

Acquisition of 20% of Defence Tech Holding



TINEXTA

29 December 2022

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Josef Mastragostino, Chief IRO

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Tinexta Group to acquire 20% of Defence Tech Holding for € 4.9 per share, equal to about € 25 million

• Deal and Structure considerations:

- Tinexta signed a binding agreement to **purchase a 20% stake of Defence Tech Holding S.p.A.** via a wholly-owned vehicle (Tinexta's Vehicle)
 - **The purchase of a minority stake**, pro rata from its current reference shareholders (the sellers), which will initiate a *reverse accelerated book building* for the pro rata purchase on the market of approximately 1.4M shares (equal to approximately 5.6% of the share capital) at the price of € 4.9 per share
 - Contextual subscription of a call option for the remaining stakes of the selling shareholders* to be **potentially** exercised in 2024 following the approval of FY'23 results. (Call option pricing is set at: 2023 EBITDA Adjusted x 12, plus pro rata Adj. NFP)
 - Should such call option be exercised by Tinexta, it **would trigger a takeover bid (Public Offer)** to be launched on the whole share capital not owned (should the call option not be exercised by Tinexta's Vehicle, the selling shareholders* could exercise a call** to purchase back the 20%)
 - Following the launch of the takeover bid (Public Offer), the current shareholder "Starlife" – comprised of the company's management – has already expressed its intention to: (i) tender a portion of the shareholding representing 3% of the Issuer's share capital in acceptance of the Offer and, following completion of the Offer, (ii) confer the residual portion of the Issuer's shareholding in Tinexta's Vehicle
 - As a result of the transfer and in the event of a successful tender offer, the Vehicle Tinexta would be held for about 85% by Tinexta and about 15% by Starlife and would hold 100% of Defence Tech, which would no longer be listed
 - There is also a put/call option in place between Tinexta and Starlife regarding Starlife's stake in the Vehicle exercisable in 2029, to be settled in cash at fair market value
- **Equity Value for 100% consideration is equal to € 125M, equivalent to € 4.9 per share**
- **100% Cash payment at closing**

• Strategic Rationale & Value creation:

- **Defence Tech Holding (DTM:IM)** is a listed company on the **Euronext Growth Milan** market and is an Italian operator of strategic importance for national security
 - Founded in 2010 and headquartered in Rome, the company has undertaken a growth journey in order to create a pole of excellence and technological innovation
 - Group of professionals, with strong technological and business skills, combined with proprietary solutions make Defense Tech a technological hub that is increasingly a reference point for the protection of the strategic assets of institutions and private companies
 - The group has proprietary Cyber Communication, End Point Protection and Technology for Intelligence solutions and technological laboratories dedicated to security and Ce.Va. (Evaluation Center authorized to conduct security assessments in accordance with the provisions of the "National Scheme for the evaluation and certification of information technology security") accredited

*Comunimpresa S.r.l. and GE.DA Europe S.r.l.

**At the higher of the price paid by Tinexta at the time of the purchase of the 20% and the price of the Tinexta Call for the 20% share

Tinexta Group to acquire 20% of Defence Tech Holding for € 4.9 per share, equal to about € 25 million**• Acquisition to allow:**

- Consolidated presence in the government sector, acting as a partner on areas of strategic importance for national security
- Acquisition of a strategic customer package, Defence Tech boasts a loyal and high-standing customer package which includes Public and Government Bodies, institutions and leading companies in their sectors (*Italian Navy, MBDA and Fincantieri*)
- Increase of brand awareness, Defence Tech is an established brand within the market also thanks to the accreditations on security and permissions
- Expansion of the offer and skills, the company has a strong specialization in services and products for the protection of critical infrastructures that are highly complementary to the products and services of the Cyber BU

• Solid Financial Fundamentals:

- 1H 2022 Value of production: € 12.88M, +16% vs PY, EBITDA Adjusted: € 4.06M, NFP is positive at € 8.1M
- FY 2021 Value of production: € 22.65M, +19% vs PY, EBITDA Adjusted: € 6.71M, NFP is positive at € 12.3M
- LTM 1H 2022 Value of production: € 24.40M, EBITDA Adjusted: € 7.26M
- Products Sales (main driver of EBITDA growth) doubled in 2021 vs PY
- Following the Transaction, Tinexta and Defence Tech will develop a plan for industrial and commercial synergies between the two Groups
- Potential synergies will involve cross-selling and upselling products both from Defence Tech to Tinexta's Cyber corporate clientele as well as from Tinexta Cyber to Defence Tech's government customers
- Expected cash out at closing: € 25M

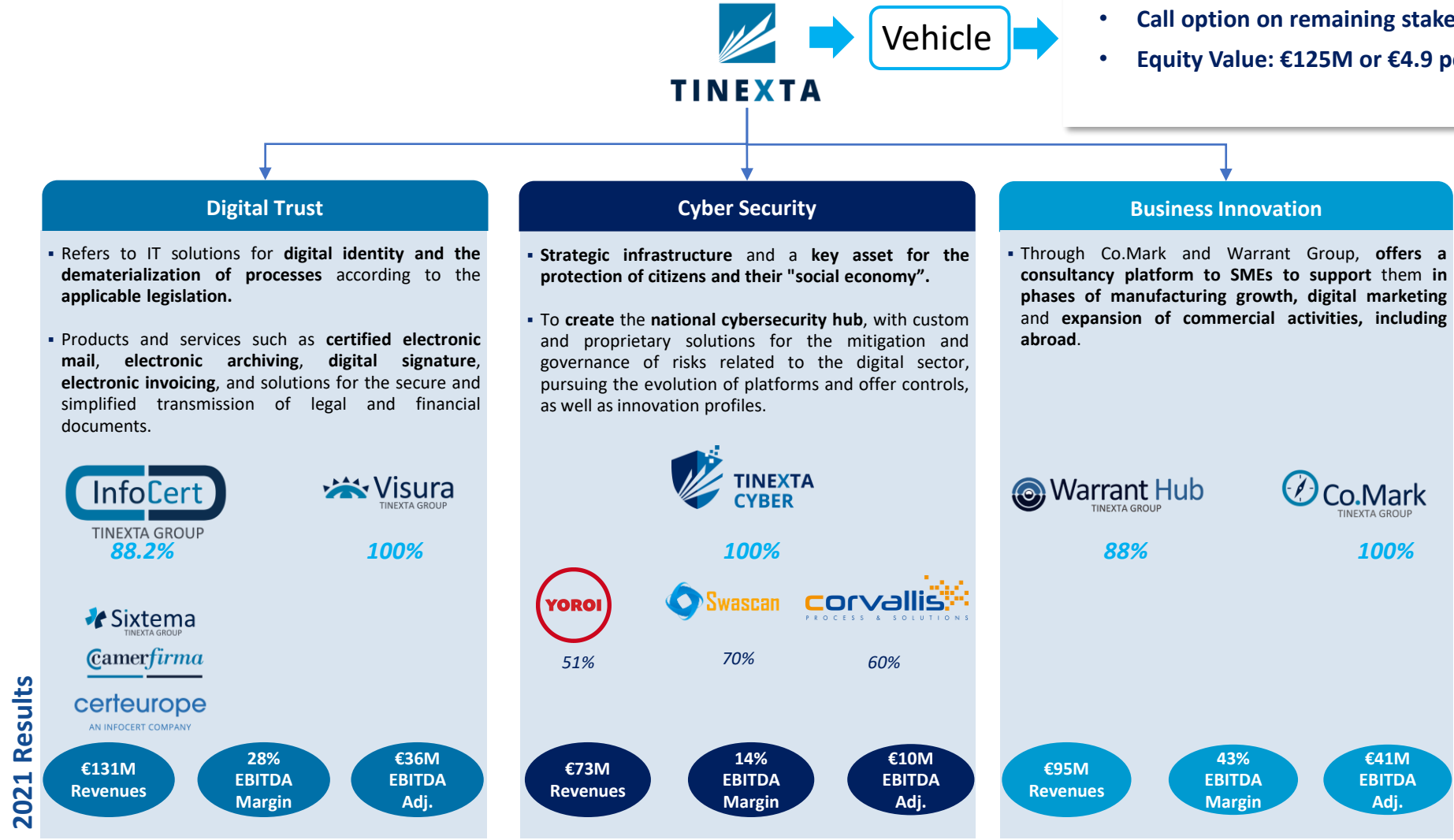
• Approvals & Timing:

- Closing, expected by the first half of 2023, is subject to the usual conditions for this type of transactions, including the Golden Power Rule, Conditions precedent and obtaining confirmation from Borsa Italiana's S.p.A. Panel about the non-existence of the obligation to promote a takeover bid following the mere signing of the Tinexta Call

1 The Group's perimeter – *The stake in Defence Tech*



- Initial 20% stake at closing
- Call option on remaining stakes of sellers
- Equity Value: €125M or €4.9 per share



2021 Results



BU Revenues and EBITDA data do not include intra-sectoral intercompany and Tinexta S.p.A. costs

1 Defence Tech – Details & Corporate structure

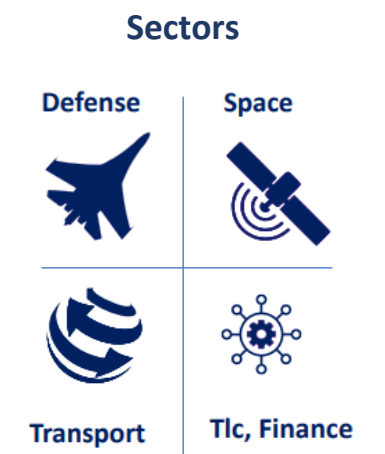
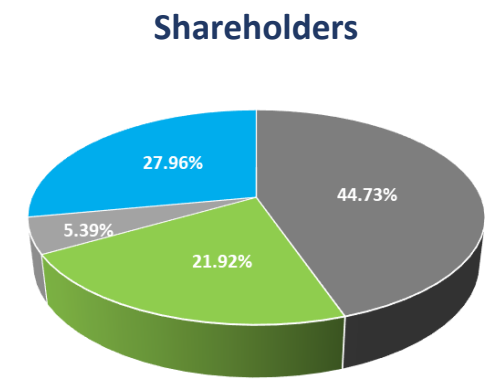
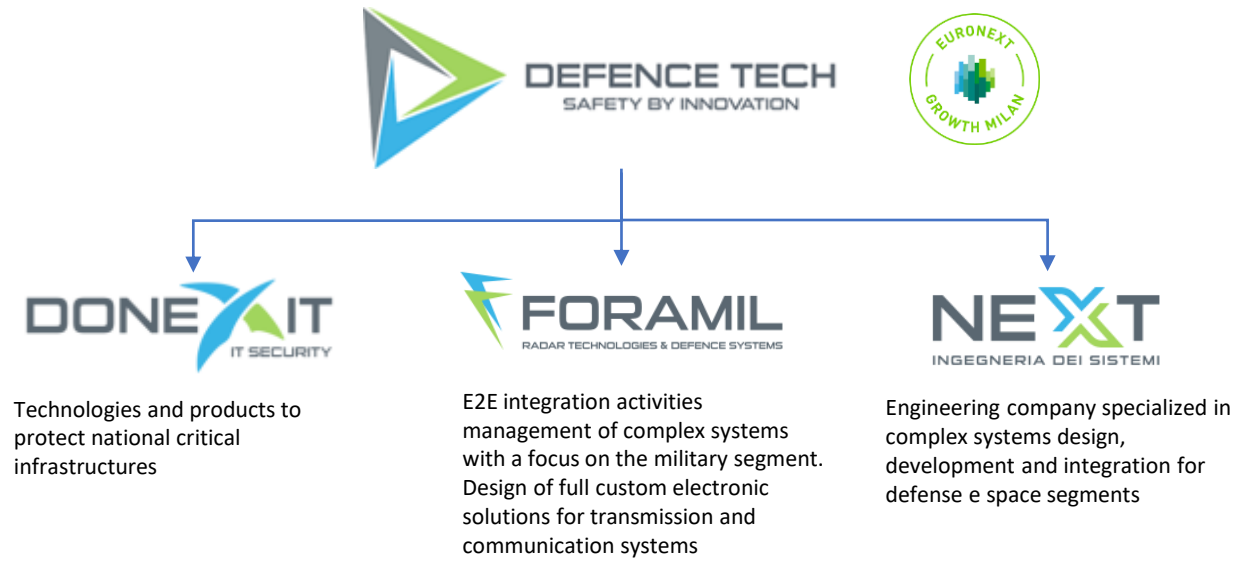
Established in 2010 in Rome (ITALY), the company creates and certifies systems for the management of classified information aimed at protecting critical infrastructures.
End of 2021, listed on the Euronext Growth Market in Milan, fully through primary offering

Comprised of 3 main business areas: **Cyber Security & Technology for intelligence, Communication & Control System, Micro Electronics**
The reference markets are those of Cyber Security, both in government and corporate terms, and the domains of Defense and Space, with a predominantly national presence

Beyond Roma, the company has 4 other operating centers located in Italy:

1. Naples
2. Taranto
3. La Spezia
4. Avezzano

The first 3 were born to optimize the performance of the activities requested by the main customers (Marina Military, MBDA and Fincantieri), while the center of Avezzano is used to carry out demonstration/representative activities



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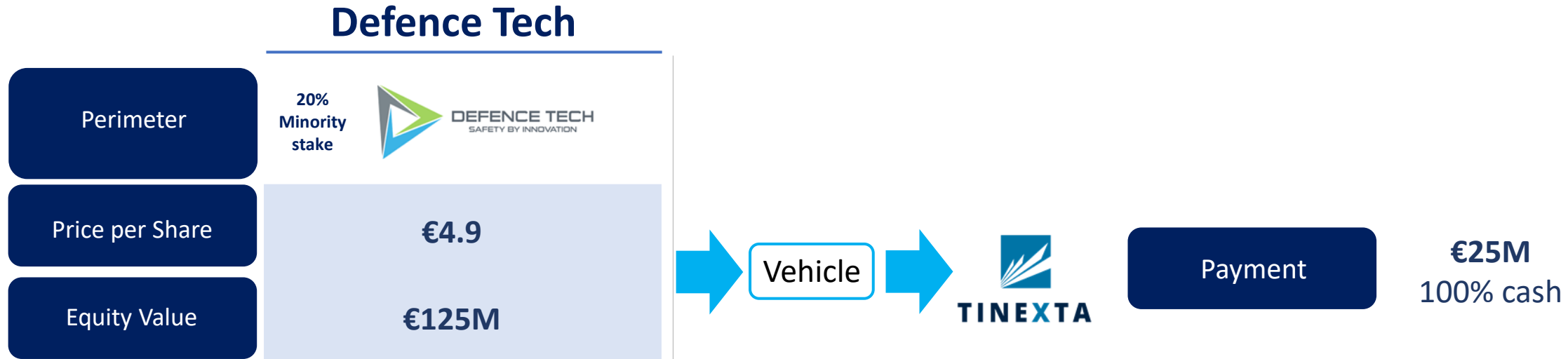
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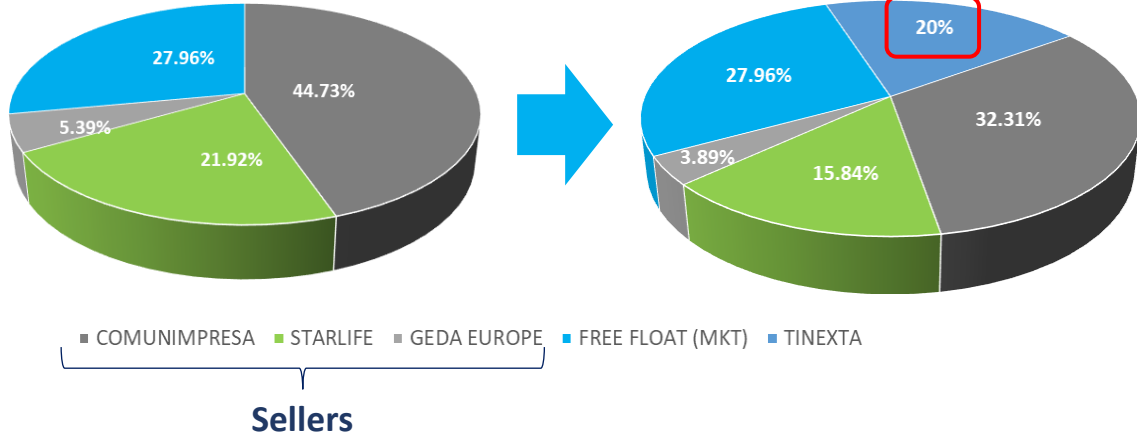
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2 The offer – *Purchase 20% of Defence Tech Holding*



2 The transaction – A three steps process (as per current assumption)

Current to Target shareholder structure:



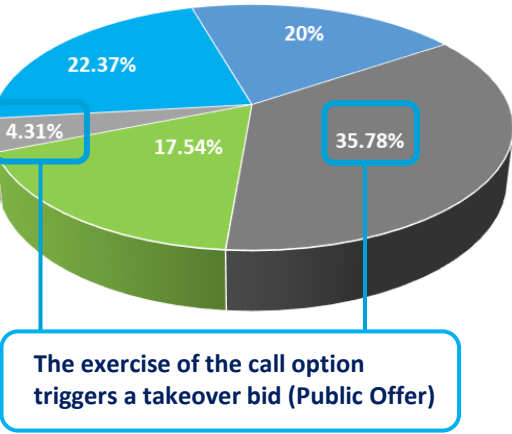
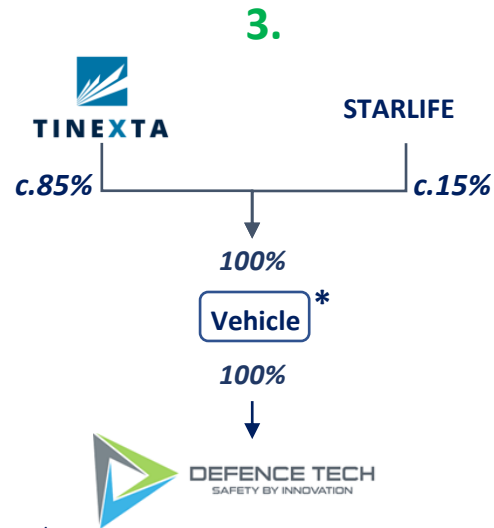
1. Tinexta (via a dedicated Vehicle) to buy 20% of Defence Tech Holding pro rata by each of the current reference shareholders

SHAREHOLDERS	Number of Shares	% as is	% post acquisition & RABB
COMUNIMPRESA	11,424,050	44.73%	35.78%
STARLIFE	5,599,920	21.92%	17.54%**
GEDA EUROPE	1,376,030	5.39%	4.31%
FREE FLOAT (MKT)	7,142,857	27.96%	22.37%
TINEXTA			20%
TOTAL	25,542,857	100%	100%

2. At closing, signing of a shareholders' agreement with the selling shareholders and a Call option in favor of Tinexta to be exercised in 2024 based on the FY 2023 results:

- The sellers will initiate a *reverse accelerated book building* for the pro rata purchase on the market of approximately 1.4M shares (equal to approximately 5.6% of the share capital) at the price of €4.9 per share
- Tinexta (vehicle) has the option to purchase the remaining shares from *Comunimpresa* and *GEDA* (for a total of over 50% of the share capital)
 - The price of the option will be calculated: **2023 EBITDA Adjusted and 12x multiple, plus pro rata Adj. NFP**
- Trigger of a takeover bid (Public Offer)

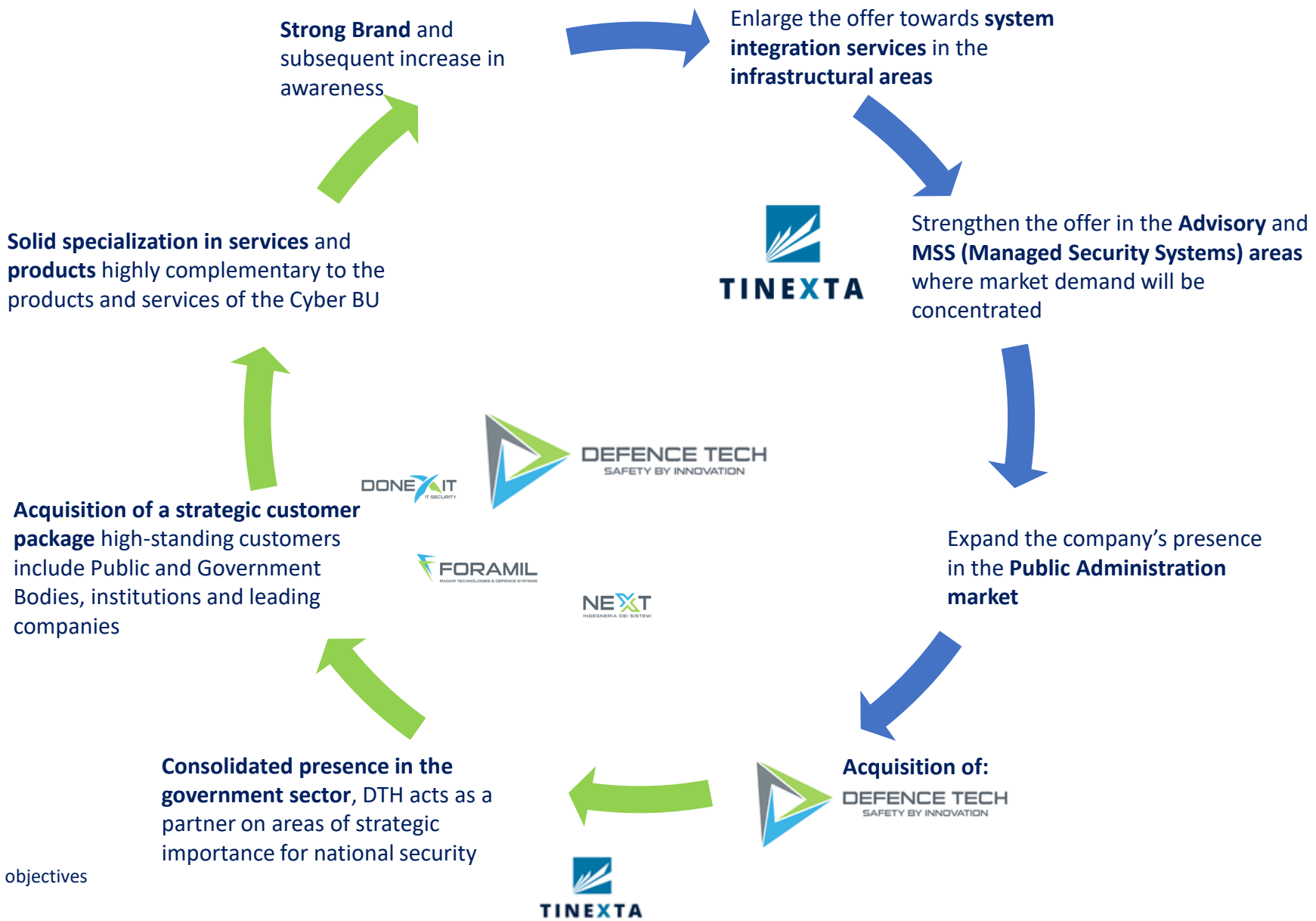
3. After the exercise of the Call option and completion of a successful mandatory takeover bid, STARLIFE to remain in the shareholding structure of the Tinexta Vehicle which will hold 100% of Defence Tech (to be entirely delisted from the market)





*Signing of shareholder agreements containing provisions relating to the *governance*
 **Following the public tender, a portion of the shareholding (3% of the share capital) will be tendered

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The strategic rationale – Adding value



 Tinexta's current positioning and main objectives

 Potential benefits from the acquisition

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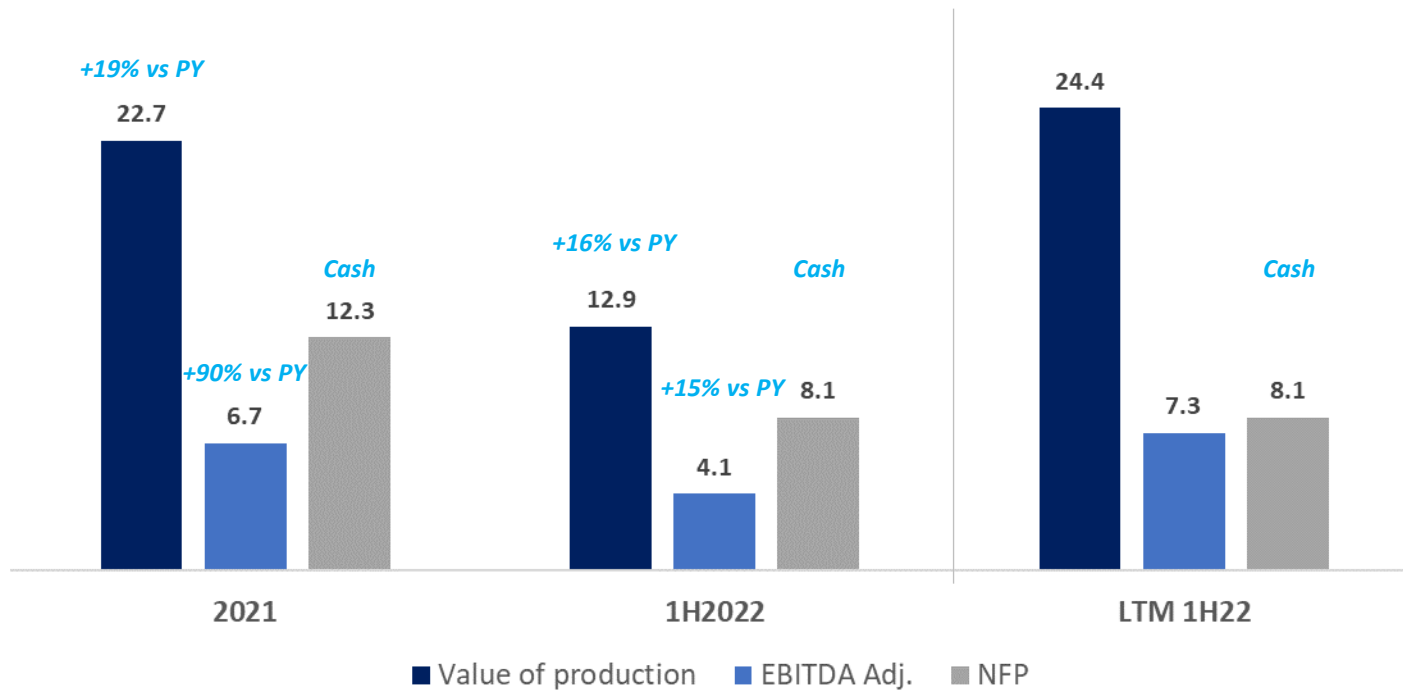
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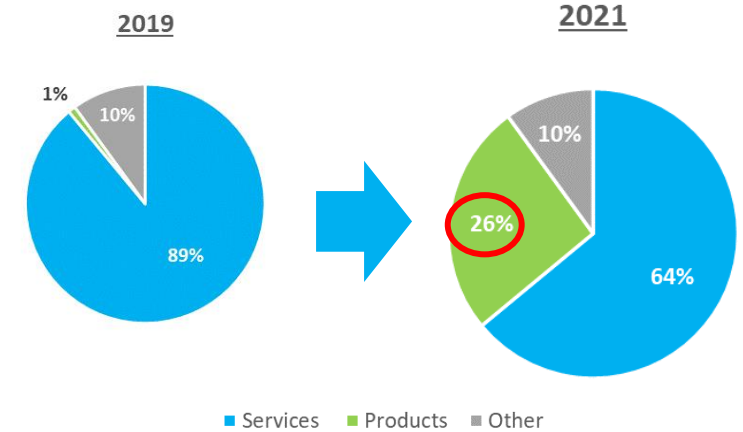
3 KPIs – Business financials

VALUE OF PRODUCTION, EBITDA Adj., NET FINANCIAL POSITION

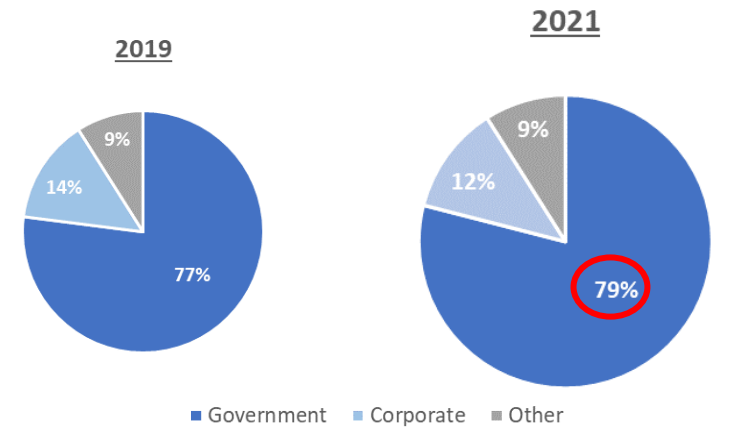
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REVENUES BY PRODUCT/SERVICE



REVENUES BY CUSTOMER



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Closing remarks

- ✓ Further important step in the Cyber Security market in Italy
- ✓ Solid Financial performance from DTH:

1H2022			LTM 1H2022		
Value of Production €12.9M	EBITDA Adj. €4.1M	NFP -€8.1M cash	Value of Production €24.4M	EBITDA Adj. €7.3M	NFP -€8.1M cash

- ✓ Bold & strategic move to strengthen and improve Public Administration cyber security penetration
- ✓ Very strong brand awareness
- ✓ Strong upside on both commercial and industrial Group's synergies
- ✓ Enables access to a strategic customer set including Public and Government Bodies, institutions and leading companies
- ✓ DTH to benefit from integration and being part of a larger group

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