



TXT e-solutions Group

FINANCIAL

REPORT

HALF-YEAR

AS AT 30 JUNE 2021

TXT e-solutions S.p.A.

Registered office, management, and administration:

Via Frigia, 27 - 20126 Milan

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
Director²

STEFANIA SAVIOLO
Independent Director¹⁻²⁻³

PAOLA GENERALI
Independent Director¹⁻²⁻³

CARLO GOTTA
Independent Director²⁻³⁻⁴

- (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 co-optation on 12 May 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
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, aiming at promoting the Group's growth.



Misani Daniele

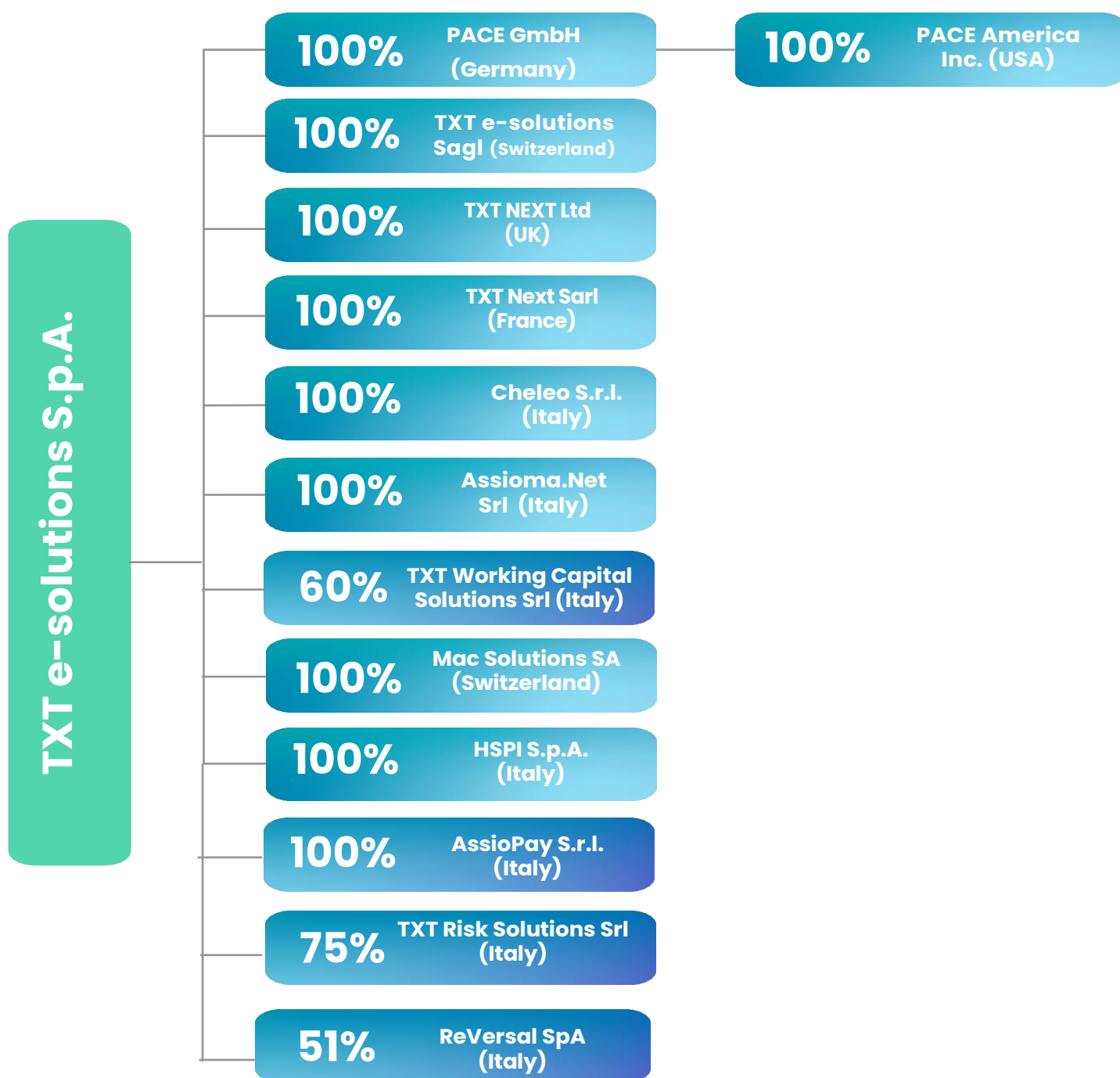
+20 years in TXT, with a strong experience in the international development of the business, from mid-2020 holds the position of Group CEO, with strategic responsibilities in defining and executing the TXT Group's international growth strategies.



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.

Organisational structure and scope of consolidation



Summary

TXT e-solutions S.p.A.	1
Leadership Team	2
Organisational structure and scope of consolidation	3
TXT e-solutions Group – Key data	4
Directors' Report on operations for H1 2021	6
Consolidated Balance Sheet	22
Income Statement	23
Consolidated Statement of Comprehensive Income Statement	23
Company segment information	24
Statement of Cash Flows	25
Statement of Changes in Shareholders' Equity at 30 June 2021	26
NOTES TO THE FINANCIAL STATEMENTS	27
1. Group's structure and scope of consolidation	27
2. Acquisition of ReVersal S.p.A.	28
3. Basis of preparation of the consolidated financial statements	29
4. Accounting standards and interpretations applied from 1 January 2021	29
5. Financial risk management	30
6. Use of estimates	30
7. Balance sheet	33
7.1. Goodwill	33
7.2. Intangible assets with a finite useful life	35
7.3. Tangible assets	36
7.4. Sundry receivables and other non-current assets	36
7.5. Deferred tax assets/liabilities	37
7.6. Contractual assets	37
7.7. Trade receivables	37
7.8. Sundry receivables and other current assets	38

7.9.	Financial instruments at fair value.....	39
7.10.	Cash and cash equivalents	39
7.11.	Shareholders' equity	40
7.12.	Non-current financial liabilities	41
7.13.	Provision for post-employment benefits and other employee provisions.....	44
7.14.	Provisions for future risks and charges.....	46
7.15.	Current financial liabilities.....	46
7.16.	Trade payables.....	47
7.17.	Tax payables	47
7.18.	Sundry payables and other current liabilities.....	47
8	Income Statement	48
8.1	Total revenues and other income	48
8.2	Purchases of materials and external services.....	48
8.3	Personnel costs.....	49
8.4	Other operating costs.....	49
8.5	Depreciation, amortisation and impairment	50
8.6	Financial income and charges	50
8.7	Income taxes.....	50
9	Seasonality of operating segments.....	51
10	Transactions with related parties.....	51
11	Net financial position	52
12	Other significant events in the year and subsequent events.....	53
13	Certification of the condensed half-yearly consolidated financial statements	53



TXT e-solutions Group

**KEY DATA AND
DIRECTORS'
REPORT
ON PERFORMANCE**

AS AT 30 JUNE 2021

TXT e-solutions Group – Key data

INCOME DATA (€ thousand)		H1 2021	%	H1 2020	%	% CHANGE
REVENUES		43,699	100.0	32,108	100.0	36.1
EBITDA		5,663	13.0	4,042	12.6	40.1
OPERATING PROFIT (EBIT)		3,419	7.8	2,101	6.5	62.7
NET PROFIT		2,071	4.7	2,730	8.5	(24.2)
FINANCIAL DATA (€ thousand)		30.06.2021		31.12.2020		Change
Fixed assets		60,961		47,412		13,549
Net working capital		18,661		21,131		(2,470)
Post-employment benefits and other non-current liabilities		(4,477)		(4,740)		263
Capital employed		75,145		63,803		11,342
Net financial position		11,139		22,060		(10,921)
Shareholders' Equity attributable to minority interests		233		409		(176)
Group shareholders' equity		86,050		85,454		596
DATA PER SHARE		30.06.2021		30.06.2020		Change
Average number of shares outstanding		11,694,811		11,660,285		34,526
Net earnings per share		0.18		0.23		(0.06)
Shareholders' equity per share		7.36		7.09		0.27
ADDITIONAL INFORMATION		30.06.2021		30.06.2020		Change
Number of employees		1,064		816		248
TXT share price		7.78		7.56		0.22

Notes on Alternative Performance Measures

In compliance with the indications of the ESMA Guidelines on alternative performance measures (APM) (ESMA/2015/1415), implemented by CONSOB (see CONSOB Communication no. 0092543, 3 December 2015), it should be noted that the reclassified statements presented in this Director's Report on Operations show some differences in the terms used and in the degree of detail with respect to the official statements shown in the financial statements on the following pages and in the explanatory notes.

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

- **EBITDA**, which in the official consolidated Income Statement means "Total revenues" net of total operating costs and does not consider non-recurring income and charges;
- **EBIT**, which in the official consolidated Income Statement means "Total revenues" net of total operating costs, depreciation and amortisation, and impairment of fixed assets.

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, 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 Group's financial position and economic performance, also by providing comparative data.

Directors' Report on operations for H1 2021

Dear Shareholders,

The results of the first half of 2021 confirm the forecasts of recovery of the growth path and increase in profitability formulated in the financial statements as at 31 December 2020, highlighting a marked improvement in the performance of the Group which in the first half of 2020 was affected by the initial impact of the COVID-19 pandemic emergence which gradually stabilized in the following months, also as a result of the measures adopted to ensure the full operation of the business. The volumes of new orders stood at excellent levels, confirming the good competitive positioning of the Group's products and solutions, with Revenues growing in all the main business areas. The Aerospace, Aviation & Automotive Division recorded higher revenues (+11.8% compared to the previous period) and the Fintech Division as well recorded growth, also due to the consolidation of the recent 2020 acquisitions (Revenues +81.2%).

During the six months, the integration activities of HSPI S.p.A. were carried out. This company was acquired on 19 October 2020 and it is specialised in the digital transformation of large Italian public and private companies, a leader in the field of "IT governance". The Transaction further strengthens TXT Group know-how in key skills such as Information Risk Management, Process Mining, blockchain, data science and advanced analytics; it adds them to the services offered in the field of cyber-security, expected to expand strongly over the next few years, and in the public administration sector through an internal department structured for participation in tender procedures.

On 11 January 2021, the TXT Group purchased from Andrea Serra its shareholding in AssioPay S.r.l., representing 49% of its share capital, for a consideration of € 1.6 million. The Price for purchase of the shareholding was agreed by the parties as follows:

An amount of € 1.6 million ("Price") of which:

- € 0.8 million in cash ("Cash Price");
- € 0.8 million through the payment of ordinary TXT treasury shares ("Share Price");
- an amount - which may be negative (and therefore due from the seller to the buyer) or positive (and therefore due from the buyer to the seller) - equal to the NFP Closing (defined as the value of Assiopay's NFP recorded on the last day immediately prior to the closing date).

On 28 January 2021, as part of its policy to optimize the asset allocation of available liquidity, it made a financial investment of approximately € 14.3 million in the share capital of Banca del Fucino S.p.A. ("Bank"), against the issue of new shares equal to approximately 9% of the share capital (post-money). The share capital increase reserved for TXT took place on the basis of a delegation granted to the Bank's Board of Directors, which has accepted TXT's investment proposal. Banca del Fucino is the parent company of the Igea Banca Banking Group and fully controls Igea Digital

Bank S.p.A., a digital bank with excellent growth prospects in the current market context. The capital strengthening of the Bank, which in the last period recorded a total of more than € 45 million in capital increase paid in cash, is aimed at implementing the 2020-2023 business plan, focused on the business model of a specialty bank with a strong Fintech vocation.

TXT's strategy is to invest net liquidity and shares in new acquisitions in sectors with a high intensity of innovative software and an integrated services business model with high added value.

TXT aims to be an important international player in the provision of innovative services, software and solutions for the 'digital transformation' of primary sectors, such as Transportation and Fintech.

GROWTH STRATEGIES IN THE COVID-19 PERIOD

The global economic situation recorded a recovery in the first half 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 lockdown policies, social distancing 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 as a result of 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 in the first half of 2021, 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 recorded significant growth compared to the first half of 2020, which, however, had been significantly impacted by the COVID-19 pandemic, while in Japan the second wave of contagions caused a slowdown in the economy. Lastly, in India, although economic activity has shown a rebound, this recovery has so far been inconstant. 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.

The main consolidated operating and financial results for the first half of 2021 were as follows:

- **Revenues** amounted to € 43.7 million, up 36.1% compared to € 32.1 million in the first half of 2020. Within the same consolidation scope, revenues increased by 4.7%. Revenues from software amounted to € 4.2 million in the first half of 2021, down by 4.0% compared to the first half of 2020. Revenues from services amounted to € 39.5 million, up 42.4% compared to the first half of 2020.

The Aerospace, Aviation and Automotive Division reported revenues of € 23.3 million, up 11.8% against the first half of 2020, generated entirely by organic growth, while the Fintech Division posted revenues of € 20.4 million, up 81.2% against the first half of 2020.

- **Gross Margin**, net of direct costs, increased from € 14 million to € 16.6 million, an increase of 18.5%. In the first half of 2021, the gross margin amounted to 38% of revenues.
- **EBITDA** was € 5.7 million, up 40.1% compared to the first half of 2020 (€ 4 million). The impact of sales costs on revenues fell from 10.1% to 7.7% in the first half of 2021. € 1.6 million increase of EBITDA consists of € 0.7 million due to organic growth (+17.1%) and € 0.9 million to the contribution of Assioma. The margin on revenues was 12.6% compared with 13% in the first half of 2020.
- **EBIT (Operating profit)** was € 3.4 million, up 62.7% compared to the first half of 2020 (€ 2.1 million).

The amortisation of intangible assets and depreciation of tangible assets amounted to € 1.9 million, up € 0.3 million compared to the first half of 2020 due to the acquisitions carried out in 2020.

- **Financial income and charges** in the first half of 2021 were € 0.3 million (€ 0.9 million in the first half of last year). The decrease is mainly due to lower returns in the first half of 2021 compared to the first half of 2020.

- **Net profit** was € 2.1 million, compared to € 2.7 million in the first half of 2020, and represented 4.7% of revenues compared to 8.5% last year. In the first half of 2021, taxes accounted for 44%. 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 pre-paid tax assets related to the revenues from the application of the new international accounting standard IFRS 15.
- **Consolidated net financial position** as at 30 June 2021 was positive for € 11.1 million, compared to € 22.1 million as at 31 December 2020, with a net reduction of approximately € 11.0 million. The decrease is mainly due to the purchase of an equity investment in Banca del Fucino for € 14.3 million and the acquisition of the minority shareholding in AssioPay (€ 1.0 million) offset by the positive effect of cash generation from operating activities.
- **Net consolidated shareholders' equity** as at 30 June 2021 amounted to € 86.1 million, up by € 0.6 million compared to € 85.5 million as at 31 December 2020. Changes in the first half of the year mainly relate to the recognition of net profit, the net effect of the purchase and sale of treasury shares (€ 0.7 million), 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 half of 2021, compared with those of the first half of last year, are presented below:

(€ thousand)	H1 2021	%	H1 2020	%	% Change
REVENUES	43,699	100.0	32,108	100.0	36.1
Direct costs	27,085	62.0	18,087	56.3	49.7
GROSS MARGIN	16,614	38.0	14,021	43.7	18.5
Research and development costs	3,313	7.6	3,714	11.6	(10.8)
Commercial costs	3,757	8.6	3,258	10.1	15.3
General and administrative costs	3,882	8.9	3,007	9.4	29.1
GROSS OPERATING PROFIT (EBITDA)	5,663	13.0	4,042	12.6	40.1
Depreciation	1,123	2.6	975	3.0	15.2
Amortisation	804	1.8	616	1.9	30.5
Reorganisation and non-recurring charges	316	0.7	350	1.1	(9.6)
OPERATING PROFIT (EBIT)	3,419	7.8	2,101	6.5	62.7
Financial income (charges)	271	0.6	892	2.8	(69.7)
EARNINGS BEFORE TAXES (EBT)	3,689	8.4	2,993	9.3	23.3
Taxes	(1,619)	(3.7)	(263)	(0.8)	515.6
NET PROFIT	2,070	4.7	2,730	8.5	(24.2)
Attributable to:					
Parent Company shareholders	2,087		2,653		
Minority interests	(17)		77		

GROUP REVENUES AND GROSS MARGINS

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

€ thousand	I SEM 2021	%	I SEM 2020	%	Var %
TXT AEROSPACE, AVIATION & AUTOMOTIVE					
Revenues	23,314	100.0	20,860	100.0	11.8
Software	3,578	15.3	3,763	18.0	(4.9)
Services	19,736	84.7	17,097	82.0	15.4
Direct costs	14,004	60.1	11,774	56.4	18.9
Gross margin	9,310	39.9	9,086	43.6	2.5
TXT FINTECH					
Revenues	20,385	100.0	11,248	100.0	81.2
Software	627	3.1	619	5.5	1.29
Services	19,758	96.9	10,629	94.5	85.9
Direct costs	13,081	64.2	6,313	56.1	107.2
Gross margin	7,304	35.8	4,935	43.9	48.0
TOTAL TXT					
Revenues	43,699	100.0	32,108	100.0	36.1
Software	4,205	9.6	4,382	13.6	(4.0)
Services	39,494	90.4	27,726	86.4	42.4
Direct costs	27,085	62.0	18,087	56.3	49.7
Gross margin	16,614	38.0	14,021	43.7	18.5

TXT Aerospace, Aviation & Automotive Division

In the first half of 2021, Revenues of the Aerospace, Aviation & Automotive Division, which include Pace CGU and TXT e-solutions CGU, were € 23.3 million, compared to € 20.9 million in 2020, an increase of 11.8% entirely due to organic growth. Revenues from software were € 3.6 million, down 5% compared to 2020, and revenues from services were € 19.8 million, up 16% compared to 2020. International revenues account for 33% of revenues for the Division (€ 7.8 million).

Gross Margin was € 9.3 million compared to € 9.1 million in the first half of 2020. As a percentage of revenues, the gross margin amounted to 39.9%, compared to 43.6% in the first half 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).

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.

TXT FINTECH Division

Revenues of the TXT Fintech Division, which include the Assioma CGU, AssioPay CGU, Cheleo CGU, HSPI CGU, Mac Solutions CGU, TXT Risk Solutions CGU and TXT Working Capital CGU, amounted to € 20.4 million, up 81.2% compared to € 11.2 million in 2020, of which € 9.7 million deriving from the consolidation of the new companies that joined the TXT Group during the year.

International revenues account for 15% of revenues for the Division (€ 3.1 million).

Gross margin was € 7.3 million, up 48% compared to 2020 (€ 4.9 million). The impact of the gross margin on revenues was 35,8%, due to the contribution of acquisitions.

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 H1 2021 amounted to € 3.3 million, down 10.8% compared to € 3.7 million in the first half of 2020. The impact on revenues was 7.6%, compared to 11.6% in the first half of 2020. R&D spending was optimised in relation to the contraction of the civil aviation market, the main target for sales of our revenues from licenses.

Commercial costs amounted to € 3,8 million, up 15.3% compared to the first half of 2020 due to commercial investments for the diversification in new markets and the integration of the offer of solutions of the Fintech Division. As a percentage of revenues, commercial costs amounted to 8.6%, compared to 10.1% in H1 2020.

General and administrative costs amounted to € 3.9 million, up 29.1% compared to the first half of 2020 (€ 3.0 million), mainly due to the consolidation of the acquisitions carried out in second half of 2020. The impact of these costs on revenues fell slightly from 9.4% in the first half of 2020 to 8.9% in the first half of 2021.

Gross operating profit (EBITDA) in the first half of 2020 was € 5.7 million, up 40.1% compared to the first half of 2020 (€ 4.0 million). As a percentage of revenues, it stood at 13%, compared to 12.6% in the first half of 2020, due to employee and external personnel growth.

Net profit was € 2.1 million, compared to € 2.7 million in the first half of 2020, and represented 4.7% of revenues compared to 8.5% last year as a result of lower financial income (€ 1.6 million in 2020 against € 0.3 million in this half-year).

CONSOLIDATED CAPITAL EMPLOYED

The Capital Employed as at 30 June 2021 was € 75.1 million, compared to € 63.8 million as at 31 December 2020:

The table below shows the details:

(€ thousand)	30.06.2021	31.12.2020	Total change
Intangible assets	37,035	37,653	(618)
Net tangible assets	7,657	7,460	197
Other fixed assets	16,269	2,299	13,970

Fixed assets	60,961	47,412	13,549
Inventories	5,862	4,749	1,113
Trade receivables	32,605	35,411	(2,806)
Sundry receivables and other short-term assets	6,402	5,782	620
Trade payables	(3,783)	(4,176)	393
Tax payables	(3,972)	(3,164)	(808)
Sundry payables and other short-term liabilities	(18,454)	(17,471)	(983)
Net working capital	18,661	21,131	(2,470)
Post-employment benefits and other non-current liabilities	(4,477)	(4,740)	263
Capital employed	75,145	63,803	11,342
Group shareholders' equity	86,050	85,454	596
Shareholders' Equity attributable to minority interests	233	409	(176)
Net financial position	(11,139)	(22,060)	10,921
Financing of capital employed	75,145	63,803	11,342

Intangible assets decreased from € 37.7 million to € 37.0 million, due to amortisation for the period on the intellectual property rights on software and on the customer portfolio of the acquisitions of PACE, Cheleo, TXT Risk Solutions, Assioma S.r.l. and Mac Solutions SA.

Tangible fixed assets of € 7.7 million are substantially in line with the figures as at 31 December 2020, as the increases for the period were offset by disposals and depreciation for the same period.

Other fixed assets of € 16.3 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 decreased by € 2.5 million, from € 21.1 million as at 31 December 2020 to € 18.7 million as at 31 June 2021. The reduction in Net working capital is due to the € 1 million increase in sundry payables and other short-term liabilities as a result of costs allocated for personnel and the € 2.8 million decrease in receivables due from customers as a result of effective credit collection actions with major Italian customers in the aeronautical sector. Other changes in net working capital include an increase in inventories for work in progress for orders not yet invoiced to customers (€ 1.1 million) and sundry receivables and other short-term assets (€ 0.6 million), mainly as a consequence of the prepaid expenses for the costs invoiced at the start of the year but accrued in the subsequent quarters. These increases were partly offset by the decrease in trade payables (€ 0.4 million) and the increase in tax payables (€ 0.8 million).

Liabilities arising from post-employment benefits 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 June 2021 amounted to € 86.1 million compared to € 85.5 million as at December 2020. Changes during the half year mainly concern the recognition of net profit (€ 2.1 million), the net effect of the purchase and sale of treasury shares (€ 0.7 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 June 2021 of € 0.2 million related to the 49% minority interest in ReVersal S.p.A., not held by the Group.

Consolidated net financial position as at 30 June 2021 was positive at € 11.1 million (€ 22.1 million as at 31 December 2020). The decrease of € 11 million is mainly due to the purchase of an equity investment in Banca del Fucino for € 14.3 million and the acquisition of the minority shareholding in AssioPay (€ 1.0 million) offset by the positive effect of the operating flow.

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 June 2021 is as follows:

(€ thousand)	30.06.2021	31.12.2020	Change
Cash and cash equivalents	12,942	11,933	1,009
HFT securities at fair value	53,638	68,161	(14,523)
Short-term financial receivables	-	-	-
Current financial liabilities	(32,350)	(30,636)	(1,714)
Short-term financial indebtedness	34,229	49,458	(15,229)
Non-current financial payables - IFRS 16	(3,976)	(3,580)	(396)
Other non-current financial liabilities	(19,114)	(23,818)	4,704
Trade payables and other non-current payables	-	-	-
Non-current financial indebtedness	(23,090)	(27,398)	4,308
Net financial position	11,139	22,060	(10,921)

The breakdown of the Group's Total Financial Debt as at 30 June 2021 is broken down as follows:

- Cash and cash equivalents of € 12.9 million are mainly in euro.
- Financial instruments at fair value of € 53.6 million consist of investments in partial return multi-segment insurance funds (€ 45.2 million), bonds (€ 0.6 million) and treasury management (€ 7.8 million).
- Current financial liabilities as at 30 June 2021 amounted to € 32.4 million and refer for € 10.4 million to the short-term portion of medium/long-term loans, for € 19.9 million to "hot money" short-term loans, € 0.8 million related to the Assioma.Net S.r.l. Group earn-out (short-term portion).

This item also includes € 1.3 million relating to the short-term portion of the payable for the payment of rental and leasing of offices, cars and printers (IFRS 16).

- Non-current financial liabilities of € 23.1 million mainly consist of: € 13.9 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, € 0.1 million for the amount related to the debt for the interest rate risk hedge (fair value interest rate swap), and € 2.7 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, € 4.0 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 (Accounting Standard – IFRS 16).

Medium/long-term euro loans were taken out by the parent company TXT e-solutions S.p.A. in 2018, by the subsidiary Assioma.Net S.r.l. between 2018 and 2019 and by the subsidiary HSPI S.p.A. in Euro, at fixed rates between 0.60% and 0.70% per annum, without guarantees for a residual amount of € 24.3 million as at 30 June 2021:

- € 11 million 5-year loan with Unicredit, with a quarterly amortisation plan, a floating interest rate and an Interest Rate Swap for covering the interest rate risk;
- € 5.5 million 5-year loan with BNL, with a quarterly amortisation plan, a floating interest rate and an Interest Rate Swap for covering the interest rate risk;
- € 4.7 million 4-year loan with BPER, with a quarterly amortisation plan and fixed interest rates;
- € 2.0 million 4-year loan with BNL subscribed by the subsidiary Assioma.Net S.r.l. with a quarterly amortisation plan and fixed interest rates;
- € 0.5 million 2-year loan with Intesa San Paolo subscribed by the subsidiary HSPI S.p.A. with a quarterly amortisation plan and fixed interest rates;
- € 0.6 million for other financial payables linked to advances on invoices for HSPI S.p.A.

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.

Q2 2021 ANALYSIS

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

(€ thousand)	Q2 2021	%	Q2 2020	%	% Change
REVENUES	22,218	100.0	15,853	100.0	40.2
Direct costs	13,875	62.4	9,106	57.4	52.4
GROSS MARGIN	8,343	37.6	6,747	42.6	23.7
Research and development costs	1,663	7.5	1,911	12.1	(13.0)
Commercial costs	1,245	5.6	1,386	8.7	(10.2)
General and administrative costs	2,476	11.1	1,373	8.7	80.3
GROSS OPERATING PROFIT (EBITDA)	2,960	13.3	2,077	13.1	42.5
Depreciation	556	2.5	488	3.1	14.0
Amortisation	396	1.8	310	2.0	27.7
Reorganisation and non-recurring charges	316	1.4	350	2.2	(9.6)
OPERATING PROFIT (EBIT)	1,691	7.6	929	5.9	82.0
Financial income (charges)	15	0.1	1,564	9.9	(99.1)
EARNINGS BEFORE TAXES (EBT)	1,705	7.7	2,493	15.7	(31.6)
Taxes	(873)	(3.9)	(15)	(0.1)	n.s.
NET PROFIT	832	3.7	2,478	15.6	(66.4)
Attributable to:					
Parent Company shareholders	849		2,416		
Minority interests	(17)		62		

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

- Net revenues amounted to € 22.2 million, up 40.2% compared to the second quarter of 2020 (€ 15.9 million). On a like-for-like basis, revenues increased by € 1.3 million compared

to the previous half-year. Revenues from software, subscriptions and maintenance were € 2.2 million, up 6% compared to the second quarter of 2020 (€ 2.1 million). Revenues from services amounted to € 20.0 million, up compared to the second half of 2020 due to the acquisitions of the previous year. On a like-for-like basis, revenues from services increased by 8.7%.

- Gross margin for the second quarter of 2021 amounted to € 8.3 million, up 23.7% over the second quarter of 2020 (€ 6.7 million). As a percentage of revenues, the margin amounted to 37.6%, compared to 42.6% in the second quarter of 2020 due to the higher percentage of revenues generated by services.
- EBITDA in the second quarter of 2021 amounted to € 3.0 million, up 42.5% compared to the second quarter of 2020 (€ 2.1 million). Commercial costs had a lower impact on revenues, down from 8.7% to 5.6%, while general and administrative costs increased their incidence from 8.7% in the first half of 2020 to 11.1% in the first half of 2021. The margin on revenues was 13.3% compared with 13.1% in the second quarter of 2020.
- Operating profit (EBIT) was € 1.7 million, up 82% compared to the second quarter of 2020 (€ 0.9 million), after the depreciation of the tangible assets and amortisation of the intangible assets (€ 0.9 million) and Reorganisation costs (€ 0.3 million).
- Earnings before taxes (EBT) was € 1.7 million, compared to € 2.4 million in the second quarter of 2020, due to financial income of € 0.1 million, compared to € 1.5 million in the second quarter of 2020.
- Net profit was € 0.8 million, compared to € 2.5 million in the second quarter of 2020 (-66.4%).

EMPLOYEES

As at 30 June 2021, there were 1,064 employees, an increase of 68 employees compared to 31 December 2020 (996 units).

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

In first half of 2021, the share price of TXT e-solutions reached a high of € 8.42 on 9 June 2021 and a low of € 6.76 on 19 March 2021. As at 30 June 2021, the share price was € 7.78.

Average daily trade volumes in the first quarter of 2021 amounted to 31,461 shares, showing a growth compared to the average of 24,916 shares in 2020.

As at 30 June 2021, 1,302,272 treasury shares were held (1,401,429 as at 31 December 2020), accounting for 10.01% of shares outstanding, at an average carrying amount of € 3.47 per share. In the first half of 2021, 30,340 shares were purchased at an average price of € 7.77.

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.

In order to provide regular updates on the Company, an email-based communication channel is operational (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 in 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 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.

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 continues. 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 last June 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 it has already successfully completed the sale and subsequent IT management of an important NPL portfolio.

Significant events after 30 June 2021

On 5 July 2021, a rebranding operation was launched to communicate the profound changes the company has undergone in recent years and to create a new visual identity capable of reflecting the change of pace following the completed acquisitions, as well as the synergistic work of all the companies in the group and the recent repositioning on the market.

The TXT Group is going through a phase of change, aggregating a network of synergistic excellence with the strategic ambition to maintain and expand the strong growth momentum underway. For this reason, it was decided to build a new visual identity capable not only of communicating our purpose as digital innovators and our flexibility in responding to the changes underway, but also to strengthen the identity of the Group, enhancing the excellence of all the companies.

TXT's new logo is movement, it encompasses space and time. We chose a shape that represents part of our essence, the X, to remind us of our roots; the different lines that compose it to represent the companies that are part of the Group. They all move in a common direction while remaining parallel. Different excellences but common values and identities.

On 29 July 2021, the final contract was signed for the acquisition of 100% of the German company TeraTron GmbH. TXT will consolidate its results from 1 August 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 specialized 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/cryptography technologies, vehicle interfaces (CAN/LIN), IOS/Android App.

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. Significantly increases the know-how on key technological skills related to the IoT world, expanding the offer with the proposal of proprietary software and hardware solutions.

Forecasts for the performance in the second half 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

Eugenio Forcinito

Milan, 5 August

Chairman of the Board of Directors

Enrico Magni



TXT e-solutions Group

CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2021

Consolidated Balance Sheet

ASSETS		30.06.2021	Of which with related parties	31.12.2020	Of which with related parties
NON-CURRENT ASSETS					
Goodwill	7.1	30,431,313		30,431,313	
Intangible assets with a finite useful life	7.2	6,603,218		7,221,447	
Intangible assets		37,034,531		37,652,760	
Property, plant and equipment	7.3	7,657,476		7,460,326	
Tangible assets		7,657,476		7,460,326	
Other non-recurring financial receivables	7.4	14,518,914		227,066	
Deferred tax assets	7.5	1,749,763		2,072,381	
Other non-current assets		16,268,677		2,299,447	
TOTAL NON-CURRENT ASSETS		60,960,685		47,412,533	
CURRENT ASSETS					
Contractual assets	7.6	5,862,459		4,749,088	
Trade receivables	7.7	32,605,351		35,410,803	
Sundry receivables and other current as- sets	7.8	6,402,343		5,782,068	
Financial instruments at fair value	7.9	53,637,502		68,160,917	
Cash and cash equivalents	7.10	12,941,598		11,932,508	
TOTAL CURRENT ASSETS		111,449,253		126,035,384	
TOTAL ASSETS		172,409,938		173,447,917	

LIABILITIES AND SHAREHOLDERS' EQUITY		30.06.2021	Of which with related parties	31.12.2020	Of which with related parties
SHAREHOLDERS' EQUITY					
Share capital		6,503,125		6,503,125	
Reserves		14,695,109		13,858,858	
Retained earnings (accumulated losses)		62,764,354		60,617,969	
Profit (loss) for the year		2,087,885		4,474,067	
TOTAL SHAREHOLDERS' EQUITY (Group)		86,050,473		85,454,019	
Shareholders' Equity attributable to minor- ity interests		233,032		409,158	
TOTAL SHAREHOLDERS' EQUITY	7.11	86,283,505		85,863,178	
NON-CURRENT LIABILITIES					
Non-current financial liabilities	7.12	23,089,769	1,932,328	27,398,339	
Provision for post-employment benefits and other employee provisions	7.13	2,707,362		2,757,450	
Deferred tax provision	7.5	1,651,335		1,864,250	
Provisions for future risks and charges	7.14	118,905		118,905	
TOTAL NON-CURRENT LIABILITIES		27,567,371	1,932,328	32,138,944	
CURRENT LIABILITIES					
Current financial liabilities	7.15	32,349,999	305,836	30,634,968	
Trade payables	7.16	3,782,769		4,176,210	
Tax payables	7.17	3,971,886		3,282,649	
Sundry payables and other current liabili- ties	7.18	18,454,408	237,458	17,351,970	155,600
TOTAL CURRENT LIABILITIES		58,559,062	543,294	55,445,796	155,600
TOTAL LIABILITIES		86,126,431	2,475,622	87,584,740	155,600
TOTAL LIABILITIES AND SHAREHOLDERS' EQ- UITY		172,409,938	2,475,622	173,447,917	155,600

Income Statement

	Notes	30.06.2021	Of which with re- lated par- ties	30.06.2020	Of which with re- lated par- ties
Revenues and other income		43,699,251	-	32,108,628	-
TOTAL REVENUES AND OTHER INCOME	8.1	43,699,251	-	32,108,628	-
Purchases of materials and external services	8.2	(9,510,366)	-	(6,649,747)	-
Personnel costs	8.3	(28,584,762)	(299,110)	(21,575,823)	(250,502)
Other operating costs	8.4	(217,494)		(191,496)	
Depreciation and amortisation/Impairment	8.5	(1,967,316)		(1,589,919)	
OPERATING RESULT		3,419,313	(299,110)	2,101,642	(250,502)
Financial income (charges)	8.6	270,509		891,747	
Share of profit (loss) of associates		-	-	-	-
EARNINGS BEFORE TAXES (EBT)		3,689,822		2,993,389	
Income taxes	8.7	(1,618,931)		(263,439)	
NET PROFIT (LOSS) FOR THE PERIOD		2,070,891		2,729,950	
Attributable to:					
Parent Company shareholders		2,087,886		2,652,819	
Minority interests		(16,995)		77,131	
EARNINGS PER SHARE		0.18		0.23	
DILUTED EARNINGS PER SHARE		0.18		0.23	

Consolidated Statement of Comprehensive Income Statement

	30.06.2021	30.06.2020
NET PROFIT (LOSS) FOR THE PERIOD	2,070,891	2,729,950
Attributable to:		
Minority interests	(16,995)	77,131
Parent Company shareholders	2,087,886	2,652,819
Profit/(Loss) from foreign currency translation differences	(49,210)	(2,052)
Profit/(loss) on the effective portion of hedging instruments (cash flow hedge)	57,568	(153,410)
Total items of other comprehensive income that will be subsequently reclassified to profit/(loss) for the year net of taxes	8,358	(155,462)
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)
Total profit/(loss) of Comprehensive Income net of taxes	91,014	(198,420)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,161,905	2,531,530
Attributable to:		
Minority interests	(16,995)	77,131
Parent Company shareholders	2,178,900	2,454,399

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:

(€ thousand)	Aerospace	Fintech	TOTAL TXT
REVENUES	23,314	20,385	43,699
Software	3,578	627	4,205
Services	19,736	19,758	39,494
OPERATING COSTS:			
Direct costs	14,004	13,081	27,085
Research and development costs	2,093	1,220	3,313
Commercial costs	2,210	1,547	3,757
General and administrative costs	1,812	2,069	3,882
TOTAL OPERATING COSTS	20,120	17,917	38,036
EBITDA	3,194	2,468	5,663
Amortisation of intangible fixed assets	191	614	805
Depreciation of tangible fixed assets	599	524	1,123
Write-downs and Restructuring Costs	273	43	316
OPERATING PROFIT (EBIT)	2,131	1,288	3,419
Financial income (charges)	145	126	271
EARNINGS BEFORE TAXES (EBT)	2,276	1,414	3,690
Taxes	(998)	(621)	(1,619)
NET PROFIT FROM CURRENT ASSETS	1,277	794	2,071
Profit (loss) from current operations			
NET PROFIT	1,277	794	2,071

Statement of Cash Flows

	30 June 2021	30 June 2020
Net profit (loss) for the period	2,070,891	2,729,950
Non-monetary costs for Stock Options	5,436	16,314
Non-monetary interest	64,310	49,185
Change in fair value of monetary instruments	(432,393)	(1,134,122)
Current income taxes	1,618,931	463,481
Change in deferred taxes	4,241	(301,439)
Amortisation	1,927,140	1,569,802
Other changes	155	16,614
Cash flows from (used in) operating activities (before change in working capital)	5,258,710	3,409,785
(Increase) / Decrease in trade receivables	2,805,452	(824,854)
(Increase) / Decrease in inventories	(1,113,371)	(2,352,624)
Increase / (Decrease) in trade payables	(393,441)	152,751
Increase / (Decrease) in other assets/liabilities	(333,917)	1,755,342
Increase / (Decrease) in post-employment benefits	(50,088)	(1,196,224)
Changes in operating assets and liabilities	914,635	(2,465,609)
Paid income taxes	-	(172,000)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	6,173,345	772,176
<i>of which with related parties</i>	<i>81,858</i>	<i>(1,491,183)</i>
Increase in tangible assets	(274,297)	(454,830)
Increase in intangible assets	(10,977)	(6,386)
Capitalisation of development expenses	(175,493)	-
Decrease in tangible and intangible assets	18,052	17,051
Net cash-flow from acquisition of subsidiaries	(982,716)	198,657
(Increase) / Decrease in trading securities	685,532	10,000,000
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	(739,899)	9,754,491
Loans issued	2,539,178	10,000,000
Loans repaid	(5,148,783)	(6,525,724)
Payment of lease liabilities	(900,450)	(716,049)
Increase/(Decrease) in other financial receivables	-	-
Increase / (Decrease) in financial payables	-	-
Net change in financial liabilities	(183,147)	(5,852,038)
Distribution of dividends	(521,381)	-
Interest expense	(57,871)	(86,107)
Other changes in shareholders' equity	140,222	-
(Purchase)/Sale of treasury shares	(242,913)	(1,789,577)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(4,375,146)	(4,969,495)
<i>of which with related parties</i>	<i>2,238,163</i>	<i>-</i>
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,058,300	5,557,172
Effect of changes in exchange rates on cash flows	(49,210)	(2,052)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	11,932,508	11,426,083
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	12,941,598	16,981,200
Assets acquired that did not generate cash flows (initial recognition IFRS 16)	(2,294,153)	(227,873)
Liabilities acquired that did not generate cash flows (initial recognition IFRS 16)	2,294,153	227,873

Statement of Changes in Shareholders' Equity at 30 June 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
Amounts as of 31 December 2020	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									(1,806,301)	-	(1,806,301)	(159,131)	(1,965,432)
Increase/Purchase					5,436		57,568				63,004		63,004
Dividend Distribution									(521,381)		(521,381)		(521,381)
Free Capital Increase											-		-
Sale of own shares			982,713								982,713		982,713
Purchase of own shares			(242,913)								(242,913)		(242,913)
Actuarial differences on post-employment benefits						82,656					82,656		82,656
Exchange differences								(49,210)			(49,210)		(49,210)
Profit as of 30 June 2021										2,087,885	2,087,885	(16,995)	2,070,890
Amounts as of 30 June 2021	6,503,125	1,300,625	12,558,024	1,911,444	61,857	(1,022,429)	(70,086)	(44,326)	62,764,354	2,087,885	86,050,473	233,032	86,283,505

	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
Amounts as of 31 December 2019	6,503,125	1,300,625	12,571,450	1,911,444	23,783	(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
Amounts as of 31 December 2020	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

NOTES TO THE FINANCIAL STATEMENTS

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 June 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	€	100%	295,000
PACE America Inc.	USD	100%	10
TXT e-solutions Sagl	CHF	100%	40,000
TXT NEXT Sarl	€	100%	100,000
TXT NEXT Ltd.	GBP	100%	100,000
Cheleo S.r.l.	€	100%	99,000
TXT Risk Solutions S.r.l. (*)	€	75%	79,592
Assioma.Net S.r.l.	€	100%	100,000
AssioPay S.r.l.	€	100%	10,000
MAC SOLUTIONS S.A.	CHF	100%	100,000
ReVersal S.p.A.	€	51%	400,000
HSPI S.p.A.	€	100%	220,000
Txt Working Capital Solutions S.r.l.	€	60%	500,000

In addition to the interests listed above, to be noted is the Group's investment in the Innovative Complex Solution Consortium (consolidated line-by-line) as follows: 45% HSPI S.p.A., 35% TXT e-solutions and 20% Assioma.Net S.r.l..

The Consortium is the commercial vehicle through which the Group has the opportunity to participate in tenders with the central and local Public Administration. The Consortium form allows to add up the administrative and technical references of the individual Consortium companies, thus making it possible for the Consortium to access tenders and qualifications for supply classes and larger volumes.

(*) During the first half of 2021, TXT e-solutions S.p.A. ("TXT") acquired the shares (74.87%) relating to TXT RISK Solutions S.r.l. sold by Cheleo S.r.l..

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 as at 30 June 2021. 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 in the year)

Currency	30.06.2021	30.06.2020
British Pound (GBP)	0.8680	0.87463
US Dollar (USD)	1.2053	1.10200
Swiss Franc (CHF)	1.0946	1.06420

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

Currency	30.06.2021	31.12.2020
British Pound (GBP)	0.8581	0.8990
US Dollar (USD)	1.1884	1.2271
Swiss Franc (CHF)	1.0980	1.0802

2. Acquisition of ReVersal S.p.A.

On 27 May 2021, TXT e-Solutions S.p.A. subscribed a share capital increase in the start-up ReVersal S.p.A., obtaining an equity investment equal to 51% of the share capital of the start-up.

The investment in ReVersal, a company that deals primarily on financial products for wealth management, was unanimously approved by TXT's Board of Directors and represents a key milestone in the Fintech division's growth project driven by strategic investments in innovative start-ups and mature fintechs operating in segments with high growth potential and a strong digital focus.

The purchase of the 51% shareholding took place via the subscription by TXT e-Solutions S.p.A. of a capital increase for € 500,400 (including a share premium of € 0.49 million), paid in cash using available liquidity.

TXT undertook to guarantee additional capital for the growth of ReVersal through interest-bearing loans, to be paid in several tranches and on specific requests, for a total maximum amount of € 0.8 million (interest equal to Euribor + 1 point).

Based on the analyses carried out and the business plan, the Break Even Point is envisaged for the first year of operations.

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 half-yearly 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 half-yearly report as at 30 June 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 condensed consolidated half-yearly 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 June 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 5 August 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 June 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. Use of estimates

The preparation of the consolidated half-yearly financial statements and the relevant notes in conformity with IFRS requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosures relating to contingent assets and liabilities at the reporting date. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis and any changes are immediately recognised in the income statement. Here below are the assumptions made about the future and other major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenues from contracts with customers

The Group has carried out the following assessments, which have a significant impact on the determination of the amount and timing of revenue recognition from contracts with customers:

Identification of the performance obligation in a joint sale

The Group provides maintenance and assistance services to customers, which are sold either separately or together with licenses for use, as well as professional services.

The Group has determined that for the product types offered for which it is reasonable to expect that the customer requires a level of continuous involvement from the Group over a period of time, and which require a certain period of implementation by the customer, the maintenance and assistance service contract cannot be considered separately from the license contract, even if the latter exclusively envisages an up-front fee. The fact that the Group does not regularly grant the right to use its licences separately from the signing of a first maintenance contract, together with the consideration that maintenance services cannot reasonably be provided by other suppliers, are indicators that the customer does not tend to separately benefit from both products independently.

The Group, on the other hand, has established that professional services must be distinguished within the context of the contract and that a price must be independently allocable to them.

Determination of the method for estimating the value of the recognisable variable fee

In estimating any variable fee, the Group must use the expected value method or the most likely quantity method to estimate which method best determines the value of the fee to which it is entitled.

Before including any value of the variable fee in the transaction price, the Group shall assess whether a portion of the variable fee is subject to recognisability limits. The Group has determined that, on the basis of its past experience, economic forecasts and current economic conditions, the variable fee is not subject to uncertainties that could limit its recognisability. Furthermore, the uncertainty to which the variable fee is exposed will be subsequently resolved within a short period of time.

Considerations on the significant financing component in a contract

The Group does not usually sell with formal or expected extension of payment terms exceeding one year, for which it believes that there are no significant financing components in the commercial transactions.

Determination of the time frame for project service satisfaction

The Group has determined that the input method is the best method for determining the progress of services provided for projects (for example, the development of technological solutions, consultancy, integration services, training) since there is a direct relationship between the Group's activities (for example, the hours worked and costs incurred) and the transfer of the service to the customer. The Group recognises revenues on a cost-to-cost basis (versus the total costs expected to be incurred to complete the service). Depending on the contractual clauses, orders can be managed on a Time&Material or Fixed Price basis. With the former type, revenues are recognised on the basis of the hours actually spent on the project, calculated and accepted by the customer. The agreement with the customer is essentially based on a number of hours to be invested in the project, which can be revised, including upwards, depending on the actual use of resources. Revenues for Fixed Price orders, for which a price is fixed in advance, except for subsequent adjustments, are instead determined by applying the completion percentage to the amount of the fee for the project. The calculation of the completion percentage, determined using

the Cost to Cost method, i.e. the ratio between the costs incurred and the total expected costs, takes into account the hours spent by personnel involved in the project on the reference date and any other direct costs.

Impairment of non-financial assets

An impairment loss occurs when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

Fair value less costs to sell is measured based on data available from binding sale agreements between knowledgeable, willing parties for similar assets or observable market prices, less the costs of disposal. Value in use is calculated using a discounted cash flow model. Cash flow projections are based on the plan for the next five years and include neither restructurings for which the Group does not have a present obligation, nor significant future investments that will increase the return on the assets of the cash-generating unit subject to measurement. The recoverable amount significantly depends on the discount rate used in the discounted cash flow model, as well as on the expected future cash inflows and the growth rate used to extrapolate.

Taxes

Deferred tax assets are recognised for all unused tax losses, to the extent that it is probable that taxable profit will be available against which the unused tax losses can be utilised. Management is required to make significant estimates to determine the amount of tax assets that can be recognised based on the level of future taxable profits, when they will arise, and tax planning strategies.

Pension funds

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation requires assumptions about discount rates, the expected rate of return on plan assets, future salary increases, mortality rates, and future benefit increases. Because of the long-term nature of these plans, the estimates are subject to a significant degree of uncertainty. All assumptions are reviewed annually.

In determining the appropriate discount rate, the directors use the interest rate of corporate bonds with average terms corresponding to the estimated term of the defined-benefit obligation. The bonds are subject to further qualitative analysis and those that present a credit spread deemed excessive are removed from the population of bonds on which the discount rate is based, as they do not represent high-quality bonds.

The mortality rate is based on mortality tables available for each country. Future salary and benefit increases are based on the expected inflation rates for each country.

Fair value measurement of contingent considerations for business combinations

Contingent considerations associated with business combinations are measured at the acquisition-date fair value within the scope of the business combination. Whenever the contingent consideration is a financial liability, its value is subsequently re-measured as at each reporting date. Fair value is measured using discounted cash flows. Key assumptions take account of the probability of achieving each performance objective and the discount rate.

7. Balance sheet

7.1. Goodwill

Goodwill did not increase compared to 31 December 2020.

A breakdown of the item as at 30 June 2021 and the comparison with 31 December 2020 is shown below:

Goodwill	Amount as at 30 June 2021	Amount as at 31 December 2020
Acquisition of PACE GmbH	5,369,231	5,369,231
Acquisition of Cheleo	6,002,072	6,002,072
Acquisition of TXT Risk Solutions	116,389	116,389
Acquisition of Assioma	6,855,129	6,855,129
Acquisition of Working Capital Solutions	2,724,056	2,724,056
Acquisition of Mac Solutions S.A.	1,891,867	1,891,867
Acquisition of HSPI S.p.A.	7,472,569	7,472,569
TOTAL GOODWILL	30,431,313	30,431,313

Goodwill derives from the acquisition of PACE GmbH ("PACE"), which took place in 2016, and the two acquisitions in 2018 of Cheleo S.r.l and TXT Risk Solutions S.r.l., and from the acquisition of the Assioma group in 2019 and TXT Working Capital Solutions S.r.l., Mac Solutions S.A. and HSPI S.p.A. in 2020, and was determined, in its various components, as follows:

- PACE goodwill of € 5,369 thousand derives from the acquisition price of € 9,097 thousand, net of the fair value of shareholders' equity on the acquisition date of € 1,352 thousand, the valuation of "Customer Relationship" intangible assets with a finite useful life of € 1,112 thousand, "Intellectual property of software" of € 1,350 thousand and deferred tax assets and liabilities of € 86 thousand. The purchase price was determined by including the fixed price agreed in the contract and earn-outs linked to changes in variables such as revenues and EBITDA and by applying the corresponding multiples, and the other variable figures linked to PACE's greater available liquidity on the acquisition date, against the threshold indicated in the agreement. Furthermore, for the purpose of drafting the Consolidated Financial Statements, the directors had decided to classify the signing of the put/call option contract with PACE's minority shareholders as the acquisition of a present ownership interest in the residual 21% of PACE capital and consequently to designate the liabilities for exercising this option at fair value on the initial recognition date (obtained by means of maturity estimate based on forecast data and the updating of this estimate to take account of the time factor).

- Cheleo goodwill of € 6,002 thousand derives from the acquisition price of € 10,951 thousand, net of the fair value of shareholders' equity on the acquisition date of € 2,613 thousand, the valuation of "Customer Relationship" intangible assets with a finite useful life of € 3,239 thousand and deferred tax of € 904 thousand.
- In 2020, TXT Risk Solutions S.r.l. goodwill was impaired by € 1,296 thousand, which brought it to a value of € 116 thousand. The original goodwill of € 1,413 thousand derived from the acquisition price of € 1,910 thousand - net of the fair value of shareholders' equity on the acquisition date of negative € 21 thousand, the valuation of intangible assets with a defined life "Intellectual Property" of € 287 thousand and the deferred tax assets of € 80 thousand.
- Assioma.Net S.r.l. goodwill of € 6,855 thousand derives from the acquisition price of € 10,882 thousand, net of the fair value of shareholders' equity on the acquisition date of € 3,439 thousand, the valuation of "Customer Relationship" intangible assets with a finite useful life of € 822 thousand and deferred tax of € 229 thousand.
- TXT Working Capital Solutions S.r.l. goodwill of € 2,724 thousand derives from the acquisition price (not considering the increase in share capital with premium) of € 2,682 thousand, net of the fair value of shareholders' equity on the acquisition date of a negative € 42 thousand. It should be noted that, with the measurement period having elapsed, the preliminary allocation of the values was confirmed definitively by the directors in the current year.
- MAC SOLUTIONS S.A. goodwill of € 1,892 thousand derives from the acquisition price of € 6,382 thousand, net of the fair value of shareholders' equity on the acquisition date of € 2,015 thousand, the valuation of "Customer Relationship" intangible assets with a finite useful life of € 3,432 thousand and deferred tax of € 958 thousand.
- HSPI S.p.A. goodwill of € 7,473 thousand derives from the acquisition price of € 12,064 thousand, net of the fair value of shareholders' equity on the acquisition date of € 4,592 thousand.

The Group tests goodwill for impairment annually (as at 31 December) and when there is any indication that it may be impaired. The impairment test for goodwill and intangible assets with an indefinite useful life is based on the value-in-use calculation. The variables used to determine the recoverable amount of the various cash-generating units (CGUs) were illustrated in the consolidated financial statements as at 31 December 2020, to which reference should be made for the relative details.

In reviewing its impairment indicators, the Group takes into consideration, among other factors, the ratio between its market capitalisation and its reporting shareholders' equity. As at 30 June 2021, the Group's market capitalisation was not lower than the reported shareholders' equity.

Taking into account the economic trend observed and the foreseeable evolution of operations, described in the "Directors' Report on Operations for H1 2021" accompanying these financial statements, no impairment test was conducted as at 30 June 2021, since there was no indicator of

impairment such as to highlight significant risks with regard to the possible existence of impairment for the reported goodwill.

7.2. Intangible assets with a finite useful life

Net of amortisation, intangible assets with a finite useful life amounted to € 6,603,218 as at 30 June 2021. The changes during the half year are reported below:

Intangible assets	Software licences	Development costs	Intellectual Property	Intangibles under construction	Customer Relationship	TOTAL
Balances as at 31 December 2020	173,765	18,512	596,564	347,625	6,084,982	7,221,447
Acquisitions	10,977			175,493		186,470
Disposals						
Amortisation	(37,567)	(2,704)	(125,129)		(638,459)	(803,859)
Other changes	(840)					(840)
Balances as at 30 June 2021	146,335	15,808	471,435	523,118	5,446,523	6,603,218

The breakdown of the item is as follows:

- Software licences: refer to software use licences acquired by the Group for the enhancement of software programs and for the development of advanced technologies for business purposes.
- Development costs: refer to the design and feasibility studies of the Bari (i-MOLE) project.
- Intangibles under constructions: this item refers to the capitalisation of the costs of personnel employed in the development phases of the i-MOLE project.

The Research & Development project, entitled "i-MOLE: Innovative - Mobile Logistic Ecosystem", provides for the supply of innovative systems and specific support services for the logistics sector. The project is still in progress, and is expected to be completed by September 2022.

- Intellectual Property and Customer Relationship: these intangible assets were acquired as part of extraordinary company takeovers.
 - The value of these assets relating to Pace was allocated in 2016 by the directors with the help of an independent expert. Intellectual Property represents the intellectual property of the software developed by PACE GmbH and owned by it; the Customer Relationship of PACE was also valued in the allocation of the higher price paid. As at 30 June 2021, the residual value of the intellectual property was € 337,500, net of 2021 amortisation of € 96,429. The residual value as at 30 June 2021 of the Customer Relationship is equal to € 278,000 net of 2021 amortisation equal to € 79,429.
 - The value of Cheleo's Customer Relationship was allocated in 2018 with the help of an independent expert. Customer Relationship was valued as part of the allocation

of the higher price paid. The residual value as at 30 June 2021 is equal to € 1,889,417 net of 2021 amortisation equal to € 231,357.

- The value of TXT Risk Solutions' Intellectual Property was allocated in 2018. Intellectual property was valued as part of the allocation of the higher price paid. The residual value as at 30 June 2021 is equal to € 133,933 net of 2021 amortisation equal to € 28,700.
- The value of Assioma's Customer Relationship was allocated in 2019 with the help of an independent expert. Customer Relationship was valued as part of the allocation of the higher price paid. The residual value as at 30 June 2021 is equal to € 228,333 net of 2021 amortisation equal to € 137,000.
- The value of Mac Solutions S.A.'s Customer Relationship was allocated in the financial year with the help of an independent expert and the useful life of the amortisation has been estimated at 9 years. Customer Relationship was valued as part of the allocation of the higher price paid. The residual value as at 30 June 2021 is equal to € 3,050,772 net of 2021 amortisation equal to € 190,673.

7.3. Tangible assets

Net of depreciation, tangible assets amounted to € 7,657,476 as at 30 June 2021. The changes during the half year are reported below:

Tangible fixed assets	Buildings (lease)	Vehicles (lease)	Electronic machinery (lease)	Buildings	Electronic machinery	Furniture and fixtures	Other tangible fixed assets	TOTAL
Balances as at 31 December 2020	4,269,412	733,225	22,420	579,017	1,420,548	268,882	166,820	7,460,326
Acquisitions	2,388,852	105,301		12,507	253,591		4,660	2,764,911
Disposals	(1,413,875)	(13,237)			(11,990)	(80)	(5,982)	(1,445,164)
Amortisation	(554,365)	(235,164)	(8,716)	(9,452)	(270,846)	(26,886)	(17,852)	(1,123,281)
Other changes	685							685
Balances as at 30 June 2021	4,690,709	590,125	13,704	582,072	1,391,303	241,916	147,646	7,657,476

The increase in the "Buildings (lease)" item is mainly due to the right of use of the new building in Cologno.

The value of the disposals reported under the item "Buildings (lease)" mainly refers to the recalculation of the value of the right of use as at 30 June 2021 of the Milan lease.

Investments in the "Electronic machinery" category mainly refer to the purchase of computer systems and hardware to bolster productive capacity.

The increases in the "Vehicles (lease)" category relate to Group's vehicle fleet.

7.4. Sundry receivables and other non-current assets

“Sundry receivables and other non-current assets” as at 30 June 2021 amounted to € 14,518,914 compared with € 227,066 as at 31 December 2020. The increase in the first half of 2021 refers mainly to a financial investment in the share capital of Banca del Fucino of € 14.3 million.

7.5. Deferred tax assets/liabilities

The breakdown of deferred tax assets and liabilities as at 30 June 2021, compared to the figures as at the end of 2020, is shown below:

	Balances as at 30 June 2021	Balances as at 31 December 2020	Change
Deferred tax assets	1,749,763	2,072,381	(322,619)
Deferred tax provision	(1,651,335)	(1,864,250)	212,915
Total	98,427	208,131	(109,704)

Deferred tax assets mainly refer to the Revenue Recognition according to IFRS 15 of the licences of Boeing and American Airlines with respect to the criteria adopted for tax purposes in the relevant foreign jurisdiction.

The deferred tax provision mainly refers to the recognition of deferred taxes on assets recognised in 2016 with the acquisition of PACE (Customer List and Intellectual Property), in 2018 with the acquisition of Cheleo (Customer List) and of TXT Risk Solutions (Intellectual Property), with the acquisition in 2019 of the Assioma Group and of HSPI e Mac Solutions S.A. (Customer List) in 2020.

The total net change of € 109,704 is the result of different movements: a) provision for deferred tax assets on revenues deriving from the application of the new international accounting standard IFRS 15; b) deferred taxation on the assets acquired during the year.

Not all changes in equity were offset by the income statement. For further details, reference should be made to note 7.11 on shareholders' equity and note 8.7 taxes in the income statement.

As at 30 June 2021, at Group level, tax losses totalled € 2,283 thousand, unlimitedly carried forward and entirely referable to the German subsidiary, for which no deferred tax assets were allocated, which would have amounted to € 689 thousand.

7.6. Contractual assets

Contractual Assets as at 30 June 2021 amounted to € 5,862,459, an increase of € 1,113,371 compared to 31 December 2020.

Contract work in progress are recognised on the basis of the percentage of completion method (over time method), adopting the incurred cost method for each contract. This is mainly attributable to the Parent Company, and relates to a multitude of projects.

7.7. Trade receivables

Trade receivables as at 30 June 2021, net of the provision for bad debts, amounted to € 32,605,351, down by € 2,805,452 compared with 31 December 2020.

The average DSO for the first half of 2021 is slightly improved compared to the end of the previous year due to effective credit recovery actions.

The item is detailed in the table below:

Trade receivables	30 June 2021	31 December 2020	Change
Gross value	33,227,480	35,999,872	(2,772,392)
Provision for bad debts	(622,129)	(589,069)	(33,059)
Net value	32,605,351	35,410,803	(2,805,451)

The provision for bad debts changed as follows over the period:

Provision for bad debts	30 June 2021
Opening amount	(589,069)
Allocation	(43,551)
Release	10,491
Closing amount	(622,129)

The breakdown of trade receivables between falling due and past due as at 30 June 2021, compared to 31 December 2020, is shown below:

Due date	Total	Coming due	Past due	
			0-90 days	More than 90 days
30 June 2021	32,605,351	22,728,404	6,960,059	2,916,888
31 December 2020	35,410,803	23,597,405	7,180,535	4,632,863

Considering the breakdown of the receivables portfolio and, in particular, the concentration of receivables on large customers, Management believes that the allowance for doubtful accounts at 30 June 2021 is adequate.

7.8. Sundry receivables and other current assets

The item "Sundry receivables and other current assets", which included receivables for funded research, tax and other receivables, as well as accrued income and prepaid expenses, amounted to € 6,402,343 as at 30 June 2021, compared to € 5,782,068 as at 31 December 2020. The breakdown is shown below:

Sundry receivables and other current assets	30 June 2021	31 December 2020	Change
Receivables for research grants	2,192,352	1,724,494	467,858
Tax receivables	1,150,969	1,315,339	(164,370)
Other receivables	649,642	821,049	(171,407)
Other current assets	2,409,380	1,921,187	488,193

Total	6,402,343	5,782,069	620,274
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The item “receivables for research grants” includes receivables for research financed by various institutes relating to contributions to expenditure to support research and development activities, subject to specific grant competitions; such grants will be disbursed upon completion of the development stages for the projects concerned. The balance is up compared to the previous year, mainly due to the I-MOLE project.

Other receivables amounted to € 649,642, down by € 171,407. The item includes the VAT credit for an amount of € 209,326.

Other current assets, amounting to € 2,409.380, consist of accrued income and prepaid expenses (adjustments of costs paid in advance not pertaining to the period) and other contractual assets.

7.9. Financial instruments at fair value

As at 30 June 2021, this item included Financial instruments at fair value of € 53,637,502. In particular, the net change with respect to 31 December 2020 is attributable primarily to the partial disinvestments carried out in the period.

They consist of investments in multi-segment life insurance contracts with partially guaranteed capital for a fair value of € 45,244,699, bond loan for € 543,732 and treasury management for € 7,849,071.

The figure reported by the issuer was adopted as confirmation of the fair value, where possible (level 1 instruments) comparing this with the market values.

7.10. Cash and cash equivalents

The Group's cash and cash equivalents amounted to € 12,941,598 (€ 11,932,508 as at 31 December 2020). Please refer to the statement of cash flows for details about cash flow generation and changes.

The main impacts, aside from the operating flow in the year, concern:

- disinvestment in financial instruments (note 7.9)
- operations in treasury shares (note 7.11)

Cash and cash equivalents refer to ordinary current accounts held with Italian banks, amounting to € 9,820,717, as well as with foreign banks for € 3,108,628.

Cash and cash equivalents are not subject to any constraints, and there are no monetary or other types of restrictions on their transferability in Italy.

7.11. Shareholders' equity

The Group's shareholders' equity amounted to € 86,050,473 and the minority shareholders' equity amounted to € 233,032 for a total of € 86,283,505.

The company's share capital as at 30 June 2021 consisted of 13,006,250 ordinary shares with a par value of € 0.5, totalling € 6,503,125.

The reserves and retained earnings include the legal reserve (€ 1,300,625), the share premium reserve (€ 12,558,024), the merger surplus reserve (€ 1,911,444), the reserves for actuarial differences on post-employment benefits (negative € 1,022,428), the "Cash flow hedge reserve" (negative by € 70,086 net of the related tax effect), the translation reserve (€ 44,326), the reserve for stock options (€ 61,857) and reserves for retained earnings (€ 62,764,354).

Description	Free	Required by Law	Established by Shareholders' Meeting	TOTAL
Share premium reserve	12,558,024	-	-	12,558,024
Legal reserve	-	1,300,625	-	1,300,625
Merger surplus	-	-	1,911,444	1,911,444
Reserve for actuarial differences on post-employment benefits	-	-	(1,022,428)	(1,022,428)
IRS Fair Value	(70,086)	-	-	(70,086)
Reserve for retained earnings	-	-	62,764,354	62,764,354
Stock option reserve	-	-	61,857	61,857
Translation reserve	-	-	(44,327)	(44,327)
Total	12,487,937	1,300,625	63,670,900	77,459,463

Incentive plans

The Shareholders' Meeting held on 18 April 2019 approved a stock option plan for the Group's executive directors and senior managers, involving up to 600,000 shares subject to the achievement of specific performance objectives, such as performance of revenues, profit or specific individual performance objectives.

On 27 May 2019, the Board of Directors, upon favourable opinion by the Remuneration Committee, assigned 135,000 options for the purchase of an equal number of shares of the company to 8 individuals, comprising executive directors, managers with strategic responsibilities and other directors and managers of the Group, for the period 2019-2021, at the exercise price of € 8.67.

During the year, 54,000 options were cancelled following the exit of three Group executives:

S.G. PLAN 2019–2021			
Options	2019	2020	2021
(i) Outstanding at the start of the year/period	0	135,000	108,000
(ii) granted during the year/period	135,000	0	0
(iii) forfeited during the year/period	0	(27,000)	(54,000)
(iv) exercised during the year/period	0	0	0
(v) expired during the year/period			
(vi) outstanding at the end of the year/period	135,000	108,000	54,000
(vii) exercisable at the end of year/period	0	0	54,000

Treasury shares

In first half of 2021, the share price of TXT e-solutions S.p.A. reached a high of € 8.42 on 9 June 2021 and a low of € 6.76 on 19 March 2021. As at 30 June 2021, the share price was € 7.78.

Average daily trade volumes in the first quarter of 2021 amounted to 31,461 shares, showing a growth compared to the average of 24,916 shares in 2020.

As at 30 June 2021, 1,302,272 treasury shares were held (1,401,429 as at 31 December 2020), accounting for 10,01% of shares outstanding, at an average carrying amount of € 3.47 per share. In the first half of 2021, 30,340 shares were purchased at an average price of € 7.77.

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.

7.12. Non-current financial liabilities

“Non-current financial liabilities” amounted to € 23,089,769 (€ 27,398,339 as at 31 December 2020).

Non-current financial liabilities	30 June 2021	31 December 2020	Change
Payable for Assioma Earn-Out	1,603,824	1,592,352	11,472
Debt Guaranteed Price	526,060	496,339	29,721
WKS put-call payable	2,736,852	2,713,526	23,326
TXT RISK put/call payable	186,703	142,000	44,703
Bank loans	13,920,809	18,671,170	(4,750,361)
Non-current monetary flow swaps	139,952	203,099	(63,147)
Non-current payables to suppliers for leasing	3,975,570	3,579,852	395,718
Total non-current financial liabilities	23,089,769	27,398,339	(4,308,569)

This item includes: a) the payable for € 1,603,824 for the earn-out to be paid to Assioma shareholders on verification of the contractual conditions; b) the valuation of the payable for the Put-

Call option for € 2,736,852 for the acquisition of TXT Working Capital Solutions S.r.l., as an estimate of the additional outlay for exercising the put-call option in the period 2021-2025 for the purchase of the remaining 40% of the interest in the company; c) the non-current portion of bank loans entered into in the previous years for € 13,920,809; d) the payable for the hedging against interest rate risk (fair value Interest Rate Swap) for € 139,952; e) the non-current portion of the financial debt of € 3,975,570 pursuant to IFRS 16; f) the liability related to the Restricted Share Price Adjustment for the acquisition of HSPI S.p.A.; g) the valuation of the Put/Call related to the acquisition of TXT Risk Solutions S.r.l. as an estimate of the disbursements for the purchase of the residual minority interest.

Note that to calculate the present value of the liabilities related to the lease agreements within the scope of IFRS 16, in the absence of a readily available implicit rate, the present value of the liabilities was determined using the Group's marginal lending rate, taking into account the duration, amount funded and underlying asset for each type of contract. The Group has established that the differences between the rates to be applied for the different contract categories do not lead to significant differences in impact.

The loans referred to in point c) consist of:

- A loan for € 20,000,000.00 at a 3-month EURIBOR floating rate (360) + 0.53% spread, granted to the parent company on 01.08.2018 by UNICREDIT S.P.A.. A derivative product was taken out on the same loan to protect the floating rate, setting it at 0.17% per annum. As at 30 June, the residual portion amounted to € 11,028,450, the non-current portion was € 7,026,170.
- A loan for € 10,000,000.00 at a 3-month EURIBOR floating rate (360) + 0.60% spread, granted to the parent company on 27.07.2018 by BANCA NAZIONALE DEL LAVORO S.P.A.. A derivative product was taken out on the same loan to protect the floating rate, setting it at 0.08% for a quarter. As at 30 June, the residual portion amounted to € 5,500,000, the non-current portion was € 3,500,000.
- A loan for € 10,000,000.00 at a fixed rate of 0.50%, granted to the parent company on 01.08.2018 by UNIONE DI BANCHE ITALIANE S.p.A.. As at 30 June, the residual portion amounted to € 4,690,008, the non-current portion was € 2,015,024.
- A loan for € 1,700,000 at a 3-month EURIBOR floating rate (360) + 1% spread, granted to Assioma.Net S.r.l. on 01.10.2018 by BANCA NAZIONALE DEL LAVORO S.P.A.. A derivative product was taken out on the same loan to protect the floating rate, setting it at 0.68% for a quarter. As at 30 June, the residual portion amounted to € 1,345,833, the non-current portion was € 1,062,450.
- A loan for € 1,100,000 at a 3-month EURIBOR floating rate (360) with a minimum of 1%, granted to Assioma.Net S.r.l. on 17.07.2019 by BANCA NAZIONALE DEL LAVORO S.P.A.. A derivative product was taken out on the same loan to protect the floating rate, setting it at -0.20% for a quarter. As at 30 June, the residual portion amounted to € 641,666, the non-current portion was € 275,000.
- A loan for € 500,000 at a 3-month EURIBOR floating rate (360) + 0.75% spread, granted to Assioma.Net S.r.l. on 29.06.2017 by BANCA NAZIONALE DEL LAVORO S.P.A.. As at 30 June, the current residual portion amounted to € 62,500.

- A loan for € 800,000 at a fixed rate of 1.00%, granted by INTESA SANPAOLO S.P.A.. As at 31 December 2020, the residual current portion amounted to € 267,555.
- A loan for € 500,000, interest rate fixed portion 1.10%, variable portion EURIBOR 3 months (360) - 0.32%, granted on 27.06.2019 by INTESA SANPAOLO S.P.A.. A derivative product was taken out on the same loan to protect the floating rate, setting it at 0,15% per annum. As at 31 December 2020, the residual portion amounted to € 209,754, the non-current portion was € 42,114.

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

- 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;
- negative pledge commitments under which the company cannot create real rights of guarantee or other restrictions on company assets;
- "*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;
- limitations to the extraordinary transactions that the company can carry out, if exceeding certain thresholds;
- some obligations toward the issuers, which may make the distribution of reserves or capital, inter alia, subject to prior notification to and consent by the lending party; certain extraordinary transactions; certain transactions for the transfer or assignment of its assets.

The measurement of financial covenants and other contractual obligations is constantly monitored by the Group (annually). These were respected at the measurement date.

Details are presented below:

UNICREDIT S.P.A. Loan	30.06.2021	31.12.2020	Change
Maturity 1-5 years	7,026,170	9,028,460	(2,002,289)
Maturity more than 5 years			
Total	7,026,170	9,028,460	(2,002,289)

BANCA NAZIONALE DEL LAVORO S.P.A. Loan	30.06.2021	31.12.2020	Change
Maturity 1-5 years	3,500,000	4,500,000	(1,000,000)
Maturity more than 5 years			
Total	3,500,000	4,500,000	(1,000,000)

UNIONE BANCHE ITALIANE S.P.A. Loan	30.06.2021	31.12.2020	Change
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Maturity 1-5 years	2,015,024	3,354,112	(1,339,088)
Maturity more than 5 years			-
Total	2,015,024	3,354,112	(1,339,088)

BANCA NAZIONALE DEL LAVORO (Assioma) Loan	30.06.2021	31.12.2020	Change
Maturity 1-5 years	1,337,500	1,591,667	(254,167)
Maturity more than 5 years		70,833	(70,833)
Total	1,337,500	1,662,500	325,000

INTESA Loan (HSPI)	30.06.2021	31.12.2020	Change
Maturity 1-5 years	42,115	126,098	(83,983)
Maturity more than 5 years			
Total	42,115	126,098	(83,983)

The table required by IAS 7 on changes in liabilities linked to financing activities is provided below.

	01.01.2021	Cash flows	Reclassify Current - Non-Current	Change in fair value	Interest	New funding	30.06.2021
Payable for WKS PUT/CALL option	2,713,526	-		-	23,326	-	2,736,852
Payable for TXT RISK Put/CALL option	142,000	-	160,000	(116,084)	788	-	186,704
Payable Guaranteed Price HSPI	496,339			29,721		-	526,060
Payable for Assioma Earn-Out	1,592,352	-	-	-	11,472		1,603,824
Obligations for financial leases and rental contracts with purchase option - NON-current	3,579,850	-	(2,094,896)	-	-	2,490,614	3,975,568
Interest-bearing loans and financing - NON-current	18,874,271	-	(4,750,362)	(63,147)	-	-	14,060,762
Total liabilities deriving from financial assets	27,398,338	-	(6,685,258)	(149,510)	35,586	2,490,614	23,089,769

7.13. Provision for post-employment benefits and other employee provisions

The "Provision for post-employment benefits and other employee provisions" item as at 30 June 2021 amounted to € 2,707,362, relating mainly to obligations to employees of the Italian companies of the Group.

The breakdown of and changes in the Post-employment benefits/Severance for end of term of office item over the period are presented below:

Provision for post-employment benefits and other employee provisions	31 December 2020	Provisions	Uses/Payments	Actuarial gains/losses and other	Financial income/charges	30 June 2021
Post-employment benefits	2,757,450	935,451	(904,048)	(82,656)	1,164	2,707,362
Provision for severance for end of term of office	-	-	-	-	-	-
Total provisions for employee benefits	2,757,450	935,451	(904,048)	(82,656)	1,164	2,707,362

Post-employment benefits for personnel of € 2,707,362 as at 30 June 2021 (€ 2,757,450 as at 31 December 2020) were measured as a defined benefit provision.

Below is the reconciliation of the provision for post-employment benefits based on statutory regulations with respect to the value recorded in the financial statements in accordance with the international accounting standard IAS 19:

	June 2021	31 December 2020
Provision for post-employment benefits	2,485,206	2,406,535
Current cost	(47,267)	(20,304)
Financial charges	1,164	7,171
Actuarial differences	(82,656)	32,810
Actuarial differences following acquisitions	-	137,289
Retained earnings	350,915	193,949
DBO (Defined Benefit Obligation)	2,707,362	2,757,450

To calculate the present value of post-employment benefits, the following assumptions regarding the future trends in the variables included in the algorithm have been used:

- The probability of death was estimated based on the census of the Italian population by age and gender taken in 2000 by ISTAT [Italy's National Institute for Statistics], reducing it by 25%.
- The probability of removal due to total and permanent disability of the employee, such as becoming disabled and leaving the company, was estimated based on disability tables currently used in the reinsurance sector, differentiated by age and gender.
- The retirement age of a generic worker was estimated assuming that the first retirement requirement for the purpose of obtaining the Mandatory General Insurance was satisfied and that the employees started paying into INPS [Italy's Social Security Institute] no later than 28 years of age. This measurement accounts for the changes to the retirement age introduced by the Monti reform in late 2011.
- As for the probability of termination of employment due to resignations and dismissals, as at the measurement date an annual 8% staff turnover rate was calculated.
- As for the probability of requests for advance payment of benefits in the reference companies, an annual 2.00% advance payment rate was estimated, with advance payments amounting to 70% of the post-employment benefits outstanding held with the company.

The estimated trend in salaries of an annual nominal all-inclusive 2% has only an impact on the valuation for the companies AssioPay, Cheleo and HSPI. Future salaries do not have an impact on the valuation of TXT and Assioma.Net.

The estimated inflation rate used for measurement purposes was 1.0% per year.

The discount rate used for the valuations was 0.7884% per year, i.e. the rate on Bonds issued by AA-rated European Companies as at 30 June 2020 with maturities of between 7 and 10 years. The average duration of the liability was calculated at 11.71 years.

The table below shows the potential impact on post-employment benefits of the increase/decrease of certain “key” variables used for the actuarial calculation, and the consequent absolute values of the liability in alternate scenarios compared to the base scenario (which resulted in a carrying amount of € 2,707,362):

Sensitivity analysis as at 30 June 2021		% Change in liabilities (DBO)			
Type of change for the specific assumption	De-crease	Increase	Decrease	Increase	
Decrease or increase of 50% in company staff turnover	3.01%	-2.14%	2,788,853	2,649,424	
Decrease or increase of 50% in frequency of advance payments	0.21%	-0.14%	2,713,047	2,703,571	
The reduction or increase of 25 basis points in inflation	-0.73%	0.74%	2,687,598	2,727,396	
Reduction or increase of 25 basis points in the discount rate	1.36%	-1.32%	2,744,182	2,671,625	

7.14. Provisions for future risks and charges

“Provisions for future risks and charges” as at 30 June 2021 amounted to € 118,905 and mainly includes provisions for contingent liabilities of a contractual nature.

7.15. Current financial liabilities

The “current financial liabilities” item amounted to € 32,349,999 (€ 30,634,968 as at 31 December 2020).

Current financial liabilities	30 June 2021	31 December 2020	Change
Bank loans	30,264,136	28,181,251	2,082,885
IFRS 16 loans	1,285,862	1,493,718	(207,856)
TXT RISK Put/Call option	-	160,000	(160,000)
Short term Assioma Earn-Out	800,000	800,000	-
Total current financial liabilities	32,349,999	30,634,968	1,715,029

The item Bank loans, amounting to € 30,264,136, includes:

- the short-term portion of medium/long-term loans, and in particular primarily includes the following:

- € 4,002,278 on the loan granted by UNICREDIT S.P.A.
- € 2,674,983 on the loan granted by UNIONE BANCHE ITALIANE S.P.A.
- € 2,000,000 on the loan granted by BANCA NAZIONALE DEL LAVORO S.P.A.
- Short-term payables due to banks/hot money of € 19.900.000
- € 712.500 on the loan granted by BANCA NAZIONALE DEL LAVORO S.P.A. for the Assioma Group
- € 435,196 on the loans granted by INTESA SAN PAOLO for HSPI S.p.A.
- € 539,178 relating to advances on invoices for HSPI S.p.A.

The short-term Earn-Out of Assioma includes the portion of € 800,000 maturing in September 2021.

The IFRS16 Loans item includes the € 1,285,862 payable to the Lessees due to the application of IFRS 16, relating to the amount due within 12 months.

The table required by IAS 7 on changes in liabilities linked to financing activities is provided below.

	01.01.2021	Other changes	Cash flows	Reclassify Current – Non-Current	Interest	New loan agreements	30.06.2021
Interest-bearing loans and borrowings – current portion	10,281,251	-	(5,148,783)	4,750,362	(57,871)	539,178	10,364,136
"Hot Money"	17,900,000	-	-	-	-	2,000,000	19,900,000
Assioma put-call payable	800,000	-	-	-	-	-	800,000
Obligations for financial leases and rental contracts – current portion	1,493,719	(1,427,113)	(900,450)	2,094,896	24,809	-	1,285,862
RISK Put/Call Payable	160,000	-	-	(160,000)	-	-	-
Total liabilities deriving from financial assets	30,634,968	(1,427,113)	(6,049,233)	6,685,258	(33,062)	2,539,178	32,349,998

7.16. Trade payables

Trade payables amounted to € 3,782,769 as at 30 June 2021 and decreased by € 393,411 compared to 31 December 2020. Payables due to suppliers are of a trade, non-interest bearing nature and are due within twelve months.

7.17. Tax payables

Tax payables as at 30 June 2021 amounted to € 3,971,886 and mainly related to the income tax liability of the Parent Company and other Group companies, net of advances paid during the year.

7.18. Sundry payables and other current liabilities

Sundry payables and other current liabilities amounted to € 18,454,408 as at 30 June 2021, compared with € 17,351,970 as at 31 December 2020, as detailed in the table below:

Sundry payables and other current liabilities	30 June 2021	31 December 2020	Change
Other payables	1,210,311	1,586,186	(375,875)
Accrued expenses and deferred income	5,971,958	4,286,727	1,685,231
Advance payments for multi-year orders	2,532,811	4,151,971	(1,619,160)
Payables due to social security institutions	1,806,357	1,860,972	(54,615)
Payables due to employees and external staff	6,932,971	5,466,112	1,466,859
Sundry payables and other current liabilities	18,454,408	17,351,970	1,102,440

“Other payables” mainly included the payables due to taxation authorities for withholding taxes on salaries of employees and external staff, VAT payables, and payables on cost accounting of ongoing projects and funded research projects.

The item “Accrued expenses and deferred income” essentially referred to adjustments to maintenance and service invoices made to recognise only revenues for the period.

The item “Advance payments from customers for professional services” included the advance payments received from customers against orders currently being processed.

The item “Payables due to employees and external staff” included payables for wages and salaries relating to June 2021 as well as payables due to employees for unused annual leave.

8 Income Statement

8.1 Total revenues and other income

Consolidated revenues and other income for the first half of 2021 amounted to € 43,699,251, up 36.1% compared with the first half of the previous year, as detailed below:

	30 June 2021	30 June 2020	Change	% change
Revenues and other income	43,699,251	32,108,628	11,590,623	36.1%
Total	43,699,251	32,108,628	11,590,623	36.1%

A breakdown of revenues into categories, that essentially reflect how their nature, total, distribution over time and any uncertainties affect the recognition of revenues and related cash flows, as well as the analysis of changes and performance compared to the first half of the previous year, is described in the “*Directors’ Report on Operations for H1 2021*”, to which reference should be made for further details.

8.2 Purchases of materials and external services

Purchases of materials and external services for the first half of 2021 amounted to € 9,510,366, up from the first half of 2020, when they totalled € 6,649,747.

The item is detailed below:

	30 June 2021	30 June 2020	Change
Consumables and resale items	1,252,581	729,019	523,562
Technical consulting	4,967,016	3,394,794	1,572,222
Travel expenses	322,451	411,684	(89,233)

Utilities	301,878	243,722	58,156
Media & marketing services	98,913	136,123	(37,210)
Maintenance and repair	521,645	506,973	14,672
Canteen and ticket services	571,648	220,921	350,727
Administrative and legal services	124,602	67,170	57,431
Directors' fees	601,885	592,033	9,852
Subcontractors	7,846	9,444	(1,598)
Others	739,902	337,864	402,038
Total	9,510,366	6,649,747	2,860,619

As a percentage of consolidated revenues, costs for purchasing materials and services were 21.76%, about 1% higher than the previous year (20.71% as at 30 June 2020).

The item, which recorded the biggest increase, is connected with IT and administrative consulting activities.

8.3 Personnel costs

Personnel costs for the first six months of 2021 amounted to € 28,584,762, up € 7,008,939 (32%) compared to the first half of 2020.

This item also includes personnel reorganisation costs of € 276 thousand; for further details refer to the Directors' Report on Operations.

The employees of the TXT e-solutions Group, excluding directors and external consultants, numbered 1,064 units as at 30 June 2021 (996 as at 31 December 2020), marking an increase of 68 employees compared to December 2020.

The table below shows the breakdown of employees by level:

	Office workers	Managers	Executives	Total
31.12.2019	726	52	8	786
31.12.2020	907	69	20	996
30.06.2021	970	71	23	1,064

8.4 Other operating costs

The item "other operating costs" in the first half of 2021 amounted to € 217,494, up € 25,998 compared to the corresponding period in 2020.

This item mainly included expenses for miscellaneous rentals, not recognised in the accounts according to IFRS 16 and sundry operating costs (including contingent liabilities and deductible taxes).

	30 June 2021	30 June 2020	Change
Other expenses and extraordinary income adjustments	86,403	45,115	41,288
Rental expense for motor vehicles	16,974	18,990	(2,016)
Other tax (other than income tax)	29,645	16,120	13,525
Contingent liabilities	25,397	54,579	(29,182)
Other lease and rental expense	29,649	34,442	(4,793)
Fines and penalties	6,040	74	5,966
Magazine and subscription expenses	23,386	22,176	1,210
Total	217,494	191,496	25,998

8.5 Depreciation, amortisation and impairment

Depreciation, amortisation and impairment amounted to € 1,967,316 as at 30 June 2021, up € 377,397 compared to the corresponding period of the prior year.

They have been calculated based on the useful life of the asset or the capitalised cost and its use in the production phase.

The increase is mainly due to the consolidation of the subsidiaries Mac Solutions SA and HSPI.

8.6 Financial income and charges

The positive balance of financial income and charges amounted to € 270,509 as at 30 June 2021, compared with a positive balance of € 891,747 at the end of the first half of 2020. Financial income also includes the result from the management of liquidity invested in financial instruments, which was overall positive in the first six months. In the first half of last year, under financial income, as non-recurring items and with a greater net impact on the item, to be noted is the adjustment of the fair value of the liability linked 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 redetermined at € 5.1 million based on the agreements subsequently defined between the parties.

8.7 Income taxes

Income taxes as at 30 June 2021 were equal to € 1,618,931, detailed as follows:

	30 June 2021	30 June 2020	Change
Total current taxes	1,513,468	570,224	943,244
Total deferred tax assets	318,378	(146,653)	465,031
Total deferred tax liabilities	(212,915)	(160,132)	(52,783)
Total taxes	1,618,931	263,439	1,335,492

Deferred tax assets and liabilities correspond to the change in the respective balance sheet items with the exception of those that did not have an impact on the income statement, such as those relating to the value of cash flow hedging instruments linked to interest on loans.

In the first half of 2021, taxes accounted for 44%. 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. In the current half-year, the tax rate is high due to the tax losses at Group level, attributable to the German subsidiary, for which no deferred tax assets have been allocated (Note 7.5).

Please refer to the "Directors' Report on Operations for H1 2021 at 30 June 2021" for more details.

9 Seasonality of operating segments

The segments in which the TXT e-solutions Group operates are not subject to any seasonality as far as operations are concerned.

10 Transactions with related parties

For the Group, related parties are:

- a) 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.
- b) Associates of TXT e-solutions S.p.A.
- c) The joint ventures in which TXT e-solutions S.p.A. holds an interest.
- d) Managers with strategic responsibilities of TXT e-solutions S.p.A. or one of its parent companies.
- e) Close family members of the parties as per the above points a) and d).
- f) 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.
- g) 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 June 2021	Receivables	Payables	Costs	Revenues
Directors and key management personnel	-	237,458	299,110	-
Total as at 30 June 2021	-	237,458	299,110	-

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

Financial transactions

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

As at 30 June 2021	Receivables	Payables	Charges	Income
Laserfin S.r.l.	-	2,238,163	-	-
Total as at 30 June 2021	-	2,238,163	-	-

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

11 Net financial position

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 June 2021 is as follows:

Amounts in €	30.06.2021	31.12.2020	Change
Cash and cash equivalents	12,941,598	11,932,508	1,009,091
Financial instruments at fair value	53,637,502	68,160,917	(14,523,414)
Current financial assets	-	-	-
Current bank loans	(30,264,136)	(28,181,251)	(2,082,885)
Liabilities related to acquisitions (PUT/CALL - Earn-Out)	(800,000)	(960,000)	160,000
Current financial liabilities - IFRS 16	(1,285,862)	(1,493,718)	207,856
Other short-term financial payables	-	-	-
Short-term financial indebtedness	34,229,102	49,458,456	(15,229,354)
Non-current financial liabilities - IFRS 16	(3,975,570)	(3,579,852)	(395,718)
Non-current bank loans	(14,060,760)	(18,874,269)	4,813,509
Liabilities related to acquisitions (PUT/CALL - Earn-Out)	(5,053,438)	(4,944,217)	(109,221)
Trade payables and other non-current payables	-	-	-
Non-current financial indebtedness	(23,089,769)	(27,398,339)	4,308,570

Net financial position	11,139,334	22,060,117	(10,920,784)
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For additional information on changes in the Group's Net Financial Position, see the "Directors' Report on Operations at 30 June 2021".

12 Other significant events in the year and subsequent events

Please refer to the paragraph "*Significant events after the reporting period and outlook*" included in the Directors' Report on Operations.

13 Certification of the condensed half-yearly consolidated financial statements

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 half-yearly financial statements as at 30 June 2021.

The assessment of the adequacy of the administrative and accounting procedures for the preparation of the condensed consolidated half-yearly financial statements as at 30 June 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, which represents a reference framework that is generally accepted at an international level.

We also certify that the condensed consolidated half-yearly financial statements as at 30 June 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 half-yearly Report on Operations includes a reliable analysis of the important events that occurred in the first six months of the year and how they affected the condensed half-yearly financial statements, as well as a description of the main risks and uncertainties for the remaining six months. The half-yearly Report on Operations also includes a reliable analysis of the information on significant transactions with related parties.

Manager responsible for preparing corporate
accounting documents

Chairman of the Board of Directors

Eugenio Forcinito

Enrico Magni

Milan, 5 August 2021

