



TXT e-solutions Group

INTERIM REPORT

AS AT 30 SEPTEMBER 2021

## TXT e-solutions S.p.A.

Registered office, management, and administration:

Via Milano, No. 150 - 20093 Cologno Monzese (MI)

Share capital:

€ 6,503,125 fully paid-in

Tax code and Milan Business Register number:

09768170152

## Corporate Units

### BOARD OF DIRECTORS:

In office until approval of the financial statements as at 31 December 2022:

**ENRICO MAGNI**  
Chairman

**DANIELE MISANI**  
Chief Executive Officer

**MATTEO MAGNI**  
Director<sup>2</sup>

**STEFANIA SAVIOLO**  
Independent Director<sup>1-2-3</sup>

**PAOLA GENERALI**  
Independent Director<sup>1-2-3</sup>

**ANTONELLA SUTTI**  
Independent Director<sup>4</sup>

**CARLO GOTTA**  
Independent Director<sup>2-3-4</sup>

- (1) Member of the Remuneration and Appointments Committee.
- (2) Member of the Risks and Internal Controls Committee.
- (3) Member of Related Parties Committee.
- (4) Appointed by the Shareholders' Meeting on 13 September 2021.

### BOARD OF STATUTORY AUDITORS:

In office until approval of the financial statements as at 31 December 2022:

**MARIO BASILICO**  
Chairman

**LUISA CAMERETTI**  
Standing auditor

**FRANCO VERGANI**  
Standing auditor

**MASSIMILIANO  
ALBERTO TONARINI**  
Alternate auditor

**FABIO MARIA  
PALMIERI**  
Alternate auditor

**GIADA D'ONOFRIO**  
Alternate auditor

Independent auditors:  
**Crowe Bompani S.p.A.**

Investors relations:  
E-mail: [infofinance@txtgroup.com](mailto:infofinance@txtgroup.com)  
Tel: +39 02 25771.1

## Leadership Team



**Enrico Magni**

An experienced entrepreneur with a solid track record in guiding the growth processes of companies operating in different sectors, Enrico joined TXT as a key shareholder and now holds the position of Chairman, committed to successfully manage the growth of the Group.



**Daniele Misani**

+20 years in TXT, with a strong experience in the international development of the business, from mid-2020 holds the position of Group CEO, with strategic responsibilities in defining and executing the TXT Group's international growth strategies.



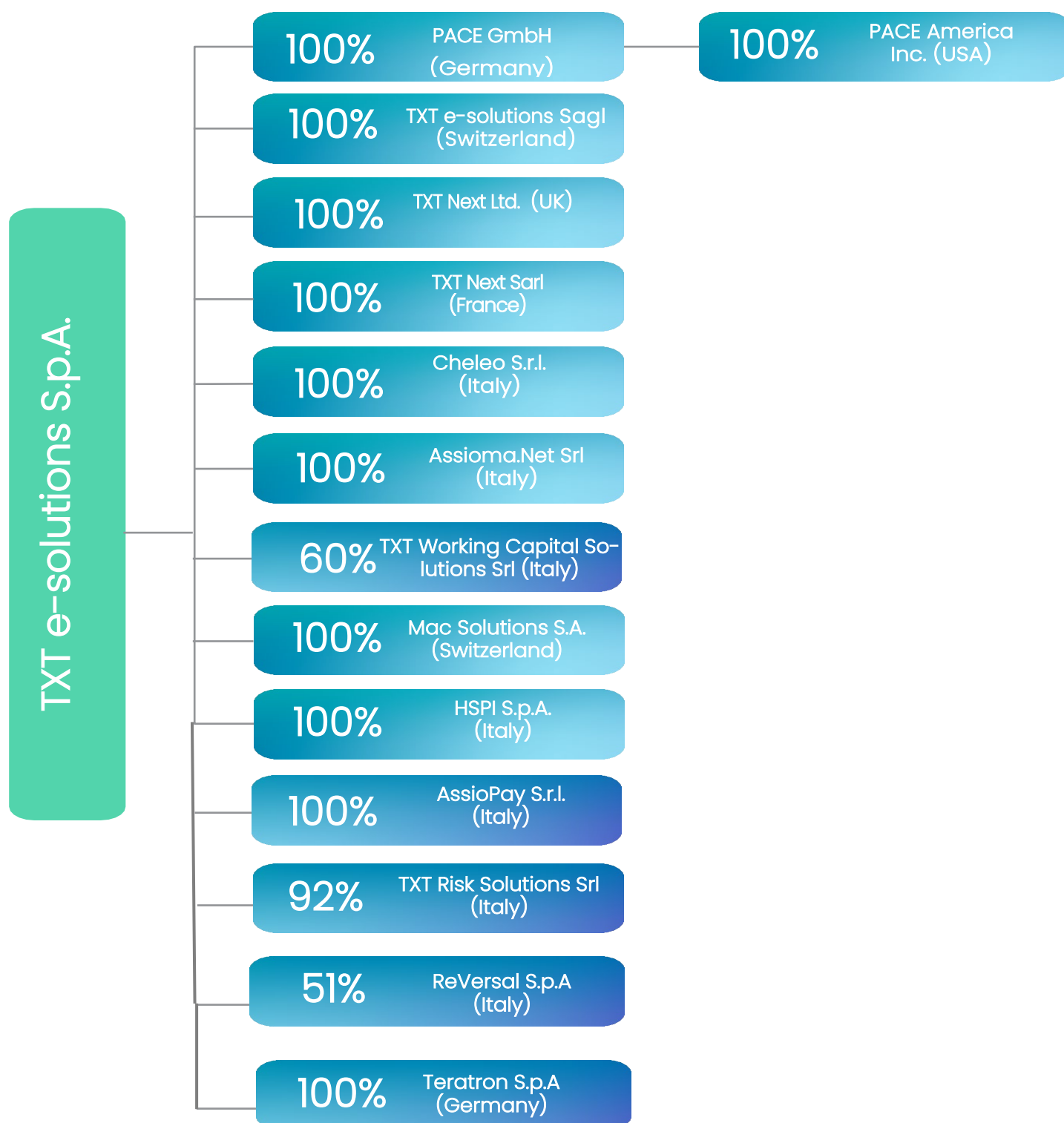
**Eugenio Forcinito**

+20 years of experience in finance and administration and an in-depth understanding of management dynamics, over the last fifteen years Eugenio has always been focused and committed to the sustainable growth of the TXT Group.

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## Organisational structure and scope of consolidation





TXT e-solutions Group

KEY DATA AND  
DIRECTORS'  
REPORT  
ON PERFORMANCE

AS AT 30 SEPTEMBER 2021

## TXT e-solutions Group – Key data

INCOME DATA (€ thousand)	9m 2021	%	9m 2020	%	% CHANGE
REVENUES	66,733	100.0	47,826	100.0	39.5
EBITDA	8,756	13.1	6,118	12.8	43.1
OPERATING PROFIT (EBIT)	5,362	8.0	3,379	7.1	58.7
NET PROFIT	4,131	6.2	3,608	7.5	14.5

FINANCIAL DATA (€ thousand)	30.09.2021	31.12.2020	Change
Fixed assets	69,431	47,412	22,019
Net working capital	20,990	21,131	(141)
Post-employment benefits and other non-current liabilities	(4,672)	(4,740)	68
<b>Capital employed</b>	<b>85,749</b>	<b>63,803</b>	<b>21946.0</b>
Net financial position	3,503	22,060	(18,557)
Shareholders' Equity attributable to minority interests	427	409	18
Group shareholders' equity	88,824	85,454	3,370

DATA PER SHARE	30.09.2021	30.09.2020	Change
Average number of shares outstanding	11,711,133	11,683,621	27,512
Net earnings per share	0.35	0.29	0.06
Shareholders' equity per share	7.58	7.30	0.29

ADDITIONAL INFORMATION	30.09.2021	30.09.2020	Change
Number of employees	1,114	872	242
TXT share price	8.72	7.36	1.36

## Notes on Alternative Performance Measures

Pursuant to the ESMA guidelines on alternative performance measures (“APMs”) (ESMA/2015/1415), endorsed by Consob (see Consob Communication no. 0092543 dated 3 December 2015), it should be noted that the reclassified statements included in this Directors’ Report on Operations show a number of differences from the official statements shown in the accounting tables set out in the following pages and in the notes with regard to the terminology and the level of detail.

Specifically, the reclassified consolidated Income Statement makes use of the following terms:

- **EBITDA**, which is equivalent to “Total revenues” net of total operating costs in the official consolidated Income Statement;
- **EBIT**, which is equivalent to “Total revenues” net of total operating costs, depreciation, amortisation and write-downs in the official consolidated Income Statement.

The reclassified consolidated Balance Sheet was prepared based on the items recognised as assets or liabilities in the official consolidated Balance Sheet and makes use of the following terms:

- **FIXED ASSETS**, given by the sum of tangible and intangible fixed assets, goodwill, deferred tax assets/liabilities and other non-current assets;
- **NET WORKING CAPITAL**, given by the sum of inventories, trade receivables/payables, current provisions, tax receivables/payables and other assets/liabilities and current receivables/payables;
- **CAPITAL EMPLOYED**, given by the algebraic sum of fixed assets, net working capital and post-employment benefits and other non-current liabilities.

These APMs, in line with the data presented in the consolidated Income Statement and Balance Sheet in accordance with the recommendations outlined above, were deemed to be significant as they represent parameters that succinctly and clearly depict the Company’s financial position and economic performance, also by providing comparative data. The APMs adopted are consistent with those used in the previous year.



## Directors' Report on Operations for the first 9 months of 2021

Dear Shareholders,

In the first nine months of 2021, significantly higher revenues were recorded by the Fintech Division (Revenues +73%) thanks also to the consolidation of recent acquisitions and the activities of the Aerospace, Aviation & Automotive Division (Revenues +20.9%) also thanks to the consolidation of the recent acquisition of TeraTron GmbH.

On 29 July 2021, the final contract was signed for the acquisition of 100% of the German company TeraTron GmbH. TXT consolidates its results from 29 July 2021.

TeraTron is a German company that has been on the market for over 20 years, a leader in offering innovative IoT solutions for digitalisation, automation and security, mainly in the Automotive, Industrial (Industry 4.0) and Healthcare markets, and a growing presence in other sectors with strong innovative and technological content. TeraTron's customer portfolio is international and has long-standing relationships with numerous companies including Audi, BMW, HILTI, John Deere, Porsche, Volkswagen and Volvo.

TeraTron differs from the competition thanks to its specialised end-to-end offer that covers all phases of the sales process, from the identification of customer needs, to design, production, maintenance and after-sales support. Through approximately 45 specialised resources and a prestigious owned headquarters built in 2018, TeraTron is recognised by its customers as a one-stop shop provider of IoT solutions and for the design of new concepts based on technologies such as RFID, transponder technology, NFC, Bluetooth, WLAN, encoding/cryptology technologies, vehicle interfaces (CAN/LIN), IOS/Android App.

The Purchase Price for the acquisition of 100% of TeraTron was agreed between the parties in € 10.1 million, paid in cash at closing.

On 13 September 2021, the Shareholders' Meeting of TXT e-solutions S.p.A. held in ordinary and extraordinary session resolved a) to confirm Carlo Gotta (independent) as Director of the Company, co-opted on 12 May 2021 to replace Director Valentina Cogliati; b) to appoint Antonella Sutti as Director of the Company; the term of office of the appointed Directors will expire at the same time as that of the Directors currently in office and therefore with the approval of the financial statements for the year ending 31 December 2022; c) to transfer the registered office of the Company from Milan to Cologno Monzese and consequently amend Art. 2 of the Articles of Association; d) to amend Art. 15 of the Articles of Association in order to provide for the procedures to be adopted in the case of the appointment by co-optation of a Director when a member of the Board of Directors taken from the minority list resigns.

The main consolidated operating and financial results in the first nine months of 2021 were as follows:

- **Revenues** amounted to € 66.7 million, up 39.5% compared to € 47.8 million in the first nine months of 2020, of which € 1.7 million for the consolidation of TeraTron GmbH from the date of

purchase. On a like-for-like basis, excluding TeraTron GmbH acquired in July 2021 and HSPI acquired in October 2020, revenues grew by 8%. Software revenues in the first nine months of 2021 amounted to € 6.3 million, compared to € 6.5 million in the first nine months of 2020. The slight decline in revenues from software sales is attributable to the lower number, in the previous year, of subscription contracts and multi-year licenses, following the reduction in civil aviation investments due to the COVID-19 pandemic, whose effects fall in the current year. Revenues from services amounted to € 60.4 million, up 46.3% compared to the first nine months of 2020.

Revenues in the Aerospace, Aviation and Automotive Division amounted to € 37.1 million, up 20.9% compared to the first nine months of 2020, of which € 1.7 million was due to the consolidation of TeraTron and € 4.7 million to organic development.

The Fintech Division recorded revenues of € 29.6 million, up 73% over the first nine months of 2020, of which € 10.5 million due to the consolidation of HSPI.

- Net of direct costs, the **Gross Margin** rose from € 21.5 million to € 26.6 million, marking an increase of 23.9%. Gross margin on revenues was equal to 39.9% in the first nine months of 2021.
- **EBITDA** amounted to € 8.8 million, up +43.1% compared to the first nine months of 2020 (€ 6.1 million), after significant investments in commercial expenses and research and development expenses. The margin on revenues was 13.1% against 12.8% in the first nine months of 2020.
- **Operating profit (EBIT)** was € 5.4 million, up 58.7% compared to the first nine months of 2020 (€ 3.4 million). Amortisation and depreciation of tangible and intangible assets amounted to € 3.0 million, up € 0.7 million compared to the first nine months of 2020 due to consolidation of the acquisitions finalised in 2020 and 2021.
- **Financial income** amounted to € 0.3 million, compared to € 1.2 million in the first nine months of 2020. Financial income attributable to the management of financial investments amounted to € 0.3 million, essentially in line with the first nine months of 2020 (€ 0.3 million as at 30.09.2020). Under financial income, at 30 September 2020, as non-recurring item, to be noted is the adjustment of the fair value of the liability, for € 0.8 million, related to the acquisition of the ownership interest in the residual 21% of the Pace capital. This amount booked at fair value for € 5.9 million as at 31 December 2019 was recalculated at € 5.1 million based on the agreements subsequently reached by the parties and paid in the second half of June 2020.
- **Net profit** was € 4.1 million, up from € 3.6 million in the first nine months of 2020. In the first nine months of 2021, taxes accounted for 27.6%. In 2020, the effective tax rate was particularly low, mainly due to the permanent difference related to the 0.8 million capital gain on the Pace put-call exercised in June 2020 and the prepaid tax assets related to the revenues from the application of the new international accounting standard IFRS 15.

- The consolidated **Net Financial Position** as at 30 September 2021 was positive by € 3.5 million, down by € 18.6 million compared to 31 December 2020 (€ 22.1 million). The decrease is mainly due to the purchase of an equity investment in Banca del Fucino for € 14.3 million, the acquisition of the minority shareholding in AssioPay (€ 1.0 million) and the acquisition of 100% of the company TeraTron (€ 10.1 million). Moreover, on 28 July 2021, a loan was granted for a total of € 10 million and on 3 August 2021 another loan was granted for € 5 million.
- **Consolidated shareholders' equity** as at 30 September 2021 was € 88.8 million compared to € 85.5 million at December 2020. Changes during the nine-month period mainly concern the recognition of net profit (€ 4.2 million), the net effect of the purchase and sale of treasury shares (€ 1.2 million) and the recognition of the higher value relating to the purchase of the minority interest in AssioPay (negative for € 1.9 million) and the distribution of dividends in May 2021 for € 0.5 million.

TXT's consolidated results for the first nine months of 2021, compared with those of the same period of the previous year, are presented below:

(€ thousand)	9m 2021	%	9m 2020	%	% Change
<b>REVENUES</b>	66,733	100	47,826	100	39.5
Direct costs	40,122	60.1	26,345	55.1	52.3
<b>GROSS MARGIN</b>	26,611	39.9	21,482	44.9	23.9
Research and development costs	5,091	7.6	5,045	10.5	0.9
Commercial costs	6,481	9.7	5,755	12.0	12.6
General and administrative costs	6,283	9.4	4,562	9.5	37.7
<b>GROSS OPERATING PROFIT (EBITDA)</b>	8,756	13.1	6,119	12.8	43.1
Depreciation	1,767	2.6	1,470	3.1	0.2
<b>CURRENT OPERATING PROFIT (EBITA)</b>	6,989	10.5	4,648	9.7	0.5
Amortisation	1,280	1.9	919	1.9	0.4
Reorganisation and non-recurring charges	347	0.5	350	0.7	(0.0)
<b>OPERATING PROFIT (EBIT)</b>	5,362	8.0	3,379	7.1	0.6
Extraordinary/Financial income (charges)	345	0.5	1,168	2.4	(0.7)
<b>EARNINGS BEFORE TAXES (EBT)</b>	5,707	8.6	4,546	9.5	0.3
Taxes	(1,576)	(2.4)	(939)	(2.0)	0.7
<b>NET PROFIT</b>	4,131	6.2	3,608	7.5	0.1
Attributable to:					
Parent Company shareholders	4,150		3,531		
Minority interests	(19)		77		

## GROUP REVENUES AND GROSS MARGINS

Revenues and direct costs in the first nine months of 2021, compared with those of the previous year, are presented below for each Division.

<i>(€ thousand)</i>	9m 2021	%	9m 2020	%	% Change
<b>TXT AEROSPACE, AVIATION &amp; AUTOMOTIVE</b>					
REVENUES	37,122	100	30,705	100	20.9
Software	5,309	14.3	5,667	18.5	(6.3)
Services	31,813	85.7	25,038	81.5	27.1
DIRECT COSTS	21,386	58	16,753	55	27.7
GROSS MARGIN	15,736	42	13,952	45	12.8
<b>TXT FINTECH</b>					
REVENUES	29,611	100	17,121	100	73.0
Software	1,010	3.4	853	5.0	n.s.
Services	28,601	96.6	16,268	95.0	75.8
DIRECT COSTS	18,736	63	9,592	56	95.3
GROSS MARGIN	10,875	37	7,529	44	44.4
<b>TOTAL TXT</b>					
REVENUES	66,733	100	47,826	100	39.5
Software	6,319	9.5	6,520	13.6	(3.1)
Services	60,414	90.5	41,306	86.4	46.3
DIRECT COSTS	40,122	60	26,345	55	52.3
GROSS MARGIN	26,611	40	21,481	45	23.9

### TXT Aerospace, Aviation & Automotive Division

Revenues in the Aerospace, Aviation and Automotive Division amounted to € 37.1 million, up 20.9% compared to the first nine months of 2020, of which € 1.7 million was due to the consolidation of TeraTron and € 4.7 million to organic development.

Software revenues in the first nine months of 2021 were € 5.3 million, a decrease of 6.3% compared to the first nine months of 2020. International revenues represent 28.5% of the Division's revenues, amounting to € 10.6 million as at 30.09.2021, down from € 13.1 million as at 30 September 2020.

Gross margin, up by 12.8%, was € 15.7 million compared to € 16.8 million in the first nine months of 2020. As a percentage of revenues, the gross margin amounted to 42.4%, compared to 45.4% in the first nine months of 2020 due to the higher percentage of revenues generated by services.

TXT has decades-long experience in the aerospace sector, particularly in on-board software, flight simulators, training systems, flight support systems and advanced manufacturing solutions. The Division also serves a growing number of aerospace companies and airline operators throughout the world, providing them with software and innovative services to design, configure, produce, acquire and operate their airlines and fleets in an economically optimal manner. The main application areas are the preliminary design of airplanes and technical systems, the configuration of airplanes and cabins, economic management of fleets, and the analysis of flying routes and innovative instruments – such as “Electronic Flight Bags” – to improve operating efficiency during flight.

Current customers comprise over 50 major companies, including leading manufacturers of aircraft and engines, airlines, civil and defence operators, and MRO – Maintenance, Repair & Overhaul companies, such as Leonardo (IT), Airbus (DE and FR), Boeing (USA), Pilatus (CH), Saab (SW), Reiser (DE), Safran Group (FR), GE Aviation (USA), COMAC (China), Sukhoi (Russia), Embraer (Brazil), Rolls-Royce (UK), Lufthansa (DE), American Airlines (USA) and Delta Airlines (USA).

With the consolidation of TeraTron, TXT strengthens its presence in Germany with more than 150 specialised resources, integrating the aerospace offer of PACE GmbH with the offer of TeraTron within the German manufacturing & automotive sector. It significantly increases the know-how on key technological expertise related to the IoT area, expanding the offer with the proposal of proprietary software and hardware solutions. In the last two years, TeraTron reported revenues of € 9.2 million in 2019 – with EBITDA of € 1.8 million – and € 7.6 million in 2020 with EBITDA of € 1.4 million; the slowdown in revenues recorded in 2020 is linked to the exposure on the Automotive market, one of the most affected by the Covid-19 pandemic. Starting from the second quarter of 2021, TeraTron’s business resumed its regular course, and revenues of € 9 million are expected for the current year, with EBITDA of approximately € 2 million.

TXT stands out for its ability to design highly reliable advanced solutions with technology as a key business factor and it specialises in mission critical software and systems, embedded software as well as software for training purposes based on simulations and virtual & augmented reality.

The Aerospace & Aviation market is under strong pressure by COVID-19, with civil aviation in crisis, airlines with fleets on the ground (in 2019 they accounted for 6% of the Group revenues), and a medium-long term impact on aircraft manufacturers and the entire production chain. The impact in the short/medium-term is mitigated by revenues from software licenses and services already contractually agreed at the end of 2019, by the focus on strategic customers (in any case leaders in the sector, even during the crisis) and by the acquisition of new multi-year contracts in the defence aeronautics sector, which is not particularly affected by the current crisis.

## TXT FINTECH Division

The Fintech Division recorded revenues of € 29.6 million, up 73% over the first nine months of 2020, of which € 10.5 million due to the consolidation of HSPI. International revenues represent 15.1% of the Division's revenues, amounting to € 4.5 million as at 30 September 2021, up from € 1.2 million, or 7% of the total, as at 30 September 2020.

The Gross margin was € 10.9 million, up +44.4% compared to the first nine months of 2020 (€ 7.5 million). The gross margin as percentage of revenues was in line with the previous year: 44.0% in 2020 and 36.7% in 2021.

TXT historically operates in the financial and banking sector with an increasing portfolio of proprietary products and innovative solutions. Moreover, TXT specialises in Independent Verification & Validation of supporting IT systems. At the base of the offer is the great experience of market processes accrued over more than twenty years of activity alongside leading banking companies, combined with in-depth knowledge of methods and tools for managing specialist vertical processes such as NPL, digital payments, factoring and compliance.

TXT historically operates in the financial and banking sector with an increasing portfolio of proprietary products and innovative solutions. Moreover, TXT specialises in Independent Verification & Validation of supporting IT systems. At the base of the offer is the great experience of market processes accrued over more than twenty years of activity alongside leading banking companies, combined with in-depth knowledge of methods and tools for managing specialist vertical processes such as NPL, digital payments, factoring and compliance.

The FARADAY™ product designed for compliance with solutions for the assessment of the risk of financing of terrorism, corruption and money laundering, which aim to meet the needs of all those who are subject to European and national legislation on the subject, allows to manage different types of data and to support the calculation of the risk in the various areas.

Polaris is the B2B digital platform (Marketplace) designed to dynamically and centrally manage the Supply Chain Finance programs, aimed at responding in a flexible and integrated manner to the needs of the buyers, suppliers and Financial Partners; ideal tool for large companies and multinationals that manage large and diversified supplies. Polaris gives the possibility to financial partners, banks specialised in trade finance and Factors, investment funds and family offices, of expanding their reference market with centralised management of the onboarding processes and contractual formalisation. A simple tool to proactively manage commercial debt within their supply chains, supporting the liquidity of suppliers in collaboration with a wide range of possible financial partners. Polaris digitalises the main operating processes in the area of reverse factoring, confirming and dynamic discounting, making it possible to include both smaller suppliers and financial partners other than large commercial banks in the support programs of large companies.

AssioPay, focused on the development of software for the world of payments and payment-related systems (meal vouchers and rechargeable), has developed a proprietary platform (gateway) that allows access to various service providers, and has also developed an Android SmartPOS application, able to integrate various issuers and enable payment on international credit circuits in addition to their management software (AssioPay Terminal Management System). AssioPay designs and develops software and Apps for payment, loyalty, ticketing, meal vouchers and many other solutions at Banks, Financial Institutions, System Integrators, service providers, large-scale distribution chains, etc. through customised solutions.

## GROUP REVENUES

Research and development costs in the first nine months of 2021 were € 5.1 million, substantially in line with the € 5.0 million in the first nine months of 2020. TXT continues to invest in its Fintech division with new initiatives and with the development of proprietary products “Faraday”, “Polaris” and the AssioPay platform and in the Aerospace division with the development of proprietary products “Pacelab Preliminary design”, “Pacelab Flight Profile Optimizer”, “Pacelab Aircraft Configuration Environment” and “Pacelab Weavr”. The impact on revenues remained unchanged at 10.5%.

Sales costs amounted to € 6.5 million, up 12.6% compared to the first nine months of 2020 (€ 5.8 million). As a percentage of revenues, commercial costs decreased from 12.0% in the first nine months of 2020 to 9.7% in the first nine months of 2021.

General and administrative costs amounted to € 6.3 million, an increase of +37.7% compared to the first nine months of 2020 (€ 4.6 million), mainly due to the consolidation of HSPI and TeraTron and non-recurring expenses related to the ongoing process of acquisitions. As a percentage of revenues, these costs amounted to 9.4% in the first nine months of 2021, against 9.5 % in 2020.

Financial income amounted to € 0.3 million, compared to € 1.2 million in the first nine months of 2020. Financial income attributable to the management of financial investments amounted to € 0.3 million, essentially in line with the first nine months of 2020 (€ 0.3 million as at 30.09.2020). Under financial income, at 30 September 2020, as non-recurring item, to be noted is the adjustment of the fair value of the liability, for € 0.8 million, related to the acquisition of the ownership interest in the residual 21% of the Pace capital. This amount booked at fair value for € 5.9 million as at 31 December 2019 was recalculated at € 5.1 million based on the agreements subsequently reached by the parties and paid in the second half of June 2020.

Net profit was € 4.1 million, up compared to € 3.6 million in the first nine months of 2020. In the first nine months of 2021, taxes accounted for 27.6%. In 2020, the effective tax rate was particularly low, mainly due to the permanent difference related to the 0.8 million capital gain on the Pace put-call exercised in June 2020 and the prepaid tax assets related to the revenues from the application of the new international accounting standard IFRS 15.

## CONSOLIDATED CAPITAL EMPLOYED

As at 30 September 2021, Capital Employed totalled € 85.7 million, up by € 21.9 million compared to 31 December 2020 (€ 63.8 million).

The table below shows the details:

(€ thousand)	30.09.2021	31.12.2020	Total change
Intangible assets	41,703	37,653	4,050
Net tangible assets	11,254	7,460	3,794
Other fixed assets	16,474	2,299	14,175
<b>Fixed assets</b>	<b>69,431</b>	<b>47,412</b>	<b>22,019</b>
Inventories	9,626	4,749	4,877
Trade receivables	29,354	35,411	(6,057)
Sundry receivables and other short-term assets	7,264	5,782	1,482
Trade payables	(3,851)	(4,176)	325
Tax payables	(2,900)	(3,164)	264
Sundry payables and other short-term liabilities	(18,503)	(17,471)	(1,032)
<b>Net working capital</b>	<b>20,990</b>	<b>21,131</b>	<b>(141)</b>
<b>Post-employment benefits and other non-current liabilities</b>	<b>(4,672)</b>	<b>(4,740)</b>	<b>68</b>
<b>Capital employed</b>	<b>85,749</b>	<b>63,803</b>	<b>21,946</b>
Group shareholders' equity	88,824	85,454	3,370
Shareholders' Equity attributable to minority interests	427	409	18
Net financial position (Cash)	(3,503)	(22,060)	18,557
<b>Financing of capital employed</b>	<b>85,749</b>	<b>63,803</b>	<b>21,945</b>

*Intangible assets* rose from € 37.7 million to € 41.7 million, due primarily to goodwill from the acquisition of TeraTron GmbH (€ 4.6 million), the capitalisation of the development costs of the i-Mole financed project (€ 0.3 million), net of the amortisation for the period on the intellectual property of the software and customer portfolio for the acquisitions of Pace, Cheleo, TXT Risk Solutions and Assioma.Net S.r.l. (€ 1.2 million).

*Tangible assets* of € 11.3 million increased by € 3.8 million compared to 31 December 2020. The increases are mainly due to the new building in Cologno and to the increases due to the acquisition of TeraTron GmbH. The increases for the period (€ 5.6 million) were offset by depreciation for the period (€ 1.8 million).

*Other fixed assets* of € 16.4 million recorded an increase compared to the € 2.3 million of December 2020, mainly due to a financial investment in the capital of Banca del Fucino of € 14.3 million.

*Net working capital* amounted to € 20.9 million compared to € 21.1 million as at 31 December 2020. The change is of € 0.1 million. There was an increase in inventories for work in progress for activities



not yet invoiced to customers (€ 4.9 million), partly offset by effective credit recovery actions from important Italian customers in the aeronautics sector. There was also an increase in sundry payables and other short-term liabilities (€ 1.0 million) as a result of accrued personnel costs, and an increase in sundry receivables and other short-term assets (€ 1.5 million) mainly due to prepaid expenses invoiced at the start of the year but accrued in the subsequent quarters.

Liabilities arising from post-employment benefits and other non-current liabilities of Italian employees and other non-current liabilities of € 4.7 million were essentially in line with the figures of December 2020.

Consolidated shareholders' equity as at 30 September 2021 was € 88.8 million compared to € 85.5 million at December 2020. Changes during the nine-month period mainly concern the recognition of net profit (€ 4.2 million), the net effect of the purchase and sale of treasury shares (€ 1.2 million) and the recognition of the higher value relating to the purchase of the minority interest in AssioPay (negative for € 1.9 million) and the distribution of dividends in May 2021 for € 0.5 million.

Shareholders' equity attributable to minority interests as at 30 September 2021 of € 0.5 million related to the 49% minority interest in ReVersal S.p.A., not held by the Group.

Consolidated net financial position as at 30 September 2021 was positive at € 3.5 million, a decrease of € 18.6 million compared to 31 December 2020 (€ 22.1 million). The decrease is mainly due to the purchase of an equity investment in Banca del Fucino for € 14.3 million, the acquisition of the minority shareholding in AssioPay (€ 1.0 million) and the acquisition of 100% of the company Tera-Tron (€ 10.1 million). Moreover, on 28 July 2021, a loan was granted for a total of € 10 million and on 3 August 2021 another loan was granted for € 5 million.

Starting from 5 May 2021, the references contained in previous CONSOB communications are replaced with the ESMA Guidelines of 04/03/2021, in particular the references in Communication no. DEM/6064293 of 28 July 2006 on net financial position, hereinafter "Financial Debt".

The Group adopted the proposed new scheme, which produced no effects.

The Total Financial Debt of the TXT e-solutions Group as at 30 September 2021 is as follows:

(€ thousand)	30.09.2021	31.12.2020	Change
Cash and cash equivalents	24,078	11,933	12,145
HFT securities at fair value	48,589	68,161	(19,572)
Short-term financial receivables	-	-	-
Current financial liabilities	(34,489)	(30,636)	(3,853)
<b>Short-term financial indebtedness</b>	<b>38,179</b>	<b>49,458</b>	<b>(11,279)</b>
Non-current financial payables - Lessors IFRS 16	(3,877)	(3,580)	(297)
Other non-current financial liabilities	(30,799)	(23,818)	(6,981)
Non-current financial liabilities	(34,676)	(27,398)	(7,278)
<b>Net financial debt</b>	<b>3,503</b>	<b>22,060</b>	<b>(18,557)</b>

The breakdown of the Total Financial Debt as at 30 September 2021 is broken down as follows:

- Cash and cash equivalents of € 24,1 million are mainly in Euro, held with major Italian banks. The increase of € 12.1 million compared to 31 December 2020 is primarily due to the cash of TXT e-Solutions S.p.A., that amounted to € 14.1 million as at 30 September 2021.
- Financial instruments at fair value of € 48.6 million are comprised by investments in multi-segment insurance funds with partial capital guarantee (€ 40.1 million), a bond loan (€ 0.6 million) and government securities and bonds with a medium-low risk profile (€ 7.9 million).
- Current financial liabilities as at 30 September 2021 amounted to € 34.5 million and referred for € 12.4 million to the short-term portion of medium/long-term loans, for € 19.9 million to “hot money” short-term loans, for € 0.8 million to the Assioma.Net Group earn-out (short-term portion).  
This item also includes € 1.4 million relating to the short-term portion of the debt for the payment of rent and lease of offices, cars and printers (IFRS 16).
- Non-current financial liabilities for € 34.7 million were mainly represented by:  
€ 25.5 million for the portion due beyond 12 months of medium/long-term loans, € 1.6 million for the Assioma.Net S.r.l. Group Earn-out (long-term portion), € 0.5 million for the HSPI Payable for “Restricted Share Price Adjustment”, € 0.2 million for the long-term portion of the Put/Call linked to the acquisition of TXT Risk Solutions S.r.l. as an estimate of the disbursements for the purchase of the residual minority interest, € 0.2 million for the amount related to the debt for the interest rate risk hedge (fair value interest rate swap), and € 2.8 million for the acquisition of TXT Working Capital Solutions S.r.l. as an estimate of the additional disbursements for the exercise of the Put/Call option in the period 2021-2025 for the purchase of the remaining 40% of the company’s shares.  
Lastly, € 3.9 million refer to the medium/long-term portion of payables for the payment of rents and leases for offices, cars and printers including all amounts up to expiry of the related contracts (IFRS 16).

Medium/long-term loans were taken out by the parent company TXT e-solutions S.p.A. in 2018, by the subsidiary Assioma.Net between 2018 and 2019, by the subsidiary HSPI S.p.A. and by the subsidiary TeraTron GmbH in Euro without guarantees for a residual amount as at 30 September 2021 of € 37.9 million consist of:

- a € 10.0 million 5-year loan of the Parent Company with Unicredit, with a quarterly amortisation plan, a floating interest rate and an Interest Rate Swap to hedge interest rate risk;
- a € 5.0 million 5-year loan of the Parent Company with BNL, with a quarterly amortisation plan, a floating interest rate and an Interest Rate Swap to hedge interest rate risk;
- a € 4.0 million 4-year loan of the Parent Company with BPER, with a quarterly amortisation plan and fixed interest rates;

- a € 10.0 million 5-year loan of the Parent Company with Unicredit, with a quarterly amortisation plan, a floating interest rate and an Interest Rate Swap to hedge interest rate risk;
- a € 5.0 million 3-year loan of the Parent Company with BNL, with a quarterly amortisation plan, a floating interest rate and an Interest Rate Swap to hedge interest rate risk;
- a € 1.9 million 4-year loan of the subsidiary Assioma.Net S.r.l. with BNL, with a quarterly amortisation plan and fixed interest rates;
- a € 0.3 million 2-year loan of the subsidiary HSPI S.p.A. with Intesa San Paolo, with a quarterly amortisation plan and fixed interest rates;
- a € 0,2 million for other financial payables linked to advances on invoices for the subsidiary HSPI S.p.A.;
- a € 1.5 million loan of the subsidiary TeraTron GmbH with Sparkasse, with a quarterly amortisation plan and fixed interest rates.

In line with market practice, the loan agreements require compliance with:

1. financial covenants based on which the company undertakes to comply with certain levels of financial indexes, contractually defined, the most significant of which relate the gross or net financial indebtedness with the gross operating margin (EBITDA) or the Shareholders' equity, measured on the basis of the consolidated scope of the Group according to the definitions agreed upon with the financing counterparties;
2. negative pledge commitments under which the company cannot create real rights of guarantee or other restrictions on company assets;
3. "*pari passu*" clauses, on the basis of which the loans will have the same degree of priority in the repayment with respect to other financial liabilities and change of control clauses, which are activated in the event of disinvestments by the majority shareholder;
4. limitations to the extraordinary transactions that the company can carry out, if exceeding certain thresholds;
5. certain obligations for the issuer that limit, *inter alia*, the ability to pay particular dividends or distribute capital; to merge with or consolidate certain businesses; to dispose of or transfer its assets.

The measurement of financial covenants and other contractual obligations is constantly monitored by the Group. In particular, the financial covenants are measured on an annual basis as provided for contractually.

The non-compliance with the covenants and the other contractual commitments, if not adequately corrected within the agreed upon time frame, may involve the obligation of an early repayment of the residual amount.

### Q3 2021 ANALYSIS

The analysis of the operating results for the third quarter of 2021, compared with those of the third quarter of the previous year, is presented below:

(€ thousand)	Q3 2021	%	Q3 2020	%	% Change
<b>REVENUES</b>	<b>23,034</b>	<b>100</b>	<b>15,718</b>	<b>100</b>	<b>46.5</b>
Direct costs	13,037	0.6	8,258	0.5	57.9
<b>GROSS MARGIN</b>	<b>9,997</b>	<b>43</b>	<b>7,461</b>	<b>47</b>	<b>34.0</b>
Research and development costs	1,778	7.7	1,331	8.5	33.5
Commercial costs	3,109	13.5	2,497	15.9	24.5
General and administrative costs	2,016	8.8	1,555	9.9	29.6
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>3,093</b>	<b>13</b>	<b>2,076</b>	<b>13</b>	<b>0.5</b>
Depreciation	644	2.8	495	3.1	30.0
<b>CURRENT OPERATING PROFIT (EBITA)</b>	<b>2,450</b>	<b>11</b>	<b>1,581</b>	<b>10</b>	<b>0.5</b>
Amortisation	435	1.9	303	1.9	n.s.
Reorganisation and non-recurring charges	71	0.3	0.4	0.0	n.s.
<b>OPERATING PROFIT (EBIT)</b>	<b>1,943</b>	<b>8</b>	<b>1,278</b>	<b>8</b>	<b>0.5</b>
Financial income (charges)	74	0.3	276	1.8	n.s.
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>2,018</b>	<b>9</b>	<b>1,553</b>	<b>10</b>	<b>n.s.</b>
Taxes	43	0.2	(676)	(4.3)	n.s.
<b>NET PROFIT</b>	<b>2,061</b>	<b>9</b>	<b>878</b>	<b>6</b>	<b>1.3</b>
Attributable to:					
Parent Company shareholders	2,064		2,416		
Minority interests	(3)		62		

Performance compared to the third quarter of the previous year was as follows:

- Net revenues amounted to € 23.0 million, up 46.6% from the third quarter of 2020 (€ 15.7 million). HSPI's revenues amounted to € 3.3 million. Revenues from software, subscriptions and maintenance were € 2.1 million, in line with the third quarter of 2020 (€ 2.1 million). Revenues from services amounted to € 20.9 million, up 54% compared to € 13.6 million in the third quarter of 2020.
- Gross margin in the third quarter of 2021 amounted to € 10.0 million, up 34.1% compared to the third quarter of 2020 (€ 7.5 million). As a percentage of revenues, the margin amounted to 43.4%, compared to 47.5% in the third quarter of 2020 due to the higher percentage of revenues generated by services.
- EBITDA in the third quarter of 2021 was € 3.1 million, an increase of +48.9% compared with the third quarter of 2020 (€ 2.1 million). The margin on revenue was 13.4% compared to 13.2% in Q3 2020. The increase in EBITDA was due for € 0.5 million to the contribution of HSPI.
- Operating profit (EBIT) was € 1.9 million, up 57.4% compared to the third quarter of 2020 (€ 1.3 million)
- Pre-tax profit was € 2.0 million, compared to € 1.6 million in the third quarter of 2020.
- Net profit was € 2.1 million compared to € 0.9 million in the third quarter of 2020.

## EMPLOYEES

As at 30 September 2021, there were 1,114 employees, a net increase of 118 employees compared to 31 December 2020 (996 units).

## PERFORMANCE OF TXT STOCK, TREASURY SHARES AND EVOLUTION OF SHAREHOLDERS AND DIRECTORS

In the first nine months of 2021, the share price of TXT e-solutions reached high of € 9.36 on 6 September 2021 and a low of € 6.76 on 19 March 2021. As at 30 September 2021, the share price was € 8.72.

The average daily trading volume on the stock exchange in the first nine months of 2021 was 29,710 shares, an improvement on the daily average of 27,432 in 2020.

As at 30 September 2021, 1,243,372 treasury shares were held (1,401,429 as at 31 December 2020), accounting for 9.56% of shares outstanding, at an average carrying amount of € 3.28 per share. In the first nine months of 2021, 33,940 shares were purchased at an average price of € 7.85.

On 12 February 2021, in exchange for the acquisition of the shares of the company AssioPay S.r.l., as partial consideration for the price agreed with its shareholders, 129,497 shares were transferred at the agreed price of € 7.59 each.

On 16 August 2021, 62,500 TXT treasury shares were sold at the price of € 8.00 for a total equivalent value of € 500,000. It should be noted that the purchaser is the Sole Director of TeraTron GmbH, a newly acquired company of the TXT Group; with the investment in the capital of TXT, the sole director and founder of TeraTron has strengthened his commitment to the Group's growth and confirms the enthusiasm and positive energy about the project.

In order to provide regular updates on the Company, an email-based communication channel is operational ([txtinvestor@txtgroup.com](mailto:txtinvestor@txtgroup.com)). Everyone can sign up for this service in order to receive, in addition to press releases, specific communications to Investors and Shareholders.

## DISCLOSURE ON TRANSACTIONS WITH RELATED PARTIES

As part of a broader substantial transformation, in terms of growth, optimisation of spaces and modernisation of image, TXT e-solutions S.p.A. has selected a new headquarters where to transfer the management and operational offices of Milan.

The selection of a new office was due to the need to modify the space available to carry out the Company's office activities, in line with the Group's strategic and growth plans. In particular, the Group intends to concentrate the workforce in Milan, currently operating in two different sites, in a single location, maintaining a constant level of flexibility in the management of personnel that allows the organic and inorganic growth of the Group, managing new configurations and environments to favour smart-working activities, with simultaneous rotation of the workstations used. This

transaction also allows the Company to emphasize its growth strategies within a process for the transition towards the hi-tech sector.

In June, following in-depth assessments, the Board of Directors has approved a lease contract for non-residential executed with Laserfin S.r.l. concerning certain parts of a property located in Cologno Monzese (MI), via Milano No. 150, which allow the achievement of the purposes described above.

The new headquarters are expected to be operational from October 2021.

The lease agreement provides for some very advantageous terms and conditions for the Group's objectives and will take effect from September, with annual lease payments of € 380,000.00 and a saving of € 60,000 compared to the current conditions of the lease contracts relating to the operating sites in via Frigia and Cesano Boscone.

This is a transaction with related parties as Laserfin is controlled by Laserline S.p.A., the relative majority shareholder of TXT and a company wholly owned by Enrico Magni, Chairman of the Board of Directors of TXT.

On 13 September 2021, the Shareholders' Meeting resolved to transfer the Company's registered office from Milan to Cologno Monzese.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD AND OUTLOOK**

### Growth strategies

In a global context of a high degree of uncertainty, the resilience of the TXT model, based on a diversification strategy, solid outlook for orders and on the ability to react to the new scenario, enabled the Group to offset the slowdown in activities related to sectors hit particularly hard by the pandemic such as, for example, the civil aviation segment.

In the Aerospace & Aviation division, the growth of the defence segment continues, where our customers continue to reward us with new orders and significant contracts, while in the civil aviation sector, the TXT Group has executed an important contract with Aerospace Technology Institute's (ATI) for the TXT Pacelab suite tool, to support the important strategic initiative of the UK government for the reduction of carbon emissions (Flyzero initiative). Investments for diversification continue, with the establishment of a new strategic partnership with the Politecnico di Milano and ATX-N for the development and testing of innovative solutions and services based on the use of drones together with helicopters to be used during search and rescue missions.

In the Fintech division, the development and marketing of proprietary software solutions continue. TXT Working Capital Solutions, a company active in the specific segment of Supply Chain Finance, owner of the innovative "Polaris" platform for the Fintech sector, announced the participation of Banca UBAE as a financial partner. HSPI was awarded the tender called by INAIL for the management of editorial web publishing and media relations support services. Winning the prestigious

tender has been a major accomplishment for HSPI which sees its leadership in the Italian public administration sector strengthened, a sector in which the company has been working for over ten years thanks to its specialist knowledge in the ICT field and its expertise in management consulting. Cheleo was selected by doValue, the leading operator in Southern Europe for credit management and real estate services, which decided to take advantage of the products and specific expertise of Cheleo, building an effective collaboration that has already successfully completed the sale and subsequent IT management of an important NPL portfolio.

#### *Growth strategies in the Covid-19 period*

The global economic situation recorded a recovery in the first nine months of 2021, albeit in the presence of divergent situations among the various countries. In fact, in many economies, in particular in Europe, the impact of the social distancing policies and other restrictions adopted to deal with the COVID-19 epidemic is still significant. Overall, the general scenario is improving thanks, in particular, to an acceleration of the vaccination campaigns. In Europe, the second wave of COVID-19 infections had a significant impact on the economies of some countries, in particular Germany and the UK, leading to negative results due to the lockdowns and restrictions imposed, particularly in the early months of 2021. However, Europe recorded a positive overall result, mainly driven by the performance of Eastern Europe. The USA also showed a recovery thanks to progress in the vaccination campaign and significant economic stimuli. In Latin America, however, the resumption of a significant number of infections at the beginning of 2021 led to the reintroduction of restrictive measures, slowing the recovery. In Asia, the Chinese economy grew significantly compared to 2020, which was heavily impacted by the COVID-19 pandemic. In a global context marked by a high degree of uncertainty, the TXT Group, like the entire market, has found itself having to react so as to mitigate the impacts and rethink the ambitious and challenging growth targets set. The resilience of our model, based on a solid outlook for orders and on the ability to react to the new scenario, has enabled us to offset the slowdown in activities related to sectors hit particularly hard by the pandemic such as, for example, the civil aviation segment.

The investment in innovation at this particularly historic moment confirms the growth ambitions of the TXT Group and its desire to quickly capitalise on significant strategic opportunities, in a market sector with huge room for growth.

In 2021, the public health emergency with a global impact linked to the COVID-19 pandemic continued: in this context, TXT continued to implement all the measures necessary to guarantee the health of its employees on the one hand and on the other hand the operational continuity of its assets under safe conditions.

The main organisational measure adopted, as also recommended by the competent Authorities, is remote working, extended to all Group offices in Italy and abroad, with more than 85% of the company population involved.

TXT continues to manage its personnel very carefully through the adoption of appropriate “Organisational” security measures (to ensure social distancing and the restructuring of operational and logistics activities) and “Prevention and Protection” (training and information, personal protective equipment, personal hygiene measures and cleaning/sanitation of the workplace), in compliance with the anti-Covid Protocol in the workplace, with the instructions issued by the Competent Authorities and in agreement with the Trade Unions. The Company documents regulating the actions undertaken were made available to all personnel in a special section of the company intranet and are periodically updated.

Outlook for the performance in the fourth quarter of 2021

The company aims to continue to grow both internally and externally, through diversification of its offerings and geographies, continuing the virtuous path taken in recent years with investments in sectors focused on innovative software and a business model of integrated services with high added value. In view of enhancing TXT’s innovating technologies and management capacity, the business plan envisages to invest liquidity in new acquisitions, combined with the already owned treasury shares.

Manager responsible for preparing corporate accounting documents

Chairman of the Board of Directors

Eugenio Forcinito

Enrico Magni

Milan, 8 November 2021





TXT e-solutions Group

CONSOLIDATED  
FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2021

## Consolidated Balance Sheet

ASSETS		30.09.2021	Of which with related parties	31.12.2020	Of which with related parties
<b>NON-CURRENT ASSETS</b>					
Goodwill	7.1	35,303,067		30,431,313	
Intangible assets with a finite useful life	7.2	6,400,542		7,221,447	
<b>Intangible assets</b>		<b>41,703,609</b>		<b>37,652,760</b>	
Property, plant and equipment	7.3	11,253,433		7,460,326	
<b>Tangible assets</b>		<b>11,253,433</b>		<b>7,460,326</b>	
Other non-recurring financial receivables	7.4	14,502,638		227,066	
Deferred tax assets	7.5	1,970,891		2,072,381	
<b>Other non-current assets</b>		<b>16,473,529</b>		<b>2,299,447</b>	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>69,430,571</b>		<b>47,412,533</b>	
<b>CURRENT ASSETS</b>					
Contractual assets	7.6	9,624,424		4,749,088	
Trade receivables	7.7	29,355,383		35,410,803	
Sundry receivables and other current assets	7.8	7,270,719		5,782,068	
Financial instruments at fair value	7.9	48,589,461		68,160,917	
Cash and cash equivalents	7.10	24,078,436		11,932,508	
<b>TOTAL CURRENT ASSETS</b>		<b>118,918,423</b>		<b>126,035,384</b>	
<b>TOTAL ASSETS</b>		<b>188,348,994</b>		<b>173,447,917</b>	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>SHAREHOLDERS' EQUITY</b>					
Share capital		6,503,125		6,503,125	
Reserves		15,156,240		13,858,858	
Retained earnings (accumulated losses)		63,014,386		60,617,969	
Profit (loss) for the year		4,150,760		4,474,067	
<b>TOTAL SHAREHOLDERS' EQUITY (Group)</b>		<b>88,824,512</b>		<b>85,454,019</b>	
Shareholders' Equity attributable to minority interests		426,669		409,158	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	7.11	<b>89,251,180</b>		<b>85,863,178</b>	
<b>NON-CURRENT LIABILITIES</b>					
Non-current financial liabilities	7.12	34,676,222	1,840,265	27,398,339	
Provision for post-employment benefits and other employee provisions	7.13	2,753,423		2,757,450	
Deferred tax provision	7.5	1,544,835		1,864,250	
Provisions for future risks and charges	7.14	118,905		118,905	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>39,093,385</b>	<b>1,840,265</b>	<b>32,138,944</b>	
<b>CURRENT LIABILITIES</b>					
Current financial liabilities	7.15	34,488,691	367,387	30,634,968	
Trade payables	7.16	3,852,778		4,176,210	
Tax payables	7.17	2,902,367		3,282,649	
Sundry payables and other current liabilities	7.18	18,760,594	184,097	17,351,970	155,600
<b>TOTAL CURRENT LIABILITIES</b>		<b>60,004,429</b>	<b>551,484</b>	<b>55,445,796</b>	<b>155,600</b>
<b>TOTAL LIABILITIES</b>		<b>99,097,814</b>	<b>2,391,749</b>	<b>87,584,740</b>	<b>155,600</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>188,348,994</b>	<b>2,391,749</b>	<b>173,447,917</b>	<b>155,600</b>

## Consolidated Income Statement

	30.09.2021	Of which with re- lated parties	30.09.2020	Of which with re- lated parties
Revenues and other income	66,733,397		47,825,752	
<b>TOTAL REVENUES AND OTHER INCOME</b>	<b>66,733,397</b>		<b>47,825,752</b>	
Purchases of materials and external services	(15,101,392)	-	(9,735,936)	(51,800)
Personnel costs	(42,848,431)	(435,468)	(32,021,365)	(399,405)
Other operating costs	(374,621)		(300,207)	
Depreciation and amortisation/Impairment	(3,046,945)		(2,390,331)	
<b>OPERATING RESULT</b>	<b>5,362,009</b>	<b>(435,468)</b>	<b>3,377,913</b>	
Financial income (charges)	345,181		1,167,610	
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>5,707,190</b>		<b>4,545,523</b>	
Income taxes	(1,575,792)		(937,701)	
<b>NET PROFIT (LOSS) FOR THE PERIOD (group)</b>	<b>4,131,397</b>		<b>3,607,823</b>	

Attributable to:		
Parent Company shareholders	4,150,760	3,444,859
Minority interests	(19,363)	162,964
<b>EARNINGS PER SHARE</b>	<b>0.35</b>	<b>0.29</b>

## Consolidated Statement of Comprehensive Income

	30.09.2021	30.09.2020
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>4,131,397</b>	<b>3,607,823</b>
Attributable to:		
Minority interests	(19,363)	162,964
Parent Company shareholders	4,150,760	3,444,859
Profit/(Loss) from foreign currency translation differences	6,606	(28,717)
Profit/(loss) on the effective portion of hedging instruments (cash flow hedge)	(9,334)	(144,310)
Total items of other comprehensive income that will be subsequently reclassified to profit/(loss) for the year net of taxes	(2,729)	(173,027)
Defined benefit plans actuarial gains (losses)	82,656	(42,958)
Total items of other comprehensive income that will not be subsequently reclassified to profit/(loss) for the year net of taxes	82,656	(42,958)
<b>Total profit/(loss) of Comprehensive Income net of taxes</b>	<b>79,927</b>	<b>(215,985)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>4,211,325</b>	<b>3,391,838</b>
Attributable to:		
Minority interests	(19,363)	162,964
Parent Company shareholders	4,230,688	3,228,874

## Company segment information

For operating purposes, the Group is organised into two Business Units based on the end-use of the products and services provided.

The main financial and operating data broken down by business segment were as follows:

<i>(€ thousand)</i>	Aerospace Automotive & industrial	Fintech	TOTAL TXT
<b>REVENUES</b>	37,122	29,611	66,733
Software	5,309	1,010	6,319
Services	31,813	28,601	60,414
<b>OPERATING COSTS:</b>			
Direct costs	21,386	18,736	40,122
Research and development costs	3,357	1,734	5,091
Commercial costs	3,750	2,731	6,481
General and administrative costs	3,240	3,043	6,283
<b>TOTAL OPERATING COSTS</b>	<b>31,733</b>	<b>26,244</b>	<b>57,977</b>
<b>EBITDA</b>	<b>5,389</b>	<b>3,367</b>	<b>8,756</b>
Amortisation of intangible fixed assets	290	923	1,213
Depreciation of tangible fixed assets	983	784	1,767
Write-downs and Restructuring Costs	332	82	316
<b>OPERATING PROFIT (EBIT)</b>	<b>3,784</b>	<b>1,578</b>	<b>5,362</b>
Financial income (charges)	192	153	345
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>3,976</b>	<b>1,731</b>	<b>5,707</b>
Taxes	(1,098)	(478)	(1,576)
<b>NET PROFIT FROM CURRENT ASSETS</b>	<b>2,878</b>	<b>1,253</b>	<b>4,131</b>
Profit (loss) from current operations			
<b>NET PROFIT</b>	<b>2,878</b>	<b>1,253</b>	<b>4,131</b>

## Consolidated Statement of Cash Flows

	30 September 2021	30 September 2020
<b>Net profit (loss) for the period</b>	<b>4,131,397</b>	<b>3,607,823</b>
Non-monetary costs for Stock Options	8,154	24,471
Non-monetary interest	93,936	70,582
Change in fair value of monetary instruments	(384,353)	(1,398,147)
Current income taxes	1,575,592	1,048,334
Change in deferred taxes	(217,925)	(206,331)
Depreciation/amortisation, impairment and provisions	2,979,534	2,385,497
Other changes	(2,136)	29,238
<b>Cash flows from (used in) operating activities (before change in working capital)</b>	<b>8,184,199</b>	<b>5,561,467</b>
(Increase) / Decrease in trade receivables	7,048,946	(4,890,023)
(Increase) / Decrease in inventories	(3,447,388)	(2,348,887)
Increase / (Decrease) in trade payables	(323,432)	(721,647)
Increase / (Decrease) in other assets/liabilities	(2,862,267)	1,447,191
Increase / (Decrease) in post-employment benefits	(4,027)	(1,208,084)
<b>Changes in operating assets and liabilities</b>	<b>411,832</b>	<b>(7,721,450)</b>
Paid income taxes	-	(172,000)
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>	<b>8,596,031</b>	<b>2,331,983</b>
	<i>of which with related parties</i>	
	(353,610)	(1,579,702)
Increase in tangible assets	(397,010)	(620,383)
Increase in intangible assets	(93,491)	(16,422)
Capitalisation of Development expenses	(282,800)	(265,352)
Decrease in tangible and intangible assets	13,609	54,511
Net cash-flow from acquisition of subsidiaries	(8,940,918)	(4,578,435)
(Increase) / Decrease in trading securities	5,685,532	20,000,000
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>	<b>(4,015,078)</b>	<b>14,573,919</b>
Loans issued	17,205,588	10,000,000
Loans repaid	(7,755,177)	(6,481,125)
Payment of lease liabilities	(1,494,229)	(1,109,311)
Increase/(Decrease) in other financial receivables	-	-
Increase / (Decrease) in financial payables	-	-
Net change in financial liabilities	(95,118)	(5,861,138)
Distribution of dividends	(521,381)	-
Interest expense	(81,226)	(130,926)
Other changes in shareholders' equity	73,322	-
(Purchase)/Sale of treasury shares	226,575	(35,477)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>	<b>7,558,368</b>	<b>(3,617,977)</b>
	<i>of which with related parties</i>	
	-	-
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>12,139,322</b>	<b>8,623,959</b>
Effect of changes in exchange rates on cash flows	6,606	(28,717)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>11,932,508</b>	<b>11,426,083</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>24,078,436</b>	<b>20,021,325</b>

## Statement of changes in Equity as at 30 September 2021

	Share Capital	Legal Reserve	Share premium reserve	Merger Surplus	Stock options	Reserve for actuarial differences on post-employment benefits	Fair Value Swap	Translation reserve	Retained earnings	Profit (loss) for the year	Total Shareholders' Equity (Group)	Shareholders' Equity attributable to minority interests	Total Shareholders' Equity
<b>Amounts as of 31 December 2020</b>	6,503,125	1,300,625	11,818,224	1,911,444	56,421	(1,105,085)	(127,654)	4,884	60,617,969	4,474,067	85,454,019	409,158	85,863,178
Profit as of 31 December 2020									4,474,067	(4,474,067)	-		-
Minority acquisitions									(1,556,270)	-	(1,556,270)	36,873	(1,519,397)
Increase/Purchase					8,154		(9,334)				(1,180)		(1,180)
Dividend Distribution									(521,381)		(521,381)		(521,381)
Free Capital Increase											-		-
Sale of own shares			1,482,715								1,482,715		1,482,715
Purchase of own shares			(273,414)								(273,414)		(273,414)
Actuarial differences on post-employment benefits						82,656					82,656		82,656
Exchange differences								6,606			6,606		6,606
Profit as of 30 September 2021										4,150,760	4,150,760	(19,363)	4,131,397
<b>Amounts as of 30 September 2021</b>	6,503,125	1,300,625	13,027,525	1,911,444	64,575	(1,022,429)	(136,988)	11,490	63,014,385	4,150,760	88,824,512	426,668	89,251,180

	Share Capital	Legal Reserve	Share premium reserve	Merger Surplus	Stock options	Reserve for actuarial differences on post-employment benefits	Fair Value Swap	Translation reserve	Retained earnings	Profit (loss) for the year	Total Shareholders' Equity (Group)	Shareholders' Equity attributable to minority interests	Total Shareholders' Equity
<b>Amounts as of 31 December 2019</b>	6,503,125	1,300,625	12,571,450	1,911,444	23,793	(934,986)	(169,708)	27,903	60,303,632	314,337	81,851,614	168,226	82,019,840
Profit as of 31 December 2019									314,337	(314,337)	-		-
Minority acquisitions											-		-
Increase/Purchase					32,628		42,054				74,682		74,682
Dividend Distribution											-		-
Free Capital Increase											-		-
Sale of own shares			4,565,921								4,565,921		4,565,921
Purchase of own shares			(5,319,147)								(5,319,147)		(5,319,147)
Actuarial differences on post-employment benefits						(170,099)					(170,099)		(170,099)
Exchange differences								(23,019)			(23,019)		(23,019)
Profit as of 31 December 2020										4,474,067	4,474,067	240,932	4,714,999
<b>Amounts as of 31 December 2020</b>	6,503,125	1,300,625	11,818,224	1,911,444	56,421	(1,105,085)	(127,654)	4,884	60,617,969	4,474,067	85,454,019	409,158	85,863,178

## 1. Group's structure and scope of consolidation

The Parent Company TXT e-solutions S.p.A. and its subsidiaries operate both in Italy and abroad in the IT sector and provide software and service solutions in extremely dynamic markets that require advanced technological solutions.

The table below shows the companies included in the scope of consolidation under the line-by-line method as at 30 September 2021 (see also the organisational diagram in the section "Organisational structure and scope of consolidation") and the relative share of legal interest in the share capital:

Company name of the subsidiary	Currency	% holding	Share capital
PACE GmbH	EUR	100%	295,000
PACE America Inc.	USD	100%	10
TXT e-solutions Sagl	CHF	100%	40,000
TXT NEXT Sarl	EUR	100%	100,000
TXT NEXT Ltd.	GBP	100%	100,000
Cheleo Srl	EUR	100%	99,000
TXT Risk Solutions Srl (*)	EUR	92%	79,592
Assioma.Net Srl	EUR	100%	100,000
AssioPay Srl	EUR	100%	10,000
MAC SOLUTIONS S.A.	CHF	100%	100,000
ReVersal S.p.A.	EUR	51%	400,000
HSPI S.p.A.	EUR	100%	220,000
TeraTron GmbH	EUR	100%	75,000
TXT Working Capital Solutions Srl	EUR	60%	500,000

(\*) In July, the share capital increase provided for in the Agreement of € 1,000,000 was carried out. TXT e-solutions S.p.A. owns 92%, while the respective shareholders hold 4% each.

Having assessed the terms and conditions under which the risks and rewards accrue to TXT, they were deemed able to attribute a present ownership interest. Consequently, for the purposes of presenting the consolidated financial statements, no third-party rights have been restated in the shareholders' equity with reference to said interests. However, these rights are recorded as liabilities with regard to potential payments, including contingent considerations, still to be made on the basis of the aforementioned option contracts.

TXT e-solutions S.p.A. Group's (the "Group") consolidated financial statements are presented in Euro. Here below are the foreign exchange rates used for translating the amounts expressed in foreign currency of the subsidiaries into Euro:

- Income Statement (average exchange rate for the first nine months)

Currency	30.09.2021	30.09.2020
British Pound (GBP)	0.8636	0.8851
US Dollar (USD)	1.1926	1.1250
Swiss Franc (CHF)	1.0904	1.0680

- Balance sheet (exchange rates as at 30 September 2021 and 31 December 2020)

Currency	30.09.2021	31.12.2020
British Pound (GBP)	0.8605	0.8990
US Dollar (USD)	1.1579	1.2271
Swiss Franc (CHF)	1.0830	1.0802

## 2. Acquisitions

### 2.1 TeraTron GmbH

On 29 July 2021, TXT e-solutions S.p.A. executed the final contract for the acquisition of 100% of the German company TeraTron GmbH. The data will be consolidated from 1 August 2021.

The acquisition of TeraTron GmbH closed with a consideration for the acquisition of 100% of TeraTron GmbH amounting to € 10.1 million paid in cash at closing.

The fair value of the net assets acquired and the recognition of the goodwill, for which the temporary allocation was carried out (therefore, to be confirmed by the end of the so-called measurement period) is the following:

Allocation as at acquisition date		
Price paid in cash		10,100,000
Net assets (liabilities)	5,468,413	
<b>Goodwill (to be allocated)</b>	<b>4,631,586</b>	

## 3. Basis of preparation of the consolidated financial statements

The Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union at the date of drafting this report, as well as with the implementing measures for Article 9 of Italian Legislative Decree No. 38/2005 and with any other applicable provisions and Consob regulations on financial statements. This 9 months report was



prepared, regarding both form and content, in accordance with the provisions contained in IAS 34 “Interim Financial Reporting” and in accordance with International Accounting Standards (“IAS – IFRS”) issued by the International Accounting Standards Board and adopted by the EU, including all the interpretations of the IFRS Interpretations Committee, previously called Standing Interpretations Committee (“SIC”).

The report as at 30 September 2021 consists of the consolidated financial statements and the reclassified consolidated financial statements whose form and content are consistent with the financial statements for the year 2020. The nine months financial statements do not therefore include all the information required for the annual financial statements and should be read together with the consolidated financial statements for the year ended 31 December 2020. They have been prepared based on accounting records as at 30 September 2021 and on a going concern basis. As for further information relating to the nature of the company’s activities, business areas, operations and outlook, reference should be made to the Directors’ Report on Operations.

The accounting policies applied in preparing the financial statements, as well as the composition of, and changes in, individual items, are illustrated below.

All amounts are expressed in Euro, unless otherwise indicated. The Euro is also the functional currency.

The publication and release of this report were approved by the Board of Directors’ Meeting held on 8 November 2021.

## 4. Accounting standards and interpretations applied from 1 January 2021

The accounting standards adopted in preparing the condensed consolidated half-yearly financial statements are consistent with those used in drawing up the consolidated financial statements as at 31 December 2020 and illustrated in the Annual Report under note 4 “Accounting standards and basis of consolidation”.

As at 30 September 2021, there are no significant effects with respect to changes in the international accounting standards (IFRS) that were expected to be applied from 1 January 2021.

## 5. Financial risk management

With regard to business risks, the main financial risks identified and monitored by the Group are as follows:

- Currency risk
- Interest rate risk
- Credit risk

- Liquidity and investment risk
- Other risks (COVID-19)

The financial risk management objectives and policies of the TXT e-solutions Group reflect those illustrated in the consolidated financial statements as at 31 December 2020, to which reference should be made.

## 6. Transactions with related parties

For the Group, related parties are:

- entities that, directly or indirectly, even through subsidiaries, trustees or third parties:
  - control TXT e-solutions S.p.A.;
  - are subject to joint control with TXT e-solutions S.p.A.;
  - have an interest in TXT e-solutions S.p.A. such as to exercise a significant influence;
- associates of TXT e-solutions S.p.A.;
- the joint ventures in which TXT e-solutions S.p.A. holds an interest;
- managers with strategic responsibilities of TXT e-solutions S.p.A. or one of its parent companies;
- close family members of the parties as per the above points a) and d);
- entities controlled or jointly controlled or subject to significant influence by one of the parties as per points d) and e), or in which said parties hold, directly or indirectly, a significant interest, in any case at least 20% of the voting rights;
- an occupational, collective or individual pension fund, either Italian or foreign, set up for TXT e-solutions S.p.A.'s employees or any other related entity.

The following tables show the overall amounts of the transactions carried out with related parties.

### Trade transactions

Trade transactions with related parties of the Group exclusively refer to amounts paid to the directors and to key management personnel.

As at 30 September 2021	Receivables	Payables	Costs	Revenues
Directors and key management personnel	-	184,097	435,468	-
<b>Total as at 30 September 2021</b>	<b>-</b>	<b>184,097</b>	<b>435,468</b>	<b>-</b>

As at 31 December 2020	Receivables	Payables	Costs	Revenues
HSPI S.p.A.	-	-	6,800	-
Directors and key management personnel	-	155,600	561,145	-
<b>Total as at 31 December 2020</b>	<b>-</b>	<b>155,600</b>	<b>567,945</b>	<b>-</b>

## Financial transactions

The amounts with Related Parties as at 30 September 2021 are shown for financial transactions:

As at 30 September 2021	Receivables	Payables	Charges	Income
Laserfin S.r.l.	-	2,207,652	-	-
<b>Total as at 30 September 2021</b>	<b>-</b>	<b>2,207,652</b>	<b>-</b>	<b>-</b>

As at 31 December 2020	Receivables	Payables	Charges	Income
Directors and key management personnel	-	-	-	-
<b>Total as at 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 7. Certification of the Interim report pursuant to Article 154-bis of Italian Legislative Decree No. 58/98

**pursuant to Article 81-ter of Consob Regulation No. 11971 of 14 May 1999, as subsequently amended and supplemented**

The undersigned Enrico Magni, as Chairman of the Board of Directors, and Eugenio Forcinito, as Manager responsible for preparing corporate accounting documents for TXT e-solutions S.p.A. certify, also pursuant to Article 154-bis, paragraphs 3 and 4 of Italian Legislative Decree No. 58 dated 24 February 1998:

- the adequacy, in relation to the company's characteristics; and
- the effective application of the administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements as at 30 September 2021.

The assessment of the adequacy of the administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements as at 30 September 2021 is based on a process defined by TXT in line with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission that represents a reference framework that is generally accepted at international level.

We also certify that the condensed consolidated interim financial statements as at 30 September 2021:

- correspond to the accounting books and records;
- were prepared in compliance with the International Financial Reporting Standards endorsed by the European Union as well as with the implementing measures for Article 9 of Italian Legislative Decree No. 38/2005;
- are suitable to provide a true and fair view of the financial position, performance and cash flows of the issuer.

The interim Report on Operations includes a reliable analysis of the important events that occurred in the first three months of the year and how they affected the condensed financial statements, as well as a description of the main risks and uncertainties for the remaining months. The interim Report on Operations also includes a reliable analysis of the information on significant transactions with related parties.

Manager responsible for preparing  
corporate accounting documents

Eugenio Forcinito

Milan, 8 November 2021

Chairman of the Board of Directors

Enrico Magni

