

# Virtual STAR Conference 2021

## Spring Edition

**TXXT**

**March 23, 2021**

*Daniele Misani, CEO*

*Andrea Favini, IR*

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Unless otherwise specified all data refers to FY 2020.



Enrico Magni

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Chairman

A seasoned entrepreneur with a solid track record in driving companies' growth, Enrico joined TXT as relative majority Shareholder and became first CEO in 2018 and then Chairman in 2020 with the goal to drive the growth path of TXT.



Misani Daniele

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Group CEO

+ 20 years in TXT, strong international background in business development and delivery, in 2020 Daniele Misani has been appointed Group CEO after the achievement of brilliant results in driving the international growth of the Aerospace & Aviation business as Managing Director of TXT Group.



Eugenio Forcinito

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Group CFO

+20 years experience in the Finance and Administration sector and a deep knowledge of managerial dynamics, in the last fifteen years Eugenio has always been focused and committed to the sustainable growth and development of TXT Group.



# Group **O**verview

**TXT**



**PIONEER OF DIGITAL TRANSFORMATION & SOFTWARE TECHNOLOGIES** today we offer a mix of best-in-class strategic software, consultancy and innovative services



**30+ YEARS OF EXPERIENCE IN AEROSPACE**, defence and aviation sectors with high specialized services & products



**20+ YEARS OF EXPERIENCE IN BANKING & FINANCE**, first mover & leader in SW Quality & Development, IT Governance services; today we offer also innovative Fintech products



**INTERNATIONAL FOOTPRINT**, with presence in +10 countries and offices in Europe and North America



**800+ SPECIALIZED PROFESSIONALS**, software engineers and architects, project engineers, consultants and subject matter experts in our core industries and technologies.



## MARGIN EXPANSION

*12.5% FY20 EBITDA margin, +0.6pp YoY  
CAGR EBITDA FY17-FY20: +35.2%*



## RECURRING REVENUE GROWTH

*More than 80% of AR are recurring, thanks to strong contractual terms and consolidated relationships*



## R&D INVESTMENT (expensed in the P&L)

*€6.7mn in FY20, +10% YoY*



## CASH AVAILABLE FOR GROWTH

*€22.1mn December 31, 2020 Net Cash*



## ACCRETIVE ACQUISITIONS

*7 strategic investments in Fintech and IT & Digital consultancy in the 3-year period 2018-2020*

#WEARETXT

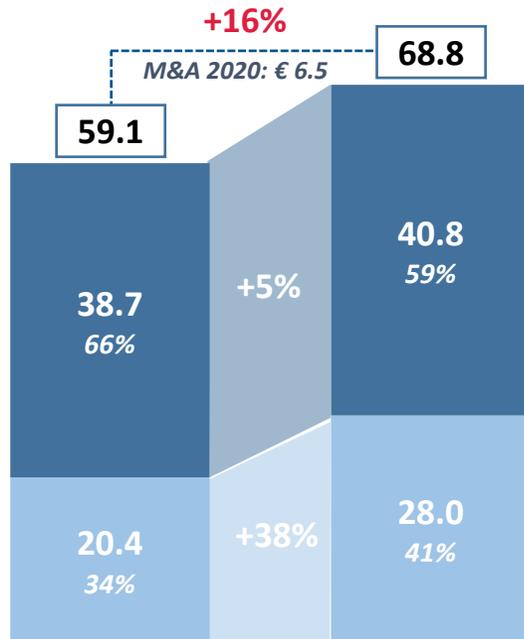
VALUE CREATION

“ **TXT is an international IT Group, end-to-end provider of consultancy, software services and solutions, supporting the digital transformation of customers' products and core processes with a proprietary software portfolio and deep expertise in vertical domains** ”

Results of FY 2020 show a double-digit growth in Revenues driven by M&A, with Software revenues and EBITDA increasing +25% YoY and +22% YoY respectively

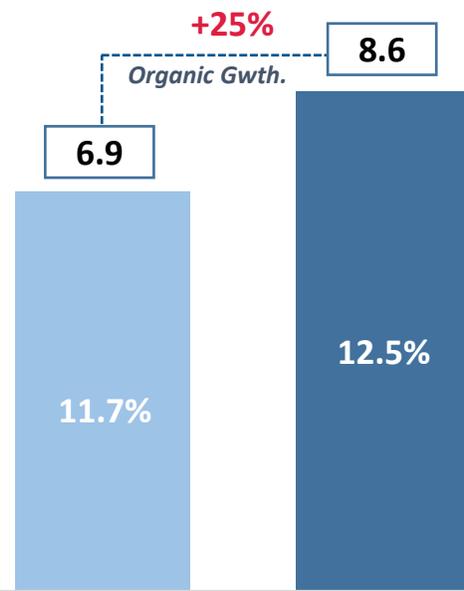
## Revenues by Market

(€mn, % on total revenues)



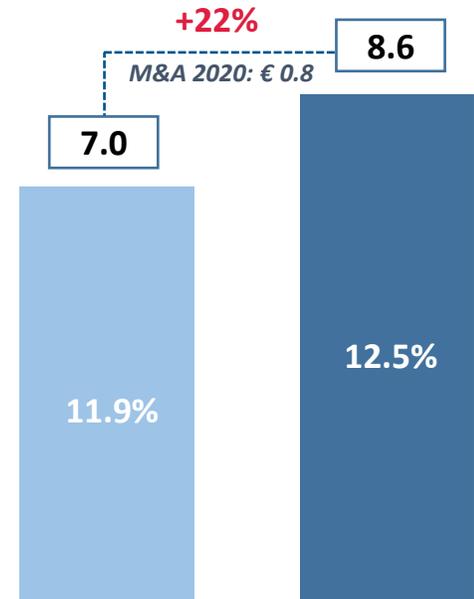
## Revenues from Software

(€mn, % on total revenues)



## EBITDA

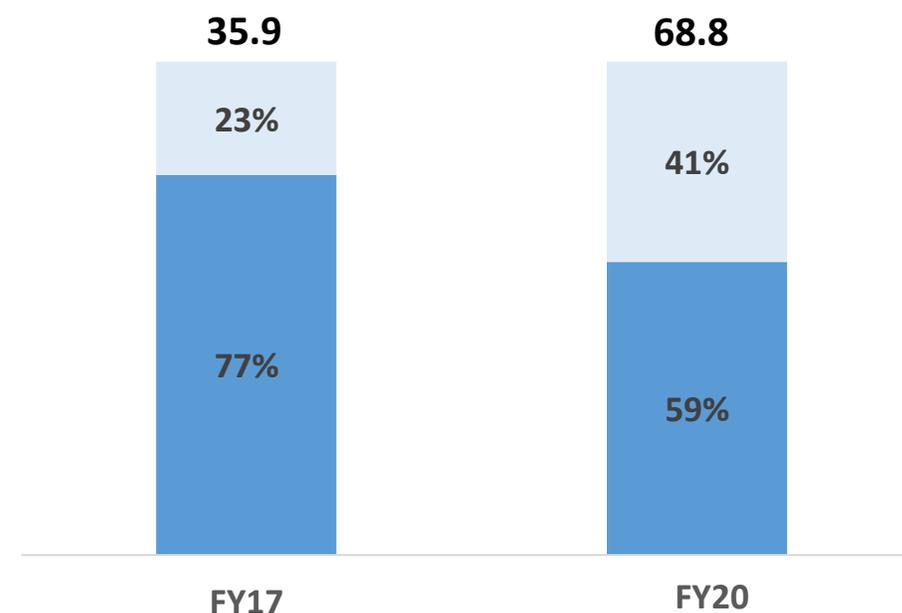
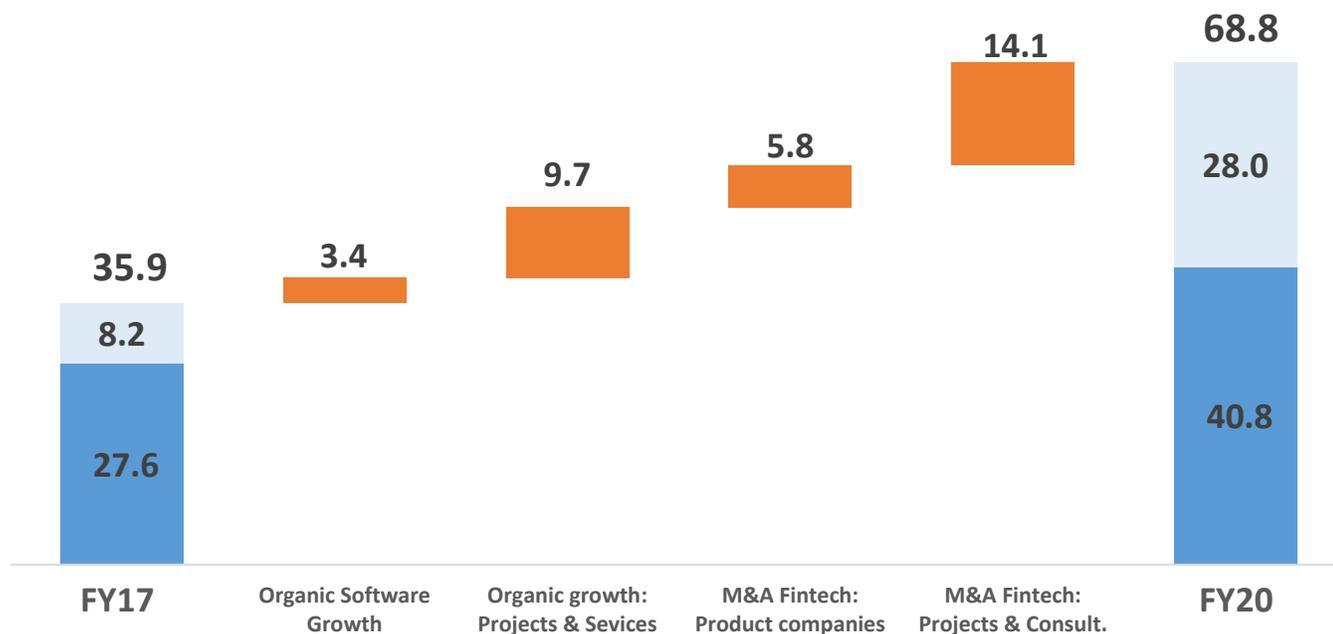
(€mn, % on total revenues)



■ FinTech ■ Aerospace & Aviation

**Diversification over the period 2017-2020 with constant Organic and Software Growth & M&A contribution**

**FinTech incidence increased thanks to M&A and Organic Growth**



Legend:

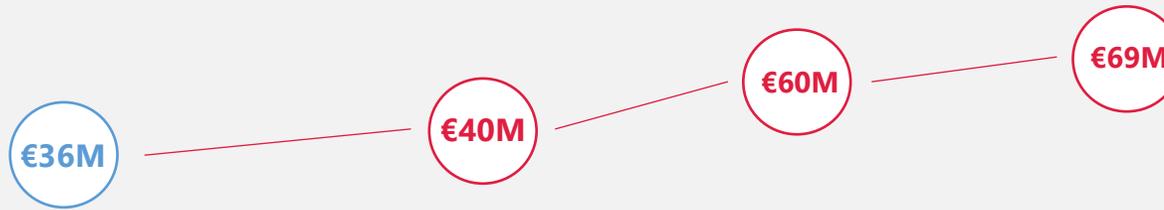
- **Aviation&Aerospace** *Constant double-digit organic growth (CAGR 2017-2020 +10%) achieved with the contribution of new proprietary platforms and new international customers with a significant increase in the North America market (new offices in Seattle & Dallas)*
- **Fintech** *Accelerated growth of revenues in the period thanks to the positive contribution of M&A. In 2021 and with the same consolidation perimeter, division's performance further increase for the full consolidation of HSPI SpA and Mac Solutions SA (both acquired in H2-2020) and synergies*

# Reboot completed: a new phase of growth ahead

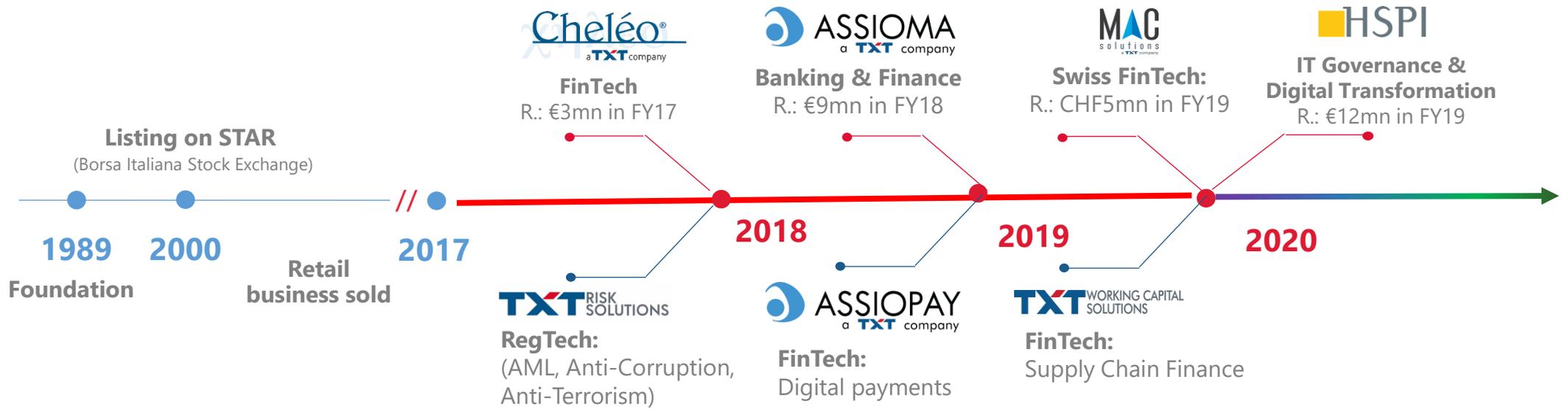


Constant Growth

12 months revenues \*  
\* Excluded Retail business



Transformation



Reboot

**FY2016: Best historical results since IPO \***



\* Included Retail business sold in FY2017



Strategic software, consultancy and innovative services

**FY2020: New record performance achieved**



# Group's Divisions & Markets

Core markets



## Aerospace & Aviation

Turnover  
FY-2020:



40.8M €  
+5.4% YoY

EBITDA margin  
FY-2020:



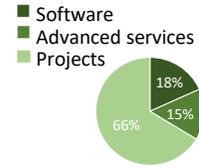
12.5%  
-0.6M € YoY

International  
revenues:



39.2% of  
total

Revenues  
breakdown



## Fintech

Turnover  
FY-2020:



28.0M €  
+37.5% YoY

EBITDA margin  
FY-2020:



12.4%  
+2.2M € YoY

Net operating  
investment for  
product Start-up:



1.1M € in FY-2020

Revenues  
breakdown



Diversification



Industrial, Manufacturing, Automotive & Transportation < 15%



Public Sector < 10%



# Offering & Strategy

**TXT**



Deep technology, industry & process expertise



Flexible service models



Innovative Software

 Process Mining	 IT Governance & Service Management	 Cybersecurity & IT Risk Management	 SW Quality Assurance, Validation & Verification
 Blockchain	 Artificial Intelligence & Machine Learning	 Software Design & Development	 Real-time / Cloud / Embedded Software
 Data Analytics	 Virtual / Extended / Mixed Reality	 Modelling & Simulations	 Training & Simulations
 ERP Governance	 IOT	 Change Management & Communication	 Compliance & Certification

<p><b>FinTech (NPL, leasing &amp; More):</b></p> <p><b>Cheléo Suite</b> is the Modular financial software for the management of NPL, leasing, factoring, salary-backed loan.</p>	<p><b>FinTech (SCF market):</b></p> <p><b>Polaris</b> is the Innovative digital solutions to facilitate working capital financing.</p>
<p><b>RegTech:</b></p> <p>AML, Anti-Terrorism, Anti-Corruption, Anti-Fraud &amp; Anti-Financial Risk modular platform.</p>	<p><b>Digital payments:</b></p> <p>Multi-issuer Meal Voucher Platform for POS, Smart Pos and For management of loyalty card.</p>
<p><b>Training &amp; Simulation:</b></p> <p><b>PaceLab WEAVR</b> lets you quickly and easily create a personalized, engaging VR / XR / MR training program.</p>	<p><b>Industrial &amp; Aerospace:</b></p> <p><b>PaceLab Suite</b> provides best-in class vertical software solutions for the Aerospace market and the Industry 4.0 field.</p>

# Focus: Aerospace & Aviation

International specialized provider of Software Solutions & Engineering Services



## Product Development

PLS

APD

MS

On-board Software

Preliminary Design & Evaluation



## Customer Engineering & Manufacturing



Pacelab ACE

Cab

DM

Product Configuration

Digital Manufacturing



## Aircraft Operations

WVR

FPO

Training & Simulation

Flight Operations



## TOP CUSTOMERS



# Focus: FinTech, IT & Digital Consultancy

Proprietary innovative platforms, Advanced services & Consultancy



Financing, Credit & NPL Management



Proprietary software suite for the management of **NPL, Leasing, Factoring & Salary-backed loan**

Compliance & AML solutions



Proprietary RegTech platform for **Anti-Money Laundering, Anti-Terrorism** and more

Supply Chain Finance



Innovative proprietary software solution (marketplace) to facilitate **working capital financing** of large companies

Digital Payments



Proprietary SaaS solution for the digitization of payments, **meal vouchers** and **loyalty programs**

Software Quality & Development



First mover & **Italian leader** in **Software Quality & Development services** for the Banking Industry

IT Governance & Digital Transformation



Advanced **consultancy** know-how in **Digital Innovation, Process mining, IT Governance, & Cybersecurity**

## TOP CUSTOMERS



## Aerospace & Aviation

### Extended Reality



- Pacelab **WEAVER**: the best-in-class platform for **Virtual Training** and **Operations Support** applications;
- **More effective training, faster & at lower costs.**

### Collaboration & XR



- **Product configuration** with **real-time Augmented Reality visualization.**

## FinTech

### Anti Money Laundry, Anti-Corruption, Anti-Terrorism



- **Modular software** solutions for **risk assessment** based on **predictive probabilistic models**;
- **Reduction of compliance costs** (up to **70%**) and timing.

### Marketplace for the SCF market



- Innovative **digital solutions** to **facilitate working capital financing**
- A **real debts' trade market** where **Suppliers** can freely **exchange their credit** with the Financial Partners

## Fully Committed to ESG Agenda

### On-board Flight Profile Optimization (FPO)



### Pacelab FPO

Scaling **real-time data** to **optimize flight altitudes** and **speeds** in all flight phases with **significant fuel savings**:



### Preliminary Design & Evaluation

### Pacelab SysArc



Optimizing systems architectures at aircraft level, **minimizing the risk of design inconsistencies** or unforeseen behavior.

For 1,250 aircraft p.a. based on the 2019 average fuel price



GOVERNMENT



FINTECH



AEROSPACE



INDUSTRIAL  
& OTHERS

## Consultancy

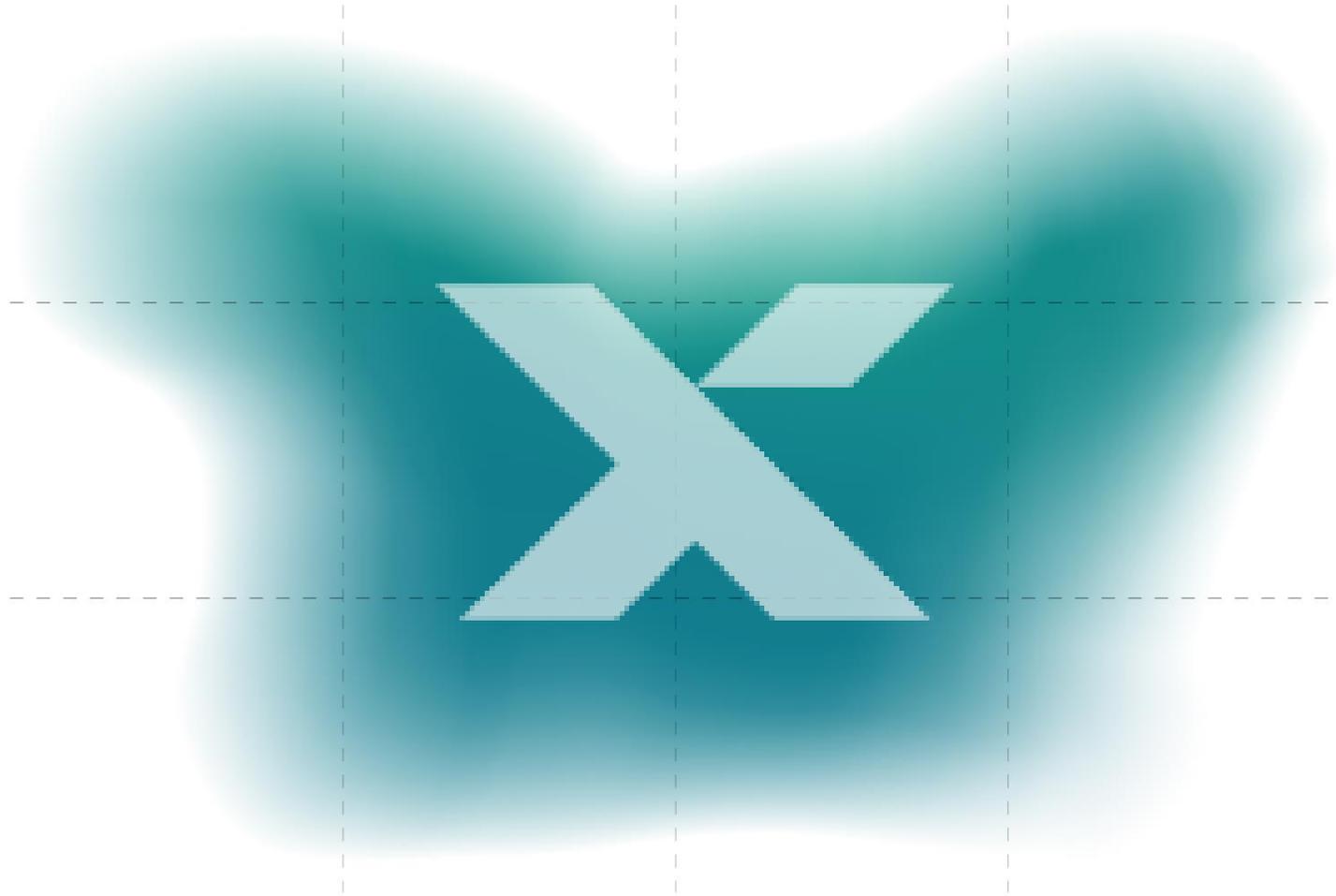
Our process consultancy offering is rooted in deep industry & technology expertise

## Projects

We offer flexible service models excelling in full risk-sharing partnerships

## Software

Our solutions leverage on proprietary standard software products, libraries & frameworks, methods and patented technologies



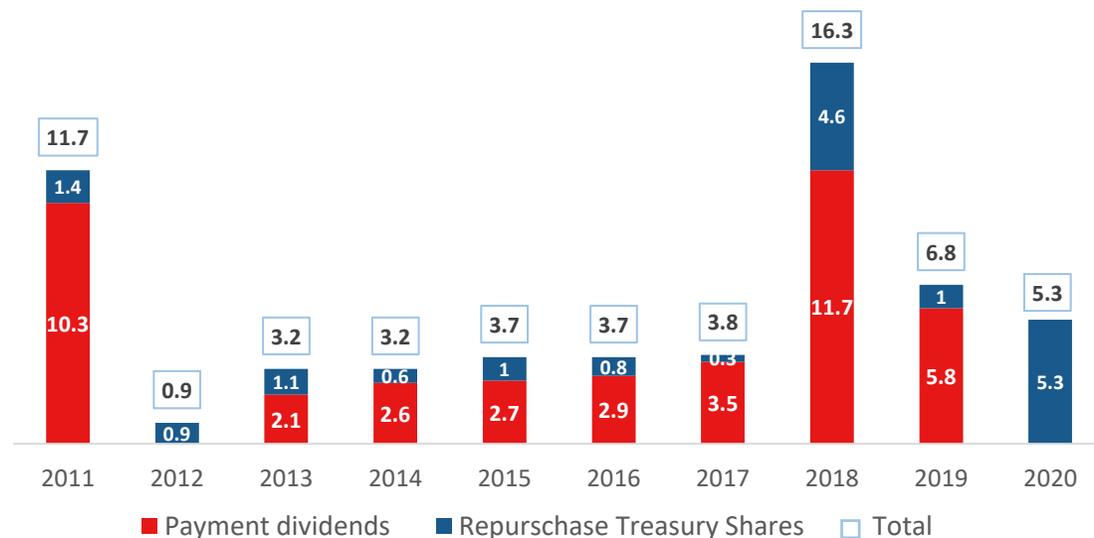
END-TO-END DIGITAL SOLUTIONS



# Shareholding & Financial Details

**TXT**

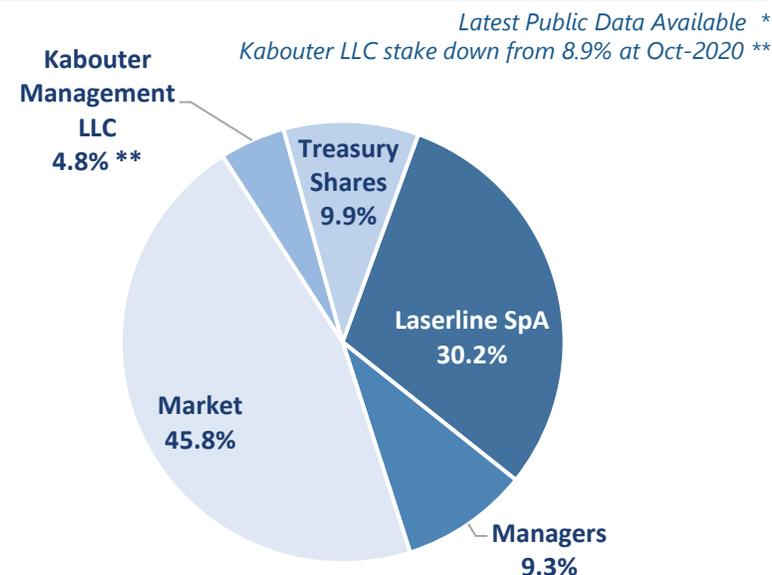
## Dividends and Treasury Shares Repurchase (€m)



## Dividends

Year	Dividends	Year	Dividends
2013	0.20 € / share	2017	0.30 € / share
2014	Free Share Distribution 1:1	2018	1.00 € / share
2014	0.25 € / share	2019	0.50 € / share
2015	Free Share Distribution 1:10	2020	nil
2015	0.25 € / share	2021	0.04 € / share
2016	0.25 € / share		

## Shareholding Structure March 10<sup>th</sup>, 2021\*



## Market Data

Share Price Dec 31st, 2010	1.51€/share*
Share Price Dec 31st, 2020	7.50€/share
Mkt Dec 31st, 2020	85m€
Dividend Yield	0,5%

rebased for free share distribution\*

# Increasing and solid trading results - Full Year 2020



<i>€ thousand</i>	FY 2020	%	FY 2019	%	Var %
<b>REVENUES</b>	<b>68,753</b>	<b>100.0</b>	<b>59,091</b>	<b>100.0</b>	<b>16.4</b>
Direct costs	39,470	57.4	31,824	53.9	24.0
<b>GROSS MARGIN</b>	<b>29,283</b>	<b>42.6</b>	<b>27,267</b>	<b>46.1</b>	<b>7.4</b>
Research and Development costs	6,684	9.7	6,071	10.3	10.1
Commercial costs	7,636	11.1	8,610	14.6	(11.3)
General and Administrative costs	6,403	9.3	5,582	9.4	14.7
<b>EBITDA</b>	<b>8,560</b>	<b>12.5</b>	<b>7,004</b>	<b>11.9</b>	<b>22.2</b>
Amortization, depreciation and write downs	4,810	7.0	2,734	4.6	75.9
Reorganization and non-recurring costs	592	0.9	717	1.2	n.m.
<b>OPERATING PROFIT (EBIT)</b>	<b>3,158</b>	<b>4.6</b>	<b>3,553</b>	<b>6.0</b>	<b>(11.1)</b>
Financial income (charges)	562	0.8	2,194	3.7	n.m.
Non-recurring income/(charges) related to M&A	2,157	3.1	(3,432)	(5.8)	n.m.
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>5,876</b>	<b>8.5</b>	<b>2,315</b>	<b>3.9</b>	<b>153.8</b>
Taxes	(1,162)	(1.7)	(1,867)	(3.2)	n.m.
<b>NET PROFIT</b>	<b>4,714</b>	<b>6.9</b>	<b>448</b>	<b>0.8</b>	<b>952.7</b>

# Strong Balance Structure as at December 31, 2020



<i>€ thousand</i>	31.12.2020	31.12.2019	Var.
Intangible assets	37,653	24,380	13,273
Tangible assets	7,460	7,929	(469)
Other fixed assets	2,299	2,325	(26)
<b>Fixed Assets</b>	<b>47,412</b>	<b>34,634</b>	<b>12,778</b>
Inventories	4,749	4,156	593
Trade receivables	35,411	19,371	16,040
Other short term assets	5,782	4,779	1,003
Trade payables	(4,176)	(2,122)	(2,054)
Tax payables	(5,147)	(4,292)	(855)
Other payables and short term liabilities	(17,471)	(12,808)	(4,663)
<b>Net working capital</b>	<b>19,148</b>	<b>9,084</b>	<b>10,064</b>
<b>Severance and other non current liabilities</b>	<b>(2,757)</b>	<b>(3,110)</b>	<b>353</b>
<b>Capital employed - Continuing Operations</b>	<b>63,803</b>	<b>40,608</b>	<b>23,195</b>
Shareholders' equity	85,454	81,852	3,603
Shareholders' equity (minority interests)	409	168	241
Net financial debt	(22,061)	(41,411)	19,351
<b>Financing of capital employed</b>	<b>63,803</b>	<b>40,608</b>	<b>23,195</b>

# Net cash: strong and solid financial position



<i>€ thousand</i>	31.12.2020	31.12.2019	Var
Cash	11,933	11,426	507
Trading securities at fair value	68,161	87,320	(19,159)
Cash & Cash equivalents	80,094	98,746	(18,652)
Short term bank loans	(28,181)	(17,353)	(10,828)
Options referred to M&A (Put/Call - Earn Out)	(960)	(6,648)	5,688
Short term financial debts - Lessors IFRS 16	(1,494)	(1,305)	(189)
<b>Short term Financial Resources</b>	<b>49,459</b>	<b>73,440</b>	<b>(23,981)</b>
Other Non current Financial Debts	(18,874)	(23,525)	4,651
Non current financial debts - Lessors IFRS 16	(3,580)	(4,517)	937
Options referred to M&A (Put/Call - Earn Out)	(4,944)	(3,987)	(958)
Non current Financial Debts	(27,398)	(32,029)	4,631
<b>Net Available Financial Resources</b>	<b>22,061</b>	<b>41,411</b>	<b>(19,351)</b>

# Thank you for your attention!

[www.txtgroup.com](http://www.txtgroup.com)

The logo for TXT, consisting of the letters 'T', 'X', and 'T' in a bold, white, sans-serif font. The 'X' is formed by two overlapping 'V' shapes.

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