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TXT e-solutions: results of the first 9 months of 2021

Revenues € 66.7 million (+39.5%)

EBITDA € 8.8 million (+43.1%)

Operational profit (EBIT) € 5.4 million (+58.7%)

Positive Net financial position (Cash) of € 3.5 million

- Revenues € 66.7 million (+39.5%), of which € 6.3 million from software and € 60.4 million from projects and specialist consultancy
- EBITDA € 8.8 million (+43.1%) after significant investments in research and development in proprietary products (€ 5.1 million) and after increasing commercial efforts (€ 6.5 million, +12.6%)
- Operational profit (EBIT) € 5.4 million (+58.7%)
- Net profit € 4.1 million (+14.5%)
- Positive Net Financial Position (Cash) of € 3.5 million to support the Group's accelerated growth through investment in proprietary solutions and strategic acquisitions.

Milan, 8 November 2021 – 17:35

The Board of Directors of TXT e-solutions, chaired by Enrico Magni, today approved the operating results as of September 30, 2021.

"2021 - as well as another year of extraordinary growth for TXT - is a year of important confirmations regarding the solidity, prospects and ambitions of our Group," comments Chairman Enrico Magni. "We are very proud of the results achieved and the forecasts for the fourth quarter, which allow us to pursue with great positivity and determination our investment plan in specialised proprietary solutions and in strategic acquisitions to increase our positioning in different markets in different geographies, increasing TXT's value and profitability".



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The main income statement and balance sheet results for the first nine months of 2021 were as follows:

Revenues amounted to € 66.7 million, an increase of 39.5% compared to € 47.8 million in the first nine months of 2020, of which € 1.7 million was due to the consolidation of Tera-tron GmbH from the date of acquisition. On a like-for-like basis, i.e., excluding Teratron GmbH, which was acquired in July 2021, and HSPI, which was acquired in October 2020, revenues grew by 8% despite the challenges posed by the pandemic crisis.

The Aerospace, Aviation and Automotive Division had revenues of € 37.1 million, +20.9% compared to the first nine months of 2020, of which € 1.7 million from the consolidation of TeraTron and € 4.7 million from organic development.

The Fintech Division had revenues of € 29.6 million, up 73.0% compared to the first nine months of 2020, of which € 10.5 million was due to the consolidation of HSPI.

EBITDA was € 8.8 million, +43.1% compared to the first nine months of 2020 (€ 6.1 million), after significant investments in sales and research and development for proprietary products fully expensed in the current financial year. EBITDA percentage increased to 13.1% compared to 12.8% in the first nine months of 2020.

Operating profit (EBIT) was € 5.4 million, +58.7% compared to the first nine months of 2020 (€ 3.4 million). Depreciation and amortisation on property, plant, equipment and intangible assets amounted to € 3.0 million, an increase of € 0.7 million compared with the first nine months of 2020 due to the consolidation of acquisitions in 2020 and 2021.

Financial income was € 0.3 million compared to € 1.2 million in the first nine months of 2020. Financial income attributable to the management of financial investments amounted to € 0.3 million, broadly in line with the first nine months of 2020 (€ 0.3 million at 30 September 2020). Financial income at 30 September 2020 included, as a non-recurring item, the fair value adjustment of the liability of € 0.8 million related to the acquisition of the ownership interest in the remaining 21% of the capital of the German subsidiary PACE GmbH.

Net profit was € 4.1 million, up from € 3.6 million in the first nine months of 2020. In the first nine months of 2021, the tax rate was 27.6%. In 2020, the effective tax rate was particularly low due mainly to the permanent difference linked to the € 0.8 million capital gain



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on the PACE GmbH put-call exercised in June 2020 and the deferred tax assets linked to revenues from the application of the new international accounting standard IFRS 15.

The consolidated **Net Financial Position** as of 30 September 2021 was positive by € 3.5 million, a decrease of € 18.6 million compared to 31 December 2020 (€ 22.1 million). The decrease is mainly attributable to the acquisition of Banca del Fucino for € 14.3 million, the acquisition of the minority interest in AssioPay Srl (€ 1.0 million) and the acquisition of 100% of TeraTron (€ 10.1 million).

Consolidated **shareholders' equity** amounted to € 88.8 million, up € 3.3 million compared to the figure as of 31 December 2020 (€ 85.5 million).

Treasury shares at 30 September 2021 were 1,243,372 (1,401,429 as of 31 December 2020), representing 9.56% of the issued shares, at an average carrying value of EUR 3.28 per share.

In the third quarter of 2021, revenues amounted to € 23.0 million, an increase of 46.5% compared to the third quarter of 2020 (€ 15.7 million). HSPI revenues amounted to € 3.3 million. EBITDA in the third quarter of 2021 was € 3.1 million, an increase of +49.0% compared with the third quarter of 2020 (€ 2.1 million). The margin on revenue was 13.4% compared with 13.2% in the third quarter of 2020. The € 0.5 million growth in EBITDA was due to the contribution of HSPI.

"We are building a prestigious and diversified portfolio of proprietary skills and platforms, with innovative solutions selected by a growing number of large global companies," continues Daniele Misani, CEO of TXT Group. "With a highly specialised international team, we are reinforcing our position in the digital innovation market, in a process of continuous improvement demonstrated by the constant increase in volumes and brands".

On 9 November 2021 at 11:00 a.m. (CEST) a conference call will be held during which CEO Daniele Misani will present and comment on the results for the first nine months of 2021. The registration form for the conference call is available on the Company's website www.txtgroup.com under the tab "Financial News & Calendar".

Subsequent events and business outlook

The resilience of the TXT model, based on a strategy of diversification, a solid order book and the ability to react to the new scenario, has enabled the Group to react in a timely



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manner to the current context, which sees a slowdown in activities related to sectors particularly affected by the pandemic, such as, for example, the civil aviation sector, which is now showing encouraging signs of recovery.

In the Aerospace & Aviation division, growth in the defence segment continued in the fourth quarter of 2021, where our domestic and international customers continue to reward us with significant new orders. Positive signs were also seen in the civil aviation industry, operator segment, with the signing at the end of October 2021 of a new trial contract with one of the top five North American airlines for the supply of the Pacelab FPO product used for real-time optimisation of air routes to benefit airlines in terms of lower fuel consumption and operating cost savings. In the segment of aircraft with hybrid-electric or electric propulsion and eVTOLs, the execution of contracts with the main players in the segment linked to the TXT Pacelab suite tool continued successfully; in this regard, mention should be made of the contract signed in the third quarter of 2021 with Aerospace Technology Institute's (ATI) to support the UK government's important strategic initiative to reduce carbon emissions (Flyzero initiative).

With the acquisition and integration of TeraTron GmbH (consolidated from August 2021), the awarding of major funded research projects and the signing of new strategic partnerships with universities and government bodies, investments in diversification and innovation for the benefit of developing new solutions continue. In October 2021, a first contract was signed in the space sector with ESA (European Space Agency) for the development of innovative training systems in virtual reality.

In the Fintech division, investments in proprietary products continued in the fourth quarter of 2021. Notable for the FARADAY solution (compliance, AML) was the signing of an important contract with a leading international bank operating in Italy. The innovative platform "Polaris" developed and marketed by the fintech start-up TXT Working Capital Solutions continued to increase the number of users and the visibility of the solution. HSPI continues the process of awarding public tenders in the field of digital transformation in support of the Italian PNRR.

For the fourth quarter of 2021, TXT Group aims to continue to grow internally and externally, by diversifying its offerings and geographies, continuing the virtuous path taken in recent years with investments in sectors with a high intensity of innovative software and a business model of integrated services with high added value. The business plan provides for investing the liquidity, together with the treasury shares held, in new acquisitions that will



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enhance the innovative technologies and managerial skills of TXT. New acquisitions are already planned for the current quarter.

Declaration of the manager responsible for preparing the company's financial reports

The Manager responsible for preparing the company's financial reports, Eugenio Forcinito, declares, pursuant to Article 154-bis, paragraph 2 of Legislative Decree no. 58 of 24 February 1998, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

As of today, this press release is also available on the company's website www.txt-group.com.

TXT is an international IT Group, end-to-end provider of consultancy, software services and solutions, supporting the digital transformation of customers' products and core processes. With a proprietary software portfolio and deep expertise in vertical domains, TXT operates across different markets, with a growing footprint in Aerospace, Aviation, Defense, Industrial, Government and Fintech. TXT is headquartered in Milan and has subsidiaries in Italy, Germany, the United Kingdom, France, Switzerland and the United States of America. The holding company TXT e-solutions S.p.A, has been listed on the Italian Stock Exchange, STAR segment (TXT.MI),

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Consolidated income statement as of 30 September 2021

€ thousand	9m 2021	%	9m 2020	%	Var %
REVENUES	66,733	100	47,826	100	39.5
Direct costs	40,122	60.1	26,345	55.1	52.3
GROSS MARGIN	26,611	39.9	21,482	44.9	23.9
Research and Development costs	5,091	7.6	5,045	10.5	0.9
Commercial costs	6,481	9.7	5,755	12.0	12.6
General and Administrative costs	6,283	9.4	4,562	9.5	37.7
EBITDA	8,756	13.1	6,119	12.8	43.1
Depreciation	1,767	2.6	1,470	3.1	20.2
Amortization	1,280	1.9	919	1.9	39.3
Riorganization and Non Recurrent Costs	347	0.5	350	0.7	(1.0)
OPERATING PROFIT (EBIT)	5,362	8.0	3,379	7.1	58.7
Financial income (charges)	345	0.5	1,168	2.4	(70.4)
EARNINGS BEFORE TAXES (EBT)	5,707	8.6	4,546	9.5	25.5
Taxes	(1,576)	(2.4)	(939)	(2.0)	67.9
NET PROFIT	4,131	6.2	3,608	7.5	14.5



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Consolidated income statement for the third quarter 2021

€ thousand	Q3 2021	%	Q3 2020	%	Var %
REVENUES	23,034	100	15,718	100	46.5
Direct costs	13,037	0.6	8,258	0.5	57.9
GROSS MARGIN	9,997	43.4	7,461	47.5	34.0
Research and Development costs	1,778	7.7	1,331	8.5	33.5
Commercial costs	3,109	13.5	2,497	15.9	24.5
General and Administrative costs	2,016	8.8	1,555	9.9	29.6
EBITDA	3,093	13.4	2,076	13.2	49.0
Depreciation	644	2.8	495	3.1	30.0
Amortization	435	1.9	303	1.9	43.7
Riorganization and Non Recurrent Costs	71	0.3	0.4	0.0	n.s.
OPERATING PROFIT (EBIT)	1,943	8.4	1,278	8.1	52.1
Financial income (charges)	74	0.3	276	1.8	(73.0)
EARNINGS BEFORE TAXES (EBT)	2,018	8.8	1,553	9.9	29.9
Taxes	43	0.2	(676)	(4.3)	n.s.
NET PROFIT	2,061	8.9	878	5.6	134.8



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Consolidated profit and loss account

Income Statements as of September 30 th , 2021 (Euro)	30.09.2021	Related Parties	30.09.2020	Related Parties
Total Revenues and Income (Euro)	66,733,397		47,825,752	
TOTAL REVENUES AND INCOME (EURO)	66,733,397		47,825,752	
Purchases of material and services	(15,101,392)	-	(9,735,936)	(51,800)
Personnel costs	(42,848,431)	(435,468)	(32,021,365)	(399,405)
Other operating costs	(374,621)		(300,207)	
Amortizations, depreciations and write down	(3,046,945)		(2,390,331)	
OPERATING RESULT	5,362,009	(435,468)	3,377,913	
Financial Income/Charges	345,181		1,167,610	
PRE-TAX RESULT	5,707,190		4,545,523	
Income taxes	(1,575,792)		(937,701)	
NET INCOME	4,131,397		3,607,823	

Parent Company's Shareholders	4,150,760	3,444,859
Minority Interests	(19,363)	162,964
Profit per shares (Euro)	0.35	0.29



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Net financial position as of 30 September 2021

€ thousand	30.09.2021	31.12.2020	Var
Cash	24,078	11,933	12,145
Trading securities at fair value	48,589	68,161	(19,572)
Short term Financial Debts	(34,489)	(30,636)	(3,853)
Short term Financial Resources	38,179	49,458	(11,279)
Non current Financial Debts - Lessors IFRS 16	(3,877)	(3,580)	(297)
Other Non current Financial Debts	(30,799)	(23,818)	(6,981)
Non current Financial Debts	(34,676)	(27,398)	(7,278)
Net Available Financial Resources	3,503	22,060	(18,557)



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Consolidated balance sheet as of 30 September 2021

ASSETS (Euro)	30.09.2021	Related Parties	31.12.2020	Related Parties
NON CURRENT ASSETS				
Goodwill	35,303,067		30,431,313	
Definite life intangible assets	6,400,542		7,221,447	
INTANGIBLE ASSETS	41,703,609		37,652,760	
Buildings, plants and machinery	11,253,433		7,460,326	
TANGIBLE ASSETS	11,253,433		7,460,326	
Other non-current assets	14,502,638		227,066	
Deferred tax assets	1,970,891		2,072,381	
OTHER NON-CURRENT ASSETS	16,473,529		2,299,447	
CURRENT ASSETS (Euro)	69,430,571		47,412,533	
CURRENT ASSETS				
Contractual Assets	9,624,424		4,749,088	
Trade Receivables	29,355,383		35,410,803	
Other current assets	7,270,719		5,782,068	
Trading securities at fair value	48,589,461		68,160,917	
Cash and Cash Equivalent	24,078,436		11,932,508	
TOTAL CURRENT ASSETS	118,918,423		126,035,384	
TOTAL ASSETS	188,348,994		173,447,917	
EQUITY AND LIABILITIES (Euro)	30.09.2021	Related Parties	31.12.2020	Related Parties
SHAREHOLDERS' EQUITY				
Share capital	6,503,125		6,503,125	
Reserves	15,156,240		13,858,858	
Retained earnings	63,014,386		60,617,969	
Profit (Loss) for the period	4,150,760		4,474,067	
TOTAL SHAREHOLDERS' EQUITY (Group)	88,824,512		85,454,019	
Shareholders equity attributable to minority	426,669		409,158	
TOTAL SHAREHOLDERS' EQUITY	89,251,180		85,863,178	
NON CURRENT LIABILITIES				
Non-current financial liabilities	34,676,222	1,840,265	27,398,339	
Severance and other personnel liabilities	2,753,423		2,757,450	
Deferred tax liabilities	1,544,835		1,864,250	
Provisions for future risks and charges	118,905		118,905	
TOTAL NON CURRENT LIABILITIES	39,093,385	1,840,265	32,138,944	
CURRENT LIABILITIES				
Current financial liabilities	34,488,691	367,387	30,634,968	
Trade payables	3,852,778		4,176,210	
Tax Payables	2,902,367		3,282,649	
Other current liabilities	18,760,594	184,097	17,351,970	155,600
TOTAL CURRENT LIABILITIES	60,004,429	551,484	55,445,796	155,600
TOTAL LIABILITIES	99,097,814	2,391,749	87,584,740	155,600
TOTAL EQUITY AND LIABILITIES	188,348,994	2,391,749	173,447,917	155,600



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Consolidated cash flow statement

(Euro)	30 September 2021	30 September 2020
NET INCOME	4,131,397	3,607,823
Non cash costs for Stock Options	8,154	24,471
Financial interest paid	93,936	70,582
Variance Fair Value Financial Assets	(384,353)	(1,398,147)
Current income taxes	1,575,592	1,048,334
Variance in deferred taxes	(217,925)	(206,331)
Amortization, depreciation and write-downs	2,979,534	2,385,497
Other Changes	(2,136)	29,238
Cash flows generated by operations before working capital	8,184,199	5,561,467
(Increase) / Decrease in trade receivables	7,048,946	(4,890,023)
(Increase) / Decrease in inventories	(3,447,388)	(2,348,887)
Increase / (Decrease) in trade payables	(323,432)	(721,647)
Increase / (Decrease) in trade payables	(2,862,267)	1,447,191
Increase / (Decrease) in severance and other personnel liabilities	(4,027)	(1,208,084)
Changes in working capital	411,832	(7,721,450)
Paid income taxes	-	(172,000)
CASH FLOW GENERATED BY OPERATIONS	8,596,031	2,331,983
	<i>of which related parties</i>	
Increase in tangible assets	(353,610)	(1,579,702)
Increase in intangible assets	(397,010)	(620,383)
Capitalization of development costs	(93,491)	(16,422)
Capitalization of development costs	(282,800)	(265,352)
Decrease in tangible & intangible assets	13,609	54,511
Net Cash flow from acquisition	(8,940,918)	(4,578,435)
(Increase)/Decrease in trading securities	5,685,532	20,000,000
CASH FLOW GENERATED BY INVESTING ACTIVITIES	(4,015,078)	14,573,919
Proceeds from borrowings	17,205,588	10,000,000
(Repayment) of borrowings	(7,755,177)	(6,481,125)
(Repayment) of Leasing liabilities	(1,494,229)	(1,109,311)
Increase / (Decrease) in other financial credits	-	-
Increase / (Decrease) in other financial liabilities	-	-
Net change in financial liabilities	(95,118)	(5,861,138)
Dividends paid	(521,381)	-
Financial interests paid	(81,226)	(130,926)
Other changes in shareholders' equity	73,322	-
(Purchase)/Sale of Treasury Shares	226,575	(35,477)
CASH FLOW GENERATED BY FINANCIAL ACTIVITIES	7,558,368	(3,617,977)
	<i>of which related parties</i>	
INCREASE / (DECREASE) IN CASH	12,139,322	8,623,959
Difference in Currency Translation	6,606	(28,717)
CASH AT THE BEGINNING OF THE PERIOD	11,932,508	11,426,083
CASH AT THE END OF THE PERIOD	24,078,436	20,021,325