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TXT e-solutions: First Half 2024 Results

Revenue: €138.2 million (+28.8%)

Strong organic revenue growth (+21.9%)

EBITDA: €17.5 million (+25.7%)

Net profit: €8.0 million (+17.2%).

- Revenues €138.2 million (+28.8%), of which €25.6 million from the Smart Solutions division, €19.0 million from the Digital Advisory division, and €93.5 million from the Software Engineering division.
- Organic revenue growth of 21.9%, driven by the expansion of the Digital Advisory offering for public administration (+34.9%) and by the growth of the Software Engineering and Smart Solutions businesses in the Aerospace & Defence market (+28.3%).
- EBITDA €17.5 million (+25.7%) following significant, fully expensed research and development investments (€6.7 million, +49.8%). EBITDA Margin is 12.7% of revenues.
- Net profit €8.0 million (+17.2%) net of amortization and impairments charges (€5.4 million), interest and financial expenses net of financial income (€1.3 million), and taxes (€2.8 million).
- Adjusted Net Financial Debt of €36.9 million as of June 30, 2024.

Milan, 10 September 2024 – 16:45

The Board of Directors of TXT e-solutions, chaired by Enrico Magni, approved today the financial results as of June 30, 2024.

The main economic and financial results for the first half of 2024 were as follows:

Revenues amounted to €138.2 million, an increase of 28.8% compared to €107.3 million in the first six months of 2023. On a like-for-like basis, revenue grew by 21.9%, with acquisitions contributing €7.4 million. Total international revenue reached €39.9 million, representing 28.9% of total revenue for the first half of 2024.



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The Smart Solutions division recorded revenue of €25.6 million, an increase of 30.6% compared to the first half of 2023, of which €3.5 million came from organic growth (+17.8%) and €2.5 million from the consolidation of companies acquired in the second half of 2023.

The Digital Advisory division recorded revenue of €19.0 million, an increase of 31.7% compared to the first half of 2023, entirely from organic growth.

The Software Engineering division recorded revenue of €93.5 million, an increase of 27.7% compared to the first half of 2023, of which €15.4 million came from organic growth (+21.1%) and €4.9 million from the consolidation of FastCode, acquired in the fourth quarter of 2023.

L'**EBITDA** amounted to €17.5 million, an increase of 25.7% compared to the first half of 2023 (€13.9 million), after increasing research and development investments, totaling €6.7 million, fully expensed in the first half of 2024 (+49.8% compared to the first half of 2023), and after increasing commercial and management costs, which totaled €11.5 million in the first half of 2024 (+9.7% compared to the first half of 2023). The EBITDA margin was 12.7%, a slight decrease compared to the 13.0% recorded in the first half of 2023, due to investments supporting growth. The incidence of general and administrative costs on revenue decreased from 7.9% in the first half of 2023 to 6.9% in the first six months of 2024.

EBIT (Operating Profit) amounted to €12.1 million, an increase of 35.6% compared to the first half of 2023 (€8.9 million), after amortization of intangible assets (€2.2 million, of which €1.9 million related to Purchase Price Allocation), depreciation of tangible assets (€3.1 million), and impairments (€0.1 million).

Net Financial (Charges)/Income in the first half of 2024 had a net negative balance of €1.3 million, mainly due to interest expenses, bank charges, and the result of minority interests. In the first half of 2023, the financial result showed a net positive balance of €1.0 million, due to one-off income related to acquisitions.

Net Profit amounted to €8.0 million, an increase of 17.2% compared to €6.8 million in the first half of 2023, net of tax charges of €2.8 million. Net Profit as a percentage of revenue was 5.8% in the first half of 2024, -0.6 p.p. compared to same period of the previous year.

The consolidated **Adjusted Net Financial Debt** as of 30 June 2024 was € 36.9 million, an increase of 5.5 million compared to € 31.4 million as of 31 December 2023. This increase was mainly due to disbursements during the period related to the repurchase of treasury



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shares (€2.7 million), the payment of dividends (€2.9 million), and the cash outflow at closing for the acquisition of I MILLE and Uasabi (€7.1 million, net of earn-outs), partially offset by cash generation from operating activities. The Adjusted Net Financial Debt as of June 30, 2024, includes €10.8 million of debt related to IFRS 16, an increase of €0.7 million compared to €10.1 million as of December 31, 2023, and €9.7 million of debt for earn-outs and Put/Call options for the purchase of minority interests, an increase of €0.9 million compared to €8.9 million as of December 31, 2023.

The consolidated Unadjusted Net Financial Debt as of June 30, 2024, amounted to €56.2 million, an increase of €19.3 million compared to the Adjusted Net Financial Debt, primarily due to the reclassification of TXT's investment in Banca del Fucino among fixed assets, amounting to €17.8 million.

As of June 30, 2024, treasury shares totaled 1,271,406 (compared to 1,300,639 as of December 31, 2023), representing 9.775% of the issued shares, with a total value of €30.8 million, based on the price of TXT shares on June 30, 2024, which was €24.25 per share.

In **Q2 2024**, Revenue reached €71.1 million, a 29.2% increase compared to €55.0 million in Q2 2023, with €3.7 million contributed by acquisitions. EBITDA was €8.7 million, up 23.4% from the second quarter of 2023 (€7.1 million). The EBITDA margin was 12.3%, down from 12.9% in Q2 2023, reflecting significant growth investments. Operating profit (EBIT) was €6.0 million, an increase of 35.2% compared to the second quarter of 2023 (€4.5 million), while net profit was €3.8 million

"We are pleased to announce the positive results for the first half of 2024, which confirm our strong growth trajectory and the effectiveness of our strategies." says Daniele Misani, CEO of TXT. "Our diversification plan is advancing successfully, supported by strategic acquisitions and the creation of the new MarTech division, dedicated to cross-sector digital innovation in Creative Advisory and Marketing Automation. The acquisition of key skills and international expansion have further strengthened our competitiveness, opening up even more promising growth prospects for the future. We look forward to the coming months with confidence, believing that the solid foundations laid in this first half will allow us to continue generating value for our shareholders and partners, while remaining committed to technological innovation and operational excellence."

On **September 11, 2024**, at **11:00 (CEST)** a conference call will be held during which the CEO Daniele Misani will present, and comment on the results for the first half of 2024. The



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registration form for the conference call is available on the Company's website www.txt-group.com under the page "Financial News & Calendar".

Subsequent events and business outlook

On July 1, 2024, TXT announced the acquisition of 100% of the capital of Refine Direct Srl ("Refine"), a company founded in 2016 that boasts proprietary technologies and specialized expertise in digital marketing, with an offering centered on a multi-channel platform based on Artificial Intelligence algorithms for data analysis. In 2023, Refine's sales revenue reached €16.7 million (+11.5% YoY), with an EBITDA of approximately €3.4 million (EBITDA margin of 20.1%) and double-digit growth projected for the 2024-2026 period. The base consideration paid at closing for the 100% acquisition of Refine, net of earn-outs and net financial position to be settled in cash, was agreed at €21.8 million, of which €12.1 million (55.4%) was paid in cash and €9.7 million (44.6%) was paid in TXT e-solutions S.p.A. shares at an agreed price of €23.00 per share.

The acquisition of Refine followed TXT's investment in I MILLE Group, formalized on June 26, 2024, for the acquisition of 100% of the capital of I MILLE Srl, its three foreign subsidiaries Imille Spain SL, Imille Start Spa (Chile), and Imille Brasil Agencia LTDA, and the agency Uasabi Srl, which specializes in communication for new generations. The I MILLE Group, recognized as a Global Creative Consultancy and one of the leading independent entities in the Italian communication and design landscape, had €11.6 million in sales revenue (+12.7% YoY) in 2023, with an EBITDA of approximately €1.6 million (EBITDA margin of 13.6%), with strong growth prospects supported by the synergistic integration of TXT and Refine's technological expertise into the I MILLE Group's Creative Consultancy offerings and extensive cross-selling opportunities within TXT's prestigious client base of blue-chip and global large enterprises.

With the acquisitions of I MILLE, Uasabi, and Refine - whose economic results will be consolidated by TXT starting July 2024 - TXT has launched its MarTech segment, which is expected to generate revenues of approximately €30 million for FY-2024 (pro-forma), with strong growth prospects driven by commercial and technological synergies with other entities in the TXT ecosystem, and a broad offering based on both Digital Advisory and Smart Solutions provided respectively by the I MILLE Group and Refine.



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Also, as part of its growth strategy through M&A, on July 8, 2024, TXT announced a further investment in ProSim Training Solutions (ProSim-TS) through the exercise of an option to purchase 20% of the company's capital, bringing TXT's total stake to 60%. ProSim-TS is recognized as an emerging tech player in the Aerospace & Defence training market, with a high growth rate that has led to over 300 simulator installations worldwide based on innovative technologies. For 2024, ProSim-TS's revenue is expected to exceed €3.5 million, representing over 30% growth from 2023, driven by proprietary software sales, with expected profitability at 15% despite significant investments in product innovation exceeding €1.5 million to be fully expensed in the year. For the 2025-2026 period, ProSim-TS's industrial plan anticipates sustained business growth, supported by synergies within the PACE Group and commercialization of new proprietary solutions, with a projected revenue CAGR exceeding 30%. The investment contract includes additional Put/Call options expiring upon approval of the financial statements for the year ending December 31, 2025, under which TXT will acquire the remaining 40% of ProSim-TS, with additional earn-outs for the selling shareholders.

Regarding organic business growth, after a first half of the year with sustained growth across all operational divisions, TXT's management expects further business development in the second half of the year, with revenue growth stabilizing at double-digit levels driven by commercial and technological synergies and improved business margins due to increased volumes and greater efficiency in general and administrative costs, as well as TXT's historical margin trend.

In terms of markets, after a positive trend in all segments in the first half, further organic growth is expected in the Public Sector (+34.9% in 1H-2024 compared to the first half of 2023) and Aerospace & Defence (+28.3% in 1H-2024 compared to the first half of 2023), driven respectively by the growth of Digital Advisory activities on multi-year public contracts already acquired and the positive trend expected for the civil aviation and defense markets, where TXT is strategically positioned with its digital Software Engineering and Smart Solutions offerings. In the Telco & Gaming market, the Software Engineering offering continues to grow in the third quarter of the year, though with potential slowdowns in top-line growth due to sector developments in the domestic market, while in Fintech, the volume growth remains constant in line with market trends.

Regarding the 2024 M&A plan, following the investments already made for the MarTech offering, TXT is committed to continuing its acquisition strategy aimed at integrating new



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technologies, specialized digital skills, and excellence in markets already owned or adjacent to current ones.

In the current global geopolitical climate, which has worsened since 2022 due to the Russian military aggression in Ukraine, the escalation of the trade war between China and the US, and the more recent military and political conflict between Israel and Hamas, leading to significant macroeconomic uncertainty and inflationary pressures followed by an immediate rise in interest rates, TXT's Board of Directors currently perceives manageable short-term risks due to TXT's minimal and non-strategic exposure to conflict-affected areas and sustainable financial exposure.

Declaration of the Manager responsible for preparing corporate accounting documents

The Manager responsible for preparing corporate accounting documents, Eugenio Forcinito, declares, pursuant to art. 154-bis, paragraph 2 of Legislative Decree no. 58 of 24 February 1998, that the accounting information provided in this press release matches the information reported in the company's documents, books and accounting records.

From today, this press release is also available on the Company's website www.txt-group.com.

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, TXT operates across different markets, with a growing footprint in Aerospace, Aviation, Defense, Industrial, Government and Fintech. TXT is headquartered in Milan and has subsidiaries in Italy, Germany, the United Kingdom, France, Switzerland, the United States of America, Canada and Singapore. The holding company TXT e-solutions S.p.A., has been listed on the Italian Stock Exchange, STAR segment (TXT.MI), since July 2000.

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Management Income Statement as of 30 June 2024

€ thousand	1H 2024	%	1H 2023	%	Var %
REVENUES	138,194	100	107,299	100	28.8
Direct costs	92,896	67.2	69,949	65.2	32.8
GROSS MARGIN	45,298	32.8	37,350	34.8	21.3
Research and Development costs	6,737	4.9	4,499	4.2	49.8
Commercial costs	11,499	8.3	10,486	9.8	9.7
General and Administrative costs	9,564	6.9	8,444	7.9	13.3
EBITDA	17,498	12.7	13,921	13.0	25.7
Amortization, Depreciation & Write-offs	5,368	3.9	4,977	4.6	7.9
OPERATING PROFIT (EBIT)	12,130	8.8	8,944	8.3	35.6
Net Financial/Extraordinary income (charges)	(1,346)	(1.0)	976	0.9	n.a.
EARNINGS BEFORE TAXES (EBT)	10,784	7.8	9,920	9.2	8.7
Taxes	(2,831)	(2.0)	(3,135)	(2.9)	(9.7)
NET PROFIT	7,953	5.8	6,785	6.3	17.2



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Management Income Statement – Second Quarter of 2024

€ thousand	Q2 2024	%	Q2 2023	%	Var %
REVENUES	71,067	100	54,987	100	29.2
Direct costs	47,570	66.9	35,433	64.4	34.3
GROSS MARGIN	23,497	33.1	19,554	35.6	20.2
Research and Development costs	3,396	4.8	2,268	4.1	49.7
Commercial costs	6,663	9.4	5,244	9.5	27.1
General and Administrative costs	4,694	6.6	4,957	9.0	(5.3)
EBITDA	8,744	12.3	7,085	12.9	23.4
Amortization, Depreciation & Write-offs	2,699	3.8	2,615	4.8	3.2
OPERATING PROFIT (EBIT)	6,044	8.5	4,470	8.1	35.2
Net Financial/Extraordinary income (charges)	(957)	(4.1)	1,415	7.2	n.a.
EARNINGS BEFORE TAXES (EBT)	5,087	7.2	5,885	10.7	(13.6)
Taxes	(1,241)	(1.7)	(2,010)	(3.7)	(38.3)
NET PROFIT	3,846	5.4	3,875	7.0	(0.7)



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Consolidated Net Financial Debt as of 30 June 2024

.000 Euro	30.06.2024	31.12.2023	Var
Cash	(47,503)	(37,927)	(9,576)
Trading securities at fair value	(27,428)	(24,058)	(3,370)
Other Short Term Financial Assets	(400)	(810)	410
Short term Financial Debts	58,175	57,654	521
Short term Financial Debts	(17,156)	(5,141)	(12,015)
Non current Financial Debts - Lessors IFRS 16	6,953	6,423	530
Other Long Term Financial Assets	(532)	(700)	168
Other Non current Financial Debts	66,979	51,140	15,839
Non current Financial Debts	73,400	56,863	16,537
Net Financial Debt	56,244	51,722	4,522
Non-monetary debts for adjustment of the price of the acquisitions to be paid in TXT shares	(1,559)	(2,500)	941
Financial Investment - Banca Del Fucino	(17,778)	(17,778)	-
Adjusted Net Financial Debt	36,906	31,444	5,463



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Consolidated balance sheet as of 30 June 2024

€ thousand	30.06.2024	31.12.2023	Change
Intangible assets	91,783	85,900	5,883
Tangible assets	22,078	20,430	1,648
Other fixed assets	24,049	24,462	(413)
Fixed Assets	137,911	130,792	7,119
Inventories	24,700	18,733	5,967
Trade receivables	71,193	74,346	(3,153)
Other short term assets	16,162	14,876	1,287
Trade payables	(21,882)	(21,585)	(297)
Tax payables	(9,762)	(11,208)	1,446
Other payables and short term liabilities	(37,336)	(34,761)	(2,575)
Net working capital	43,075	40,402	2,674
Severance and other non current liabilities	(6,410)	(5,603)	(807)
Capital employed - Continuing Operations	174,576	165,590	8,986
Shareholders' equity	118,271	113,852	4,419
Shareholders' equity - minority interest	64	17	47
Net financial debt	56,242	51,721	4,521
Financing of capital employed	174,576	165,590	8,986