



TXT

PRESS RELEASE

TXT: THE BOARD OF DIRECTORS APPROVES THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

Record performance for TXT Group:

Revenues € 96.4 million (+40.2%)

Double-digit organic growth revenues (+13.3%)

EBITDA € 14.5 million (+69.6%)

Net profit € 7.8 million (+66.3%)

- *Revenues € 96.4 million (+40.2%), of which € 8.4 million from the sale of proprietary software licenses and € 87.9 million from services, projects and consulting.*
- *EBITDA € 14.5 million (+69.6%) after significant investments in research and development fully expensed (€ 6.9 million, +3.1% YoY).*
- *Net profit € 7.8 million (+66.3%).*
- *Adjusted negative net financial position (net debt) of € 3.8 million.*

Milano, 11 March 2022, 13.30

The Board of Directors of TXT e-solutions, chaired by Enrico Magni, today approved the financial results as of December 31, 2021.

Chairman Enrico Magni commented, *"In 2021, TXT's growth plan continued with great success, leading to the consolidation of excellent operating results reflected in the increase in volumes and profitability compared to the previous year, driven by the organic business growth and the integration of the newly acquired companies that have generated the positive effects hoped for and will give further acceleration to future growth,"* commented Chairman Enrico Magni. *"We are evaluating new investment opportunities that would lead TXT to revenue volumes in excess of €150m already in 2022."*



TXT

PRESS RELEASE

"TXT Group has changed its visual identity in 2021 to better represent its growing positioning in the Digital Innovation market," comments CEO Daniele Misani. "Our accelerated growth model is based on investments in proprietary solutions, diversification of the offer and generation of synergies within the growing number of excellences of the Group. The positive results achieved show the consistency of this model. With attention to the possible impacts due to the uncertainty of the current geopolitical situation, we are planning and acting to maintain the same growth trend also in 2022."

The main economic and financial results in 2021 were as follows:

Revenues were € 96.4 million, +40.2% compared to € 68.8 million in 2020. On a like-for-like basis, revenues grew by +13.3% and the 2020 and 2021 acquisitions contributed €18.5 million. Software revenues in 2021 were €8.4 million, in line with 2020. Revenues from services, projects and consulting were €87.9 million, +46.2% compared to 2020. Total international revenues represented 29.8% of total revenues (€ 28.7 million), +54.0%.

The Aerospace & Aviation (A&A) Division had revenues of € 54.0 million, +32.1% on 2020, the division's international revenues represent 41.0% of annual revenues. The Fintech Division had revenues of € 42.4 million up +51.9% over 2020, international revenues represent 15.6% of annual revenues.

EBITDA was € 14.5 million, +69.6% on 2020 (€ 8.6 million), after increasing commercial and management costs to €9.8 million in 2021 (+27.7% YoY) in support of volume growth and after significant investments in research and development fully expensed (€ 6.9 million, +3.1% YoY). General and administrative expenses decreased as a percentage of revenues to 8.4% in 2021 compared to 9.3% in 2020. The EBITDA margin on revenues in 2021 increased significantly to 15.1% compared to 12.5% in 2020, with positive effects arising from technological and commercial synergies and the greater efficiency of the general and administrative cost structure.

EBIT (Operating Profit) was € 9.6 million, up +204.2% on 2020 (€ 3.2 million) after amortization of intangible assets (€ 2.1 million) and tangible assets (€ 2.4 million) and reorganization expenses (€ 0.4 million).

Financial income and expenses in 2021 have a net positive balance of € 0.7 million compared with a net positive balance of € 2.7 million in the previous year. In 2020, in addition to € 0.6 million of income attributable to the management of financial investments, non-recurring financial income of € 2.1 million was included.



TXT

PRESS RELEASE

Net Income was € 7.8 million up +66.3% compared to 2020 (€ 4.8 million), net of tax expense of € 2.5 million. In 2021, Net Income as a percentage of revenues grew by 1.3pp to 8.1%. The growth is attributable to operating income partially offset by lower financial income of an extraordinary nature recognized in the year compared to 2020.

In the fourth quarter of 2021, revenues were € 29.6 million, +41.6% compared to € 20.9 million in the fourth quarter of 2020. EBITDA was € 5.8 million compared to € 2.4 million in Q4 2020 due to the consolidation of new acquisitions (€ 1 million), improved organic performance related to the recovery of the automotive, industrial and civil aviation markets compared to the negative trend recorded in Q4 2020, increased volumes and cost efficiencies in the aerospace, fintech and public administration segments. Net income was € 3.9 million compared to € 1.1 million in Q4 2020.

The **consolidated Adjusted Net Financial Position** as of December 31, 2021 was negative (net debt) by € 3.8 million, down by € 25.9 million compared to December 31, 2020 (€ 22.1 million). The decrease is mainly attributable to the acquisition of the minority interest in AssioPay Srl (€ 1.0 million), the acquisition of 100% of the companies TeraTron (€ 10.1 million), LBA Consulting (€ 2.7 million), Novigo Consulting (€ 2.5 million) and Quence (€ 1.4 million), the acquisition of shares in Banca del Fucino for € 14.3 million and the cash absorption deriving from the evolution of net working capital (€ 5.0 million). The aforementioned decreases in the Net Financial Position were partially offset by the generation of cash from operations.

The **Consolidated Net Financial Position** as of 31 December 2021 was negative (net debt) by € 9.1 million, down by € 5.3 million compared to the Adjusted Net Financial Position due to the recognition of residual payables related to the share price portion to be transferred to the sellers in the context of the M&A transactions concluded in December 2021. The payment of the portion of the price due in shares will not result in any future cash outflow as it will be settled through the transfer of TXT treasury shares that are already in the company's possession. The transfer of the TXT shares and the related debt absorption is expected by the end of the first quarter of 2022.

Treasury shares as of December 31, 2021 were 1,243,372 (1,401,429 as of December 31, 2020), representing 9.56% of the issued shares, purchased at an average price of €3.28 per share.

On **March 14, 2022 at 11:00 (CET)** the **conference call** will be held during which the CEO Daniele Misani will present and comment on 2021 results. The registration form for the conference call is available on the Company website www.txtgroup.com.



TXT

PRESS RELEASE

Dividend and Shareholders' Meeting

With the aim of best pursuing the accelerated growth plans through acquisitions and continuing investments in proprietary platforms to increase the value of the Group and, also in view of the current situation of geopolitical uncertainty and macroeconomic instability, the Board resolved to propose to the General Meeting not to distribute a dividend.

The Board discussed the possibility of distributing a dividend during the year linked to market developments and future economic and political contingencies.

The Board of Directors resolved to convene an ordinary Shareholders' Meeting on 20 April 2022 at 10.30.

Subsequent events and business outlook

The year 2021 was characterized by a recovery of the economy at global level with the easing of restrictive measures linked to covid favored to the acceleration of vaccination campaigns; for 2021 and 2022 the global economy is expected to grow respectively by 5.9% and 4.4% (International Monetary Fund estimates), after a contraction of 3.1% recorded in 2020. With the growth of the economy also driven by national support plans, there has been a significant increase in the prices of raw materials and contractions in supply chains that have generated a strong inflationary push exacerbated by the current military tensions on Ukrainian territory.

For 2022, in continuity with the accelerated growth plan implemented in 2021, TXT Group's objectives include sustained expansion in Europe and North America and the development of the broad and diversified customer base already acquired in the two current divisions as well as the new domestic and international customers acquired through the M&A transactions concluded in 2021: (i) in the industrial market (Aerospace, Automotive, etc.), after a 2021 that recorded a double-digit organic growth rate for TXT, the Group is in a privileged position to benefit from the economic recovery and to ride the current recovery trend of the civil aviation market after two years of slowdowns related to the Covid epidemic, with additional new benefits resulting from the technological and commercial synergies generated by the consolidation and integration of Teratron in favor of the automotive segment; (ii) for the Fintech Division - which includes the offer for the public administration - in 2022, following the significant investments in M&A that have characterized the three-year period just ended, an acceleration of organic growth is expected favored by the start of activities on public tenders won in the last quarter of 2021 and the signing of important new contracts in the AML segments, risk management, digital payments and consumer credit, as well as significant inorganic growth driven by the



TXT

PRESS RELEASE

extraordinary acquisition transactions concluded in the fourth quarter of 2021 that are bringing positive effects at the level of marginality and positioning in strategic segments.

As communicated to the markets on March 3, 2022, Q1 2022 revenues are expected to be € 28/29 million, up approximately 35% from Q1 2021 (€ 21 million), of which € 3 million related to organic growth (+15% from Q1 2021) and € 4 million from acquisitions; organic growth expected in all operating divisions in Q1 2022, with particularly strong performance in the defense, fintech and public administration sectors.

In the current global geopolitical environment marked by the military conflict in Ukraine, TXT's management and independent directors have not currently identified any near-term risks due to the TXT business' minimal and non-strategic exposure in the Russian and Ukrainian territories. TXT's management continually monitors the evolution of the conflict and related macroeconomic instability.

In relation to the M&A plan, TXT Group is currently evaluating new strategic opportunities that will give a further boost to the Group's results; the current target companies are excellent process or product companies operating in sectors that are already covered and attractive, with a focus both in Italy and abroad. Financing of the acquisition operations will take place through the cash already available in TXT's coffers, and the treasury shares in portfolio (1,243,372 shares as at 31 December 2021).

Declaration of the manager in charge of drawing up the corporate accounting documents

The Manager in charge of drawing up the corporate accounting documents, Eugenio Forcinito, hereby declares, pursuant to art. 154-bis, paragraph 2 of Legislative Decree no. 58 of 24 February 1998, that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

As from today, this press release is also available on the Company's website www.txtgroup.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 and the United States of America. The holding company TXT e-solutions S.p.A, has been listed on the Italian Stock Exchange, STAR segment (TXT.MI), since July 2000.



TXT

PRESS RELEASE

For further information:

Eugenio Forcinito – CFO

Tel. +39 02 257711

eugenio.forcinito@txtgroup.com

--

Andrea Favini – IR

Tel. +39 02 257711

infofinance@txtgroup.com



TXT

PRESS RELEASE

Management Income Statement as of 31 December 2021

€ thousand	2021	%	2020	%	Var %
REVENUES	96,363	100	68,753	100	40.2
Direct costs	57,013	59.2	39,470	57.4	44.4
GROSS MARGIN	39,350	40.8	29,283	42.6	34.4
Research and Development costs	6,890	7.2	6,684	9.7	3.1
Commercial costs	9,751	10.1	7,636	11.1	27.7
General and Administrative costs	8,193	8.5	6,403	9.3	28.0
EBITDA	14,516	15.1	8,560	12.5	69.6
Depreciation	2,436	2.5	2,016	2.9	20.8
Amortization	2,122	3.7	2,802	7.1	(24.3)
Riorganization and Non Recurrent Costs	356	0.4	592	0.9	(39.9)
OPERATING PROFIT (EBIT)	9,602	10.0	3,150	4.6	204.8
Financial income (charges)	706	0.7	570	0.8	n.m.
Non-recurrent financial income (charges)	0	0.0	2,157	3.1	n.m.
EARNINGS BEFORE TAXES (EBT)	10,308	10.7	5,877	8.5	75.4
Taxes	(2,469)	(2.6)	(1,162)	(1.7)	n.m.
NET PROFIT	7,839	8.1	4,715	6.9	66.3



TXT

PRESS RELEASE

Income Statement as of 31 December 2021

€ thousand	31.12.2021	31.12.2020
Revenues and other income	96,363	68,753
TOTAL REVENUES AND INCOME	96,363	68,753
Purchases of materials and services	(23,176)	(15,183)
Personnel costs	(58,439)	(45,103)
Other operating costs	(589)	(497)
Amortizations, depreciation and write downs	(4,557)	(4,819)
OPERATING RESULT	9,602	3,151
Financial income/(charges)	706	2,726
PRE-TAX RESULT	10,308	5,877
Income Taxes	(2,469)	(1,162)
NET INCOME	7,839	4,715



TXT

PRESS RELEASE

Management Income Statement – Fourth Quarter 2021

€ thousand	Q4 2021	%	Q4 2020	%	Var %
REVENUES	29,630	100	20,927	100	41.6
Direct costs	16,891	57.0	13,125	62.7	28.7
GROSS MARGIN	12,739	43.0	7,802	37.3	63.3
Research and Development costs	1,799	6.1	1,639	7.8	9.8
Commercial costs	3,270	11.0	1,881	9.0	73.8
General and Administrative costs	1,910	6.4	1,841	8.8	3.7
EBITDA	5,760	19.4	2,441	11.7	136.0
Depreciation	669	2.3	548	2.6	22.1
Amortization	842	5.0	1,873	14.3	(55.0)
Riorganization and Non Recurrent Costs	9	0.0	244	1.2	(96.3)
OPERATING PROFIT (EBIT)	4,240	14.3	(224)	(1.1)	n.m.
Financial income (charges)	361	1.2	221	1.1	n.m.
Non-recurrent financial income (charges)	-	0.0	1,331	6.4	n.m.
EARNINGS BEFORE TAXES (EBT)	4,601	15.5	1,328	6.3	246.5
Taxes	(893)	(3.0)	(224)	(1.1)	n.m.
NET PROFIT	3,708	12.5	1,104	5.3	235.9



TXT

PRESS RELEASE

Net Financial Position as of 31 December 2021

€ thousand	31.12.2021	31.12.2020	Var
Cash	36,076	11,933	24,143
Trading securities at fair value	48,869	68,161	(19,292)
Short term Financial Debts	(44,570)	(30,635)	(13,935)
Short term Financial Resources	40,375	49,459	(9,084)
Non current Financial Debts - Lessors IFRS 16	(4,209)	(3,580)	(629)
Other Non current Financial Debts	(45,260)	(23,818)	(21,442)
Non current Financial Debts	(49,469)	(27,398)	(22,071)
Net Cash/(Debt)	(9,094)	22,061	(31,155)
Non-monetary debts for adjustment of the price of the 2021 acquisitions to be paid in TXT shares	5,253	-	5,253
Net Cash/(Debt) Adjusted	(3,841)	22,061	(25,902)



TXT

PRESS RELEASE

Consolidated Balance Sheet as of 31 December 2021

€ thousand	31.12.2021	31.12.2020	Change
Intangible assets	52,626	37,653	14,973
Tangible assets	12,126	7,460	4,666
Other fixed assets	16,529	2,299	14,230
Fixed Assets	81,281	47,412	33,869
Inventories	7,810	4,749	3,061
Trade receivables	43,156	35,411	7,745
Other short term assets	8,864	5,782	3,082
Trade payables	(6,303)	(4,176)	(2,127)
Tax payables	(5,700)	(5,147)	(553)
Other payables and short term liabilities	(23,650)	(17,471)	(6,179)
Net working capital	24,177	19,148	5,029
Severance and other non current liabilities	(3,297)	(2,757)	(540)
Capital employed - Continuing Operations	102,161	63,803	38,358
Shareholders' equity	92,655	85,454	7,201
Shareholders' equity - minority interest	412	409	3
Net financial debt	9,094	(22,060)	31,154
Financing of capital employed	102,161	63,803	38,358