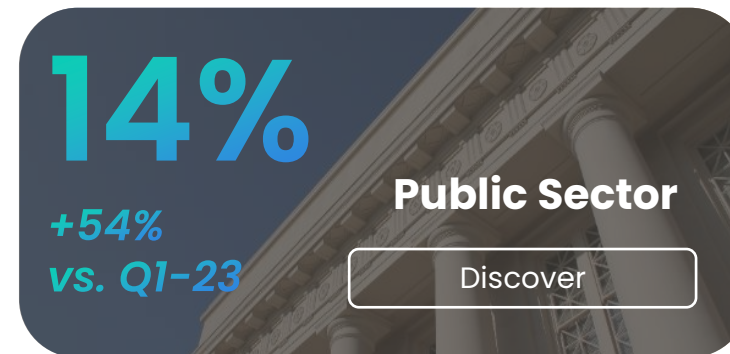
SUSTAINABLE DEBT (Adjusted) + TREASURY SHARES FOR FINANCING GROWTH

€ 28Mn (Net Debt) - **€ 27Mn*** in Treasury Shares

** Value calculated with stock price of € 22,45 per share (Share Price Mar. 31st, 2024)*



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.






_Business Evolution & Subsequent Events

Digital Advisory recorded excellent organic growth (+49% vs. Q1-2023)

- The **significant growth** in the Digital Advisory division has been mainly driven by the **ramp-up** of business activities on **main contracts with public administrations acquired in 2022 and 2023**, including activities acquired in the context of the NRRP (National Resilience Recovery Plan). **Organic growth rates are expected to stabilize** at high but more sustainable rates.
- **Backlog value** for acquired contracts to be delivered in the Digital Advisory division **as of end of Q1-2024 is more than €100Mn** on a multi-year basis.
- **Some relevant projects:** i) **Ministry of Environment and Energy Security:** creation of an integrated platform for the management of environmental and hydrogeological risks; ii) **“Polo Strategico Nazionale”:** migration and tailoring of systems and data of PA from local to centralized national system; iii) **Ministry of Health:** Optimization of data flows from the Regions to support the strategic planning and management of the National Health Service
- Ongoing **activities to acquire new tenders** and contracts in the public administration and health care segments, with **expected closing date** during the **second half of the year**.



Growth Pillars in Aerospace & Defence (+41% vs. Q1-2023):

- **Smart Solutions Offering (+73% vs. Q1-2023)**, of which:
 - **Organic business growth (+39% vs. Q1-2023)** is driven by new contracts with **US customers**, both **airlines for the FPO application**, and **OEMs and 1st Tier Supplier for** the provision of application for **Aircraft Preliminary Design & Aircraft Configuration**. Growth expected to be more than 20% on an annual basis.
 - **New business from M&A 2023** related to **HMI Embedded Graphics** technology **outperformed budget figures** in the first quarter thanks to important contracts with **US customers** acquired in the period for the main product, VAPS XT; positive trend expected to continue in the remaining 9 months of the year.
- **Software Engineering Offering (+30% organic vs. Q1-2023)**: recorded a strong organic growth in the period leveraging the increased defence programs and budgets released following the recent geopolitical evolutions. Solid growth of the Training & Simulation offering with the integration of new innovative technologies as **VR** and **AI** to accelerate the digital transformation of the customers. Solid growth recorded and expected in the **international business** (Swiss and Germany) 

Main Business Updates:

- The TXT proprietary platform for AML, **Faraday**, reported Q1-2024 **ARR that are more than doubled** if compared to Q1-2023, with strong benefits on profitability (**EBITDA**) that reached the target percentage value at **more than 20%**. **New deal signed** for an important subscription-based contract with leading domestic payment institution.
- The new **strategic partnership** with US-based **Aras Corporation** for the **end-to-end offering of the Aras' s PLM platform** (PLM low-code Aras Innovator) **enhanced with the specialized expertise** and services offered by TXT, is quickly elevating the positioning of TXT in the Italian Industrial & Manufacturing market with important development of the business expected already from Q2-2024.
- Software Engineering offering in the **Telco& Gaming** market recorded a **strong growth in Q1-2024** despite market trends showing slow growth and consolidation. Positive trend thanks to the M&A 2023 integration (cloud offering from FastCode), strategic positioning of the ENNOVA offering and its diversification due to synergies. In this context, in **Q2-2024** has been **acquired a new important contract** in the **Gaming segment** with Italian market leader for the provision of multi-year digital services.





Q1-2024 FINANCIALS

Profit & loss: Q1-2024 details

€ thousand	Q1 2024	%	Q1 2023	%	Var %
REVENUES	67,127	100	52,312	100	28.3
Direct costs	45,327	67.5	34,505	66.0	31.4
GROSS MARGIN	21,800	32.5	17,807	34.0	22.4
Research and Development costs	3,342	5.0	2,210	4.2	51.2
Commercial costs	4,836	7.2	4,573	8.7	5.7
General and Administrative costs	4,870	7.3	4,189	8.0	16.3
EBITDA	8,753	13.0	6,835	13.1	28.1
Amortization, Depreciation & Write-offs	2,669	5.9	2,362	6.8	13.0
OPERATING PROFIT (EBIT)	6,084	9.1	4,473	8.6	36.0
Net Financial/Extraordinary income (charges)	(389)	(0.6)	(439)	(0.8)	(11.4)
EARNINGS BEFORE TAXES (EBT)	5,695	8.5	4,034	7.7	41.2
Taxes	(1,589)	(2.4)	(1,125)	(2.2)	41.2
NET PROFIT	4,106	6.1	2,909	5.6	41.2



NET Financial Debt: Solid financial position

.000 Euro	31.03.2024	31.12.2023	Var
Cash	(40,671)	(37,927)	(2,744)
Trading securities at fair value	(25,758)	(24,058)	(1,700)
Other Short Term Financial Assets	(400)	(810)	410
Short term Financial Debts	55,623	57,654	(2,031)
Short term Financial Debts	(11,206)	(5,141)	(6,065)
Non current Financial Debts - Lessors IFRS 16	6,912	6,423	489
Other Long Term Financial Assets	(637)	(700)	63
Other Non current Financial Debts	50,778	51,140	(362)
Non current Financial Debts	57,053	56,863	190
Net Financial Debt	45,847	51,722	(5,875)
Non-monetary debts for adjustment of the price of the acquisitions to be paid in TXT shares	-	(2,500)	2,500
Financial Investment - Banca Del Fucino	(17,778)	(17,778)	-
Adjusted Net Financial Debt	28,069	31,444	(3,375)

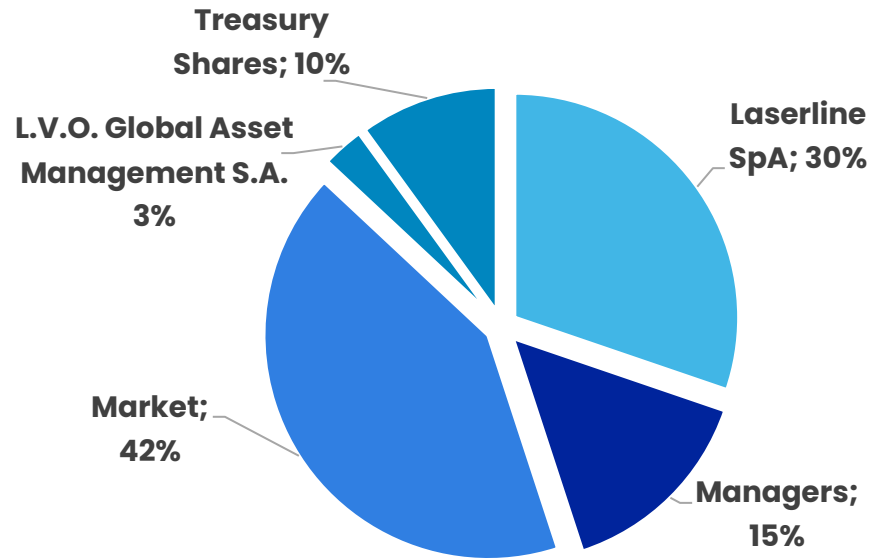


€ thousand	31.03.2024	31.12.2023	Change
Intangible assets	84,905	85,900	(995)
Tangible assets	20,994	20,430	564
Other fixed assets	24,236	24,462	(226)
Fixed Assets	130,135	130,792	(657)
Inventories	19,747	18,733	1,014
Trade receivables	72,841	74,346	(1,505)
Other short term assets	15,728	14,876	852
Trade payables	(23,903)	(21,585)	(2,318)
Tax payables	(12,375)	(11,208)	(1,167)
Other payables and short term liabilities	(31,712)	(34,761)	3,048
Net working capital	40,326	40,402	(76)
Severance and other non current liabilities	(5,798)	(5,603)	(195)
Capital employed - Continuing Operations	164,662	165,590	(928)
Shareholders' equity	118,749	113,852	4,897
Shareholders' equity - minority interest	66	17	49
Net financial debt	45,847	51,721	(5,874)
Financing of capital employed	164,662	165,590	(928)



Shareholding Structure March 31st, 2024*

* Latest Public Data Available as of 31 Mar. 2024

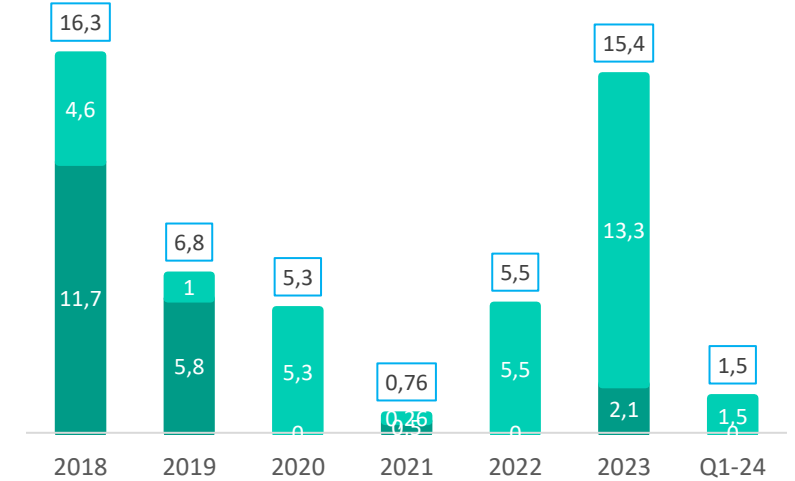


Market Data

Share Price Dec 31 st , 2019	9.66€/share
Share Price Mar. 31 st , 2024	22.45€/share
Mkt Mar. 31 st , 2024	265m €
Dividend Yield	1.3%

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

Dividends and Treasury Shares Repurchase (€m)



■ Repurchase Treasury Shares ■ Payment dividends €million
□ Total

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