



TXT Group: Q1-2023 Results

Call with Investors May
12 | 11.00am (CEST)

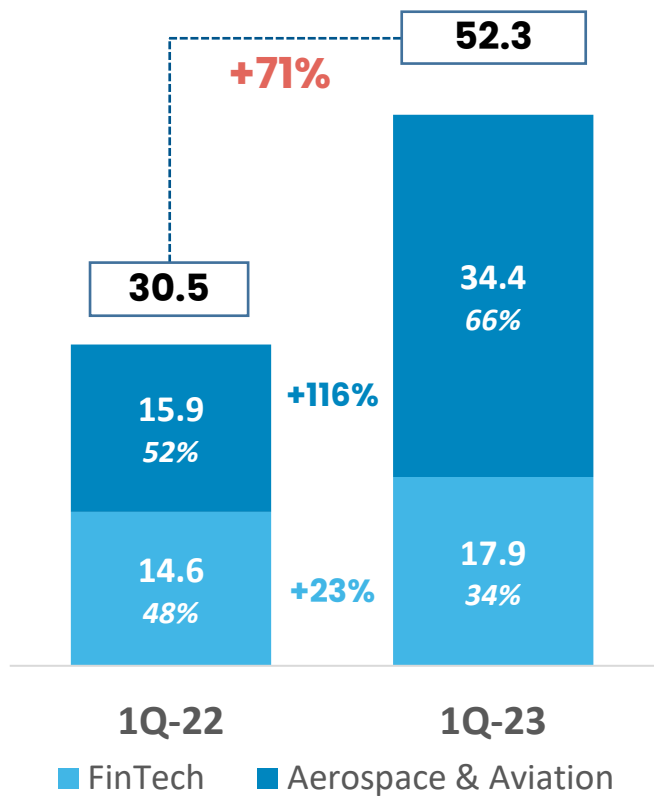
Daniele MISANI, CEO Andrea
FAVINI, IR



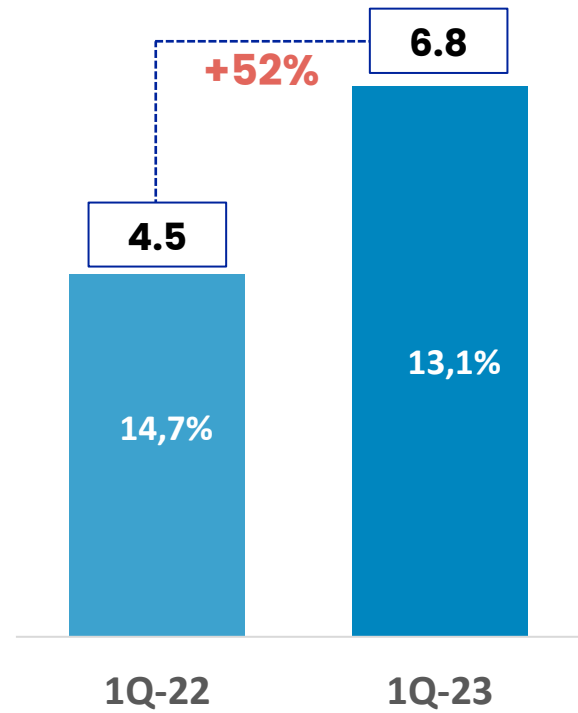
_Q1-2023 Results (conso.)

- Extraordinary Revenues growth thanks to double-digit organic growth and strong M&A 2022 contribution
- EBITDA margin decreased by 1.6 p.p. for the different mix of revenues/costs following consolidation of new service companies acquired in the second half of 2022

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



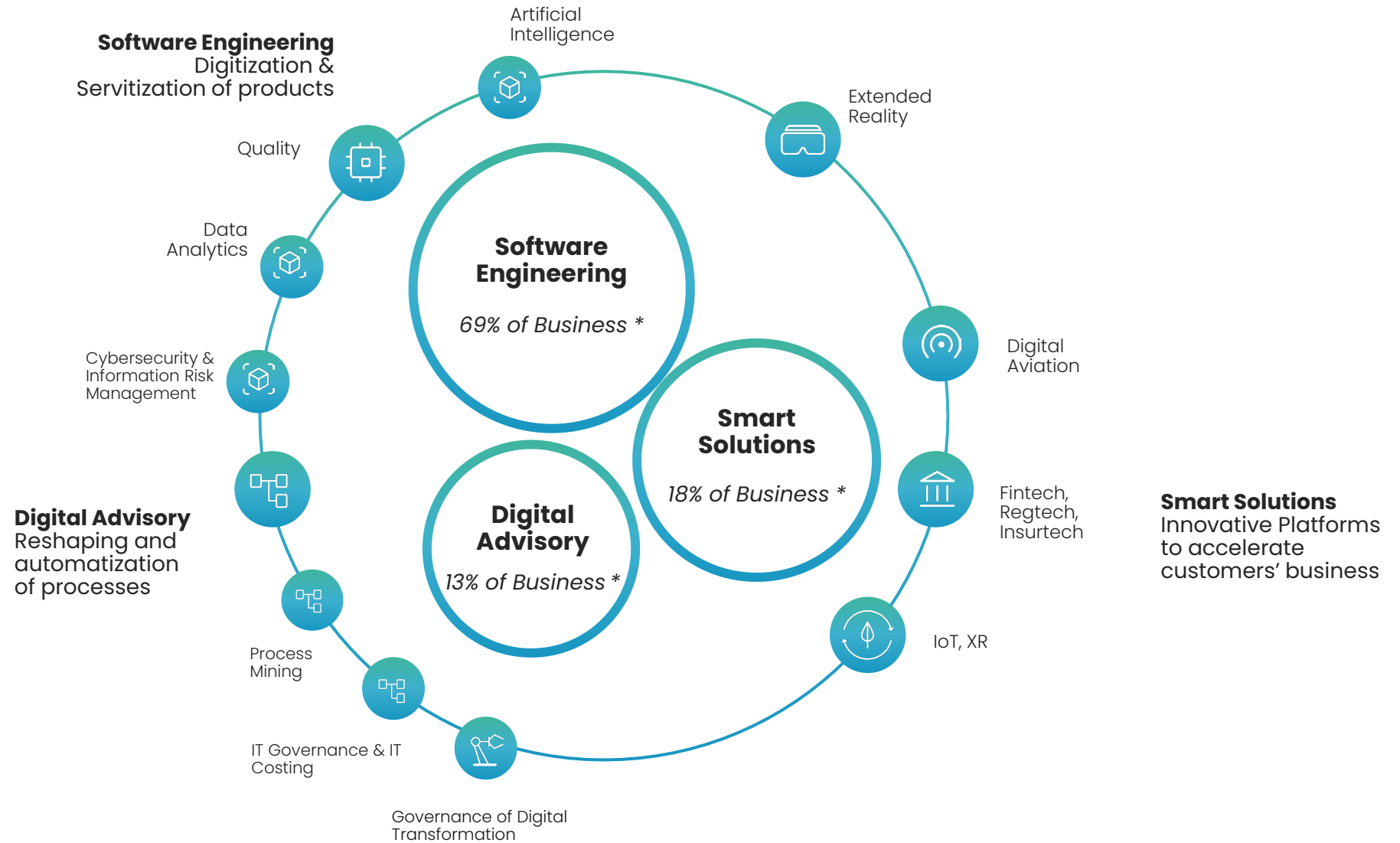
EBITDA
(€mn, % on total revenues)



M&A contribution 1Q-2023: € 18 Mn Revenues (+60%); € 2 Mn EBITDA (+38%)



Digital Innovation

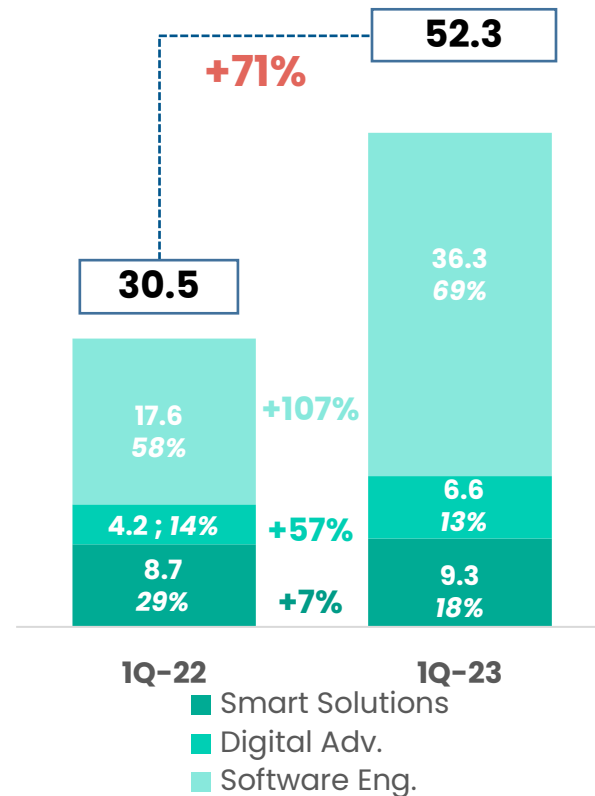


*Percentages of business incidence by offering segment are calculated on Q1-2023 Revenues of € 52Mn

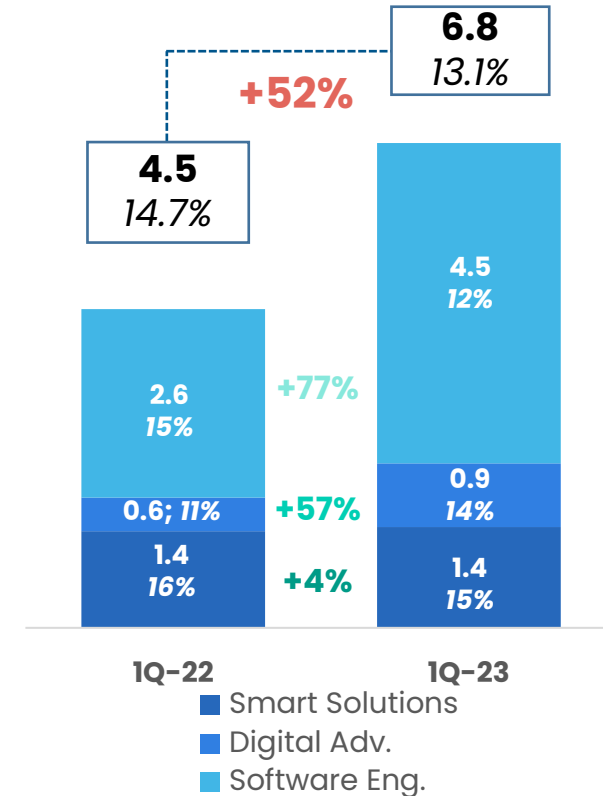


To highlight TXT's new and broader positioning in the digital innovation market, the Group has structured itself into three divisions representative of the type of offering:

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



EBITDA (€mn, % on revenues)





Solid Organic
Growth in 1Q-23

+11%

vs. 1Q-2022



Contribution of M&A
FY-2022 in 1Q-23

+€18 Mn



ENNOVA



SPS



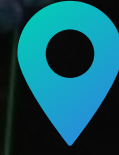
DM



TLOGOS



PGMD



Net Profit
(consolidated)

€2.9 Mn

6% of Revenues
+40% vs. 1Q-2022



_ Value creation: Q1-23



R&D INVESTMENTS (fully expenses in the quarter)

€ 2.2Mn Q1-23, **+16%** vs. Q1-22



SMART SOLUTIONS REVENUES

€ 9.3Mn Q1-23, **+7%** vs. Q1-22



INTERNATIONAL REVENUES

€ 10Mn 19% of total revenues



SUSTAINABLE DEBT + TREASURY SHARES & FINANCIAL ASSETS FOR FINANCING GROWTH

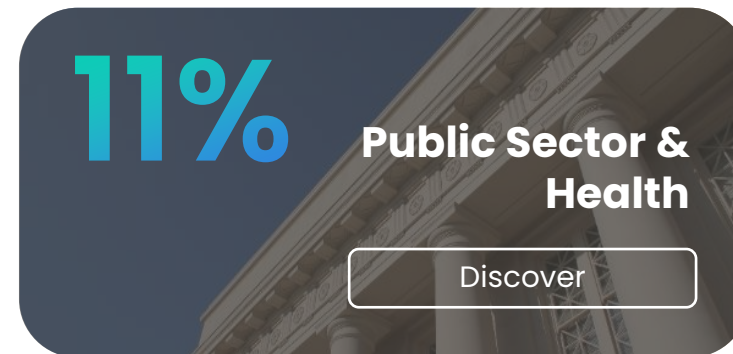
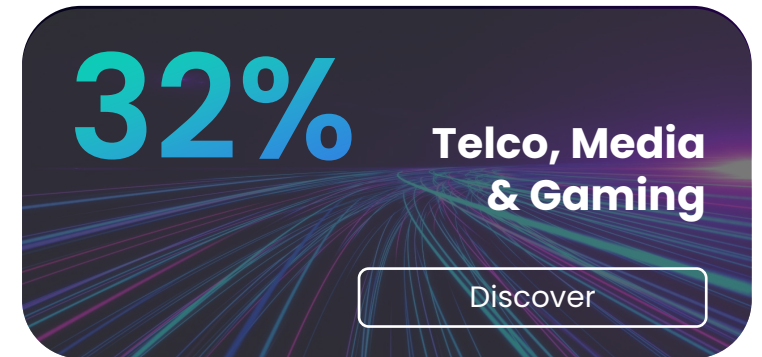
€ 25Mn (Net Debt) - **€ 19Mn*** in Treasury Shares & **€ 16Mn** Fair Value Financial Investment

** Value calculated with stock price of € 19,96 per share (Share Price Mar. 31st, 2023)*



Core Markets & Incidence

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.



_ Q1-2023 Main Events & Future Evolution

Digital Advisory & digital citizenships: Lot 2 of Consip tender available

- **Solid organic growth** of Digital Advisory division in Q1-2023 with HSPI that recorded a **+24% in revenues** compared to Q1-2022 (+1Mn), with a strong contribution coming from NRRP;
- As communicated to the market earlier this year, **HSPI is the first assignee of Lot 2** of Consip tender for the assignment of application services in a cloud perspective and for **Demand and PMO services** and leads a Group of 5 Italian-owned companies (HSPI, S3K, SCS, Business Changers and PRS);
- After the activation of lot 1 for application services last December, **Lot 2 (value for TXT: 120 mil/€ for the period 2023-2026) is now also available**, which concerns demand services and PMOs aimed at supporting the Administration in the governance of application services from a cloud perspective: Project Management, Monitoring Support, Change Management, Demand Management, Customer Satisfaction;
- The initiative is aimed at Central PAs to provide digital advisory focused on citizens and businesses and **promote digital citizenship**.



Smart Solutions & technology: TXT secures funding in project SOFIA

- TXT Group secures NRRP fundings as **coordinator of project SOFIA (SOFTWARE platform for explainable and ethical Artificial Intelligence for the 4.0 worker)** from the “Italian Ministry of Enterprises and Made in Italy” through the Complementary Fund of the NRRP, thanks to the considerable development in TXT’s proprietary Smart Solution, **WEAVR**.
- Through project SOFIA, TXT Group will enforce its own assets in emerging technologies like **Artificial Intelligence** and **eXtended Reality** to support manufacturing operations. Total project value is more than €5Mn, of which 20% assigned to TXT Group.
- TXT Group will lead and coordinate **a consortium composed of strong industrial partners** benefitting from solution application including CNH industrial S.p.A. as well as leading research institutions like Politecnico di Milano and specialised SMEs.
- TXT leads the way towards a **new Digital Manufacturing paradigm**, supporting industrial partners throughout the whole production process life cycle, also allowing for the scalability of the traditional approach to the development of factory procedures.



Emerging technologies: PACE part of the Neumann consortium

- PACE, a TXT Group company, has been selected as member of the **Neumann consortium**, which was awarded under the **European Defence Fund programme** (EDF) to contribute to the future European strategic autonomy and help closing the gap with fighter technology and capability being developed by other countries.
- The main focus of the Neumann project is to develop a new suite of **advanced technologies for energy and propulsion** that can be applied in a modular and flexible way to different sizes and types of next generation air combat systems, with a particular emphasis on optimizing the management of energy available on board, both propulsive and non-propulsive. These advancements **will benefit the defense sector worldwide**, contributing to the development of next generation air combat systems with improved energy efficiency and enhanced military air platform engine performance.
- The project is coordinated by Avio Aero with the project consortium of 37 partners plus 3 affiliated entities based in 12 EU Member States including major leading companies like Leonardo, Saab and leading research institution. Total project value is more than €50Mn, of which approximately 5% assigned to TXT Group.



2023 Events: business and commercial growth

As the world emerges from the pandemic, one promising avenue for growth is through the revival of events that had to be put on hold. TXT Group, at the forefront of **revolutionizing digital innovation**, showcased its Smart Solutions and offering worldwide taking part in the following:

- **PACEdays 2023**, Berlin: the conference and user group meeting yearly organised by PACE for Pacelab users and aviation professionals
- **WATS**, Orlando: PACE, ProSim, TXT E-Tech showcased our elevated smart solution, revolutionising the training and simulation industry.
- **MECSPE**, Bologna: DM Management & Consulting presented DMP, our Smart Solution for the Collaborative industry 5.0 and the Smart Factory.
- **Aerospace Tech Week**, Munich: PACE and TXT E-TECH spoke about the future of total trajectory optimisation in all phases of flight and onboard systems.
- **Embedded World**, Nurnberg: TERATRON, TXT E-Tech dived deep into the world of embedded systems and complex system design.
- **ITEC**, Rotterdam: we connected with professionals in the defence training sector.
- **MR Digital Education's Didacta**, Florence: our XR Team showcased WEAVR platform that creates immersive & interactive experiences that provides hands-on training
- **Airspace World**, Geneva: PACE showcased FPO and how our Smart Solutions improve complex processes in the Aerospace market.
- **SCF at the time of inflation** TXT WCS presented the results of the 22 research in the Supply Chain Finance platform market.



Q1-2023 FINANCIALS

Profit & loss: Q1 2023 details

€ thousand	Q1 2023	%	Q1 2022	%	Var %
REVENUES	52,312	100	30,520	100	71.4
Direct costs	34,505	66.0	18,893	61.9	82.6
GROSS MARGIN	17,807	34.0	11,627	38.1	53.2
Research and Development costs	2,210	4.2	1,908	6.3	15.8
Commercial costs	4,573	8.7	3,167	10.4	44.4
General and Administrative costs	4,189	8.0	2,059	6.7	103.4
EBITDA	6,835	13.1	4,493	14.7	52.1
Depreciation & Amortization	2,362	4.5	1,203	3.9	96.3
Riorganization and Non Recurrent Costs	-	0.0	(75)	(0.2)	n.a.
OPERATING PROFIT (EBIT)	4,473	8.6	3,215	10.5	39.1
Financial income (charges)	(439)	(0.8)	(287)	(0.9)	53.0
EARNINGS BEFORE TAXES (EBT)	4,034	7.7	2,928	9.6	37.8
Taxes	(1,125)	(2.2)	(854)	(2.8)	31.8
NET PROFIT	2,908	5.6	2,074	6.8	40.2



NET Financial Debt: Solid financial position

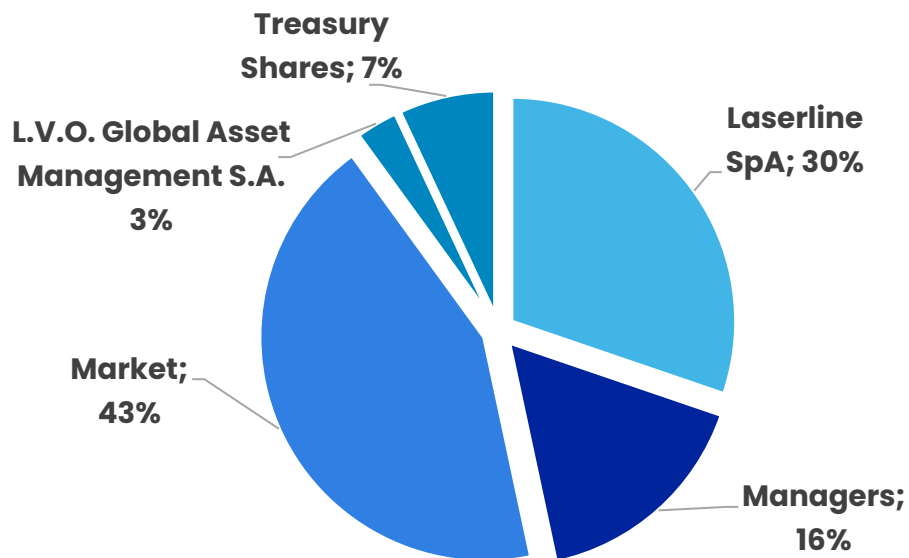
€ thousand	31.12.2022	31.12.2022	Var
Cash	45.919	33.015	12.905
Trading securities at fair value	48.309	48.490	(180)
Total Cash & Cash Equivalent	94.229	81.505	12.724
Short term Financial Debts	(55.906)	(51.187)	(4.719)
Short term Financial Resources	38.323	30.318	8.005
Other Long Term Financial Assets	1.256	1.417	(161)
Non current Financial Debts - Lessors IFRS 16	(4.835)	(5.988)	1.153
Other Non current Financial Debts	(59.349)	(64.017)	4.668
Non current Net Financial Debts	(62.928)	(68.588)	5.660
Net Cash/(Debt)	(24.605)	(38.270)	13.665
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	(8.063)	(19.978)	11.915



€ thousand	31.03.2023	31.12.2022	Change
Intangible assets	77,428	77,975	(547)
Tangible assets	19,491	18,293	1,198
Other fixed assets	19,234	19,360	(126)
Fixed Assets	116,152	115,628	524
Inventories	15,808	13,765	2,043
Trade receivables	57,364	73,115	(15,751)
Other short term assets	16,562	15,352	1,210
Trade payables	(21,350)	(20,643)	(707)
Tax payables	(8,526)	(7,958)	(568)
Other payables and short term liabilities	(35,753)	(36,834)	1,081
Net working capital	24,104	36,797	(12,693)
Severance and other non current liabilities	(4,987)	(4,772)	(215)
Capital employed - Continuing Operations	135,269	147,653	(12,384)
Shareholders' equity	110,647	109,366	1,281
Shareholders' equity - minority interest	17	17	0
Net financial debt	24,605	38,270	(13,665)
Financing of capital employed	135,269	147,653	(12,384)

Shareholding Structure March 31st, 2023*

* Latest Public Data Available as of 31 Mar. 2023

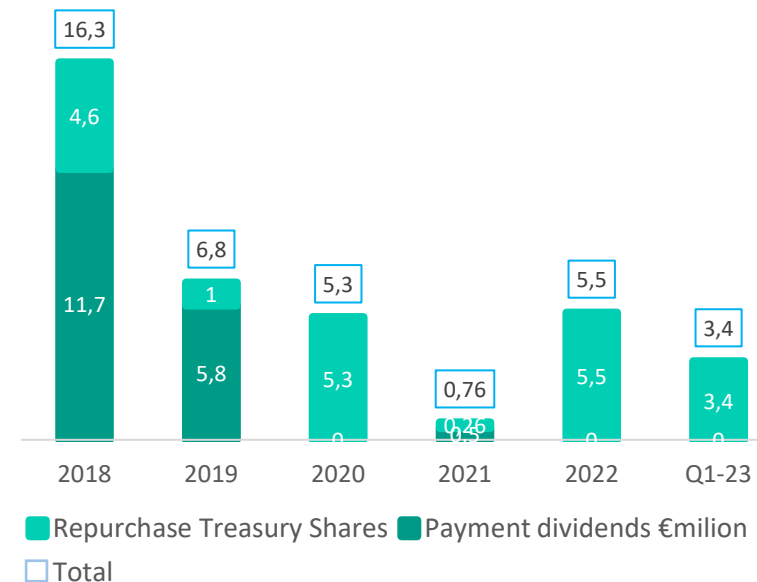


Market Data

Share Price Dec 31 st , 2019	9.66€/share
Share Price Mar 31 st , 2023	19.96€/share
Mkt Mar 31 st , 2023	238m €
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