

TXT e-Solutions

TXT

Corporate Overview

October 2020

The material in this presentation has been prepared by TXT e-solutions (“TXT”) and is general background information about TXT’s activities current as at the date of this presentation. This information is given in summary form and does not purport to be complete. Information in this presentation, including forecast financial information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice. All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk.

This presentation may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to TXT’s businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on these forward-looking statements. TXT does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside TXT’s control. Past performance is not a reliable indication of future performance.

Unless otherwise specified all data refers to FY 2019.



Enrico Magni

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

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

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.



Company Overview

TXT



PIONEER OF SOFTWARE TECHNOLOGIES, we offer a mix of best-in-class proprietary products & specialized services



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



15+ YEARS OF EXPERIENCE IN BANKING & FINANCE, first mover & Italian leader in Software Quality and Independent Verification & Validation Services



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



650+ SPECIALIZED PROFESSIONALS, software engineers and architects, project engineers and Subject Matter Experts in our core industries.

#WEARETXT



MARGIN EXPANSION

11.9% FY19 EBITDA margin, +2.4pp YoY

12.6% H1-20 EBITDA margin, +2.3pp H1oH1



RECURRING REVENUE GROWTH

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



R&D INVESTMENT (fully expensed)

€6mn in FY19, +103% YoY



CASH AVAILABLE FOR GROWTH

€38.3mn June 30, 2020 Net Cash



ACCRETIVE ACQUISITIONS

Mac Solution SA (Swiss digital company) latest acquisition in Q3 2020

VALUE CREATION

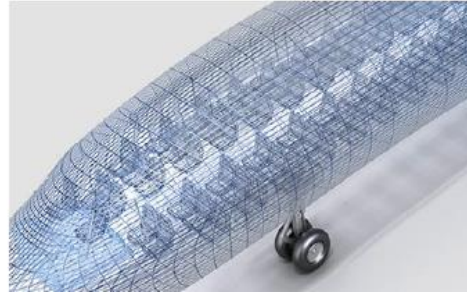
“

TXT Group is a specialized provider of *digital solutions* supporting customers globally in their mission- and business-critical core processes and throughout their products lifecycle.

TXT Group's technological excellence centres enable best-of-breed digital solutions:



Real-Time Software



Modelling & Simulation



Cloud



AI / Machine Learning



Industrial IoT



Blockchain



Big Data Analytics



Extended Reality

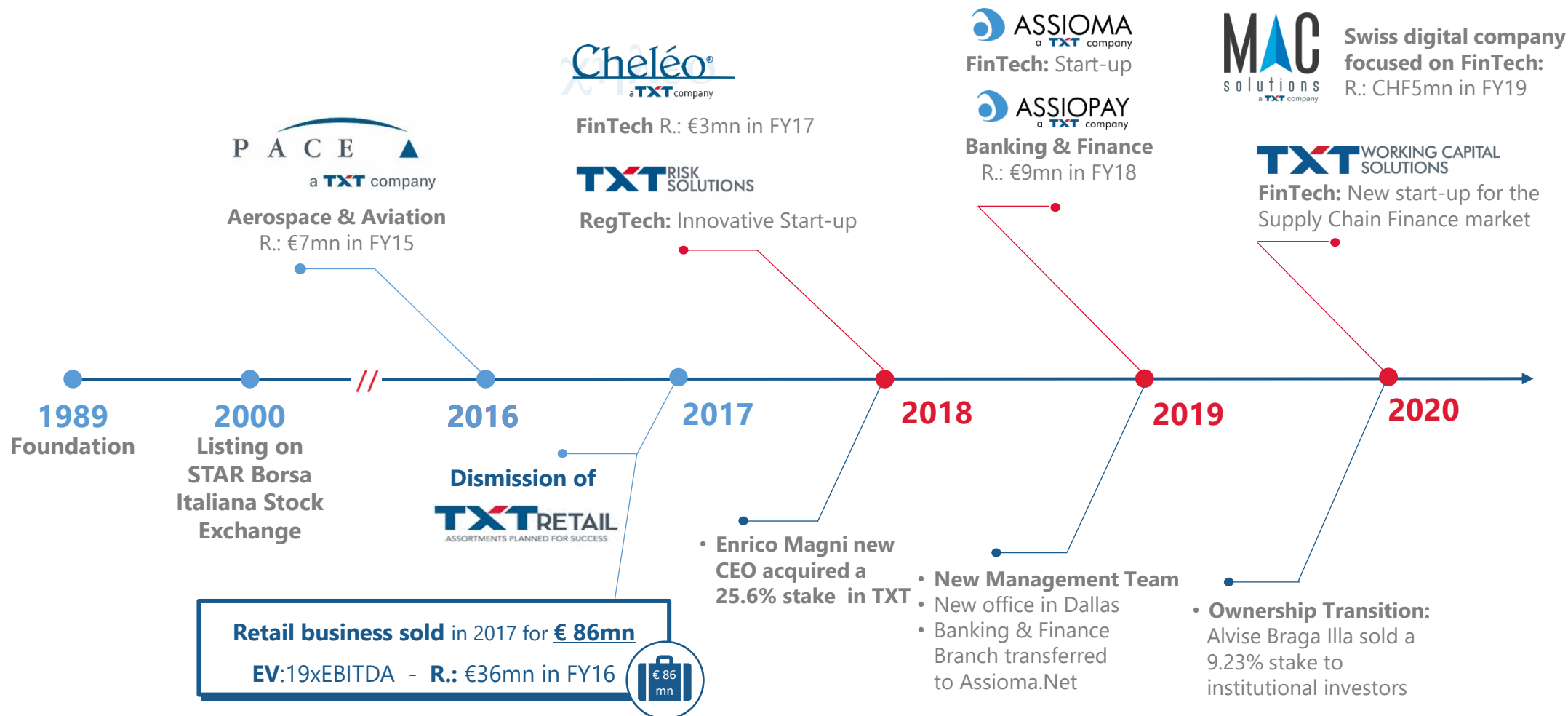
“ We are *leveraging our industry know-how* and *tech-capabilities to empower customers in their digital journey.*

Key Milestones



M&A

Other Corporate Events



Total Revenues *

* Excluded Retail business

€ 33M

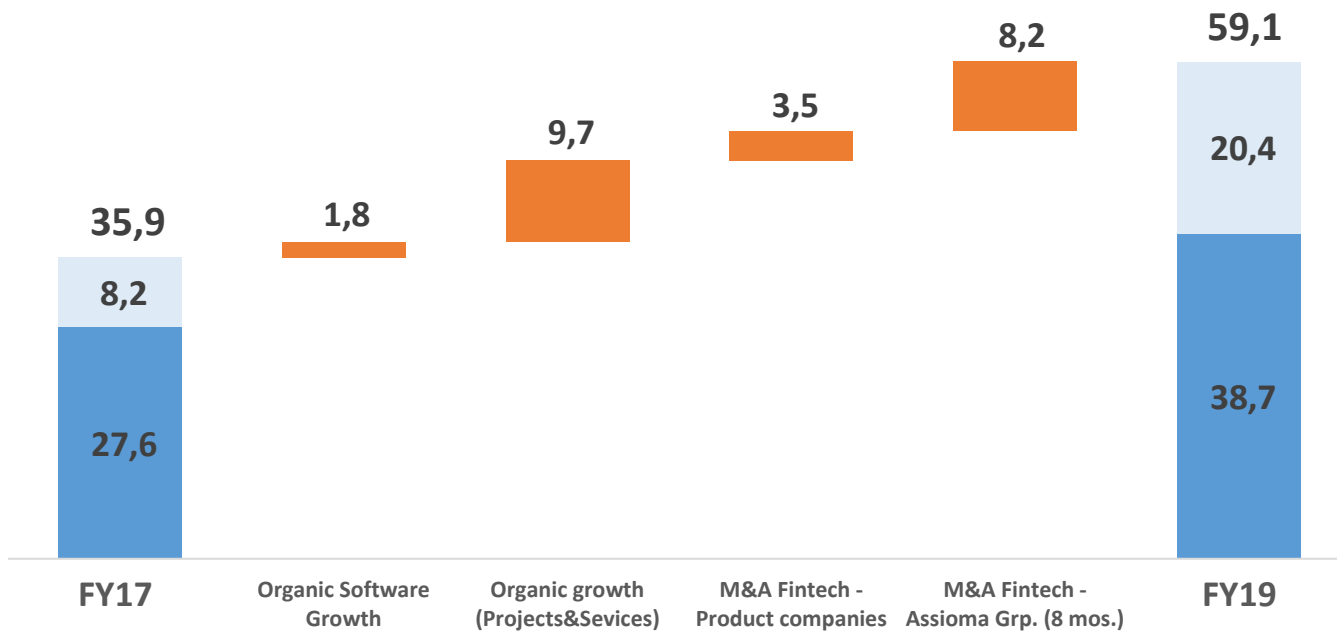
€36M

€40M

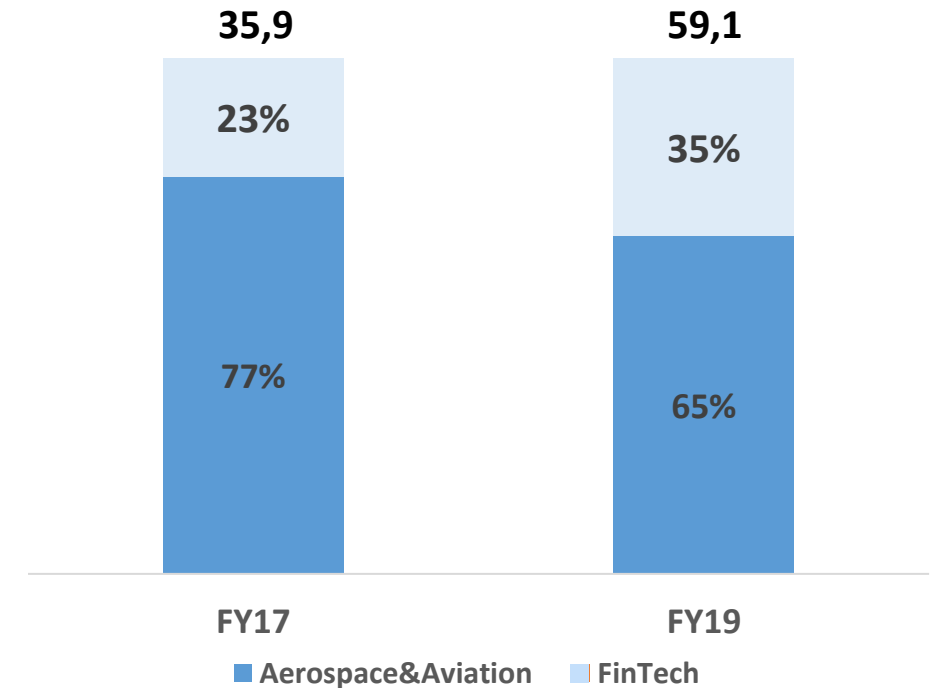
€59M

Our transformation path...

Over the period 2017-2019, M&A contribution was outmatched by Organic and Software Growth



FinTech incidence increased thanks to M&A and Organic Growth

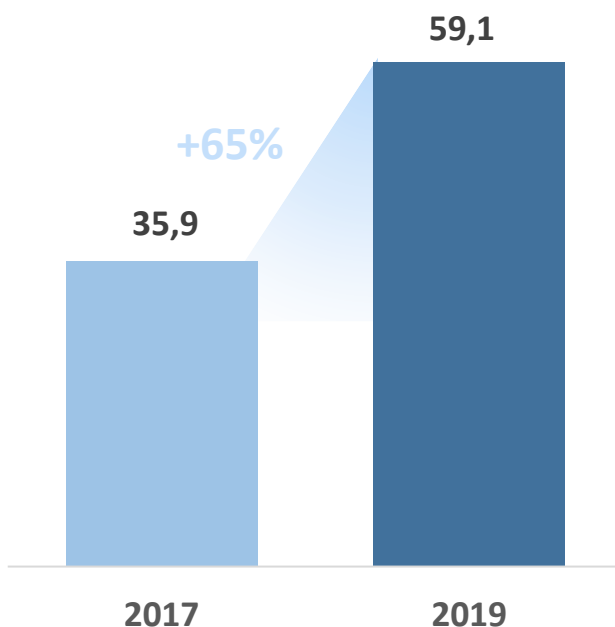


Legend:

- **Aviation&Aerospace** Accelerated organic growth (CAGR 2017-2019 +18.4%) achieved with the positive contribution of new proprietary platforms and new international customers with a significant increase in the North America market (new office in Dallas in 2019);
- **Fintech** Revenues more than doubled in the period thanks to the positive contribution of M&A. In 2020 and with the same consolidation perimeter, division's performance further increase for the full consolidation of Assioma group (acquired in FY19) and the benefits from its integration.

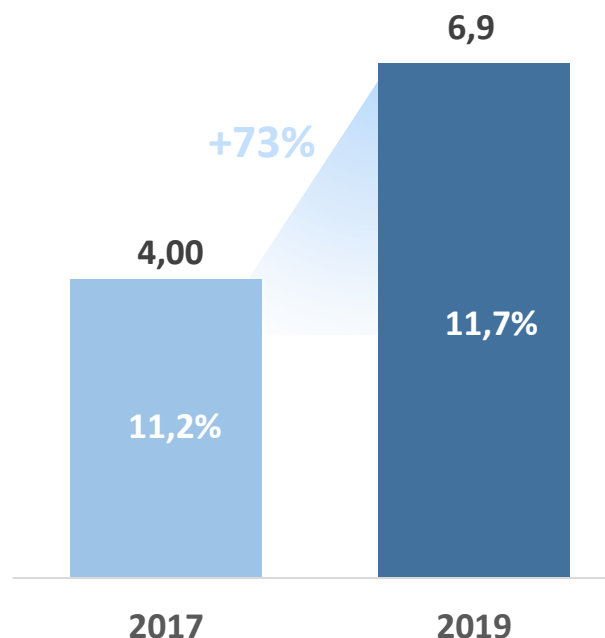
Strong Revenues from Software and Profitability Growth

Revenues (€mn)



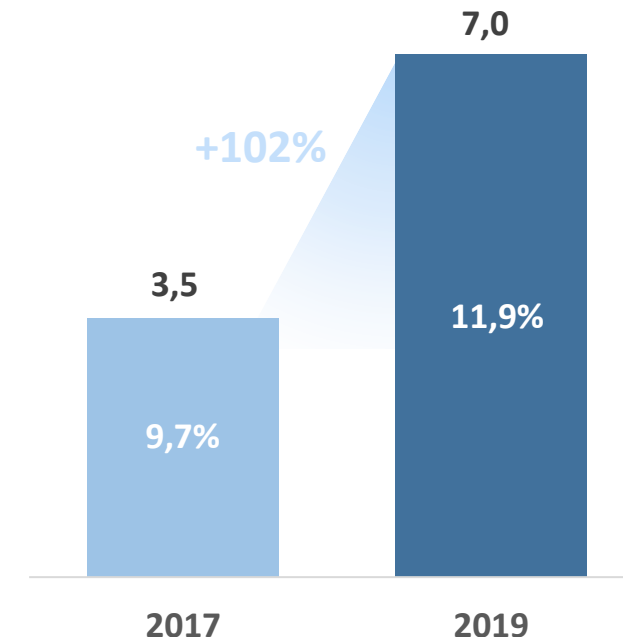
The perfect mix of organic-inorganic growth to achieve an accelerated and profitable growth... and still more than € 70 mn cash available for investments in the international growth

Revenues from Software * (€mn, % on total revenues)



** Figures do not include revenues from advanced services around proprietary SW equal to € 11,1 mn in FY19, +136% compared to 2017.*

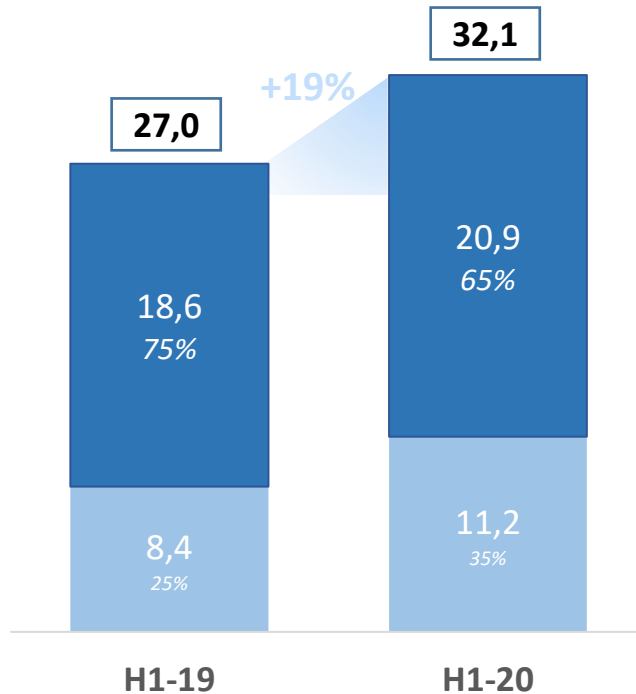
EBITDA (€mn, % on total revenues)



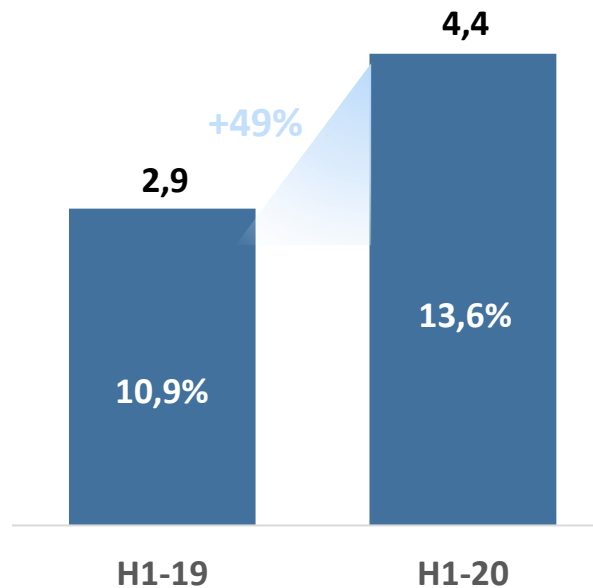
EBITDA growth at an accelerated rate thanks to the positive contribution of proprietary software and advanced services around them

Results of H1 2020 show a strong growth in Revenues & EBITDA, with software revenues and EBITDA increasing +49% YoY and +45% YoY respectively

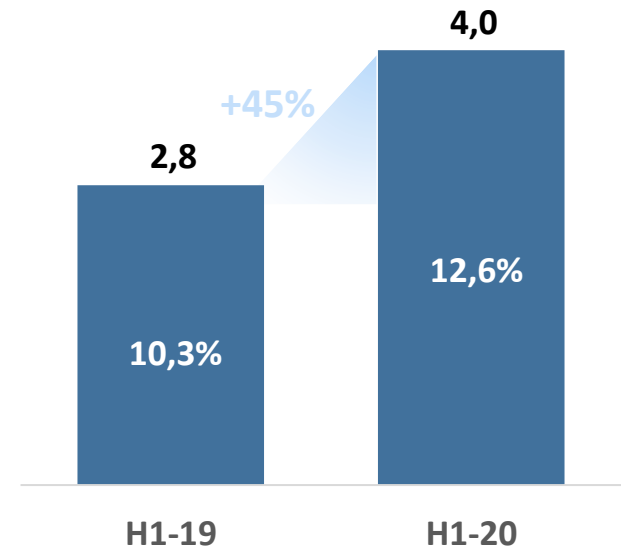
Revenues (€mn)



Revenues from Software (€mn, % on total revenues)

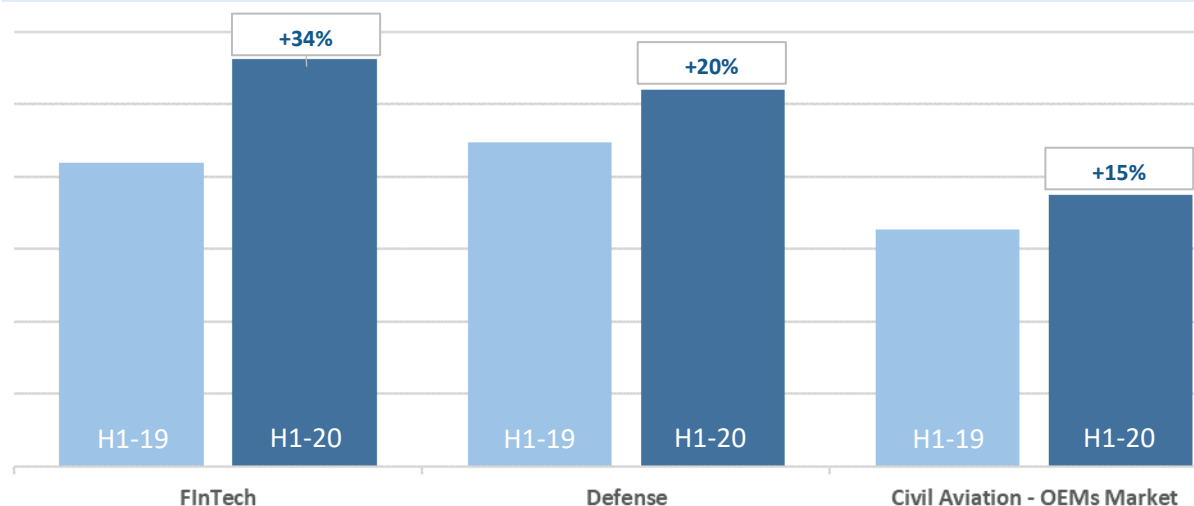


EBITDA (€mn, % on total revenues)



Thanks to the diversification strategy and core processes expertise in different markets and segments, the TXT Group recorded positive trends during the crisis period

Resilient businesses



FinTech:

- Accelerated growth boosted by strategic M&A operations & organic growth.

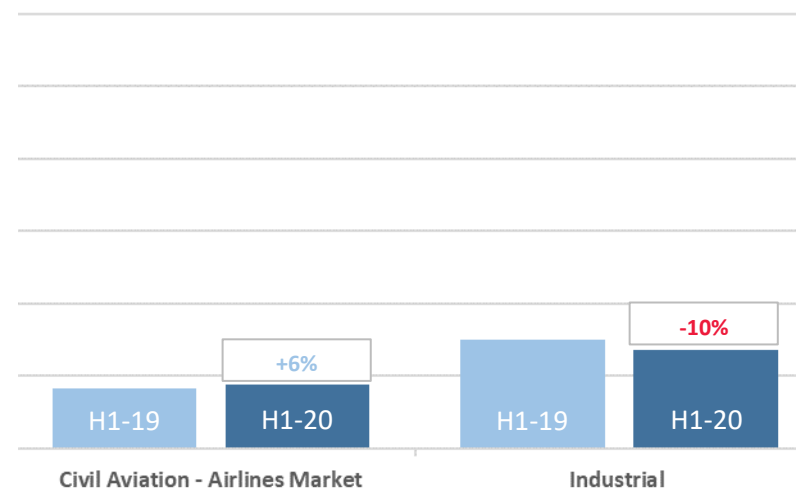
Defense:

- Significant organic revenues growth thanks to strong & consolidated relationship with domestic and European major players.

Civil Aviation: OEMs & 1st Tier Suppliers:

- Growth in organic revenues achieved with specialized and innovative tools & solutions provided to market leaders and related to long-term, multi-year projects.

Businesses most impacted by crisis



Airlines market (civil aviation) highly impacted by COVID, but TXT posted mid single digit growth thanks to the strong backlog acquired in FY19 and:

- New contract signed with a main European airline for the FPO proprietary product and new trial with primary US Cargo airlines;
- Backlog 2021 at the date (Q3-20): > Euro 3 million (IFRS 15).

Industrial sector suffered temporarily during the lockdown period as most of the production plants remained closed. Negative impact mitigated thanks to:

- diversification across multiple markets other than Aerospace & Automotive, first Industry 4.0 contracts acquired on new industries (i.e. Pharma/Food & Beverage);
- New multi-million, multi-year public funded projects in the AI field.



Business Overview

TX**T**

TXT Group's Divisions



Companies

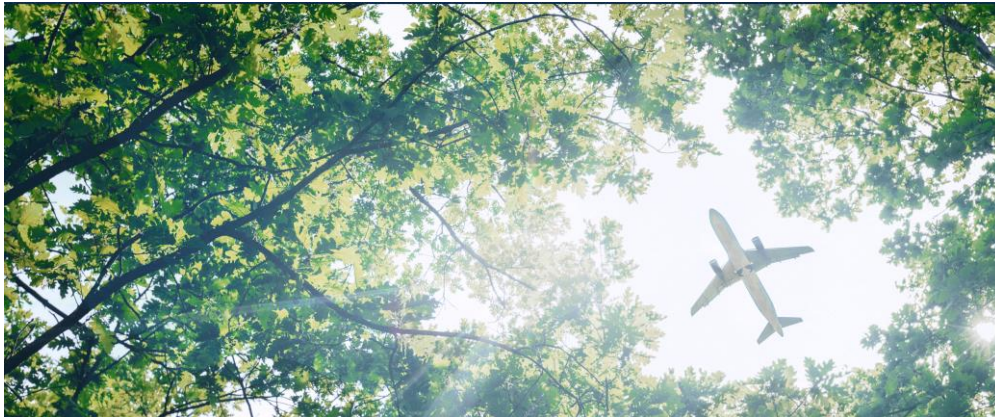


Aerospace & Aviation
65% of FY19's revenues

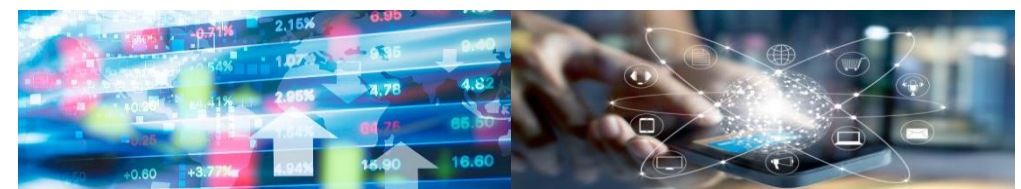
FinTech
35% of FY19's revenues

Startups

Core markets



Diversification



Industrial, Manufacturing, Automotive & Transportation <10%

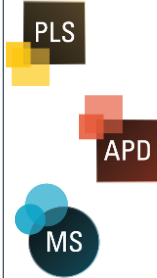
Public Sector, Treasury <5%

Aerospace & Aviation:

Proprietary products, Solutions and Specialized services



Product Development



On-board Software 28%

Preliminary Design & Evaluation 7%



Customer Engineering & Manufacturing



Product Configuration 21%

Digital Manufacturing 10%



Aircraft Operations



Training & Simulation 25%

Flight Operations 9%



TOP CUSTOMERS



International specialized provider of software solutions (software Products + engineering Services)

Software Quality Services	<p>Best-in class solutions for: test strategy, development, execution, automation, and for test environments administration.</p> <p>Strong technological partnership with main international SW providers: Syncsort, Oracle Gold Partner,</p>	First mover & Italian leader in Software Quality services for Italian Banking Industry	75%	
Financing, Credit & NPL Management products	<p>Cheléo® a TXT company</p> <p>FinTech solutions for: Leasing, Loan, Salary-backed loan, Personal loans, Basic system, Factoring and Non-performing loans management</p>	Suite of proprietary software modules for Financing, Credit & NPL Management	18%	
Risk management & AML solutions	<p>FARADAY</p> <p>Proprietary RegTech platform for: Anti-Money Laundering (AML), Anti-Corruption (AC) and Anti-Terrorism (AT)</p>	RegTech innovative start-up for Risk management	2%	
Treasury & Digital Payments	<p>ASSIOPAY</p> <p>Proprietary SaaS solution</p>	New start-up specialized in the digitization of payments and loyalty programs for the large-scale distribution market	5%	
Supply Chain Finance	<p>TXT WORKING CAPITAL SOLUTIONS</p> <p>Proprietary SCF Platform</p>	New start-up focused on the SCF market	0%	

TOP CUSTOMERS

ING

nexi
every day, every pay

UniCredit

ERGO
Assicurazioni

sia

mediolanum BANCA

BANCA IFIS

INTESA SANPAOLO

widiba

ZENITH SERVICE

Organic growth to develop new services around Bank's Digital Transformation needs and to strengthen the SW Quality Services

+

M&A activity to strengthen both Service and Product offering

Some Examples of TXT's Best-in-class Solutions

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.

Digitisation of daily transactions



- **Real-time management** of **ticketing**, **meal vouchers** and **loyalty program.**

Fully Committed to ESG Agenda

On-board Flight Profile Optimization (FPO)



150,000 t
annual fuel savings

555,000 t
annual CO₂ savings

\$ 100,000,000
annual cost savings

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



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.



Growth **S**trategies

TXT

Offering

Historical Activities

We started from **specific industry process domain** to:

- **develop deep knowledge of different processes in single niches** of our industries;
- **manage process data** and **provide** customers with **evolving platforms**.

Extending the Offering

- We became **Int'l, specialized, multi-niche provider of proprietary engineering platforms** delivering worldwide;
- We are investing in **R&D** to develop **new, interconnected, cloud-based platforms, leveraging cross-industry capabilities & technologies**, and the significant amount of cash available.

Technologies



Markets

Aerospace, Aviation & Automotive



Banking & Finance



FinTech & RegTech, Public Services



Digital Transformation, Transportation & Industrial IoT



We started from specific industry process domain...

...to penetrate new markets by leveraging strong cross-industry capabilities & technologies recognized in the Aerospace and Banking & Finance industries

Retain

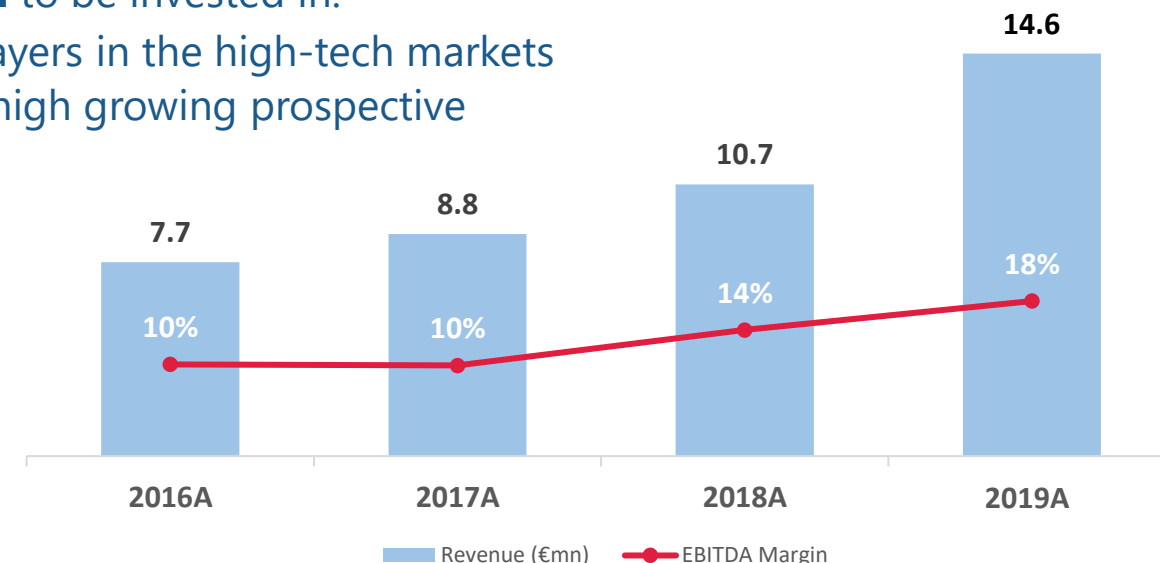
- Increased recurring revenue from software licences
- **> 90% renewal rates**

Growth

- Accelerate innovation with **over €30M in R&D** over the next 3 years
- Scale our domestically and international position

M&A

- **€38M June 30, 2020 Net Cash Position** to be invested in:
 - i. Domestic and foreign niche leader players in the high-tech markets
 - ii. Process and product innovators with high growing prospective





Summary & Financial Details

TXT

Increasing and solid trading results - Full Year 2019

€ thousand	2019	%	2018	%	Var %
REVENUES	59,091	100.0	39,957	100.0	47.9
Direct costs	31,824	53.9	22,289	55.8	42.8
GROSS MARGIN	27,267	46.1	17,668	44.2	54.3
Research and Development costs	6,071	10.3	2,990	7.5	103.0
Commercial costs	8,610	14.6	5,603	14.0	53.7
General and Administrative costs	5,582	9.4	5,277	13.2	5.8
EBITDA	7,004	11.9	3,798	9.5	84.4
Amortization, depreciation	2,734	4.6	1,953	4.9	40.0
Reorganisation and non-recurring costs	717	2.3	0		n.m.
OPERATING PROFIT (EBIT)	3,553	6.0	1,845	4.6	92.6
Financial income (charges)	2,194	3.7	(1,284)	(3.2)	n.m.
Non-recurring income (charges)	(3,432)	(5.8)	0		n.m.
EARNINGS BEFORE TAXES (EBT)	2,315	3.9	561	1.4	312.7
Taxes	(1,867)	(3.2)	4	0.0	n.m.
NET PROFIT	448	0.8	565	1.4	(20.7)
Attributable to:					
Owners of the Parent	314		565		
Non controlling interest	134		-		

Strong Balance Structure as at December 31, 2019

€ thousand	31.12.2019	31.12.2018	Var.
Intangible assets	24,380	17,751	6,629
Tangible assets	7,929	3,680	4,249
Other fixed assets	2,325	1,511	814
Fixed Assets	34,634	22,942	11,692
Inventories	4,156	3,141	1,015
Trade receivables	19,371	14,029	5,342
Other short term assets	4,779	2,963	1,816
Trade payables	(2,122)	(1,434)	(688)
Tax payables	(4,292)	(1,662)	(2,630)
Other payables and short term liabilities	(12,808)	(11,031)	(1,777)
Net working capital	9,084	6,006	3,078
Severance and other non current liabilities	(3,110)	(2,957)	(153)
Capital employed - Continuing Operations	40,608	25,991	14,617
Shareholders' equity	81,852	86,347	(4,495)
Shareholders' equity	168		168
Net financial debt	(41,412)	(60,356)	18,944
Financing of capital employed	40,608	25,991	14,617

Results H1-2020: solid and increasing results despite the Covid-19 Outbreak

€ thousand	H1 2020	%	H1 2019	%	Var %
REVENUES	32,108	100.0	26,996	100.0	18.9
Direct costs	18,087	56.3	15,264	56.5	18.5
GROSS MARGIN	14,021	43.7	11,732	43.5	19.5
Research and Development costs	3,714	11.6	2,674	9.9	38.9
Commercial costs	3,258	10.1	3,596	13.3	(9.4)
General and Administrative costs	3,007	9.4	2,674	9.9	12.5
EBITDA	4,042	12.6	2,788	10.3	45.0
Depreciation	975	3.0	723	2.7	34.9
CURRENT OPERATING PROFIT (EBITA)	3,067	9.6	2,065	7.6	48.5
Amortization	616	1.9	474	1.8	30.0
Riorganization and Non Recurrent Costs	350	1.9	346	1.3	1.2
OPERATING PROFIT (EBIT)	2,101	6.5	1,245	4.6	68.8
Extraordinary/Financial income (charges)	892	2.8	1,791	6.6	(50.2)
EARNINGS BEFORE TAXES (EBT)	2,993	9.3	3,036	11.2	(1.4)
Taxes	(263)	(0.8)	(865)	(3.2)	(69.6)
NET PROFIT	2,730	8.5	2,171	8.0	25.7

Attributable to:

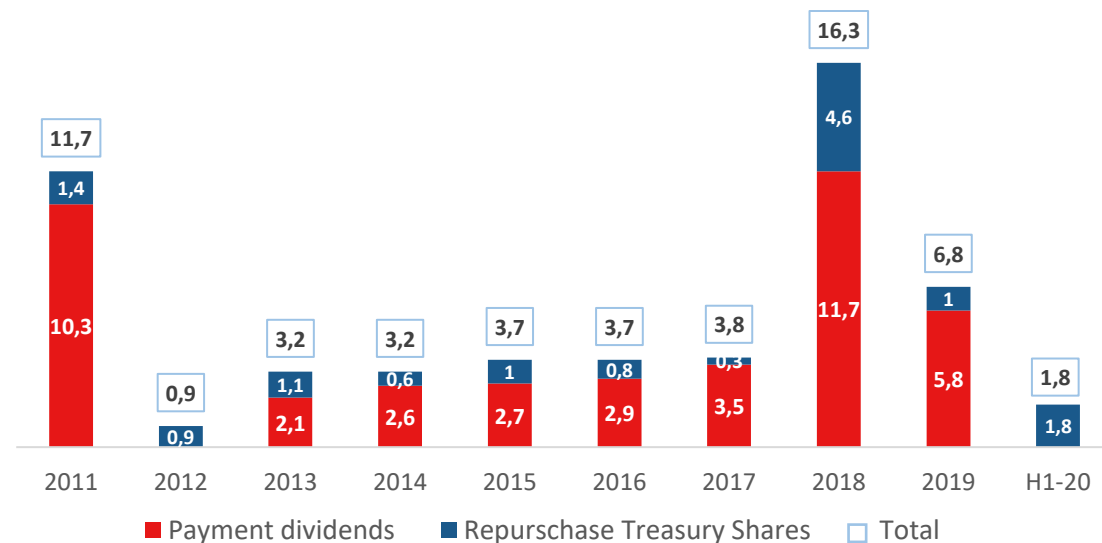
Owners of the Parent
Non controlling interest

2,653	2,085
(77)	(87)

Strong Balance Structure as at June 30, 2020

(€ thousand)	30.06.2020	31.12.2019
Intangible assets	26.532	24.380
Net tangible assets	7.602	7.929
Other fixed assets	2.417	2.325
Fixed assets	36.551	34.634
Inventories	6.508	4.156
Trade receivables	20.196	19.371
Sundry receivables and other short-term assets	6.403	4.779
Trade payables	(2.516)	(2.122)
Tax payables	(4.424)	(4.292)
Sundry payables and other short-term liabilities	(16.148)	(12.808)
Net working capital	10.019	9.084
Post-employment benefits and other non-current liabilities	(1.956)	(3.110)
Capital employed	44.614	40.608
Group shareholders' equity	82.703	81.852
Shareholders' Equity attributable to minority interests	245	168
Net financial position (Cash)	(38.334)	(41.412)
Financing of capital employed	44.614	40.608

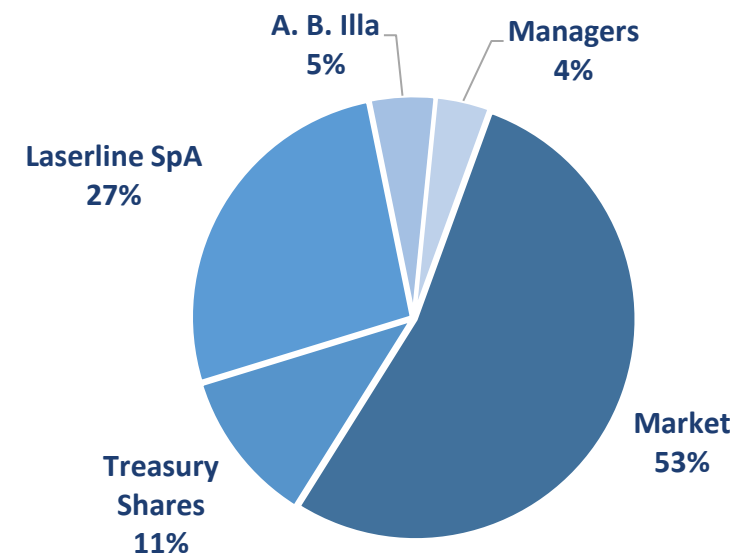
Dividends and Treasury Shares Repurchase (€m)



Dividends

Year	Dividends	Year	Dividends
2011	1€/share (extraordinary, rebased)	2015	0.25 € / share
2012	Free Share Distribution 1:1	2016	0.25 € / share
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		

Shareholding Structure



Market Data

Share Price Dec 31st, 2010	1.51€/share*
Share Price Sep 30th, 2020	7.50€/share
Mkt Sep 30th, 2020	85m€
Dividend Yield	N/A

*rebased for free share distribution**

Thank you for your attention!

www.txtgroup.com



Via Frigia, 27
20126 Milano
Italy

infofinance@txtgroup.com
+39 02 257711

© TXT e-solutions – All rights reserved. Confidential and proprietary document.

This document and all information contained herein is the sole property of TXT e-solutions . No intellectual property rights are granted by the delivery of this document or the disclosure of its content. This document shall not be reproduced or disclosed to a third party without the express written consent of TXT e-solutions . This document and its content shall not be used for any purpose other than that for which it is supplied. The statements made herein do not constitute an offer. They are based on the mentioned assumptions and are expressed in good faith. Where the supporting grounds for these statements are not shown, TXT e-solutions will be pleased to explain the basis thereof.