



TXT Group: **Corporate overview**

European Midcap Digital Event

November 27°, 2024

Daniele MISANI, CEO

Andrea FAVINI, IR

TXT has always been a **pioneer in Digital Innovation**. Founded in 1989, since 2000 it has been listed in Milan Stock Exchange, Star Segment. In 2018 a new course has been started, with a plan of accelerated and sustainable growth.

TXT is an **Ecosystem of vertical excellences and digital competences**. With a proprietary **smart solutions portfolio** and deep expertise in vertical domains, TXT support its customers in understanding the business paradigm that the new digital world requires, enabling their transformation.

TXT is expanding across **different markets**, with a growing footprint in Aerospace, Aviation, Defense, Industrial, Telco, Government and Fintech, by leveraging more than 2000 experts, competence centers in AI, cybersecurity, XR, IoT. International business is 30% growing, with particular focus in North America and DACH region.



Your Global Digital Enabler



€224m Revenues FY 2023

Solid Financial structure

Guaranteed by operating excellence & innovation

July 2000
Listed on the Italian
Stock Exchange

STAR segment (TXT.MI)

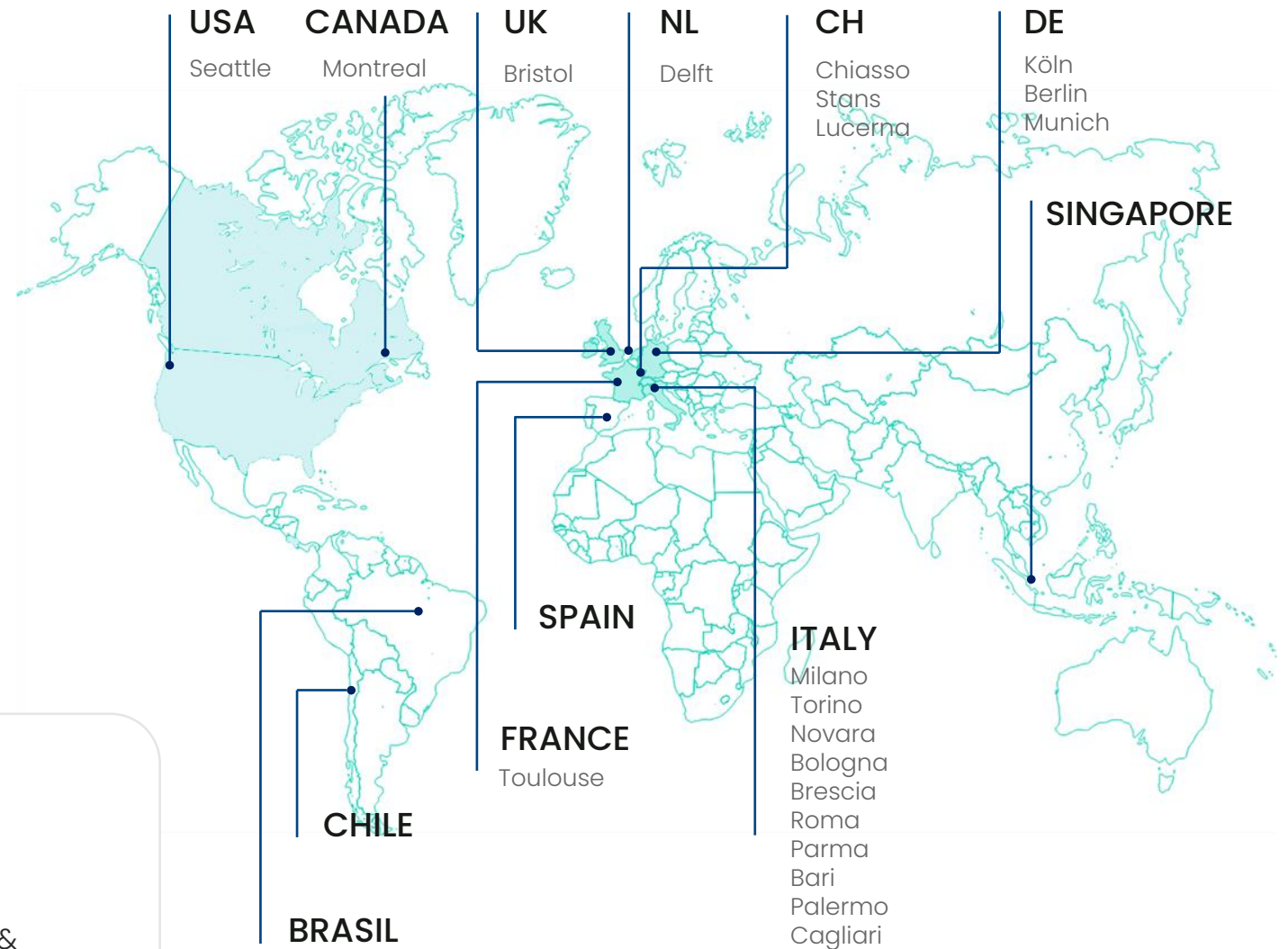
20+
Locations
worldwide

30+
Certified Cross-
Industry Quality

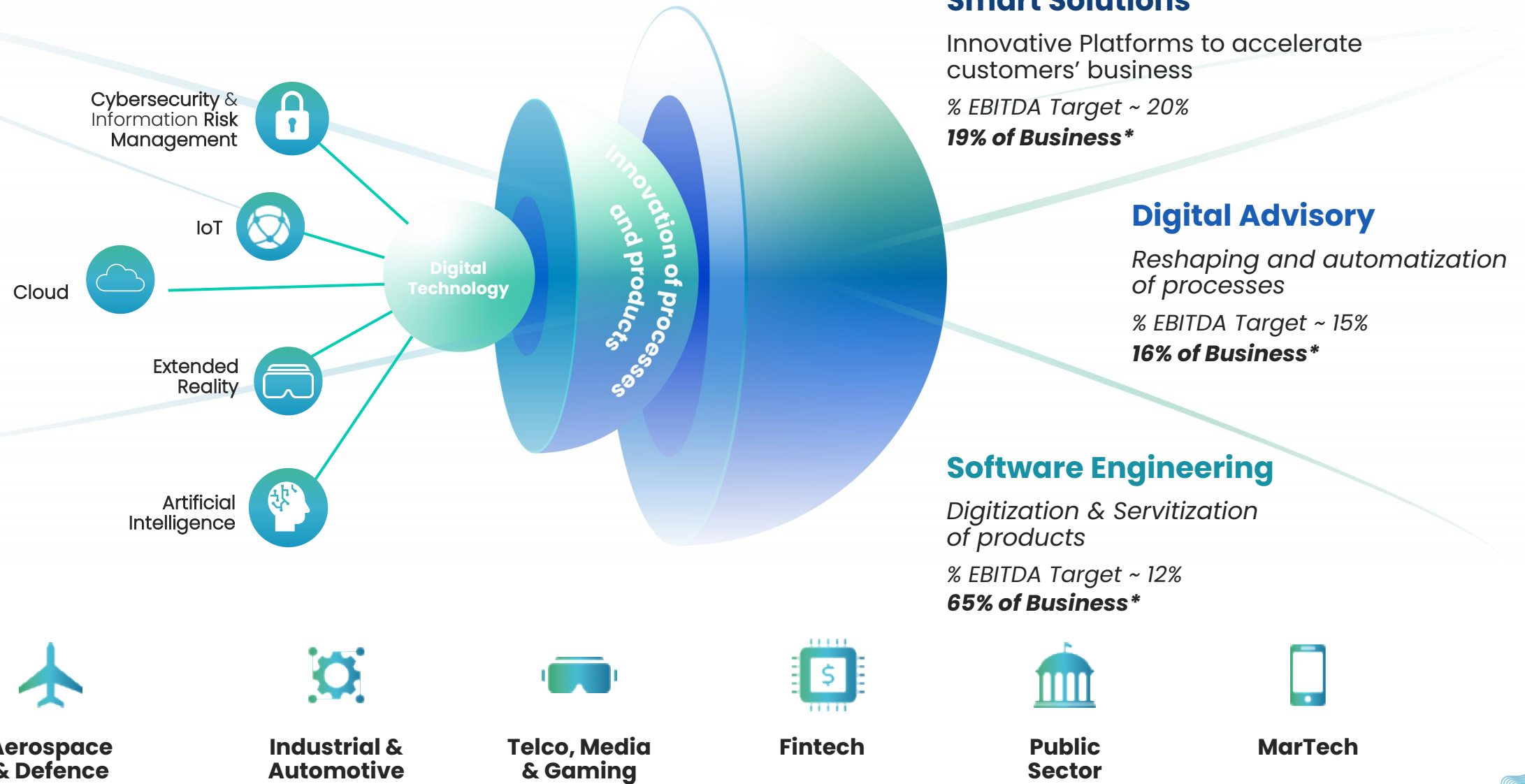
Years
Experience

2000+
Specialised
Know-how

Specialised engineers &
professionals



Digital Innovation



*Percentages of business incidence by offering segment are calculated on FY-2023 Revenues (Consolidated) of € 224Mn



Ecosystem of Excellences

TXT Group has a solid network of **multidisciplinary competences** and **vertical excellences**, developed in industries in which we are the leader. We arrange them in a dynamic and productive way, according to the evolution of the markets. From *consulting*, to *design and implementation of digital solutions*: with us, customers identify and achieve their highest goals for their business evolution. Because we listen, understand, and enable them for **continuous innovation**.



TXT Group strategy is designed to leverage Technical and Commercial **Synergies**, and **Operational Excellence**



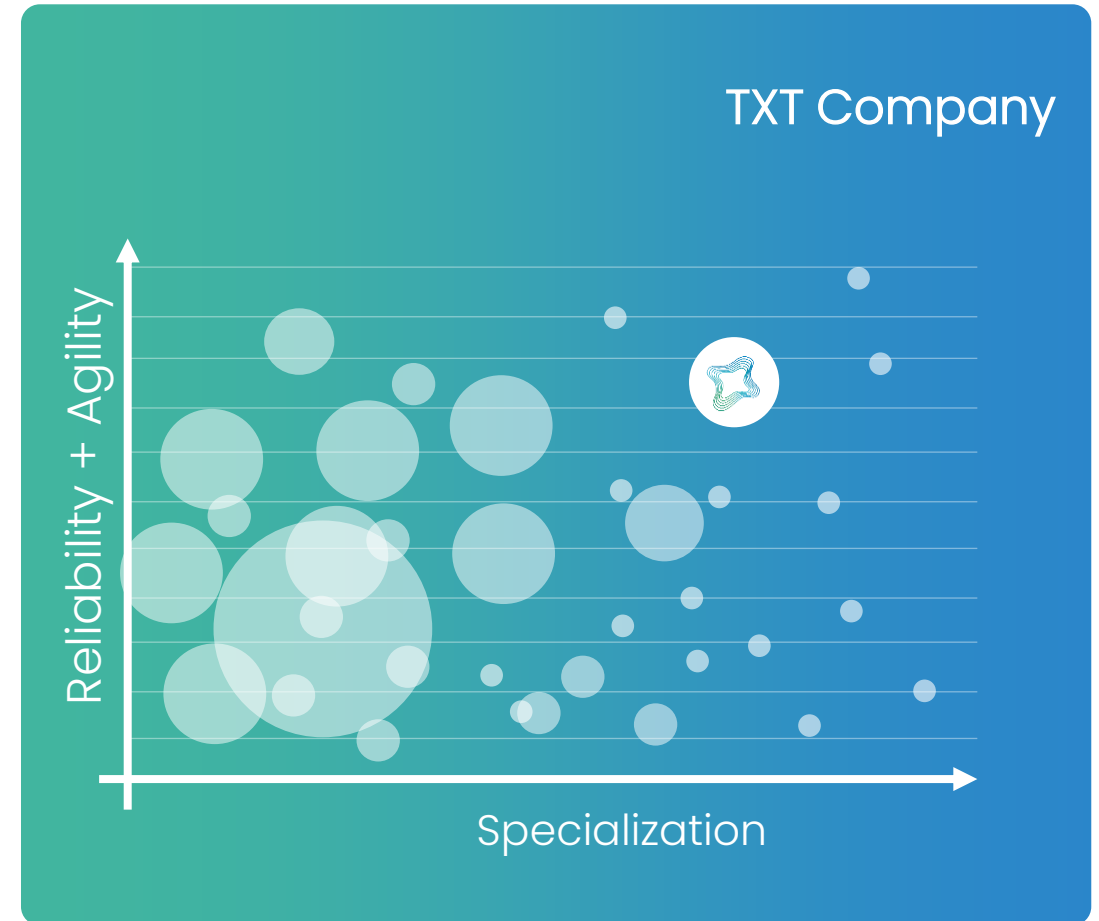
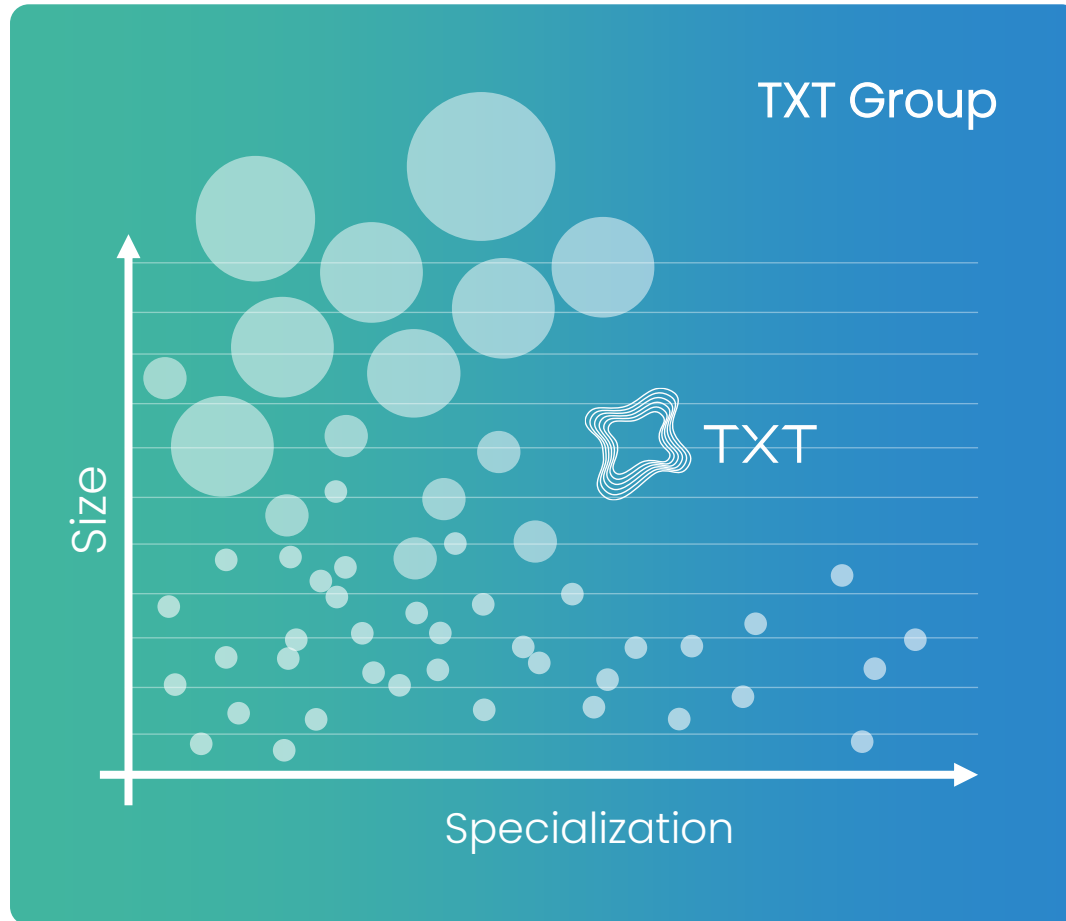
TXT

Never better.



Market position

TXT today is an emerging player in the digital innovation market, competing against tech giants, in Italy and Internationally, by aggregating highly specialized digital boutiques and established businesses.



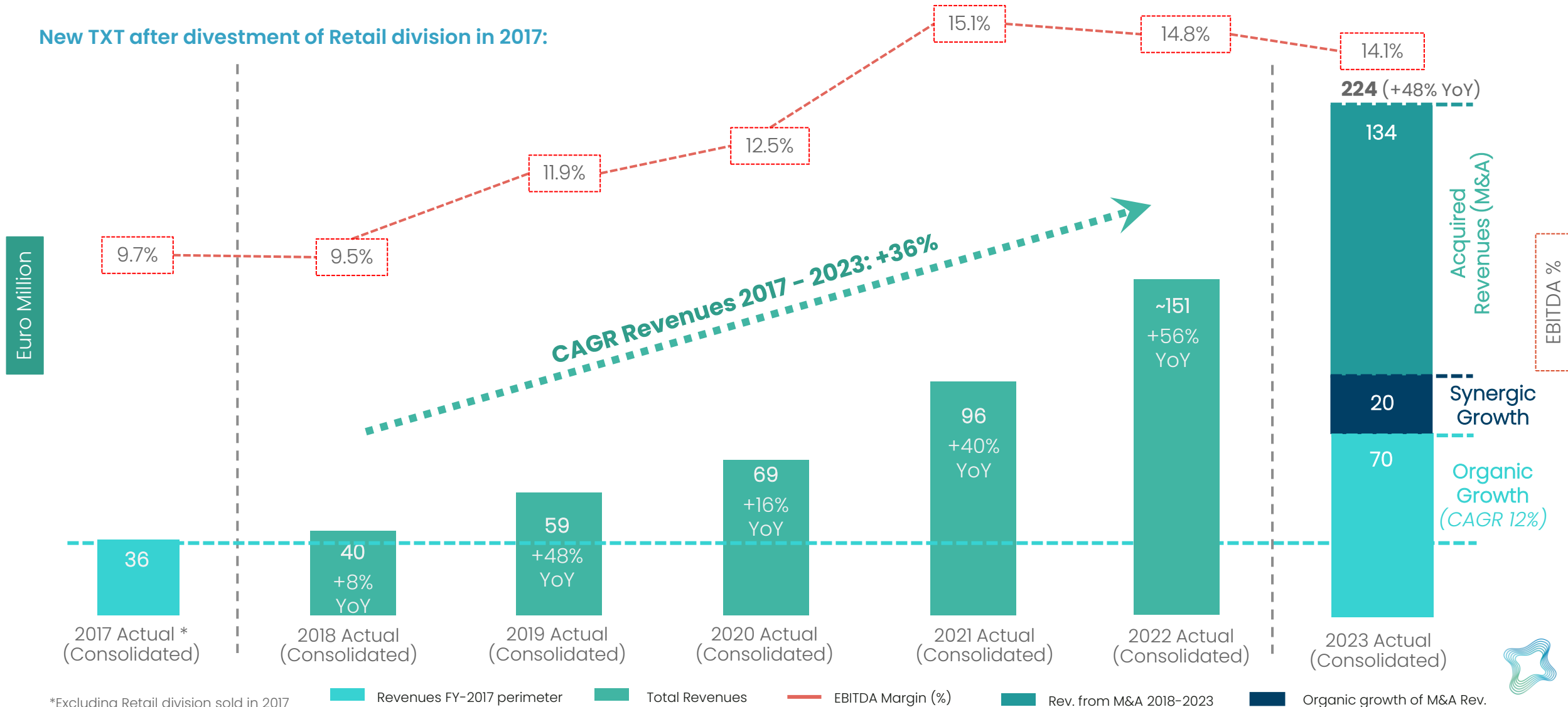
TXT Group positioning vs. TXT's Companies



Historical Trading Results (2018–2023)

After the divestment of the retail division in 2017, revenues and EBITDA Margin have benefit from TXT Group's growth strategy driven by diversification and investments in innovation and synergies

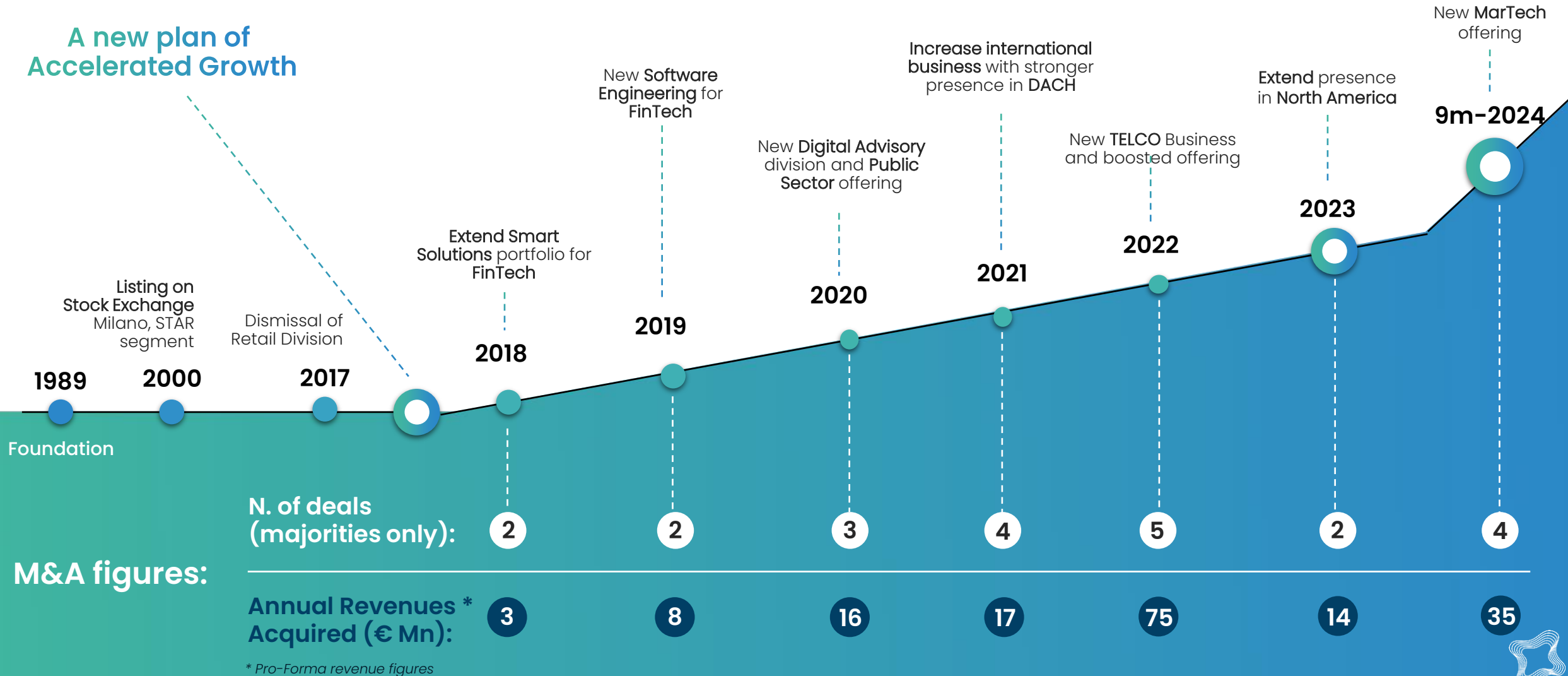
New TXT after divestment of Retail division in 2017:



A sustainable growth boosted by M&A

Mix of complementary competences, new business in domestic market, and international expansion of core expertise

A new plan of Accelerated Growth



Focus on Profitable Growth

Growth pillars:

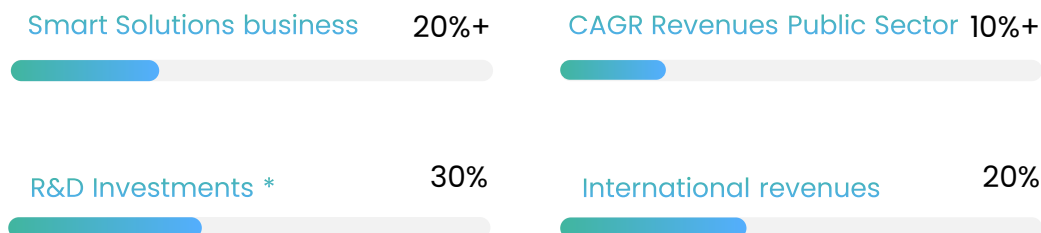
External

- **M&A:** after **20+ acquisitions completed** in the last 6 years, **continuous focus on sustainable investments** (5-8xEBITDA) with the engagement of entrepreneurs (partial TXT share-based payments) to consolidate a mix of established business and high-potential SMEs with the following goals:
 - **Markets diversification:** to mitigate risks and maximize TXT positioning in the domestic and international digital market
 - **Blue-chip customers:** as main target customers to ensure business continuity and growth
 - **Geography:** domestic and international (EU and US)

Internal

- **Commercial & Technological synergies:** leveraging strong track record of **double-digit organic growth recorded from 2018**, synergies are expected to play a crucial role as booster to the accelerated growth plan of the next years.
- **Cross & Up-selling** initiatives between excellences of TXT Group
- **National Recovery and Resilience Plan** (NRRP) as business accelerator for TXT in key sectors (e.g., Public, Health)
- **ESG agenda:** our Smart Solutions portfolio is designed to support the ESG agenda and related targets of main TXT customers in different sectors

Key targets FY 2024:



* Figures related to business divisions with proprietary IPs



The background features a complex, abstract pattern of thin, flowing teal lines that create a sense of movement and depth. These lines are interspersed with small, glowing teal dots, giving the impression of a digital or data-driven environment. The overall color palette is dominated by dark teal and black, with the white text providing a sharp contrast.

OFFERING & MARKETS

Ecosystem of multidisciplinary competences and vertical excellences, customers can rely on experts.

Smart Solutions market-ready for specific verticals in customers' core processes.

Exploit TXT Group' **centers of excellence** with specializations in Artificial Intelligence, AR/VR, IoT, Cloud and Cybersecurity.

Leverage **commercial synergies** to up-sell and cross-sell digital innovation services and smart solutions.



Go-to-Market

Licenses, Subscription and SaaS

We accelerate the customer's digital transition by providing advanced vertical solutions.

Leave It Up To Us:

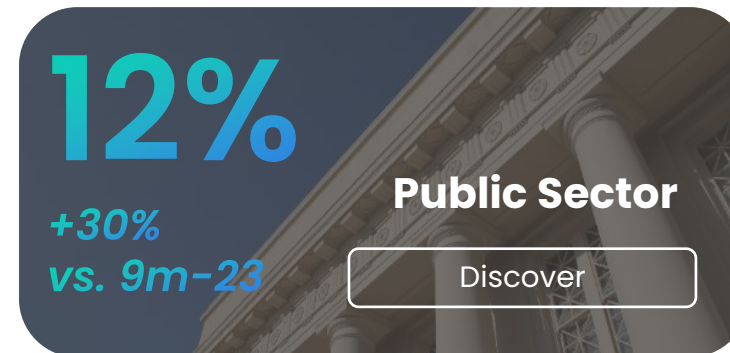
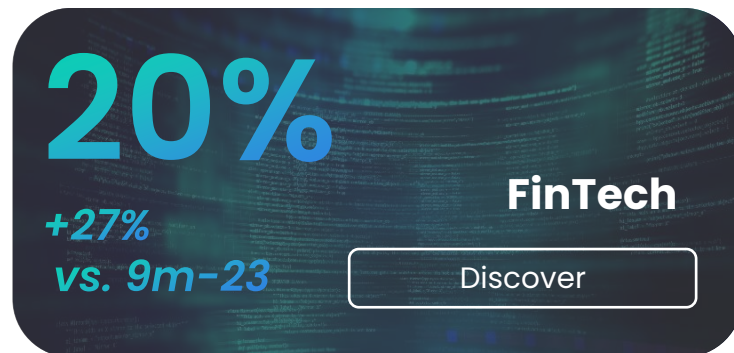
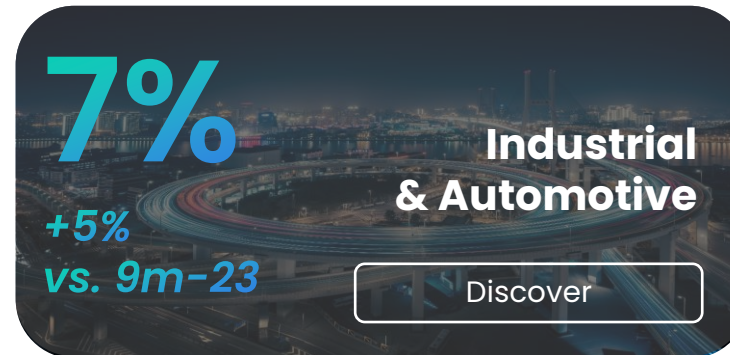
Large corporations Enjoy the benefits of getting their turn-key digital solutions from an experienced one-stop supplier.

Shoulder-to-shoulder:

our experts work advising and consulting, following Customers' needs in their digital journey.



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.



**Percentages of market incidence are calculated on 9m-2024 Revenues (Consolidated) of € 220Mn*

Our Smart Solutions:

Vertical Applications empowered by cutting-edge technology

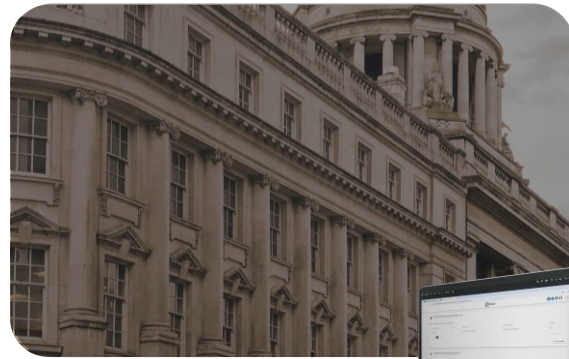
Our Smart Solution offering is rooted on **deep expertise in vertical domains** where TXT Group's excellences are recognised as **leaders and innovators**. Our proprietary tools are supporting **core processes and products of large enterprises** and blue-chip customers to evolve their products **leveraging technologies**, while **enhancing the strategic positioning** of the TXT Group in the Global Digital Market and exploiting synergies with the other Group divisions. **Some examples of our Smart Solutions:**

Aerospace



On-Board **Cloud**-Based
Flight Profile Optimization (ESG tool)

Banking & Finance



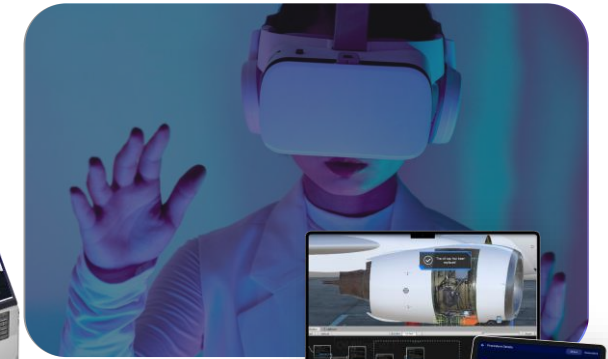
AML & Risk Management tool
based on **AI and ML** (ESG tool)

Industrial



Cloud-based customer facing
configuration platform

X-industry



Cutting-edge **XR** platform for
technical training

ARR *

6Mn

+48% YoY

2Mn

+30% YoY

6Mn

+15% YoY

2Mn

+52% YoY

*Forecast ARR FY-2024



Our range of commercial off-the-shelf software solutions is the result of more than two decades of working with and carefully listening to a highly diverse customer base from the **Aerospace & Defense, Automotive, Industry & Beyond**. It is based on a strong commitment to sustained innovation and product quality that addresses both customers' business and technological needs.

Preliminary Design

[Discover](#)

Product Configuration

[Discover](#)

Flight Operations

[Discover](#)

Embedded Graphics

[Discover](#)

Flight Simulation

[Discover](#)

Smart Factory

[Discover](#)

Virtual and AI based Training

[Discover](#)

Smart Sensors

[Discover](#)

Our **FinTech** smart solutions range from best-in-class financial software for the management of financing to innovative platforms for different mission-critical needs as Risk management and Digital payments, offered as SaaS and designed to be responsive with unique customer needs.

Cheleo Suite

[Discover](#)

Faraday

[Discover](#)

Polaris

[Discover](#)

Assiopay

[Discover](#)

Retail

[Discover](#)

My Biz

[Discover](#)

Arcan

[Discover](#)

Plick

[Discover](#)

M&A Webgenesys: Strategic Value

- On November 8, 2024, TXT announced the signing of the investment agreement for the **acquisition of 84.1% of the capital of Webgenesys**, ICT company founded in 2009 that currently operates as a digital enabler, positioning itself as a **driver of digital innovation primarily for Public Administration**. Subject to regulatory approvals, the transaction is expected to close by the end of 2024.
- Webgenesys represents a significant step in the sustainable growth plan of TXT thanks to:
 - **Robust order-backlog and assigned tenders for € 200+ Mn** to be delivered in the period 2025-2028 and to be added to the backlog of tenders already acquired by TXT Group, positioning the TXT Group as a future leader in its reference market.
 - **Substantial Top line expected at € 37Mn in FY 2024** to be consolidated into the Software Engineering division, with strong profitability (**EBITDA margin**) at approximately **22%**.
 - **Expansion of geographic coverage** serving Local and Central Public Administrations, with strong presence in the south Italian market.
 - **Innovative digital offering** and **complementary expertise** to address a larger scope in the digitalization of the Italian Public Sector.
 - **Strong management team** committed to the growth plan of TXT.



M&A Webgenesys: Investment KPIs

- The consideration for the acquisition of 100% of Webgenesys at closing has been agreed at €63.0 million, including the net cash expected to be approximately €4 million. The EV/EBITDA multiple agreed at closing with the Seller is equal to **~7,3x the EBITDA expected for FY 2024**.
- The amount to be paid at closing by TXT for the 84.1% of Webgenesys is **€53.0 million**, of which **70% in cash** (€37.3 million) financed through a new bank loan specifically for this transaction, and **30% in TXT shares**.
- The investment contract includes claw-back, earn-out, and other incentive clauses in favor of the CEO and the Chairman of Webgenesys linked to the EBITDA growth targets outlined in Webgenesys' business plan, which has been agreed between TXT and the seller.
- **The transaction also includes a co-investment by the "HAT Technology Fund 5,"** the private equity fund of HAT SGR launched in 2024 and dedicated to high-growth-potential technology companies that will acquire 15.9% of Webgenesys at closing. TXT and HAT SGR agreed on options concerning the acquisition by TXT of shares representing remaining 15.87% of Webgenesys' capital, with deadline distributed between period 2026–2029 and estimated price of € 20 milioni.





_Financial Highlights & Guidance



Revenues
€224 Mn

+48.8%

vs. FY-2022



Solid **Organic**
Growth in FY-23

+11.9%

+€18 Mn



EBITDA
(consolidated)

€31.6 Mn

Equal to 14.1% of revenues





**Target Revenues
Organic Growth FY-24**

> 10%



**Target EBITDA
Margin FY-24**

> 14%



**Continuing
M&A plan**

Net Debt < 2xEBITDA



TXT 9-m 2024 results show **a boost** in the **organic growth** of the **Top Line** and **Operating Profit** pushed by synergies.

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Revenues

€220 Mn

+37.8%

vs. 9m-2023



**Solid Organic
Growth** in 9m-24

+26.5% *

+€42 Mn



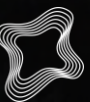
EBITDA

€28.0 Mn

+31.0%

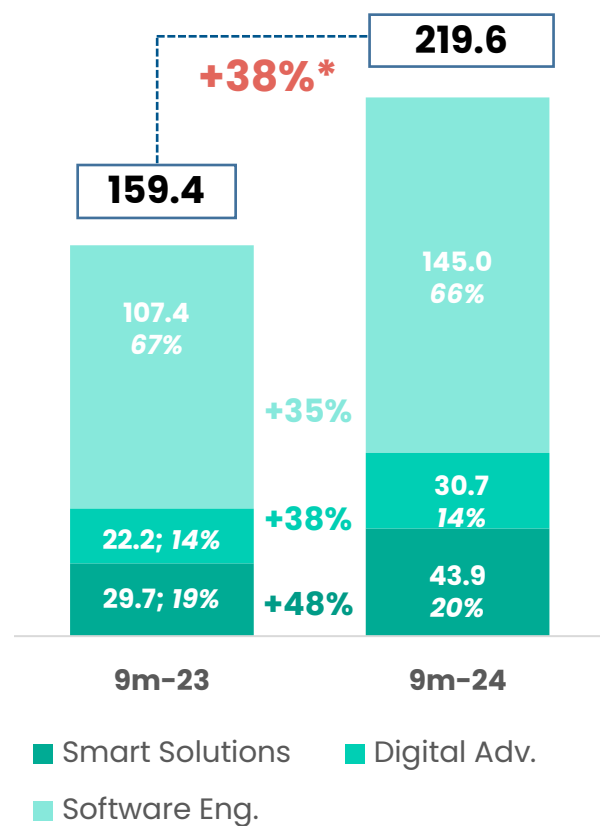
Equal to 12.8% of revenues

** Including revenues from non-core activities in the Telco market for ~€10Mn (single-digit EBITDA margin)*



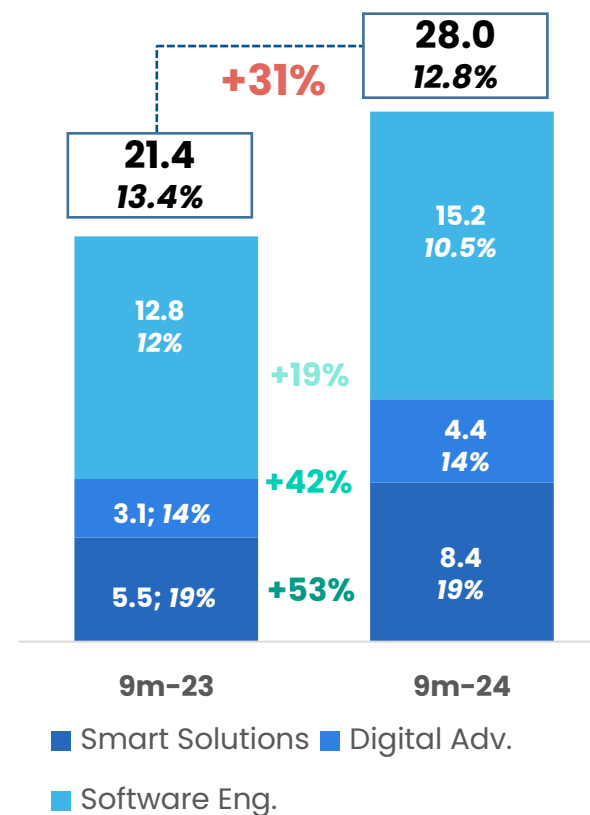
KPIs reported in **9m-2024** show continuity in the growth plan of TXT based on the mix of strong organic growth of all segments, M&A contribution and synergies: EBITDA margin expected to recover in Q4, with annual margin expected above 13.0%.

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



* Organic Revenues Growth 9m-24: +26.5%

EBITDA (€mn, % on revenues)



_Value creation: 9m-2024



R&D INVESTMENTS (fully expenses in the period)

€ 10.5Mn 9m-24, **+56%** vs. 9m-23



SMART SOLUTIONS REVENUES

€ 43.9Mn 9m-24, **+48%** vs. 9m-23



INTERNATIONAL REVENUES

€ 56.7Mn 26% of total revenues



SUSTAINABLE DEBT (Adjusted) + TREASURY SHARES FOR FINANCING GROWTH

€ 60Mn (Net Debt as of Sep. 30, 2024) – **€ 25Mn*** in Treasury Shares

** Value calculated with stock price of € 27,30 per share (Share Price Sep. 30th, 2024)*



FINANCIALS

Profit & loss: 9m-2024 details

€ thousand	30.09.2024	%	30.09.2023	%	Var %
REVENUES	219,564	100	159,356	100	37.8
Direct costs	148,048	67.4	102,670	64.4	44.2
GROSS MARGIN	71,516	32.6	56,686	35.6	26.2
Research and Development costs	10,464	4.8	6,724	4.2	55.6
Commercial costs	18,683	8.5	15,466	9.7	20.8
General and Administrative costs	14,339	6.5	13,093	8.2	9.5
EBITDA	28,030	12.8	21,403	13.4	31.0
Amortization, Depreciation & Write-offs	8,719	4.0	7,372	4.6	18.3
OPERATING PROFIT (EBIT)	19,311	8.8	14,031	8.8	37.6
Financial income (charges)	(2,585)	(1.2)	(101)	(0.1)	2470.9
EARNINGS BEFORE TAXES (EBT)	16,726	7.6	13,930	8.7	20.1
Taxes	(4,758)	(2.2)	(4,134)	(2.6)	15.1
NET PROFIT	11,968	5.5	9,796	6.1	22.2



_Profit & loss: Q3-2024 details

€ thousand	Q3 2024	%	Q3 2023	%	Var %
REVENUES	81,370	100	52,057	100	56.3
Direct costs	55,151	67.8	32,722	62.9	68.5
GROSS MARGIN	26,219	32.2	19,335	37.1	35.6
Research and Development costs	3,726	4.6	2,224	4.3	67.5
Commercial costs	7,184	8.8	4,980	9.6	44.3
General and Administrative costs	4,775	5.9	4,650	8.9	2.7
EBITDA	10,534	12.9	7,481	14.4	40.8
Amortization, Depreciation & Write-offs	3,351	4.1	2,395	4.6	39.9
OPERATING PROFIT (EBIT)	7,183	8.8	5,087	9.8	41.2
Financial income (charges)	(1,239)	(1.5)	(1,078)	(2.1)	14.9
EARNINGS BEFORE TAXES (EBT)	5,944	7.3	4,009	7.7	48.3
Taxes	(1,928)	(2.4)	(999)	(1.9)	93.0
NET PROFIT	4,016	4.9	3,010	5.8	33.4



NET Financial Debt: Solid financial position

.000 Euro	30.09.2023	31.12.2023	Var
Cash	(25.072)	(37.927)	12.855
Trading securities at fair value	(25.871)	(24.058)	(1.813)
Other Short Term Financial Assets	-	(810)	810
Short term Financial Debts	58.046	57.654	392
Short term Debt	7.103	(5.141)	12.244
Non current Financial Debts – Lessors IFRS 16	6.569	6.423	146
Other Long Term Financial Assets	(339)	(700)	361
Other Non current Financial Debts	65.932	51.140	14.791
Non current Financial Debts	72.162	56.863	15.299
Net Debt	79.265	51.722	27.543
Non-monetary debts for adjustment of the price of the 2021 acquisitions to be paid in TXT shares	(1.533)	(2.500)	967
Financial Investments	(17.778)	(17.778)	-
Net Debt Adjusted	59.954	31.444	28.510



€ thousand	30.09.2024	31.12.2023	Change
Intangible assets	116,105	85,900	30,205
Tangible assets	22,457	20,430	2,026
Other fixed assets	23,515	24,462	(947)
Fixed Assets	162,077	130,792	31,285
Inventories	25,718	18,733	6,985
Trade receivables	85,424	74,346	11,078
Other short term assets	16,778	14,876	1,902
Trade payables	(27,514)	(21,585)	(5,929)
Tax payables	(9,368)	(11,208)	1,840
Other payables and short term liabilities	(36,582)	(34,761)	(1,821)
Net working capital	54,456	40,402	14,055
Severance and other non current liabilities	(6,960)	(5,603)	(1,357)
Capital employed – Continuing Operations	209,573	165,590	43,983
Shareholders' equity	130,260	113,852	16,408
Shareholders' equity – minority interest	49	17	32
Net financial debt	79,265	51,721	27,544
Financing of capital employed	209,573	165,590	43,983

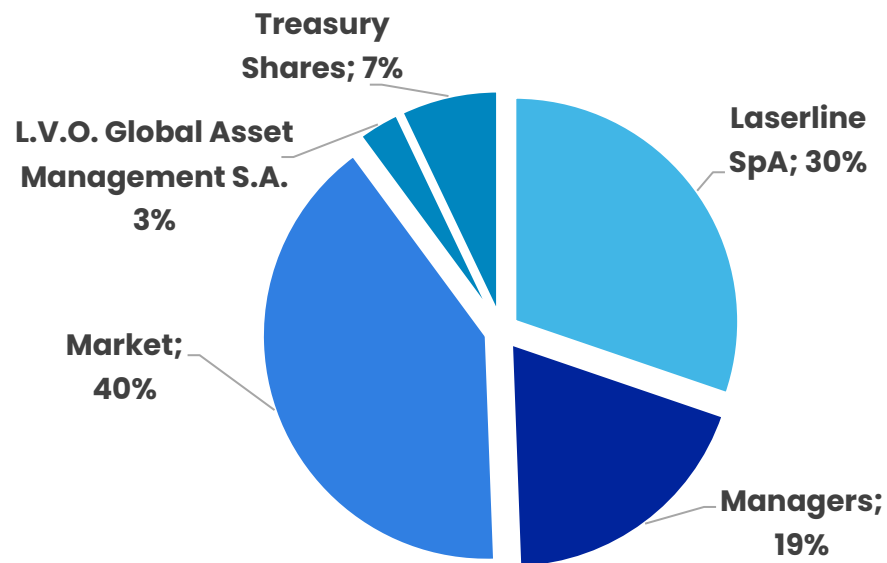




Shareholding Structure & Market Data

Shareholding Structure September 30th, 2024*

* Latest Public Data Available as of 30 Sep. 2024

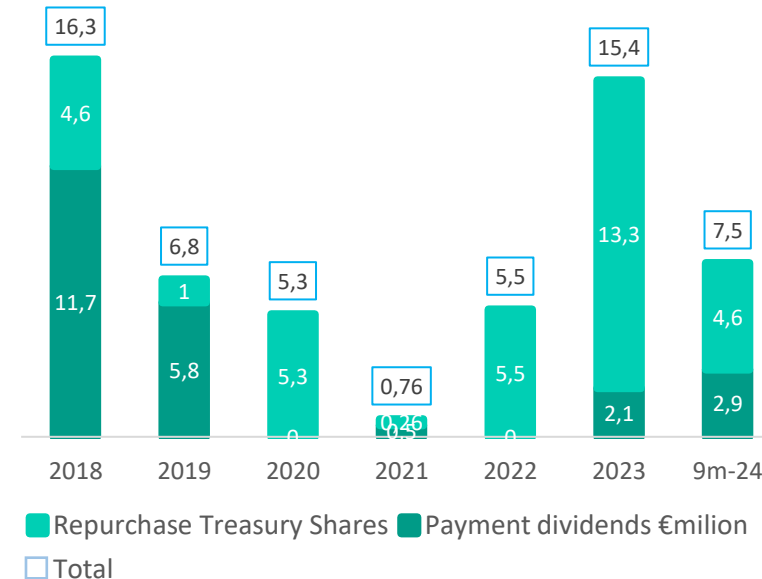


Market Data

Share Price Dec 31st, 2019	9.66€/share
Share Price Jun. 30th, 2024	27.30€/share
Mkt Sep. 30th, 2024	330m €
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

