



TXT

PRESS RELEASE

TXT expands its Fintech offering with the acquisition of Quence.

The 5th M&A deal closed in 2021

- *TXT e-solutions S.p.A. ("TXT") continues its accelerated growth project in its Fintech division with the announcement of the acquisition of 100% of the capital of Quence Srl ("Quence"), an Italian boutique specialised in software engineering and offering Data Intelligence, SW Application Lifecycle Management (ALM), SW Quality Assurance services;*
- *Quence, founded in 2014 as a start-up company based in Milan, has experienced steady business growth over the past five years, which will lead it to close 2021 with revenues of Euro 2.7 million and operating margin (EBIT) of 15.0%;*
- *With Quence, the number of extraordinary acquisitions completed during the year rose to five, including three mature companies and a start-up in the fintech sector, as well as a German company specialised in IoT solutions for manufacturing and health care; the aggregate result of the 2021 acquisitions gives the Group total annual volumes in excess of Euro 18 million and EBITDA of around Euro 4 million.*

Milan, 28 December 2021 – 15:15

TXT e-Solutions S.p.A. ("TXT"), a company listed on the STAR Segment of the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A., announces that today the final contract for the acquisition of 100% of the capital of the company Quence Srl ("Quence") was signed. TXT will consolidate its results in its Fintech division as of 1st January 2022.

The acquisition of Quence positions TXT Group as one of the national leaders in the SW Quality segment; in line with the recent acquisitions of Novigo and LBA, this operation has the strategic objective of strengthening TXT's Fintech offering and gaining market share in sectors already covered. In the case of the newly acquired Quence, the software engineering segment is strengthened with specialised services in SW Application Lifecycle Management (ALM), SW Quality Assurance & Testing and Data Intelligence, supplying a portfolio of prestigious clients active in the financial, banking and insurance sectors.



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Quence has strong multiyear partnerships with leading software vendors; Quence's business model is to provide customers with specialised skills offered through packaged services and risk sharing or through consultancy alongside the resale and integration of financial software.

"We are delighted to have completed another important milestone in our accelerated growth project in 2021, which launches us into the new year with growing ambitions in terms of volumes, solidity and value", comments TXT CEO Daniele Misani. "We welcome the Quence managers who, together with all TXT Group managers and partners, have embraced our ambitious growth project, which in 2021 has led to the consolidation of five new excellences and record results."

"Joining TXT is an important milestone for consolidating and strengthen Quence's growth and its market presence and positioning" added Mariagrazia Brunetti, founder and CEO of Quence. "With TXT, Quence aims to contribute even more to the dissemination of the SW Quality culture, in synergy with the values of professional ethics and technological and operational experience that we have found in TXT and that we fully share."

The acquisition of Quence was unanimously approved by TXT's Board of Directors.

Quence was founded in 2014 by the 2 sales partners and current managers and today has over 25 internal specialist resources, more than 25 national and international customers (approx. 10% of the business), and 2021 revenues of approx. Euro 2.7 million with an EBITDA margin of 15.1% (EBIT margin of 15.0%).

The consideration for the purchase of 100% of Quence ("Enterprise Value") was agreed between the parties in Euro 2.0 million paid at the time of closing, of which Euro 1.4 million (70%) was paid in cash and Euro 0.6 million (30%) was paid in TXT's own ordinary shares sold at the market price at the close of the trading day prior to the date of closing. Quence's Net Cash Position as of 31 December 2021 will be settled partially in cash and partially in TXT ordinary shares in the same proportions applied to the Enterprise Value payment.

With Quence, the number of outstanding acquisitions completed by TXT Group during the year rises to five; in fintech, in addition to the start-up named Reversal, which is not yet operational at this time, TXT Group invested in three young but already profitable and



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well-known companies in the domestic market that will contribute to the division's growth with over Euro 8 million in annual revenues, operating margins of over 20% and important structural synergies within the division. In the Industrial & Automotive segment, the acquisition of Germany's TeraTron brings prestige, an international footprint, a new portfolio of IoT solutions for the manufacturing and health care industries and approximately Euro 10 million in annual revenues generated with major European and international players.

For 2022, TXT Group plans to continue its M&A plan with the consolidation of new technologies, specialised skills and excellence in markets that are already proprietary or adjacent to the current ones, with ambitious growth targets.

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).

For further information:

Eugenio Forcinito - CFO

Tel. +39 02 257711

eugenio.forcinito@txtgroup.com

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Andrea Favini - IR

Tel. +39 02 257711

infofinance@txtgroup.com