



SPAFID
CONNECT

Informazione Regolamentata n. 0439-109-2020	Data/Ora Ricezione 05 Novembre 2020 17:34:43	MTA - Star
---	--	------------

Societa' : TXT e-SOLUTIONS
Identificativo : 138856
Informazione
Regolamentata
Nome utilizzatore : TXTN02 - Favini
Tipologia : REGEM
Data/Ora Ricezione : 05 Novembre 2020 17:34:43
Data/Ora Inizio : 05 Novembre 2020 17:34:44
Diffusione presunta
Oggetto : TXT - Results of 9 months 2020

<i>Testo del comunicato</i>

Vedi allegato.

TXT e-solutions: double-digit growth in revenues and margins for the first 9 months of 2020

Resilient business, continuity in delivery and continuous investments in R&D and strategic acquisitions as pillars of growth

- Revenues € 47.8 million (+12.4%), of which € 6.5 million from software (+9.5%).
- EBITDA € 6.1 million (+27.5%), EBITDA margin equal to 12.8% (+1.5%), after having increased investments in research and development (+13.3%).
- EBIT strong growth (+ 51.5%) and amounted to € 3.4 million.
- Net profit of € 3.6 million (+14.6%).
- Positive Net Financial Position (Net cash) of € 31.9 million.
- Confirmed, as for the first half of the year, the mitigation of Covid19 impact on Group's business thanks to diversification and operational excellence.

Milan, November 5, 2020 – 17:35

TXT e-solutions' Board of Directors chaired by Enrico Magni has approved today the operating results as at 30 September 2020.

Revenues amounted to € 47.8 million, up +12.4% compared to € 42.5 million in the first nine months of 2019, of which € 1.2 million for the consolidation of MAC solutions SA from July 14, 2020. Software revenues in the first nine months of 2020 were € 6.5 million, +9.5% compared to the first nine months of 2019. International revenues are equal to the 29.9% of the total revenues of the period.

EBITDA was € 6.1 million, up by +27.5% compared to the first nine months of 2019 (€ 4.8 million), following significant and increasing research and development investments (+13.3%) also linked to the innovative Fintech start-ups. EBITDA margin is equal to 12.8% compared to 11.3% in the first nine months of 2019.

Operating profit (EBIT) was € 3.4 million, up +51.5% compared to the first nine months of 2019 (€ 2.2 million). The amortisation and depreciation of intangible and tangible assets amounted to € 2.4 million, up € 0.5 million compared to the first nine months of 2019 due to the acquisition of the Assioma group.

Net profit amounted to € 3.6 million, up 14.6% compared to € 3.1 million in the first nine months of 2019 mainly due to the positive results coming from operational management of the Group. Financial income were € 1.2 million compared to € 2.1 million in the first nine months of 2019 and the decrease mainly consisted of the high volatility recorded in

the financial markets in 2020 plus the effect of lower financial investments after disbursements related to the M&A plan.

Third quarter 2020 revenues amounted to € 15.7 million, up 1.2% compared to the third quarter 2019. EBITDA was € 2.1 million, up +3.2%. Net profit was € 0.9 million compared to € 1.0 million in the third quarter of 2019.

The Consolidated **Net Financial Position** as at 30 September 2020 was positive (Net cash) for € 31.9 million compared to € 41.4 million as at 31 December 2019, down by € 9.5 million mainly due to payment of the Severance for end of term of office to the outgoing Chairperson allocated in previous years (€ 1.2 million), the recognition of the PUT/CALL payable linked to the investment in TXT Working Capital Solutions (€ 2.7 million) and for the cash outlay paid at closing for the acquisition of MAC Solutions SA (€ 5.1 million) that, together with the positive change in Net Working Capital (€ 6.0 million) and other minor changes, absorbed the positive EBITDA of the period (equal to € 6.1 million).

"Despite 2020 will be remember as a negative year of global recession," - commented the Chairman Enrico Magni - "the TXT Group has been able to record a double-digit growth in revenues and margins for the first 9 months of 2020, thanks to the strategic nature of proprietary digital products and solutions and the implementation of the strategic plan that aims to maintain satisfactory and growing performance, and structured to facilitate a rapid and full restart of the business as soon as the current emergency will end".

"We are showing resilience during the crisis" - added the CEO Daniele Misani - "thanks to the operational excellence proven in these complicated months, the synergies and the diversification in the Group's offering and markets. We continue to invest both in proprietary products and in strategic external acquisitions. With MAC Solutions SA we have started the internalization plan of our Fintech division. With HSPI SpA we have extended offering and technological competencies in the digital transformation field".

"The great willingness to change," - concluded the Chairman Enrico Magni - "the flexibility of our Group supported by the commitment of our Management and the financial strength allowed us to face the challenges of the current macroeconomic context. We are satisfied of the Group's result and we expect continuity in growth and profitability, with a 2020 EBITDA expected to be up 25% or more compared to previous year".

Subsequent events and outlook

During the fourth quarter of 2020 the Group is continuing to invest in the development and marketing of innovative proprietary platforms; in the Fintech domain, the innovative start-up TXT Risk Solutions signed its first subscriptions-based contract with primary Italian bank for the supply of the platform FARADAY, innovative solution for the management of money laundering and fraud risks, and more ongoing trials with main banks are bringing good results and we expect they will soon be converted into new recurring contracts. Still in the Fintech division, Cheleo continues to maintain its leadership position on the Italian market in the supply of modular financial software for the management of NPLs and other products such as leasing and factoring. In the Aerospace & Aviation continues the significant growth of the defense segment where the renewed

trust of our customers - the major European industry players - has already promoted a double-digit growth in revenues during the first nine months of the year. In the civil aviation industry, most affected by the crisis, the TXT Group continues to maintain a trend of slight growth thanks to the strategic nature of the proprietary platforms already used by the main global OEMs in core, multi-year projects. It is still too soon to estimate the overall impact of the crisis beyond the short term and the effects of a possible reduction in companies' budget for investment in Information Technology, especially today that the Covid-19 emergency is worsening. The Group's management is defining a plan, already partially implemented, aimed at supporting company growth in the current context and based on strategic levers as the differentiation of the business on the different markets, the optimisation of the organisational and corporate structure also through the use of new technologies which has enabled the full and immediate transition to smart-working of almost the entire workforce, in addition to the gradual recovery of adequate productivity levels, savings on controllable costs and on the cost of labour, as well as a reduction in investments not considered strategic.

With reference to the M&A plan, on October 19, 2020 the company HSPI SpA has joined the TXT Group. HSPI is a company specialised in the digital transformation of large public and private Italian companies and a leader in the field of IT governance, with 2019 revenues amounting to € 12 million, an EBITDA margin of 15% and roughly 100 specialised consultants. The consideration paid at closing was agreed between the parties in € 11.6 million of which € 9.1 million in cash and € 2.5 million to be paid in ordinary shares of TXT, of which € 2.3 million to the three Selling Manager of HSPI for whom is provided a stability commitment lasting three years from closing date. With the acquisition of HSPI, the TXT Group continues to diversify and expand significantly the breadth and depth of its technological and advisory services, inheriting a new broad and diversified customer portfolio, which strengthens its presence in the Fintech and Industrial markets, and guarantees its access to new sectors (Public Administration, Energy & Utilities). Thanks to HSPI, the TXT Group will obtain a leadership position in Italy, with the addition of new operating offices, such as in Bologna and, especially, Rome. The Transaction will further reinforce the know-how of the TXT Group in key areas such as Information Risk Management, Process Mining, blockchain, data science and advanced analytics; it will expand the offer to the field of cyber security, expected to grow substantially over the coming years, and the public administration sector, thanks to an internal office set up to participate in calls for tender.

The commitment towards the execution of new important investments and acquisitions continues, leveraging the significant availability of cash and treasury shares in portfolio and the addition to the TXT's corporate purpose which allows to further diversify and specialize the Group's offer. The use of treasury shares in the context of the M&A plan, as occurred with the management of the recently acquired MAC Solutions SA and HSPI SpA, aims to maximise the commitment of the newly acquired companies' management to the Group's value growth project.

Finally, please note that on October 27, 2020 were registered in the Milan Company Register the minutes of the extraordinary shareholders' meeting of TXT e-solutions S.p.A. that on 15 October 2020 resolved, *inter alia*, i) the addition to the corporate purpose in

order to allow the company to carry out holding (mixed holding) activities and subsequent amendment of Art. 4 of the Company's Articles of Association and ii) the introduction of Art. 7-bis of the Articles of Association in order to insert the 40% threshold of share capital or voting rights in order to promote a take-over bid. The registration of the minutes gives Shareholders who do not contribute to the passing of the resolution on points 1 and 4 on the extraordinary shareholders' meeting agenda the right to withdrawal have the right to withdraw in accordance with the law and the documents relating to the meeting.

Declaration of the Manager responsible for preparing corporate accounting documents

The Manager responsible for preparing corporate accounting documents, Eugenio Forcinito, declares, pursuant to art. 154-bis, paragraph 2 of Legislative Decree no. 58 of 24 February 1998, that the accounting information provided in this press release matches the information reported in the company's documents, books and accounting records.

From today, this press release is also available on the Company's website www.txtgroup.com.

TXT e-solutions is a world leader in the supply of software products and strategic solutions. It operates in dynamic markets that require high specialisation and the capacity to innovate. TXT is focused on software for the aerospace, aeronautical and automotive sector, where it offers specific products and specialist engineering services and on the Fintech sector with services related to testing and IT governance and products and solutions for the management of loans, NPLs and large financial system risks. Listed on the Italian Stock Market since 2000 in the Star segment (TXT.MI), TXT has its registered office in Milan and offices in Italy, France, the UK, Germany, Switzerland and the USA.

For further information:

Eugenio Forcinito
CFO
Tel. +39 02 257711

Income statement - Management Reporting as at 30 September 2020

<i>€ thousand</i>	9m 2020	%	9m 2019	%	Var %
REVENUES	47,826	100.0	42,534	100.0	12.4
Direct costs	26,345	55.1	23,560	55.4	11.8
GROSS MARGIN	21,482	44.9	18,974	44.6	13.2
Research and Development costs	5,045	10.5	4,455	10.5	13.3
Commercial costs	5,755	12.0	5,860	13.8	(1.8)
General and Administrative costs	4,562	9.5	3,860	9.1	18.2
EBITDA	6,118	12.8	4,799	11.3	27.5
Depreciation	1,470	3.1	1,145	2.7	28.4
EBITA	4,648	9.7	3,654	8.6	27.2
Amortization	919	1.9	718	1.7	28.0
Reorganization and Non-Recurrent Costs	350	0.7	705	1.66	n.s.
EBIT	3,379	7.1	2,231	5.2	51.5
Financial income (charges)	1,168	2.4	2,137	5.0	n.s.
EBT	4,546	9.5	4,368	10.3	4.1
Taxes	(939)	(2.0)	(1,221)	(2.9)	n.s.
NET PROFIT	3,608	7.5	3,147	7.4	14.6
Attributable to:					
Owners of the Parent	3,445		3,019		
Non-controlling interest	163		128		

Income Statement as at 30 September 2020

<i>Euro</i>	30.09.2020	30.09.2019
Revenues and other income	47,825,752	42,533,813
TOTAL REVENUES AND INCOME	47,825,752	42,533,813
Purchases of materials and services	(9,735,936)	(9,209,976)
Personnel costs	(32,021,365)	(28,095,296)
Other operating costs	(300,207)	(429,424)
Amortizations, depreciation and write downs	(2,390,331)	(2,568,632)
OPERATING RESULT	3,377,913	2,230,485
Financial income/(charges)	1,167,610	2,145,983
Investor's share in the associate's profits and losses	-	(9,196)
PRE-TAX RESULT	4,545,523	4,367,273
Income Taxes	(937,701)	(1,220,433)
NET INCOME	3,607,823	3,146,839
Attributable to:		
Owners of the Parent	3,444,859	3,018,997
Non-controlling interest	162,964	127,842
PROFIT PER SHARE (Euro)	0.29	0.27

Net Financial Position as at 30 September 2020

<i>€ thousand</i>	30.09.2020	31.12.2019	Var
Cash	20,021	11,426	8,595
Trading securities at fair value	67,892	87,320	(19,428)
Short term Financial Debts	(26,024)	(25,306)	(718)
Short term Financial Resources	61,889	73,440	(11,551)
Non-current Financial Debts - Lessors IFRS 16	(3,785)	(4,517)	732
Other Non-current Financial Debts	(26,219)	(27,512)	1,293
Non-current Financial Debts	(30,004)	(32,029)	2,025
Net Available Financial Resources	31,885	41,411	(9,526)

Consolidated balance sheet as at 30 September 2020

<i>Euro</i>		
ASSETS	30.09.2020	31.12.2019
NON-CURRENT ASSETS		
Goodwill	26,730,153	19,639,673
Definite life intangible assets	4,203,265	4,740,503
Intangible Assets	30,933,419	24,380,176
Buildings, plants and machinery	7,399,113	7,928,901
Tangible Assets	7,399,113	7,928,901
Investments in associates	-	-
Other non-current assets	213,372	258,607
Deferred tax assets	2,033,036	2,066,759
Other non-current assets	2,246,408	2,325,366
TOTAL NON-CURRENT ASSETS	40,578,940	34,634,443
CURRENT ASSETS		
Inventories	6,504,518	4,155,631
Trade receivables	25,134,733	19,370,598
Other current assets	5,071,008	4,779,327
Other short-term financial assets	67,892,079	87,320,066
Trading securities at fair value	20,021,325	11,426,083
Cash and other liquid equivalents	124,623,663	127,051,704
TOTAL CURRENT ASSETS	165,202,603	161,686,147
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	6,503,125	6,503,125
Reserves	14,673,238	14,730,521
Retained earnings	60,617,969	60,303,632
Profit (Loss) for the period	3,444,859	314,337
TOTAL SHAREHOLDERS' EQUITY (Group)	85,239,191	81,851,614
Minority shareholder's equity	331,190	168,226
TOTAL SHAREHOLDERS' EQUITY	85,570,381	82,019,841
NON-CURRENT LIABILITIES		
Non-current financial liabilities	30,003,942	32,029,003
Severance and other personnel liabilities	1,944,936	3,110,062
Deferred tax liabilities	1,039,708	1,279,762
Provisions for future risks and charges	118,905	118,905
TOTAL NON-CURRENT LIABILITIES	33,107,491	36,537,732
CURRENT LIABILITIES		
Current financial liabilities	26,024,473	25,305,617
Trade payables	2,249,658	2,122,206
Tax payables	3,889,110	3,012,776
Other current liabilities	14,361,490	12,687,975
TOTAL CURRENT LIABILITIES	46,524,731	43,128,574
TOTAL LIABILITIES	79,632,222	79,666,306
TOTAL EQUITY AND LIABILITIES	165,202,603	161,686,147

Consolidated statement of cash flows as at 30 September 2020

Euro	30 Sep. 2020	30 Sep. 2019
Net Income	3,607,823	3,146,839
Non-cash costs (Stock option)	24,471	13,596
Financial interest paid	70,582	62,922
Variance Fair Value Financial Assets	(1,398,147)	(2,329,822)
Current income taxes	1,048,334	-
Variance in deferred taxes	(206,331)	(125,348)
Amortization, depreciation and write-downs	2,385,497	1,257,384
Other non-cash costs	29,238	-
Cash flows generated by operations before working capital	5,561,467	2,025,511
(Increase) / Decrease in trade receivables	(4,890,023)	(1,742,420)
(Increase) / Decrease in contractual assets / inventories	(2,348,887)	(2,294,296)
Increase / (Decrease) in trade payables	(721,647)	(447,059)
Increase / (Decrease) in other assets/liabilities	1,447,191	(618,369)
Increase / (Decrease) in post-employment benefits	(1,208,084)	(235,384)
Changes in operating assets and liabilities	(7,721,450)	(5,337,428)
Paid income taxes	(172,000)	-
CASH FLOW GENERATED BY OPERATIONS	2,331,983	(3,311,917)
Increase in tangible assets	(620,383)	(556,179)
Increase in intangible assets	(16,422)	(2,170)
R&D expenses capitalised	(265,352)	-
Decrease in tangible and intangibles assets	54,511	30,492
Net cash-flow from acquisition of subsidiaries	4,578,435	(1,803,658)
Increase / (Decrease) in trading securities	20,000,000	31,109,919
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	14,573,919	28,778,404
Loans issued	10,000,000	832,808
Loans repaid	(6,481,125)	(10,341,722)
Payment of lease liabilities	(1,109,311)	(824,011)
Increase / (Decrease) in other financial receivables	-	-
Increase / (Decrease) in financial payables	-	46,428
Changes in other financial payables	(5,861,138)	-
Distribution of dividends	-	(5,780,767)
Interest expense	(130,926)	(125,698)
Other changes in shareholders' equity	-	(450,000)
(Purchase)/Sale of treasury shares	(35,477)	(1,038,202)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(3,617,977)	(17,681,164)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	8,623,959	7,785,323
Effect of changes in exchange rates on cash flows	(28,717)	(11,792)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	11,426,083	5,593,125
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	20,021,325	13,366,656

Income statement - Management Reporting Third quarter of 2020

<i>€ thousand</i>	Q3 2020	%	Q3 2019	%	Var %
REVENUES	15,718	100.0	15,538	100.0	1.2
Direct costs	8,258	52.5	8,296	53.4	(0.5)
GROSS MARGIN	7,461	47.5	7,242	46.6	3.0
Research and Development costs	1,331	8.5	1,781	11.5	(25.2)
Commercial costs	2,497	15.9	2,264	14.6	10.3
General and Administrative costs	1,555	9.9	1,186	7.6	31.1
EBITDA	2,076	13.2	2,011	12.9	3.2
Depreciation	495	3.1	422	2.7	17.3
EBITA	1,581	10.1	1,589	10.2	(0.5)
Amortization	303	1.9	244	1.6	n.s.
Reorganization and Non-Recurrent Costs	0	0.0	359	2.3	n.s.
EBIT	1,278	8.1	986	6.3	29.6
Financial income (charges)	276	1.8	346	2.2	n.s.
EBT	1,553	9.9	1,332	8.6	n.s.
Taxes	(676)	(4.3)	(356)	(2.3)	n.s.
NET PROFIT	878	5.6	976	6.3	(10.1)

Fine Comunicato n.0439-109

Numero di Pagine: 11