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*Testo del comunicato*

Vedi allegato



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### **TXT: THE BOARD OF DIRECTORS APPROVES THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

**Revenues € 224.4 million (+48.8%)**

**Double-digit organic growth revenues (+11.9%)**

**EBITDA € 31.6 million (+42.1%)**

**Net profit € 15.5 million (+29.4%)**

- Revenues € 224.4 million (+48.8%), of which € 42.9 million related to the Smart Solutions division, € 34.7 million to the Digital Advisory division, and € 146.8 million to the Software Engineering division.
- Like-for-like revenues at € 169 million (+11.9%), with growth in all divisions.
- EBITDA € 31.6 million (+42.1%) after significant investments in R&D fully expensed (€ 9.0 million, +18.4%).
- Net Profit € 15.5 million (+29.4%).
- Adjusted Net Financial Debt is € 31.4 million, treasury stock in portfolio amounting to 1,300,639.
- Proposed dividend of € 0.25 per share (€ 0.18 per share in 2023).

Milano, 14 March 2024 – 14:45

The Board of Directors of TXT e-solutions, chaired by Enrico Magni, today approved the financial results as of December 31, 2023.

*"The results approved today by the TXT Board are in line with the ambitious growth objectives defined over three years ago and are a source of pride and encouragement to continue the accelerated development plan through organic growth and acquisitions. Our aim is to significantly increase the value of TXT and its prestige in both the domestic and global digital markets," stated Enrico Magni, Chairman of the TXT Group.*

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The main economic and financial results in 2023 were as follows:

**Revenues** were € 224.4 million, a +48.8% growth, compared to € 150.8 million in 2022. On a like-for-like basis, revenues grew by +11.9% and the 2022 and 2023 acquisitions contributed € 55.5 million. Total international revenues account for about 20.0% of total revenues.

The Smart Solutions division had revenues of € 42.9 million, +11.6% compared to 2022, of which € 3.4 million came from organic growth (+8.9%), and € 1.0 million from the consolidation of technologies and companies acquired in Q4 2023.

The Digital Advisory division had revenues of € 34.7 million, +59.2% compared to 2022, of which € 8.2 million came from organic growth (+37.8%), and € 4.7 million from M&A consolidated from Q4 2022.

The Software Engineering division had revenues of € 146.8 million, +62.1% compared to 2022, of which € 6.3 million from organic growth (+7.0%), and € 49.9 million from the consolidation of companies acquired in Q4 2022 and, as of December 2023, from the consolidation of FastCode.

**EBITDA** was € 31.6 million, +42.1% from 2022 (€ 22.3 million). The margin on revenue was 14.1%, down from 14.8% in 2022. This variance can be attributed to shifts in the revenue-to-cost ratio observed in 2023 compared to the previous year, with a lower percentage share of the Smart Solutions division's business compared to the Software Engineering division. During 2023, € 9.0 million was invested in research and development to benefit the evolution of the TXT Group's Smart Solutions offering, +18.4% from € 7.6 million in 2022. General and administrative costs as a percentage of revenue decreased from 8.2% in 2022 to 7.3% in 2023 due to the streamlining of the structure.

**EBIT** (Operating Profit) was € 20.2 million, +45.1% compared to 2022 (€ 13.9 million) after amortisation of intangible assets (€ 5.0 million, of which € 4.2 million related to Purchase Price Allocation) and tangible assets (€ 5.7 million).

**Financial income and expenses** in 2023 have a net positive balance of € 0.8 million, down from € 2.3 million in 2022. Financial income in 2023 includes: i) € 1.2 million from the fair value valuation of the investment in Banca del Fucino, ii) € 2.1 million from the fair value valuation of earn-out payables (previously due to mechanisms linked to the market value of the TXT share), iii) € 0.8 million related to the effect of the fair value adjustment



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of the remaining 40% stake in TXT Working Capital Solutions, iv) € 0.2 million related to dividends received, and v) € 0.6 million from the fair value valuation of securities in the portfolio. Financial expenses include € 2.5 million related to bank interest expenses, € 0.3 million related to foreign exchange differences, € 0.7 million related to bank charges and other financial expenses, and € 0.7 million resulting from the result attributable to non-consolidated companies, mainly Reversal SIM and ProSim Training Solutions.

**Net income** was € 15.5 million, up from € 12.0 million in 2022. Taxes amounted to 26% in 2023, in line with 2022. Net profit stood at 6.9% of revenue, compared to 8.0% in 2022.

**In Q4 2023**, revenue was € 65.0 million, up € 6.7 million from € 58.4 million in Q4 2022. EBITDA was € 10.2 million compared to € 8.7 million in Q4 2022. EBITDA margin was 15.7%, up from 15.0% in Q4 2022. Net Profit was € 5.7 million compared to € 6.7 million in Q4 2022.

**Consolidated Adjusted Net Financial Debt** as of 31 December 2023 was € 31.4 million, up € 11.5 million from € 20.0 million as of 31 December 2022, mainly due to disbursements for the period related to the buy-back of treasury shares (€ 13.3 million), dividend payments (€ 2.1 million), and monetary outlays for investments in new technologies and M&A totaling € 10.1 million. Extraordinary transactions include the acquisition of FastCode SpA, the Embedded Graphics VAPS business from CAE Inc., and investments in the capital of Simplex, LAS LAB Srl, Arcan Srl, and PayDo SpA. The outlays for the period were partially offset by cash generated from operations. Net Financial Indebtedness as of 31 December 2023 includes € 10.1 million related to IFRS 16 liabilities, and € 8.9 million of indebtedness for earn-outs and put/call options, of which € 4.9 million beyond 12 months.

**Consolidated net debt** as of 31 December 2023 was € 51.7 million, down € 20.3 million compared to the Adjusted Net Financial Position at 31 December 2023 as a result of i) the reclassification of TXT's investment in Banca del Fucino under fixed assets for € 17, 8 million (€ 16.5 million at 31 December 2022), and ii) of the price share in shares to be transferred to the sellers in the context of the M&A transactions for € 2.5 million (€ 1.8 million at 31 December 2022). 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 are expected by the end of the first quarter of 2023.

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Treasury shares as of 31 December 2023 were 1,300,639 (906,600 as of 31 December 2022), amounting to 10.00% of the issued shares. Treasury shares include 154,296 shares to be transferred in the context of M&A transactions concluded in December 2023.

*"The excellent results of 2023 position us strongly for the challenges of 2024, with expectations of sustained volume growth and margin sustainability," comments Daniele Misani, CEO of the TXT Group. "Our relentless pursuit of innovation and investments in cutting-edge technologies enable us to expand our offerings and adapt to market changes and instabilities, making us increasingly competitive. Our M&A strategy remains active: we will continue to diversify and integrate vertical excellence in digital innovation to provide even more comprehensive and effective solutions to our large clients."*

On **March 15, 2024, at 11:00 (CET)** the **conference call** will be held during which the CEO Daniele Misani will present and comment on 2022 results. The registration form for the conference call is available on the Company website [www.txtgroup.com](http://www.txtgroup.com) inside the section "Financial News & Calendar".

### Dividend and Shareholders' Meeting

Based on the historical net profit results achieved and the sustainability of the business, the Board proposes to the Shareholders' Meeting the distribution of a dividend of € 0.25 per share (last dividend of € 0.18 per share distributed in 2023) for each of the outstanding shares, excluding treasury shares and with payment starting on 22 May 2024, record date 21 May 2024 and ex-dividend date 20 May 2024.

The Board of Directors resolved to convene the Ordinary Shareholders' Meeting on 24 April 2024 at 10:00 a.m. in a single convocation.

### Subsequent Events and Business Outlook

The most recent International Monetary Fund estimates forecast global growth of 3.1% in 2024 and 3.2% in 2025, with the Italian economy expected to grow by +0.7% in 2024 (in line with 2023) and +1.1% in 2025. The most recent estimates for the Eurozone forecast growth

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of +0.9% in 2024, down from previous estimates of +1.3%, with inflation expected to fall from 6.3% in 2023 to 3.0% in 2024 and 2.5% in 2025.

As far as the digital market is concerned, global IT spending is forecast by Gartner, Inc. to grow by 6.8% in 2024, reaching \$5 trillion, with the IT services segment becoming the most important segment of IT spending in 2024 due to an expected annual growth of +8.7% as a result of business investments in efficiency and organisational optimisation projects; these investments will be crucial during this period of economic uncertainty. The software segment is expected to grow by +12.7%.

With reference to TXT's positioning within the IT market, after a 2023 that recorded above-market average growth rates in all of the Group's divisions, for 2024 TXT's management expects further growth supported by the strong revenue backlog already acquired, good market prospects and further growth opportunities related to cross- and up-selling activities driven by the growing business synergies within the TXT ecosystem.

In the Smart Solutions division for 2024, the TXT Group anticipates growth rates in line with the expected market trend for the software segment. This outlook is strengthened by investments made by the Group throughout 2023, leading to the consolidation of new technologies and platforms such as Paladin AI (artificial intelligence for Evidence-Based-Training) and EGS (HMI and Cybersecurity for avionic displays safety and mission-critical), with their benefits becoming evident from 2024 onwards. During the first quarter of the current year, new contracts and opportunities have emerged in the civil aviation segment, largely attributable to the prioritised positioning of ESG solution offerings. In Fintech, we have expanded our customer base and the portfolio of technologies and solutions offered through targeted investments, including stakes in companies such as Simplex, LAS LAB Srl, Arcan Srl, and PayDo SpA. For 2024, the TXT Group foresees growth in recurring revenues, which will serve as an additional source of funding for internal investments in innovation and the evolution of our offerings. Significant opportunities are anticipated for the digital payments and quality assurance segments in 2024, driven by the synergistic integration of new technologies and offerings acquired during the fourth quarter of 2023. In the Regtech context, following the AML Faraday platform reaching the Break-Even-Point in 2023 and acquiring new recurring contracts through subscriptions, 2024 is expected to witness the onboarding of additional leading national banks and payment institutions, with positive effects anticipated on the volumes and margins of the division.



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The Digital Advisory division achieved organic growth of 37.8% in 2023, driven by the ramp-up of activities related to public tenders won by the Group and the contribution of commercial, technological, and operational synergies among companies within the TXT ecosystem. For 2024, organic growth in the Digital Advisory business is expected to exceed 10%, driven by activities on multi-year public contracts acquired. During the fourth quarter of 2023, contracts with a total value exceeding €4 million were secured. Among the key contracts is an innovative healthcare project named *"Tele-Rehabilitation Solutions with Innovative Cores of Extended Reality based on Metaverse"* for which we will serve as the prime contractor in a temporary consortium composed of significant players such as CNR, Università Cattolica Sacro Cuore, and Fondazione Don Gnocchi."

In the Software Engineering division, investments in diversifying our offerings continue, with a focus on investing in enabling technologies that accelerate the digital transformation of our group's clients across an increasingly broad spectrum of market segments. In this context, we highlight the acquisition of FastCode, completed in December 2023, which bolsters important expertise within the TXT technological portfolio in the cloud domain (e.g., cloud application development, cloud migration, etc.) and the provision of digital services encompassing front-end, back-end, and software architecture. With the acquisition of FastCode, the TXT Group will strengthen a top line of over €10 million generated with large enterprises, with further impetus expected from synergies with other excellence within the TXT ecosystem, which are already yielding benefits. Organic growth for the Software Engineering division in 2024 will be underpinned by digital offerings in the Aerospace & Defence and Public Sector sectors.

With regard to the M&A plan for 2024, TXT's focus remains consistent with previous years, emphasising acquisitions aimed at integrating new technologies, specialised digital expertise, and excellence in markets that are either currently owned or adjacent to our existing ones. The objective is to diversify our offerings and industry presence in the domestic market while strengthening core competencies in the international market. The funding for acquisition operations will be sourced from the Group's existing cash reserves, the establishment of new lines of credit, the divestment of financial assets expected during the current year, and the use of treasury shares in our portfolio.

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

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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.txt-group.com](http://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 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.

### For further information:

Eugenio Forcinito - CFO  
Tel. +39 02 257711  
[infofinance@txtgroup.com](mailto:infofinance@txtgroup.com)

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Andrea Favini - IR  
Tel. +39 02 257711  
[infofinance@txtgroup.com](mailto:infofinance@txtgroup.com)





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### Management Income Statement as of 31 December 2023

€ thousand	2023	%	2022	%	Var %
<b>REVENUES</b>	<b>224,394</b>	<b>100</b>	<b>150,758</b>	<b>100</b>	<b>48.8</b>
Direct costs	143,112	63.8	94,309	62.6	51.7
<b>GROSS MARGIN</b>	<b>81,282</b>	<b>36.2</b>	<b>56,449</b>	<b>37.4</b>	<b>44.0</b>
Research and Development costs	9,035	4.0	7,634	5.1	18.4
Commercial costs	24,227	10.8	14,149	9.4	71.2
General and Administrative costs	16,388	7.3	12,407	8.2	32.1
<b>EBITDA</b>	<b>31,632</b>	<b>14.1</b>	<b>22,259</b>	<b>14.8</b>	<b>42.1</b>
Amortization, Depreciation & Write-offs	11,443	8.0	8,348	8.9	37.1
<b>OPERATING PROFIT (EBIT)</b>	<b>20,188</b>	<b>9.0</b>	<b>13,911</b>	<b>9.2</b>	<b>45.1</b>
Net Financial/Extraordinary income (charges)	835	0.4	2,287	1.5	(63.5)
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>21,023</b>	<b>9.4</b>	<b>16,198</b>	<b>10.7</b>	<b>29.8</b>
Taxes	(5,511)	(2.5)	(4,210)	(2.8)	30.9
<b>NET PROFIT</b>	<b>15,512</b>	<b>6.9</b>	<b>11,988</b>	<b>8.0</b>	<b>29.4</b>



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### Management Income Statement – Fourth Quarter 2023

€ thousand	Q4 2023	%	Q4 2022	%	Var %
<b>REVENUES</b>	<b>65,038</b>	<b>100</b>	<b>58,358</b>	<b>100</b>	<b>11.4</b>
Direct costs	40,441	62.2	37,771	64.7	7.1
<b>GROSS MARGIN</b>	<b>24,597</b>	<b>37.8</b>	<b>20,587</b>	<b>35.3</b>	<b>19.5</b>
Research and Development costs	2,311	3.6	1,856	3.2	24.5
Commercial costs	8,761	13.5	5,336	9.1	64.2
General and Administrative costs	3,295	5.1	4,667	8.0	(29.4)
<b>EBITDA</b>	<b>10,230</b>	<b>15.7</b>	<b>8,728</b>	<b>15.0</b>	<b>17.2</b>
	4,071	6.3	3,980	6.8	2.3
<b>OPERATING PROFIT (EBIT)</b>	<b>6,158</b>	<b>9.5</b>	<b>4,748</b>	<b>8.1</b>	<b>29.7</b>
Financial income (charges)	936	1.4	3,918	6.7	(76.1)
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>7,094</b>	<b>10.9</b>	<b>8,666</b>	<b>14.8</b>	<b>(18.1)</b>
Taxes	(1,377)	(2.1)	(2,014)	(3.5)	(31.6)
<b>NET PROFIT</b>	<b>5,717</b>	<b>8.8</b>	<b>6,652</b>	<b>11.4</b>	<b>(14.1)</b>



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### Net Financial Debt as of 31 December 2023

.000 Euro	31.12.2023	31.12.2022	Var
Cash	(37,927)	(33,015)	(4,912)
Trading securities at fair value	(24,058)	(48,490)	24,431
Other Short Term Financial Assets	(810)	-	(810)
Short term Financial Debts	57,654	51,187	6,467
<b>Short term Financial Debts</b>	<b>(5,141)</b>	<b>(30,318)</b>	<b>25,176</b>
Non current Financial Debts - Lessors IFRS 16	6,423	5,988	435
Other Long Term Financial Assets	(700)	(1,417)	717
Other Non current Financial Debts	51,140	64,017	(12,877)
<b>Non current Financial Debts</b>	<b>56,863</b>	<b>68,588</b>	<b>(11,725)</b>
<b>Net Financial Debt</b>	<b>51,721</b>	<b>38,270</b>	<b>13,451</b>
<b>Non-monetary</b> debts for adjustment of the price of the acquisitions to be paid in TXT shares	(2,500)	(1,750)	(750)
<b>Financial Investment</b> - Banca Del Fucino	(17,778)	(16,542)	(1,236)
<b>Adjusted Net Financial Debt</b>	<b>31,443</b>	<b>19,978</b>	<b>11,465</b>



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### Consolidated Balance Sheet as of 31 December 2023

€ thousand	31.12.2023	31.12.2022	Change
Intangible assets	85,900	77,975	7,925
Tangible assets	20,430	18,293	2,137
Other fixed assets	24,462	19,360	5,102
<b>Fixed Assets</b>	<b>130,792</b>	<b>115,628</b>	<b>15,164</b>
Inventories	18,733	13,765	4,968
Trade receivables	74,346	73,115	1,231
Other short term assets	14,876	15,352	(476)
Trade payables	(21,585)	(20,643)	(942)
Tax payables	(11,208)	(7,958)	(3,250)
Other payables and short term liabilities	(34,761)	(36,834)	2,073
<b>Net working capital</b>	<b>40,402</b>	<b>36,797</b>	<b>3,605</b>
<b>Severance and other non current liabilities</b>	<b>(5,603)</b>	<b>(4,772)</b>	<b>(831)</b>
<b>Capital employed - Continuing Operations</b>	<b>165,590</b>	<b>147,653</b>	<b>17,937</b>
Shareholders' equity	113,852	109,366	4,486
Shareholders' equity - minority interest	17	17	0
Net financial debt	51,721	38,270	13,451
<b>Financing of capital employed</b>	<b>165,590</b>	<b>147,653</b>	<b>17,937</b>

Fine Comunicato n.0439-18-2024

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