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Oggetto : TXT Results Q1 2021

<i>Testo del comunicato</i>

Vedi allegato.

TXT e-solutions: Results of Q1 2021

Revenues € 21.5 million (+32.2%)

EBITDA € 2.7 million (+37.6%)

Net profit € 1.2 million (+391.3%).

Positive Net Financial Position (Cash) of € 10.8 million.

- Revenues € 21.5 million (+32.2%), of which € 2.0 million from software and € 19.5 million from services and projects.
- EBITDA € 2.7 million (+37.6%) after significant investments in R&D (€ 1.7 million) and increased commercial effort (€ 2.5 million, +34.2%).
- Net profit € 1.2 million (+391.3%) after amortisation, depreciation and write-downs (€ 1.0 million), financial income (€ 0.3 million) and tax charges (€ 0.7 million).
- Positive Net Financial Position (Cash) of € 10.8 million (€ 22.1 million as at 31 December 2020).

Milan, 12 May 2021 – 17:35

TXT e-solutions' Board of Directors chaired by Enrico Magni has approved today the operating results as at 31 March 2021.

"Resilience in investments in innovation for the development of proprietary solutions, business diversification through strategic acquisitions and increasing commercial efforts are among the main strategic levers that are promoting constant and profitable growth of the TXT Group despite the crisis period" commented the Chairman Enrico Magni. "Our Management Team, with the support of all Group resources, has proved efficiency in delivering strategic solutions to support customers in a period of global uncertainty and we are very confident that with the full recovery of the sectors still affected by the pandemic, we will be able to further accelerate the already positive growth trend."

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

Revenues of the first quarter of 2021 were € 21.5 million, up +32.2% compared to the first quarter of 2020 and on a like-to-like basis, revenues increased by 1.2%. Revenues from services and projects were € 19.5 million, up +39.5% compared to the first quarter of 2020 and this result offsetted the slowdown in software revenues which in the first quarter of 2021 were € 2.0 million, down by 13.6% compared to the same period of 2020

mainly due to the slowdown in investments by airlines in the civil aviation market due to COVID pandemic. Total international revenues represent 25.9% of total revenues.

Revenues in the Aerospace & Aviation (A&A) Division amounted to € 11.0 million, up +4.4% compared to the first quarter of 2020. Revenues in the Fintech Division amounted to € 10.5 million, up +83.3% compared to the first quarter of 2020 of which € 5.0 million for the consolidation of companies acquired in 2020.

L'**EBITDA** was € 2.7 million, up +37.6% compared to the first quarter of 2020 (€ 2.0 million) after increasing commercial expenses (+34.2%) mainly for the increase in volumes. The margin on revenues was 12.6% compared with 12.1% in the first quarter of 2020 thanks to increased operational efficiency and synergies between Group companies.

EBIT (Operating profit) was € 1.7 million, up +47.4% compared to the first quarter of 2020 (€ 1.2 million). The amortisation and depreciation of intangible and tangible assets amounted to € 1.0 million, up by € 0.2 million compared to the first quarter of 2020 due to the consolidation of companies acquired in 2020.

Financial incomes were € 0.3 million compared to the net negative financial result of the first quarter of 2020 of € 0.7 million (financial charges) mainly due to the higher returns generated by the financial markets in the first quarter of 2021 compared to the same period of 2020.

Net profit was € 1.2 million, up compared to € 0.3 million in the first quarter of 2020 (+391.3%), with an incidence on revenues of 5.8% compared to 1.6% in the first quarter of 2020.

The consolidated **Net Financial Position** as at 31 March 2021 is positive (Cash) for € 10.8 million compared to € 22.1 million as at 31 December 2020, mainly for the financial investment in Banca del Fucino for € 14.3 million and the purchase of the remaining stake of AssioPay (€ 0.9 million) partially offset by the positive cash flow generated by the operating activities.

Consolidated **Shareholders' equity** as at 31 March 2021 amounted to € 85.9 million, essentially in line with 31 December 2020 (€ 85.5 million).

As at 31 March 2021, 1,288,062 treasury shares were held (1,401,429 as at 31 December 2020), accounting for 9.90% of shares outstanding, purchased at an average price of € 3.42 per share.

"Synergies, diversification and operational excellence", says Daniele Misani, CEO of TXT Group, "We are achieving ever-growing results. We are committed to leverage on these foundations to deliver continuous value to our shareholders, customers, and our outstanding team".

Subsequent events and outlook

In a global context of high uncertainty, the resilience of the TXT model based on a diversification strategy, a solid order book and the ability to react to the new scenario, has allowed TXT to compensate with positive results the slowdown recorded in specific sectors particularly affected by the pandemic such as, for example, the civil aviation market.

In the Aerospace & Aviation Division, the growth of the defense segment continues also in the second quarter with main customers who continue to reward us with new, significant orders, while in the civil aviation sector in April the TXT Group signed an important commercial agreement with NAVBLUE (Airbus) for the integrated offer of the proprietary TXT Pacelab FPO solution. Commercial investments continue for the proprietary Extended Reality (XR) platform WEAVR, with the signing of new strategic partnerships such as the collaboration with the Canadian start-up Paladin AI and with the Politecnico di Torino.

In the Fintech Division, the development and marketing of proprietary software solutions continues in the second quarter; in April Cheleo - a TXT Group company specializing in the supply of modular financial software for the management of NPLs, leasing and other financial products - started a collaboration with AMCO for the management of a leasing loan portfolio sold to AMCO in March 2021. TXT Working Capital Solutions - start-up established in 2020 and focused on providing an innovative proprietary solution for the Supply Chain Finance market - on 10 May 2021 formalized its first partnership agreement with the Maire Tecnimont Group for the supply of Polaris, the proprietary multifunder digital platform developed by the TXT Group as a flexible tool for managing *Reverse Factoring*, *Confirming* and *Dynamic Discounting* operations that focuses on the objectives of large buyers and at the same time reinforces the financial stability of their suppliers, generating a community capable of interacting in a collaborative manner.

The Shareholders' Meeting held on April 21, 2021 examined and approved the financial statements as of 31 December 2020 and approved the distribution of a dividend of € 0.04 for each outstanding share, excluding treasury shares, with payment from 12 May 2021, record date 11 May 2021 and ex-dividend date 10 May 2021. Total dividends were € 0.5 million, paid to 11.7 million shares. The Shareholders renewed the authorisation to purchase treasury shares for a period of 18 months up to 20% of the share capital.

After the Shareholders' Meeting held on April 21, 2021, the Board of Director confirmed Stefania Saviolo as Lead Independent Director; confirmed as members of the Risks and Internal Controls Committee Paola Generali (Chairman), Stefania Saviolo, Matteo Magni and Valentina Cogliati; confirmed the members of the Remuneration and Appointments Committee Stefania Saviolo (Chairman), Paola Generali and Fabienne Schwalbe; confirmed the members of the Related Parties Committee composed of Paola Generali (Chairman), Valentina Cogliati and Stefania Saviolo.

On 4 May 2021, TXT received the resignation, for personal reasons, of Director Valentina Cogliati.

"Valentina Cogliati contributed with deep competence and commitment to the developments of TXT Group in recent years. Valentina resigned her role due to her growing personal professional commitments and from the behalf of all the Board of Director of TXT

we wish Valentina successes in the continuation of her entrepreneurial and managerial career”, commented the Chairman Enrico Magni. “We welcome the new Director Carlo Gotta; Carlo will bring a key contribution to the TXT Board of Directors thanks to his successful background as a manager of leading IT companies, his academic career and his extensive experience in the field of M&A”.

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 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), since July 2000.

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Management Income Statement as of 31 March 2021

<i>€ thousand</i>	1Q 2021	%	1Q 2020	%	Var %
REVENUES	21,481	100.0	16,255	100.0	32.2
Direct Costs	13,210	61.5	8,981	55.3	47.1
GROSS MARGIN	8,271	38.5	7,274	44.7	13.7
Research and Development Costs	1,650	7.7	1,803	11.1	(8.5)
Commercial Costs	2,513	11.7	1,872	11.5	34.2
General & Administrative Costs	1,405	6.5	1,634	10.1	(14.0)
EBITDA	2,703	12.6	1,965	12.1	37.6
Amortization, depreciation and write downs	975	4.5	793	4.9	23.0
Reorganization and non-recurring costs	0	0	0	0	0
OPERATING PROFIT (EBIT)	1,728	8.0	1,172	7.2	47.4
Financial income (charges)	256	1.2	(672)	(4.1)	(138.1)
RESULTS BEFORE TAXES (EBT)	1,984	9.2	500	3.1	296.8
Taxes	(746)	(3.5)	(248)	(1.5)	200.8
NET INCOME	1,238	5.8	252	1.6	391.3

Income Statement as of 31 March 2021

€	31.03.2021	31.03.2020
Revenues and Income	21,480,772	16,254,345
TOTAL REVENUES AND INCOME	21,480,772	16,254,345
Acquisti di materiali e servizi esterni	(4,594,345)	(3,566,051)
Personnel Costs	(14,103,774)	(10,621,128)
Other operating costs	(80,002)	(103,109)
Amortizations, depreciation and write downs	(975,260)	(792,404)
OPERATING PROFIT (EBIT)	1,727,391	1,171,653
Financial Income (charges)	256,309	(671,709)
EARNINGS BEFORE TAXES (EBT)	1,983,700	499,944
Taxes	(746,129)	(247,539)
NET PROFIT	1,237,571	252,405

Net Financial Position as of 31 March 2021

€ thousand	31.03.2021	31.12.2020	Var
Cash	13,461	11,933	1,528
Trading securities at fair value	53,469	68,161	(14,692)
Short-term bank loans	(28,992)	(28,181)	(811)
Short term Financial Debts	(2,434)	(2,454)	20
Short term Financial Resources	35,504	49,459	(13,955)
Non-current financial debts - Lessors IFRS 16	(3,279)	(3,580)	301
Other Non-current Financial Debts	(21,388)	(23,818)	2,430
Non-current Financial Debts	(24,667)	(27,398)	2,731
Net Available Financial Resources	10,837	22,061	(11,224)

Consolidated Balance Sheet as of 31 March 2021

€		
ASSETS (Euro)	31.03.2021	31.12.2020
NON-CURRENT ASSETS		
Goodwill	30,431,313	30,431,313
Definite life intangible assets	6,880,175	7,221,447
Intangible Assets	37,311,488	37,652,760
Buildings, plants and machinery	7,053,503	7,460,326
Tangible Assets	7,053,503	7,460,326
Investments in associates		
Other non-current assets	14,519,260	227,066
Deferred tax assets	2,172,099	2,072,381
Other non-current assets	16,691,360	2,299,447
TOTAL NON-CURRENT ASSETS	61,056,351	47,412,533
CURRENT ASSETS		
inventories	5,826,172	4,749,088
Trade Receivables	34,069,859	35,410,803
Other current asset	6,682,616	5,782,068
Trading securities at fair value	53,469,145	68,160,917
Cash and other liquid equivalents	13,461,328	11,932,508
TOTAL CURRENT ASSETS	113,509,119	126,035,384
TOTAL ASSETS	174,565,470	173,447,917
EQUITY AND LIABILITIES (Euro)		
SHAREHOLDERS' EQUITY		
Share capital	6,503,125	6,503,125
Reserves	14,659,384	13,858,858
Retained earnings	63,535,764	60,617,969
Profit (Loss) for the period	1,237,571	4,474,067
TOTAL SHAREHOLDERS' EQUITY (Group)	85,935,845	85,454,019
Shareholders' Equity attributable to minority interests		409,158
TOTAL SHAREHOLDERS' EQUITY	85,935,845	85,863,178
NON-CURRENT LIABILITIES		
Non-current financial liabilities	24,666,530	27,398,339
Severance and other personnel liabilities	2,769,948	2,757,450
Deferred tax liabilities	1,757,730	1,864,250
Provisions for future risks and charges	118,905	118,905
TOTAL NON-CURRENT LIABILITIES	29,313,113	32,138,944
CURRENT LIABILITIES		
Current financial liabilities	31,426,604	30,634,968
Trade payables	4,205,948	4,176,210
Tax payables	3,747,893	3,282,649
Other current liabilities	19,936,068	17,351,970
TOTAL CURRENT LIABILITIES	59,316,513	55,445,796
TOTAL LIABILITIES	88,629,626	87,584,740
TOTAL EQUITY AND LIABILITIES	174,565,470	173,447,917

Consolidated Statement of Cash Flows as of 31 March 2021

€	March, 31 - 2021	March, 31 - 2020
Net Income	1,237,571	252,405
Non-cash costs for Stock Options	2,718	8,157
Financial interest paid	34,394	18,574
Variance Fair Value Financial Assets	(258,422)	690,038
Current income taxes	465,244	129,587
Variance in deferred taxes	(206,238)	(38,922)
Amortization, depreciation and write-downs	968,254	785,413
Other non-cash costs	25,328	(1,739)
Cash flows generated by operations before working capital	2,268,852	1,843,514
(Increase) / Decrease in trade receivables	1,340,944	718,194
(Increase) / Decrease in inventories	(1,077,085)	(1,513,704)
Increase / (Decrease) in trade payables	29,738	153,445
Increase / (Decrease) in other current assets/liabilities	(12,608,645)	959,565
Increase / (Decrease) in severance and other personnel liabilities	12,498	(3,872)
Changes in working capital	(12,302,550)	313,628
CASH FLOW GENERATED BY OPERATIONS	(10,033,698)	2,157,142
<i>Di cui verso parti correlate</i>	25,078	
Increase in tangible assets	(90,350)	(285,629)
Increase in intangible assets	(1,700)	(1,520)
Capitalization of development costs	(59,936)	
Decrease in tangible & intangible assets	3,099	17,051
Net Cash flow from acquisition	(982,716)	
(Increase) / Decrease in trading securities	14,950,193	
CASH FLOW GENERATED BY INVESTING ACTIVITIES	13,818,591	(270,098)
Proceeds from borrowings	1,000,000	2,000,000
(Repayment) of borrowings	(2,575,307)	(2,355,256)
(Repayment) of Leasing liabilities	(409,008)	(359,976)
(Increase) / Decrease in other financial credits		
Increase / (Decrease) in other financial liabilities		
Financial interests paid	(30,092)	
Net change in financial liabilities	(31,470)	
(Purchase)/Sale of Treasury Shares	(129,985)	(323,683)
CASH FLOW GENERATED BY FINANCIAL ACTIVITIES	(2,175,862)	(1,038,914)
INCREASE / (DECREASE) IN CASH	1,609,031	848,130
Difference in Currency Translation	(80,211)	(350)
CASH AT BEGINNING OF THE PERIOD	11,932,508	11,426,083
CASH AT THE END OF THE PERIOD	13,461,328	12,273,863

Fine Comunicato n.0439-40

Numero di Pagine: 10