



TXT Group: 9-months 2023 Results

Call with Investors
November 10 | 9.30 a.m. (CET)

Daniele MISANI, CEO
Andrea FAVINI, IR



Revenues
€159 Mn

+72.5%
vs. 9m-2022



Solid **Organic**
Growth in 9m-23

+14.2%
+€14 Mn



EBITDA
(consolidated)

€21.4 Mn
Equal to 13.4% of revenues



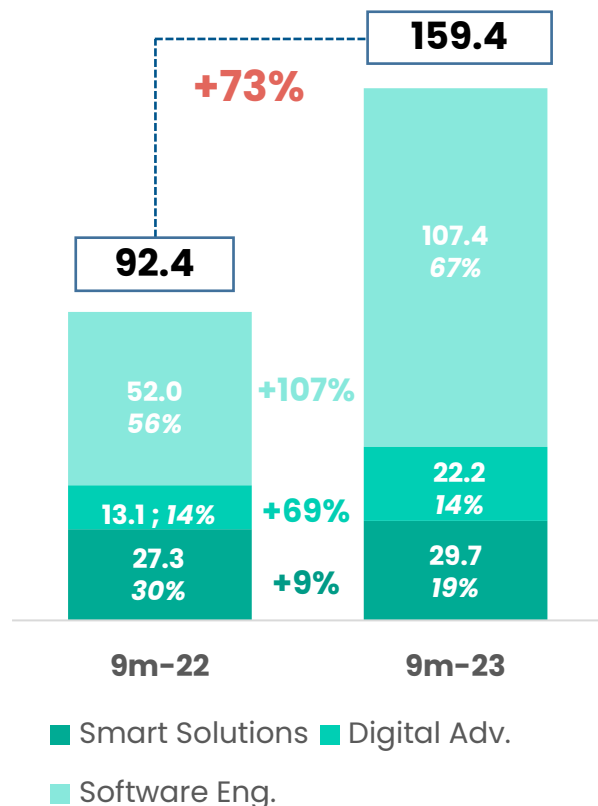
Net Profit
(consolidated)

€9.8 Mn
+84% vs. 9m-2022

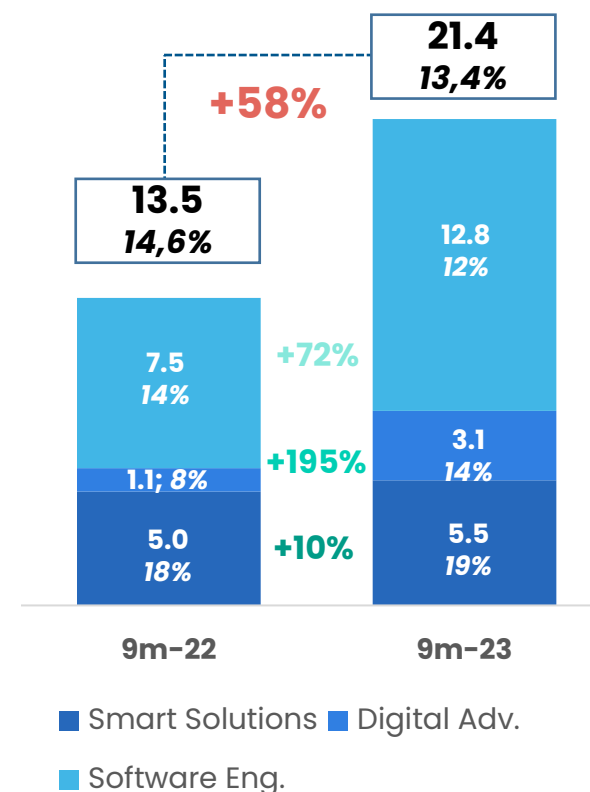


Q3-2023 results showed resilience in the organic growth of business and an increase in the operating margin (EBITDA), with synergies and M&A contribution that are expected to generate additional growth. Target EBITDA margin for FY-2023 of more than 14%.

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



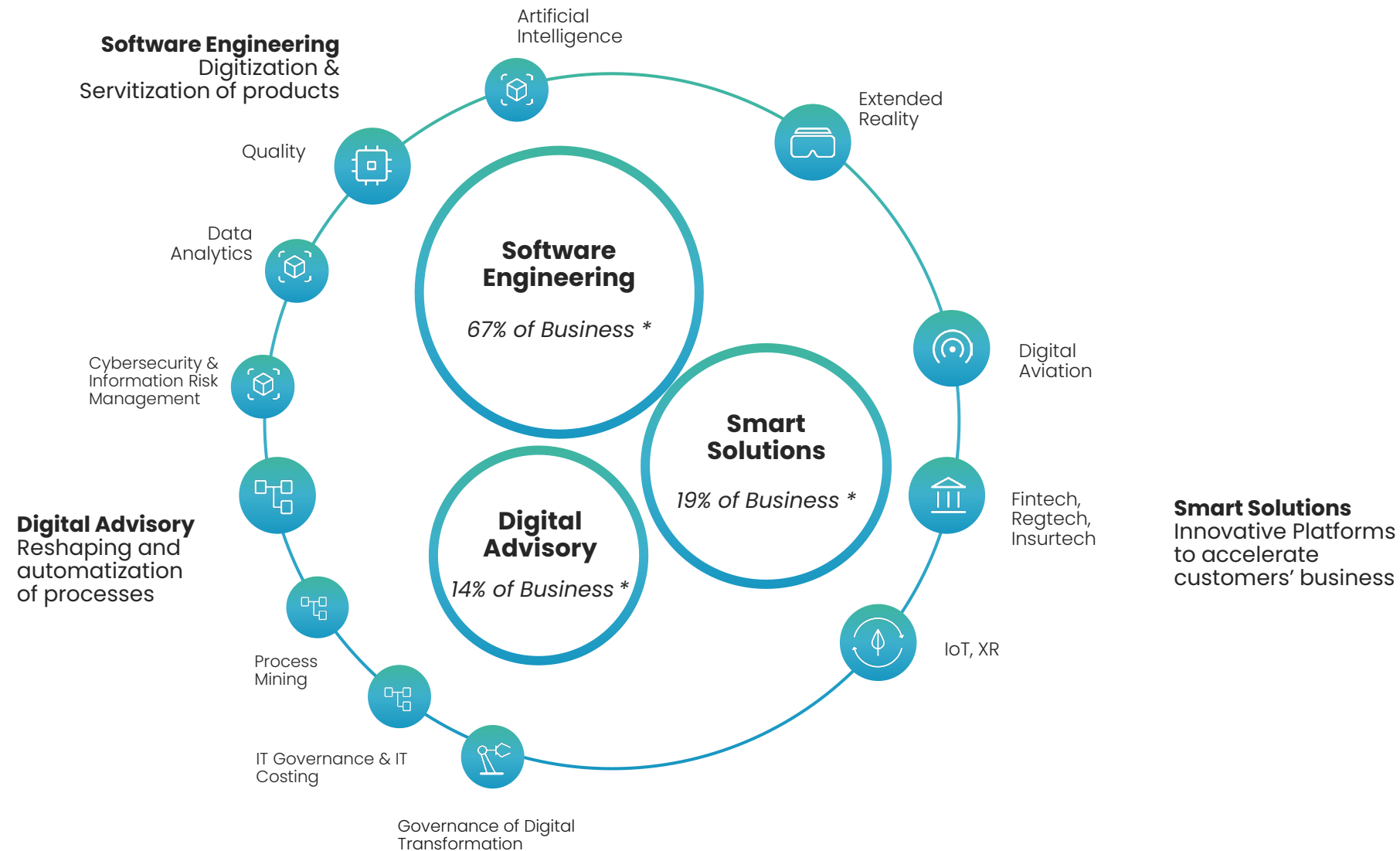
EBITDA (€mn, % on revenues)



- **M&A contribution 9m-2023: € 53 Mn Revenues**
- **Organic Growth of Revenues 9m-2023: +14.2%**



Digital Innovation



*Percentages of business incidence by offering segment are calculated on 9m-2023 Revenues of € 159Mn



_Value creation: H1-23



R&D INVESTMENTS (fully expenses in the quarter)

€ 6.7Mn 9m-23, **+16%** vs. 9m-22



SMART SOLUTIONS REVENUES

€ 30Mn 9m-23, **+9%** vs. 9m-22



INTERNATIONAL REVENUES

€ 32Mn 20% of total revenues



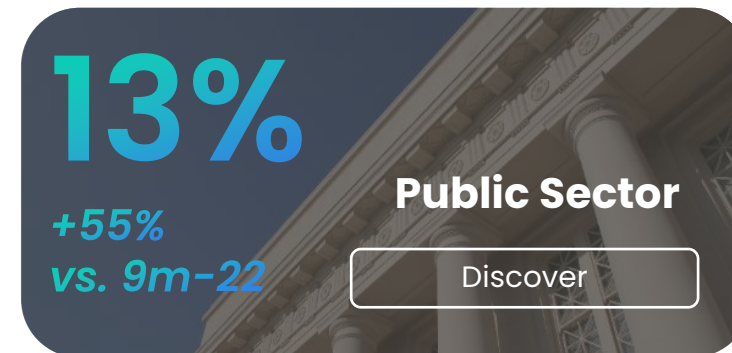
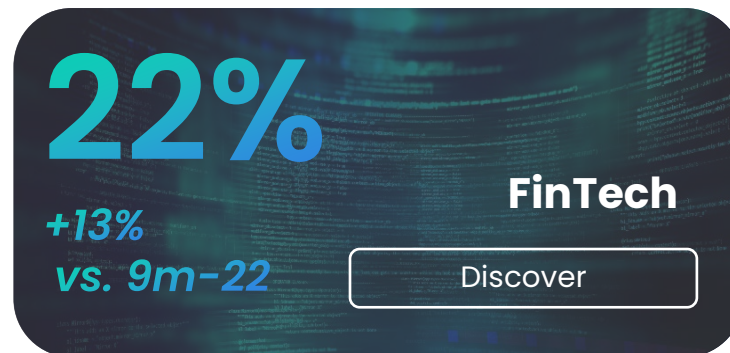
SUSTAINABLE DEBT (ADJUSTED) + TREASURY SHARES FOR FINANCING GROWTH

€ 29Mn (Net Debt Adjusted) – **€ 23Mn*** in Treasury Shares

** Value calculated with stock price of € 16,84 per share (Share Price Sept. 30th, 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.





_9m-2023 Subsequent Events & Business Evolution

Smart Solutions: New Line of Business, Expanded Geography

- **New office in Montreal, Canada:** PACE Canada Aerospace & IT has been founded in Q2-2023 to support operations of new international software businesses for the **Aerospace & Aviation industry**.
- **Embedded Graphics Business (“EG”) – VAPS XT:**
 - Following closing of the investment agreement to acquire EG business and technology from Presagis, wholly owned subsidiaries of CAE Inc, **from October 2023, TXT consolidates** the financial results of the new acquired **EG business**;
 - **EUR 4+ Mn of recurrent revenues** from licenses and maintenance;
 - **15+ specialised technical resources** and aerospace experts working for the software factory located in Montreal;
 - **30+ active customers**, including blue-chips, worldwide located.
 - Expected benefits from **cross-selling of specialised services** and **up-selling of Smart Solutions** within above mentioned customers.



ReVersal SIM:

- **ReVersal SIM**, a Fintech start-up capitalized by TXT during 2021 with an initial investment of € 0.5 Mn that allowed TXT to own the majority of its share capital (51%), has been authorized from July 2022 to operate as a securities brokerage firm regulated by Bank of Italy and Consob Italian's Stock Exchange Authority.
- The Board and management team of ReVersal SIM includes expert Asset Managers as Giuseppe Vegas, former Chairman of CONSOB, while **TXT** is operating as **digital partner** of ReVersal SIM **providing technologies and process innovation**.
- ReVersal SIM aims to provide a **new offer model that reverses the current asset & wealth management national industry**.
- On September 12th, 2023, ReVersal SIM signed an **exclusive agreement** with **Northern Trust Asset Management** – leading global investment manager with \$ 1 Bn AUM – for the distribution of Asset Management's solutions to their retail client, boosting value and offering of ReVersal SIM.
- ReVersal SIM represents a strategic financial investment for TXT in terms of both expected ROI and business partner. Results of ReVersal SIM are **not consolidated in the TXT financials** due to the nature of its business.





Smart Solutions: PACE to provide FPO Real-Time Optimization for JetBlue Fleets

- **Multi-year subscriptions contract** with initial **annual value of up to over \$1 Mn** signed with the US airline JetBlue for the provision of **ESG platform Pacelab FPO**. Operations starts in 2024.
- On October 9th, 2023, PACE – a TXT company, announced that FPO-SR, the solutions that combines PACE's FPO and business partner Nexteon's SmartRoutes solution, has been **selected by JetBlue to optimize the vertical and lateral profiles of each JetBlue flight in real time**, taking into account weather, traffic, and the availability of airspace.
- FPO-SR's continuous holistic optimization enables **JetBlue to benefit from fuel burn savings and reduction in the environmental impact of the emissions**. FPO-SR can be customized and configured for each specific airline's operations and can support Collaborative Decision Making (CDM) between the cockpit crew and their dispatcher to ensure coordination between ground operations and the flight deck.



Digital Advisory: New Public Contracts Expected in Q4

- Division recorded a **+38.8% organic growth** in the first **9 months** of 2023 (**+43.9%** in **Q3-2023**) led by the start and consolidation of the activities on CONSIP contracts (**Public Sector**).
- **New public contracts and strategic opportunities ahead:** in Q4-2024 TXT is consolidating its position as leading player in the digital transformation of the Italian Public Sector, with **new contracts expected to be disclosed soon**.
- **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 first 9 months 2023 confirmed, with new main contracts in the **space domain** and **strong cross-selling opportunities**.



Software Engineering: Main Business Updates

- Division recorded a **double-digit organic growth** in the **first 9 months of 2023 (+12.2%)**, with an acceleration in **Q3-2023 (+13.4%)** with main drivers of the growth consisting of **new multi-million contracts** in the **Aerospace & Defence** segment, which recorded a **+20% organic growth** in the first 9 months 2023 and foresees further growth in the coming periods.
- Other main factors that boosted the growth and will support further development of Software Engineering business are synergies between different excellences of the TXT Group ecosystem:
 - **Technological synergies in the DevOps offering** with the integration of strong know-how owned by Assioma within the digital offering of Ennova.
 - **Technological synergies in the QA offering** by adding Validation & Verification competences owned by TXT Quence to the offering of Ennova in the Telco & Gaming industry.
 - **Commercial synergies** between Ennova and other TXT Group companies are pushing the digital offer of Ennova towards new market as the Fintech and the Public Sector.





9m-2023 FINANCIALS

Profit & loss: 9-months 2023 details

€ thousand	30.09.2023	%	30.09.2022	%	Var %
REVENUES	159,356	100	92,400	100	72.5
Direct costs	102,670	64.4	56,538	61.2	81.6
GROSS MARGIN	56,686	35.6	35,862	38.8	58.1
Research and Development costs	6,724	4.2	5,778	6.3	16.4
Commercial costs	15,466	9.7	8,813	9.5	75.5
General and Administrative costs	13,093	8.2	7,740	8.4	69.2
EBITDA	21,403	13.4	13,531	14.6	58.2
Amortization, Depreciation & Write-offs	7,372	4.6	4,293	4.6	71.7
Riorganization and Non Recurrent Costs	-	0.0	75	0.1	(100.0)
OPERATING PROFIT (EBIT)	14,031	8.8	9,163	9.9	53.1
Financial income (charges)	(101)	(0.1)	(1,631)	(1.8)	(93.8)
EARNINGS BEFORE TAXES (EBT)	13,930	8.7	7,532	8.2	85.0
Taxes	(4,134)	(2.6)	(2,196)	(2.4)	88.3
NET PROFIT	9,796	6.1	5,336	5.8	83.6



Profit & loss: Q3 2023 details

€ thousand	Q3 2023	%	Q3 2022	%	Var %
REVENUES	52,057	100	29,862	100	74.3
Direct costs	32,722	62.9	18,056	60.5	81.2
GROSS MARGIN	19,335	37.1	11,806	39.5	63.8
Research and Development costs	2,224	4.3	1,824	6.1	21.9
Commercial costs	4,980	9.6	3,094	10.4	61.0
General and Administrative costs	4,650	8.9	2,548	8.5	82.5
EBITDA	7,481	14.4	4,340	14.5	72.4
Amortization, Depreciation & Write-offs	2,395	4.6	1,747	5.9	37.1
Riorganization and Non Recurrent Costs	-	0.0	0	0.0	0.0
OPERATING PROFIT (EBIT)	5,087	9.8	2,593	8.7	96.2
Financial income (charges)	(1,078)	(2.1)	(260)	(0.9)	314.6
EARNINGS BEFORE TAXES (EBT)	4,009	7.7	2,333	7.8	71.8
Taxes	(999)	(1.9)	(520)	(1.7)	92.1
NET PROFIT	3,010	5.8	1,813	6.1	66.0



NET Financial Debt: Solid financial position

€ thousand	30.09.2023	31.12.2022	Var
Cash	31,400	33,015	(1,615)
Trading securities at fair value	38,709	48,490	(9,781)
Total Cash & Cash Equivalent	70,109	81,505	(11,396)
Short term Financial Debts	(54,809)	(51,187)	(3,623)
Short term Financial Resources	15,299	30,318	(15,019)
Other Long Term Financial Assets	1,427	1,417	10
Non current Financial Debts – Lessors IFRS 16	(6,358)	(5,988)	(370)
Other Non current Financial Debts	(56,122)	(64,017)	7,895
Non current Net Financial Debts	(61,053)	(68,588)	7,535
Net Cash/(Debt)	(45,754)	(38,270)	(7,484)
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	-
Net Cash/(Debt) Adjusted	(29,212)	(19,978)	(9,234)
(Debt) referred to IFRS 16	(9,729)	(8,494)	(1,235)

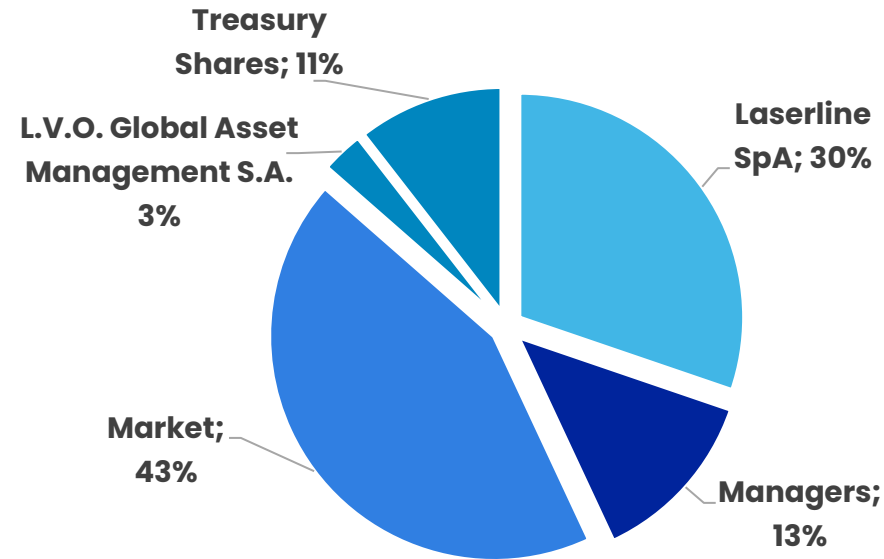


€ thousand	30.09.2023	31.12.2022	Change
Intangible assets	77,871	77,975	(104)
Tangible assets	20,297	18,293	2,004
Other fixed assets	22,125	19,360	2,765
Fixed Assets	120,293	115,628	4,665
Inventories	18,275	13,765	4,510
Trade receivables	63,139	73,115	(9,976)
Other short term assets	14,625	15,352	(727)
Trade payables	(16,912)	(20,643)	3,731
Tax payables	(9,676)	(7,958)	(1,718)
Other payables and short term liabilities	(31,743)	(36,834)	5,091
Net working capital	37,708	36,797	911
Severance and other non current liabilities	(5,320)	(4,772)	(548)
Capital employed - Continuing Operations	152,681	147,653	5,028
Shareholders' equity	106,911	109,366	(2,455)
Shareholders' equity - minority interest	17	17	0
Net financial debt	45,754	38,270	7,484
Financing of capital employed	152,682	147,653	5,029



Shareholding Structure September 30th, 2023*

* Latest Public Data Available as of 30 Sept. 2023

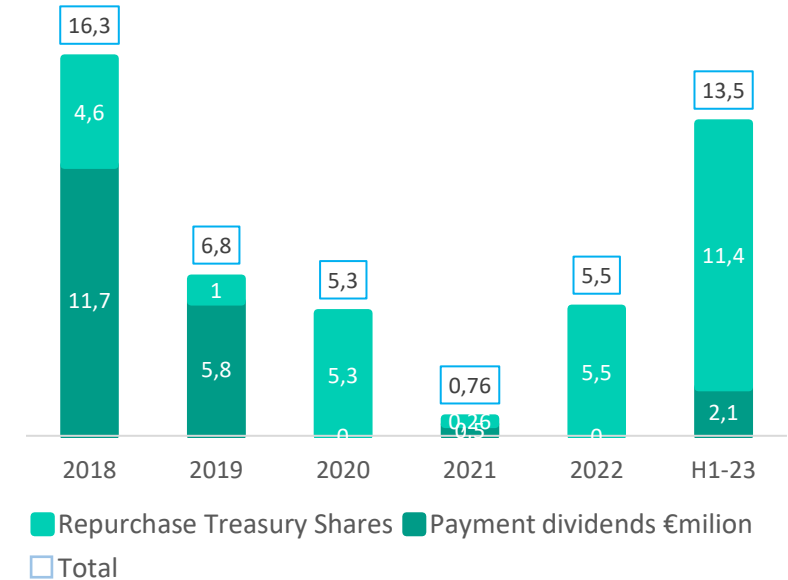


Market Data

Share Price Dec 31st, 2019	9.66€/share
Share Price Sept. 30th, 2023	16.84€/share
Mkt Sept. 30th, 2023	196m €
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