EMARKET SDIR CERTIFIED

TXT E-SOLUTIONS GROUP

HALF-YEARLY FINANCIAL REPORT

As at 30 June 2023

TXT e-solutions S.p.A.

Registered office, management, and administration:
Via Milano, No. 150 - 20093 Cologno Monzese (MI)
Share capital:
€ 6,503,125 fully paid-in
Tax code and Milan Business Register No.:
09768170152

Corporate Units

BOARD OF DIRECTORS:

In office until approval of the financial statements as at 31 December 2025:

ENRICO MAGNI
Chair

DANIELE MISANI
Chief Executive Officer

MATTEO MAGNI
Director[2-4]

PAOLO LORENZO MANDELLI
Independent Director[1-2-3]

ANTONELLA SUTTI
Independent Director[1-2-3-4]

ANTONIETTA ARIENTI
Independent Director[2-3-4]

MICHELA COSTA
Independent Director[1-3-4]

(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 the Shareholders' Meeting on 20 April 2023.

BOARD OF STATUTORY AUDITORS:

In office until approval of the financial statements as at 31 December 2025:

FRANCESCO MARIA SCORNAJENCHI
Chair

GIADA D'ONOFRIO
Standing auditor

FRANCO VERGANI
Standing auditor

NADIA RASCHETTI
Alternate auditor

FABIO MARIA PALMIERI
Alternate auditor

EDDA DELON
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 Chair, aiming at driving the Group's growth.

Daniele Misani

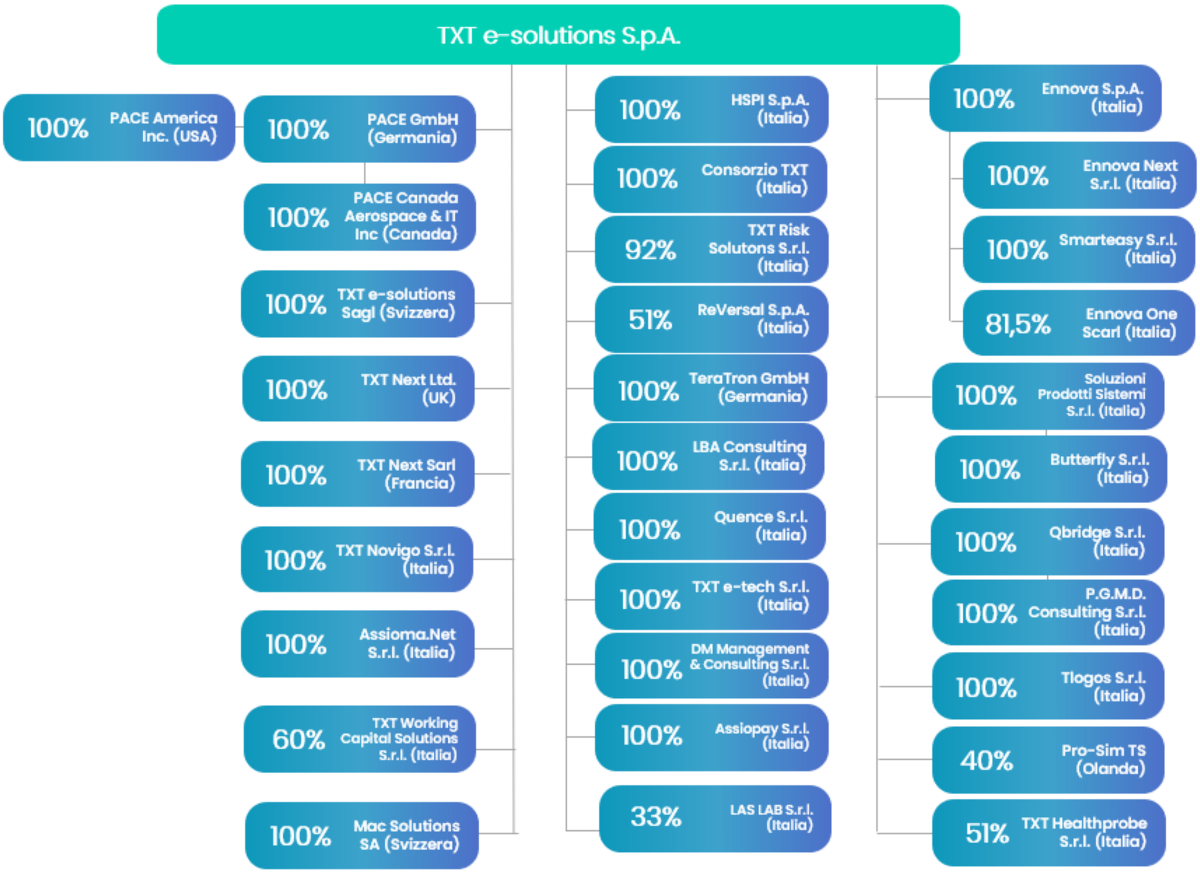
+20 years in TXT, with a strong experience in the international development of the business, from mid-2020 holds the position of Group CEO, with strategic responsibilities in defining and executing the TXT Group's international growth strategies.

Eugenio Forcinito

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

Contents

Organisational structure and scope of consolidation



EMARKET SDIR CERTIFIED

TXT E-SOLUTIONS GROUP

KEY DATA AND DIRECTORS' REPORT ON OPERATIONS

AS AT 30 JUNE 2023

TXT e-solutions Group – Key data

INCOME DATA (€ thousand)	30.06.2023	%	30.06.2022	%	% CHANGE
REVENUES	107,299	100.0	62,538	100.0	71.6
EBITDA	13,921	13.0	9,191	14.7	51.5
OPERATING PROFIT (EBIT)	8,944	8.3	6,570	10.5	36.1
Profit for the year attributable to non-controlling interests					
NET PROFIT ATTRIBUTABLE TO TXT SHAREHOLDERS	6,785	6.3	3,523	5.6	92.6

FINANCIAL DATA (€ thousand)	30.06.2023	31.12.2022	Change
Fixed assets	119,189	115,628	3,561
Net working capital	32,882	36,797	(3,915)
Post-employment benefits and other non-current liabilities	(5,266)	(4,772)	(494)
Capital employed	146,805	147,653	(848)
Net financial position	39,896	38,270	1,626
Group shareholders' equity	106,891	109,366	(2,475)
Shareholders' Equity attributable to minority interests	17	17	0

DATA PER SHARE	30.06.2023	30.06.2022	Change
Average number of shares outstanding	11,965,599	11,717,742	247,857
Net earnings per share	0.57	0.30	0.27
Shareholders' equity per share	8.93	8.29	0.64

ADDITIONAL INFORMATION	30.06.2023	30.06.2022	Change
Number of employees	2,352	1,295	1,057
TXT share price	22.35	10.60	11.75

Notes on Alternative Performance Measures

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

Specifically, the reclassified consolidated Income Statement makes use of the following terms:
• **EBITDA**, which is equivalent to "Total revenues" net of total operating costs in the official consolidated Income Statement;
• **EBIT**, which is equivalent to "Total revenues" net of total operating costs, depreciation, amortisation and impairment in the official consolidated Income Statement.

The reclassified consolidated Balance Sheet was prepared based on the items recognised as assets or liabilities in the official consolidated Balance Sheet and makes use of the following terms:
• **FIXED ASSETS**, given by the sum of tangible and intangible fixed assets, goodwill, deferred tax assets/liabilities and other non-current assets;
•**NET WORKING CAPITAL**, given by the sum of inventories, trade receivables/payables, current provisions, tax receivables/payables and other assets/liabilities and current receivables/payables;
• **CAPITAL EMPLOYED**, given by the algebraic sum of fixed assets, net working capital and post-employment benefits and other non-current liabilities.

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

Directors' Report on operations for H1 2023

Dear Shareholders,

On **26 January 2023,** the share capital increase in **LAS LAB Srl** was subscribed, by virtue of which TXT holds a minority stake in LasLab representing 33.0% of the share capital of the innovative start-up. LasLab was established in 2022 as an innovative start-up following the spin-off of the CAL LAS technological platform developed by Loan Agency Services Srl (LAS Srl), a leading non-banking operator in financial restructuring and support in the management of problematic loans (especially UTP). LAS Srl is the majority shareholder of LasLab.
The CAL LAS application, the main and strategic asset of LasLab, consists of software for the advanced monitoring of loans, corporate bonds and other financial instruments, particularly effective for the management of complex and problematic loans, which has evolved over the years with increasingly broader and transversal functionalities, benefiting multiple credit sectors.
In evaluating the investment, TXT has identified several strategic aspects such as the significant technological contribution that TXT will make in the project to develop the proprietary software platform thanks to its proven long-term skills in the credit market developed by the companies of the TXT Novigo group, and the excellent forecasts on the problematic loan market (Stage2 and UTP) which already, starting from 2022, for the first time since 2019, recorded increasing volumes.
The investment contract in LasLab does not provide for any options to increase TXT's current shareholding of 33.0% but is aimed at providing specialised technological expertise for the credit reference market and maximising the return on investment against an exit-strategy that includes monetising the investment over a five-year period.

On **13 April 2023,** the share capital increase in Simplex Human Tech Srl ("Simplex") was subscribed, by virtue of which TXT holds a minority interest in Simplex representing 15.0% of the share capital.
Simplex was established as a start-up as a result of the intuition of former managers from the banking and insurance sector with experience in senior roles in major national groups for the purpose of bringing digital innovation to the insurance sector, with a main focus on the Protection and Insurance Wealth Management sectors, through the implementation of a technology platform enabling the optimisation and total control of sales processes and the consequent drastic reduction of transactional costs.
The Simplex technological platform, which will be developed, maintained and upgraded by the TXT Group by leveraging the long-standing specialised and innovative skills of TXT Novigo, will consist of an integrated end-to-end platform which will be made available to the distribution networks, both direct and indirect, allowing the marketing of selected insurance products through the relationship with partner companies and the creation of a management and commercial model that complies with current regulations and is fully integrated with partner companies, with the possibility of expanding into national and international reference markets.
For the creation, maintenance and upgrade of the Simplex technological platform, TXT Novigo signed a contract with the start-up for the supply of services and software licenses for a total value of more than € 2 million for the next five years, excluding future extensions.

In assessing the investment, in addition to the return from the licenses of the platform provided to Simplex and its possible evolutions, TXT has identified several strategic aspects, such as the entry into the Insurtech market and the opportunity to play a primary role in the digitalisation of the sector Protection and Insurance Wealth Management.

The main consolidated operating and financial results in the first six months of 2023 were as follows:

- Revenues amounted to € 107.3 million, up 71.6% from € 62.5 million in the first six months of 2022. Software revenues in the first six months of 2023 totalled € 5.8 million, compared to € 4.7 million in the first six months of 2022. Revenues from services amounted to € 101.5 million, up 75.5% compared to the first six months of 2022.
  The Software Engineering Division recorded revenues of € 73.2 million, a significant increase compared to the first six months of 2022, of which € 32.7 million due to the consolidation of the new acquisitions of 2022 (€ 27.2 million due to the consolidation of the Ennova Group).
  The Smart Solutions Division recorded revenues of € 19.6 million, up 11.5% compared to the first six months of 2022.
  The Digital Advisory Division recorded revenues of € 14.5 million, up 66.1% compared to the first six months of 2022, of which € 2.7 million for the consolidation of PGMD and Tlogos (acquisitions in the last quarter of 2022).

- The Gross Margin, net of direct costs, increased from € 24.1 million to € 37.4 million, an increase of +55.3%. Gross margin on revenues was equal to 34.8% in the first six months of 2023.

- EBITDA amounted to € 13.9 million, an increase of +51.5% compared to the first six months of 2022 (€ 9.2 million), after significant investments in commercial expenditure and research and development expenses. The margin on revenues was 13.0% compared to 14.7% in the first six months of 2022.

- Operating profit (EBIT) was € 8.9 million, an increase of +90.8% compared to the first six months of 2022 (€ 6.6 million). Amortisation and depreciation of tangible and intangible assets amounted to € 4.9 million, up € 2.4 million compared to the first six months of 2022, mainly due to the consolidation of the 2022 acquisitions.

- Financial income in the first half of 2023 had a positive net balance of € 1.0 million compared to the negative net balance of € 1.4 million in the same period of the previous year. In particular, this change is mainly due to the positive balance of instruments measured at fair value of € 0.6 million as at 30 June 2023 (negative for € 1.0 million in the same period of 2022), the positive effect of the lower debt recognised regarding the commitments undertaken by the company as part of the acquisitions, for which a doubling of the value was guaranteed (€ 1.9 million), net of bank interest expense.

- Net profit came to € 6.8 million, up from € 3.5 million in the first six months of 2022. In the first six months of 2023, taxes had an incidence of 31.6%, essentially in line with 31 December 2022.

- The Consolidated net financial position as at 30 June 2023 came to € 39.9 million.

- Consolidated shareholders' equity as at 30 June 2023 was € 106.9 million, compared to € 109.4 million as at December 2022. Changes in the six months mainly concern the recognition of net profit (€ 6.8 million), the net effect of the purchase and sale of treasury shares (€ 6.6 million) and the distribution of dividends (€ 2.1 million).

TXT's consolidated results for the first six months of 2023, compared with those of the same period of the previous year, are presented below:

(€ thousand)	30.06.2023	%	30.06.2022	%	% Change
REVENUES	**107,299**	**100**	**62,538**	**100**	**71.6**
Direct costs	69,949	65.2	38,482	61.5	81.8
GROSS MARGIN	**37,350**	**34.8**	**24,056**	**38.5**	**55.3**
Research and development costs	4,499	4.2	3,954	6.3	13.8
Commercial costs	10,486	9.8	5,719	9.1	83.4
General and administrative costs	8,444	7.9	5,192	8.3	62.6
GROSS OPERATING PROFIT (EBITDA)	**13,921**	**13.0**	**9,191**	**14.7**	**51.5**
Depreciation, amortisation and impairment	4,977	4.6	2,546	4.1	95.5
Reorganisation and non-recurring charges	-	0.0	75	0.1	(100.0)
OPERATING PROFIT (EBIT)	**8,944**	**8.3**	**6,570**	**10.5**	**36.1**
Extraordinary/Financial income (charges)	976	0.9	(1,371)	(2.2)	(171.2)
EARNINGS BEFORE TAXES (EBT)	**9,920**	**9.2**	**5,199**	**8.3**	**90.8**
Taxes	(3,135)	(2.9)	(1,676)	(2.7)	87.1
NET PROFIT	**6,785**	**6.3**	**3,523**	**5.6**	**92.6**
Attributable to:					
Parent Company shareholders	6,785		3,523		
Minority interests			0		

GROUP REVENUES AND GROSS MARGINS

To reflect TXT's new and broader positioning on the digital innovation market, the Group is structured into three divisions representative of the type of offer:

- Smart Solutions: proprietary software and solutions and related services to accelerate the digital transformation of customers' offer;
- Digital Advisory: specialized consulting services for the digital innovation of large enterprise processes and the public segment;
- Software Engineering: software engineering services for the innovation and servitisation of customer products guided by skills on enabling technologies.

Revenues and direct costs in the first six months of 2023, compared with the first six months of the previous year, are presented below for each Division.

(€ thousand)	30.06.2023	%	30.06.2022	%	% Change
SOFTWARE ENGINEERING					
REVENUES	73,202	100	34,707	100	110.9
Software	-	0.0	-	0.0	0.0
Services	73,202	100.0	34,707	100.0	110.9
DIRECT COSTS	52,059	71.1	22,778	65.6	128.5
GROSS MARGIN	21,143	28.9	11,929	34.4	77.2
SMART SOLUTIONS					
REVENUES	19,638	100	19,125	100	2.7
Software	5,770	29.4	4,680	24.5	23.3
Services	13,868	70.6	14,445	75.5	(4.0)
DIRECT COSTS	8,098	41.2	9,369	49.0	(13.6)
GROSS MARGIN	11,540	58.8	9,756	51.0	18.3
DIGITAL ADVISORY					
REVENUES	14,459	100	8,706	100	66.1
Software	-	0.0	-	0.0	0.0
Services	14,459	100.0	8,706	100.0	66.1
DIRECT COSTS	9,793	67.7	6,335	72.8	54.6
GROSS MARGIN	4,666	32.3	2,371	27.2	96.8
TOTAL TXT					
REVENUES	107,299	100	62,538	100	71.6
Software	5,770	5.4	4,680	7.5	23.3
Services	101,529	94.6	57,858	92.5	75.5
DIRECT COSTS	69,950	65.2	38,482	61.5	81.8
GROSS MARGIN	37,350	34.8	24,056	38.5	55.3

Software Engineering Division

The Software Engineering Division represents the TXT Group's offer of software engineering services for the innovation and servitisation of customer products guided by enabling technologies skills.

The Division recorded revenues of € 73.2 million, up sharply from the previous year, of which € 32.7 million from the consolidation of new acquisitions (€ 27.2 million following the consolidation of the Ennova group) and € 4.3 million from organic growth.

The Gross margin was € 21.2 million, an increase of 77.2% compared to the first six months of 2022.

Gross margin on revenues was equal to 28.9% compared to 34.4% in the first six months of 2022.

In the Software Engineering division, new opportunities for accelerated growth are linked to up-selling and cross-selling in new markets, as a result of the acquisitions made, in particular the Telco and Gaming market, which will benefit from the innovative skills of the TXT Group on enabling technologies such as AI, Data Analytics, VR/AR/XR and Quality Assurance, which show a growing demand in an increasingly large number of sectors. With reference to the division's organic growth, which in the first six months of the year stood at 11.2%, management expects to maintain double-digit growth rates thanks to its leadership position in strategic and historical segments such as defence, industry and banks.

<u>Smart Solutions Division</u>

The Smart Solutions Division represents the TXT Group's offer of software, proprietary solutions and related services to accelerate the digital transformation of customers.

In the first half of 2023, revenues amounted to € 19.6 million. Software revenues came to € 5.8 million.
The Gross margin was € 11.5 million. The Gross margin on revenues was equal to 58.8%, compared to 51% in the first six months of 2022.

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 programmes, 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.

The **EIDOS Retail** platform is the solution designed to meet the management and tax needs of sales activities. Complete, flexible, intuitive, easy to use even by non-expert operators, it allows you to manage your sales in physical stores, in B2B, B2C and mobility. It is a solution that makes the multi-channel relationship with Customers its strong point (loyalties, gift cards, customised price lists, promotions, which can be consulted both at the point of sale and on line and mobile) but also covers all the business operations associated with the sales activity (procurement, warehouses, inventories, shelf life, returns to Supplier).

The **EIDOS Reservation** platform handles all types of bookings, with dynamic and automatic inclusions, groups and allotments for tour operators. The system manages all the necessary transactional aspects: reservations, changes, payments, sales invoices and the calculation of commissions due to the Agency. The data can be exchanged with external systems for accounting management.

The **DMP** platform that, through the MES/MOM module, is able to manage a company's production process that connects the factory to the company management system to give total visibility into the processes relating to production, quality, maintenance and inventory and through the CMMS module is able to control and manage maintenance.

<u>Digital Advisory</u>

The Digital Advisory division represents the specialised consulting offer for the digital innovation of large enterprise processes and the public segment of the TXT Group in the field of digitalisation of ICT processes, with proprietary technologies, certifications and software.

The division recorded revenues of € 14.5 million, up +66.1% compared to the first half of 2022, of which € 3.0 million from organic growth (+34.9%) and € 2.7 million relating to M&A.

On 6 March 2023, as the parent company of the TGC (Temporary Grouping of Companies), HSPI was awarded lot 2 of the open tender for cloud application services and demand and PMO services for Central Public Administrations, for a value of up to € 120 million (excluding extensions) during the period 2023-2026, of which 61% in favour of the TXT group.

Lot 2 relates to demand and PMO services for Central Public Administrations and includes Project Management, Monitoring, Change Management, Demand Management and customer satisfaction survey services; these services are strategic for the Country System and for the Contracting Public Administrations to govern the innovation and evolution of their Information Systems and achieve the objectives of the National Recovery and Resilience Plan (NRRP).

GROUP REVENUES

<u>Research and development costs</u> in the first six months of 2023 amounted to € 4.5 million, up 13.8% from € 3.9 million in the first six months of 2022. TXT continues to invest in its Fintech division with new initiatives and with the development of "Faraday", "Polaris" proprietary products and the AssioPay platform and in the Aerospace division with the development of "Pacelab Preliminary design",

"Pacelab Flight Profile Optimizer", "Pacelab Aircraft Configuration Environment" and "Pacelab Weavr" proprietary products. The percentage of revenues decreased from 6.3% to 4.2% in 2023.

Commercial costs amounted to € 10.5 million, an increase of 83.4% compared to the first six months of 2022 (€ 5.7 million). As a percentage of revenues, commercial costs increased from 9.1% in the first six months of 2022 to 9.8% in the first six months of 2023.

General and administrative costs amounted to € 8.4 million, an increase of +62.6% compared to the first six months of 2022 (€ 5.2 million), mainly due to the consolidation of the previous year's acquisitions and non-recurring expenses related to the still ongoing process of acquisitions. As a percentage of revenues, these costs stood at 7.9% in the first six months of 2023 compared to 8.3% in the first six months of 2022.

Financial charges amounted to € 0.9 million compared to a negative € 1.4 million in the first six months of 2022.

Net profit came to € 6.8 million, up from € 3.5 million in the first six months of 2022. In the first six months of 2023, taxes accounted for 31.6%.

CONSOLIDATED CAPITAL EMPLOYED

As at 30 June 2023, capital employed was € 146.8 million, down € 0.9 million from 31 December 2022 (€ 147.7 million).

The table below shows the details:

(€ thousand)	30.06.2023	31.12.2022	Change
Intangible assets	76,377	77,975	(1,598)
Net tangible assets	20,378	18,293	2,085
Other fixed assets	22,434	19,360	3,074
Fixed assets	119,189	115,628	3,561
Inventories	17,076	13,765	3,311
Trade receivables	60,429	73,115	(12,686)
Sundry receivables and other short-term assets	15,763	15,352	411
Trade payables	(17,473)	(20,643)	3,170
Tax payables	(6,986)	(7,958)	972
Sundry payables and other short-term liabilities	(35,927)	(36,834)	907
Net working capital	32,882	36,797	(3,915)
Post-employment benefits and other non-current liabilities	(5,266)	(4,772)	(494)
Capital employed	146,805	147,653	(848)
Group shareholders' equity	106,891	109,366	(2,475)
Shareholders' Equity attributable to minority interests	17	17	0

Net financial debt	39,896	38,270	1,625
Financing of capital employed	146,804	147,653	(849)

Intangible assets decreased from € 78.0 million to € 76.4 million, mainly due to amortisation for the period on the intellectual property rights on software and on the customer portfolio of the acquisitions of Pace, Cheleo (now merged in TXT Novigo) and TXT Risk Solutions and Assioma.Net (€ 1.3 million).

Tangible assets, of € 20.4 million, increased by € 2.1 million compared to 31 December 2022. The increases for the period (€ 5.4 million) were partially offset by depreciation for the period (€ 2.8 million).

Other fixed assets of € 22.4 million increased from € 19.4 million in December 2022, mainly due to the recognition of investments held in associates. This item is mainly composed of the financial investment made in the previous year in the share capital of Banca del Fucino for € 16.5 million.

Net working capital amounted to € 32.8 million compared to € 36.9 million as at 31 December 2022. The change was € 3.9 million. There was an increase in inventories for work in progress for activities not yet invoiced to customers (€ 3.3 million), partly offset by effective credit recovery actions from important Italian customers in the aeronautics sector.

Liabilities arising from post-employment benefits and other non-current liabilities of Italian employees and other non-current liabilities of € 5.3 million are substantially in line with the values of December 2022.

Consolidated shareholders' equity as at 30 June 2023 was € 106.9 million, compared to € 109.4 million as at December 2022. Changes in the six months mainly concern the recognition of net profit (€ 6.8 million), the net effect of the purchase and sale of treasury shares (€ 6.6 million) and the distribution of dividends (€ 2.1 million).

Minority interests as at 30 June 2023 amounted to € 17 thousand, in line with the values of December 2022.

The European Securities and Markets Authority (ESMA) published on 4 March 2021 the Guidelines on disclosure requirements pursuant to EU Regulation 2017/1129 ("Prospectus Regulation").

With the “Recall of attention No. 5/21” of 29 April 2021, CONSOB declared its intention to bring its supervisory practices in relation to the net financial position into line with the aforementioned ESMA guidelines. In particular, CONSOB has declared that the prospectuses approved by it, starting from 5 May 2021, must comply with the aforementioned ESMA Guidelines.

Therefore, based on the new forecasts, listed issuers will have to submit, in the explanatory notes to the annual and half-yearly financial statements, published starting from 5 May 2021, a new prospectus on the subject of debt to be drawn up according to the indications contained in paragraphs 175 and following of the aforementioned ESMA Guidelines.

In this regard, the ESMA Guidelines provide for the following main changes to the debt prospectus:

- we no longer speak of "Net financial position", but of "Total financial debt";
- in the context of non-current financial debt, trade payables and other non-current payables must also be included, i.e. payables that are not remunerated, but which have a significant implicit or explicit financing component (for example, payables to suppliers due after 12 months);
- in the context of current financial debt, the current portion of non-current financial debt must be indicated separately.
- "financial debt" includes remunerated debt (i.e., interest-bearing debt), which includes, among other things, financial liabilities relating to short- and/or long-term lease contracts. Information on lease payables must be provided separately.

Net financial debt (availability) and cost of debt

Below is a summary of the main phenomena that had an impact on net financial debt which amounted to € 39.9 million as at 30 June 2023, compared to € 38.3 million as at 31 December 2022.

(€ thousand)	30.06.2023	31.12.2022	Change
Cash and cash equivalents	(65,169)	(33,015)	(32,154)
Financial instruments at fair value	(38,136)	(48,490)	10,354
Liquid assets	(103,305)	(81,505)	(21,800)
Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	21,209	21,706	(497)
Current portion of non-current financial debt	59,617	29,481	30,136
Non-current financial debt (excluding current portion and debt instruments)	63,981	70,005	(6,024)
Debt instruments	-	-	-
Non-recurring financial receivables	(1,607)	(1,417)	(190)
Trade payables and other non-current payables	-	-	-
Non-current financial debt	62,374	68,588	(6,214)
Total financial debt	39,896	38,270	1,626
Non-monetary debts for adjustment of the price of the 2022 acquisitions to be paid in TXT shares	-	(1,750)	1,750
Financial investment - Banca Del Fucino	(16,542)	(16,542)	-
Adj. Net Available Financial Resources	23,354	19,978	3,376

Below is the breakdown of the debt referred to the application of IFRS 16:

(€ thousand)	30.06.2023	31.12.2022	Change
Debt referred to IFRS 16	(9,863)	(8,494)	(1,369)

The composition of Net Financial Indebtedness as at 30 June 2023 is as follows:

- *Cash and cash equivalents* of € 65.2 million are mainly in euro, held with major Italian banks.

- Financial instruments at fair value *of € 38.1 million are comprised of investments in multi-segment insurance funds with partial capital guarantee (€ 30.8 million), a bond loan (€ 0.5 million) and government securities and bonds with a medium-low risk profile (€ 6.9 million).*

- Current financial debt (including debt instruments, and excluding the current portion of non-current financial debt) as at 30 June 2023 was € 21.2 million and refers (a) for € 16.9 million to short-term loans (hot money), (b) for € 3.3 million to the short-term portion of the debt for the payment of rental and lease for offices, cars and printers for all instalments until the end of the relevant contracts following the adoption of the accounting standard (IFRS 16), (c) for € 1.0 million to the estimated outlay for Earn Out of the shareholders of Ennova S.p.A.

- Non-current financial debt (excluding current portion and debt instruments) as at 30 June 2023 of € 64.0 million related to (a) € 53.7 million the portion of new medium- to long-term loans for the portion with a maturity of more than 12 months; (b) for € 1.6 million to the valuation of the debt for the PUT/CALL option for the acquisition of TXT Working Capital Solutions S.r.l., as an estimate of the additional disbursements for exercising the Put/Call option in the 2021-2025 period for the purchase of the remaining 40% of the company's shares; (c) in the amount of € 0.2 million, the long-term portion of the Put/Call related to TXT Risk Solutions S.r.l. after renegotiation, (d) in the amount of € 6.5 million, the medium-/long-term portion of the debt for the payment of rent and lease of offices, cars and printers for all instalments until the end of the relevant contracts based on the adoption of IFRS 16, (e) € 0.8 million estimated outlay for the first Earn Out of Novigo shareholders, (f) € 1.0 million estimated outlay for Earn Out of Soluzioni Prodotti Sistemi S.r.l., (g) for € 0.2 million related to guaranteed price payables

Medium/long-term loans were taken out by the parent company TXT e-solutions S.p.A. in 2018, 2021 and 2022, by the subsidiary Assioma.Net between 2018 and 2019, by the subsidiary TeraTron Gmbh in 2019, by the subsidiary Novigo Consulting in 2019, by the subsidiary DM Management & Consulting, by the subsidiary Soluzioni Prodotti Sistema and by the subsidiary Ennova S.p.A., all in Euro without guarantees; for more details see Note 6.13 and 6.16.

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 debt 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.

Q2 2023 ANALYSIS

The analysis of the operating results for the second quarter of 2023, compared with those of the second quarter of the previous year, is presented below:

(€ thousand)	Q2 2023	%	Q2 2022	%	% Change
REVENUES	**54,987**	**100**	**32,020**	**100**	**71.7**
Direct costs	35,433	64.4	19,591	61.2	80.9
GROSS MARGIN	**19,554**	**35.6**	**12,429**	**38.8**	**57.3**
Research and development costs	2,268	4.1	2,046	6.4	10.9
Commercial costs	5,244	9.5	2,552	8.0	105.5
General and administrative costs	4,957	9.0	3,133	9.8	58.2
GROSS OPERATING PROFIT (EBITDA)	**7,085**	**12.9**	**4,698**	**14.7**	**50.8**
Depreciation, amortisation and impairment	2,615	4.8	1,343	4.2	94.7
Reorganisation and non-recurring charges	-	0.0	0	0.0	0
OPERATING PROFIT (EBIT)	**4,470**	**8.1**	**3,355**	**10.5**	**33.2**
Extraordinary/Financial income (charges)	1,415	2.6	(1,084)	(3.4)	(230.5)
EARNINGS BEFORE TAXES (EBT)	**5,885**	**10.7**	**2,271**	**7.1**	**159.1**
Taxes	(2,010)	(3.7)	(822)	(2.6)	144.5
NET PROFIT	**3,875**	**7.0**	**1,449**	**4.5**	**167.4**
Attributable to:					
Parent Company shareholders	3,875		1,449		
Minority interests					

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

- Net revenues amounted to € 55.0 million, an increase of 71.7% compared to the second quarter of 2022 (€ 32.0 million).

- The Gross margin for the second quarter of 2023 was € 19.6 million, up 57.3% from the second quarter of 2022 (€ 12.4 million). As a percentage of revenues, the margin amounted to 35.6% compared to 38.8% in second quarter of 2022 due to the higher percentage of revenues generated by services.
- EBITDA in the second quarter of 2023 was € 7.1 million, up +50.8% compared to second quarter of 2022 (€ 4.7 million). The margin on revenues was 12.9% compared to 14.7% in second quarter of 2022.
- Operating profit (EBIT) was € 4.5 million, up 33.2% from the second quarter of 2022 (€ 3.4 million)
- Pre-tax profit was € 5.9 million, compared to € 2.3 million in the second quarter of 2022.
- Net profit was € 3.9 million compared to € 1.4 million in the second quarter of 2022.

EMPLOYEES

As at 30 June 2023 there were 2,352 employees (1,295 as at 30 June 2022).

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

In the first six months of 2023, the TXT e-solutions share price recorded an official high of € 22.85 on 20 June 2023 and a low of € 12.86 on 2 January 2023. As at 30 June 2023, the share price was € 22.35.

The average daily trading volume on the stock exchange in the first six months of 2023 was 26,328 shares, up from the daily average of 24,321 in 2022.

Treasury shares as at 30 June 2023 totalled 1,216,086 (906,600 as at 31 December 2022), representing 9.3541% of the issued shares at an average carrying amount of € 6.56 per share. In the first six months of 2023, 450,708 shares were purchased at an average price of 18.95.

On 29 March 2023, the following treasury shares were transferred:

- 42,073 at the agreed price of € 11.88 per share, in order to fulfil the payment commitments undertaken by TXT under the purchase agreement signed on 14 November 2022 for the acquisition of 100% of PGMD Srl;

- 99,149 at the agreed price of € 12.61 per share, in order to fulfil the payment commitments undertaken by TXT under the purchase agreement signed on 5 December 2022 for the acquisition of 100% of TLogos Srl.

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

No transactions outside the normal course of business were carried out with related parties.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD AND OUTLOOK

On **11 July 2023**, an agreement was signed for the acquisition of assets ("Asset Purchase Agreement" or "APA") belonging to the Embedded Graphics business of the companies Presagis Canada Inc., Presagis Europe S.A.S. and Presagis USA Inc. All these companies are subsidiaries of CAE Inc. ("CAE"), one of the largest Canadian companies, leader in the Aerospace & Defence sector. The conclusion of the transaction is subject to the fulfilment of certain conditions set out in the APA and is expected in the third quarter of 2023.

The object of the investment is the activity relating to the Embedded Graphics business of Presagis, which consists of a portfolio of software solutions and services designed for onboard systems in the Aerospace & Defence market. Over the years, the EG business has established itself as a world-leading solution of tools and services for the development of human-machine interfaces (HMI) for safety-critical and mission-critical systems. The main family of products offered by the EG business is represented by VAPS XT, modular software launched on the market in 2011 and evolved over the years through continuous development and close collaboration with leading manufacturers of aircraft and avionics systems.

Today, the VAPS XT product line offers HMI designers, avionics system designers, embedded software engineers and certification specialists maximum control and flexibility for the creation of real-time interactive graphic displays for avionics with the highest standards certification, safety and cybersecurity. With an open architecture and integrated logic capabilities, VAPS XT provides the essential functionality for the design and implementation of certifiable avionics displays in a model-based environment that supports all development phases, from initial conception to implementation on embedded systems. VAPS XT also allows the generation of qualifiable code for the rapid development of certifiable software according to the DO-178C standard, supporting cutting-edge avionics standards such as ARINC 661.

The main assets of TXT's investment include the technology associated with the proprietary solution and contracts with the main players in the Aerospace & Defence market. The approximately thirty employees of the business acquired in Canada, USA & UK, are specialised technical resources and experienced commercial professionals, and will integrate the team of PACE specialists.

In evaluating the transaction, TXT identified significant technological and commercial synergies from the integration of the EG offer in the portfolio of Smart Solutions for the Aerospace & Defence market, already owned by the Group. The integration of the EG business in the TXT offer will be particularly advantageous for PACE Aerospace & IT GmbH, a TXT Group company that operates according to the same business model, and shares the customer base of the EG business. In addition, the investment is strategic for up-selling, cross-selling and geographical diversification opportunities and will be enhanced by TXT E-Tech's engineering and system integration services. TXT already provides these services on the national market and, by taking advantage of the specialised know-how and reputation of the Embedded Graphics business acquired, will scale up the offer of services at international level, responding to the needs of the vast customer base affected by the acquisition.

Forecasts for the performance in the third quarter of 2023

In continuity with the first half of this year, which showed a sustained organic growth in the business and increasing synergy from the integration of the newly acquired companies into the TXT ecosystem, TXT's management expects further growth in 2023, both organically across all operating divisions and through further acquisitions of target companies, some of which have already been identified and are in the assessment and due diligence phase.

In the Smart Solutions division, after a first half of 2023 which recorded a reduced organic growth compared to the Group average due to the seasonality of the business, new multi-year recurring customer contracts are expected for the second half of the year that will favour the division's growth on a plurality of markets, with a particular focus on the Aerospace market where the full recovery of the civil aviation segment and the transition trend towards the green economy are proving to be beneficial factors for the positioning of the portfolio of ESG software solutions already selected by the main players in the sector, whether manufacturers or operators (i.e, airlines). In the Defense and Industry segment, new important business opportunities derive from the marketing of the WEAVR platform dedicated to the creation of VR/AR/MR content for the technical and procedural training of specialised and non-specialised personnel, with up-selling opportunities on already acquired customers and new opportunities for large companies and groups not currently covered by the Group's offer. With reference to the Fintech and Regtech platforms, note the acquisition of a new important contract with a leading national bank for the sale of the AML Fara-day solution. In the context of the offer of ESG platforms for the aeronautical industry, note a new strategic partnership with Google aimed at the digital development of the offer for the real-time flight optimisation segment.

In the Digital Advisory division, after a first half of 2023 that recorded sustained organic growth of 34.9%, for the remainder of this year and for the following two years TXT's management expects continuity in the division's growth thanks to the numerous important public contracts related to NRRP (National Recovery and Resilience Plan) awarded by the subsidiary HSPI during the second half of 2022, as well as by leveraging the new public contracts that will be awarded through public tenders during the second half of 2023 for which TXT Group, thanks to its specialised expertise in digital transformation of processes related to public administration, is strategically positioned. In continuity with the first half, the skills synergistically integrated into the Group's Digital Advisory offer following the strategic acquisitions concluded in 2022 are favouring the expansion of the offer in new segments such as the healthcare segment, where the integration of the skills of HSPI and PGMD, the latter acquired in Q4 2022, are facilitating the acquisition of new public and private contracts in public and private healthcare, and in the space segment, where the specialised cybersecurity governance skills provided within the European space programmes are benefiting the positioning of the group's digital advisory offering and the growth of the division, as well as its internationalisation.

In the Software Engineering division, which in the first half of 2023 recorded revenues more than doubled compared to the same period of the previous year due to the consolidation of the companies acquired in 2022 and thanks to double-digit organic growth, for the second half of the year, management also expects continued growth thanks to the continuation of the accelerated organic development fostered by the acquisition of new major contracts in the fintech and defence segments, with the latter segment recording a significant increase in international business, which grew by over 30% compared to the first half of 2022. With reference to the growth due to the 2022 acquisitions, which guaranteed access to the Group in new markets such as the Telco & Gaming market, after a positive first half in line with the budgets, during the second half of the year the management expects continuity in the returns that will benefit from growing commercial and technological synergies with the other excellences of the TXT ecosystem. With reference to the growing use of emerging technologies on customer contracts related to engineering and IT services, the acquisition of new contracts focused on the use of AI, Data Analytics, VR/AR/XR continues to be successful, as does the portfolio of orders related to TXT's core services and expertise such as Cloud, Embedded Software and Quality Assurance, which show a growing demand in an increasingly wide range of sectors and industries.

In relation to the 2023 M&A plan, after a first half-year in which the TXT Group has recorded a slowdown in the plan caused by valuation differences identified during the due diligence phase, the TXT Group is committed to the continuation of its acquisition plan with the aim of integrating new technologies, specialised digital skills and know-how within the Group in markets that are already proprietary or adjacent to the current ones. The financing of the acquisition transactions will be done through the cash already available in the TXT Group's coffers, the opening of new credit lines and through the use of treasury shares in the portfolio.

On 11 July 2023, TXT signed an Asset Purchase Agreement (or "APA") for the acquisition of the Embedded Graphics business ("EG business") from the Presagis entities (Presagis Canada Inc., Presagis USA Inc., Presagis Europe S.A.S., CAE UK PLC), which are wholly-owned subsidiaries of the Canadian company CAE Inc. ("CAE"). The Presagis Embedded Graphics business consists of a portfolio of software solutions and services designed for onboard systems in the Aerospace & Defense market; over the years, the EG business has established itself as the world's leading solution of tools and services for the development of human-machine interfaces (HMI) for safety-critical and mission-critical systems. The main family of products offered by the EG business is represented by VAPS XT, modular software launched on the market in 2011 and evolved over the years through continuous development and close collaboration with leading manufacturers of aircraft and avionics systems. In evaluating the transaction, TXT identified significant technological and commercial synergies from the integration of the EG offer in the portfolio of Smart Solutions for the Aerospace & Defence market, already owned by the Group. The integration of the EG business in the TXT offer will be particularly advantageous for PACE Aerospace & IT GmbH, a TXT Group company that operates according to the same business model, and shares the customer base of the EG business. In addition, the investment is strategic for up-selling, cross-selling and geographical diversification opportunities and will be enhanced by TXT E-Tech's engineering and system integration services. TXT already provides these services on the national market and, by taking advantage of the specialised know-how and reputation of the Embedded Graphics business acquired, will scale up the offer of services at international level, responding to the needs of the vast customer base affected by the acquisition. The closing of the transaction is subject to certain conditions established in the APA and is expected in the third quarter of 2023, with economic and financial impacts on the current year of non-material value. Starting in 2024, TXT's management expects EG business-related sales volumes in the range of € 5 million with a reduced operating margin compared to the average of the Smart Solutions division due to the expected investments in the evolution of the EG proprietary solutions portfolio.

In the current global geopolitical context, which has worsened since 2022, mainly due to the Russian military aggression in Ukraine and the escalation of the trade war between China and the US, which have led to strong macroeconomic uncertainty and inflationary pressure followed by an immediate rise in rates of interest, the new TXT Board of Directors, which took office today, has currently identified risks that can be mitigated in the short term due to the minimal and non-strategic exposure of the TXT business in the Russian and Ukrainian territory and thanks to a sustainable financial exposure. The TXT Board of Directors constantly monitors the risks linked to the evolution of conflicts and macroeconomic instability.

The manager responsible for preparing corporate accounting documents

	The Chair of the Board of Directors
Eugenio Forcinito	Enrico Magni

Cologno Monzese, 3 August 2023

EMARKET SDIR CERTIFIED

TXT E-SOLUTIONS GROUP

CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

Consolidated Balance Sheet

ASSETS	Notes	30.06.2023	Of which with related parties	31.12.2022	Of which with related parties
NON-CURRENT ASSETS					
Goodwill	6.1	63,684,068		63,518,197	
Intangible assets with a finite useful life	6.2	12,693,012		14,456,524	
Intangible assets		76,377,080		77,974,721	
Property, plant and equipment	6.3	20,377,790		18,292,753	
Tangible assets		20,377,790		18,292,753	
Investments in associates	6.4	4,061,747		1,041,635	
Other non-recurring financial receivables	6.5	18,718,927	400,000	18,381,325	
Deferred tax assets	6.6	1,265,639		1,353,525	
Other non-current assets		24,046,313		20,776,485	
TOTAL NON-CURRENT ASSETS		120,801,183		117,043,959	
CURRENT ASSETS					
Contractual assets	6.7	17,075,691		13,764,528	
Trade receivables	6.8	60,429,237	89,941	73,115,549	644
Sundry receivables and other current assets	6.9	15,763,627	597,652	15,351,629	
HFT securities at fair value	6.10	38,135,751		48,489,950	
Cash and cash equivalents	6.11	65,168,754		33,014,594	
TOTAL CURRENT ASSETS		196,573,061	687,593	183,736,250	644.00
TOTAL ASSETS		317,374,242	687,592	300,780,208	644

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes				Of which with related parties
SHAREHOLDERS' EQUITY					
Share capital		6,503,125		6,503,125	
Reserves		12,898,116		20,013,393	
Retained earnings (accumulated losses)		80,704,498		70,861,088	
Profit (loss) for the period		6,785,055		11,988,305	
TOTAL SHAREHOLDERS' EQUITY (Group)	6.12	106,890,795		109,365,911	
Shareholders' Equity attributable to minority interests		17,135		17,135	
TOTAL SHAREHOLDERS' EQUITY	6.12	106,907,930		109,383,046	-
NON-CURRENT LIABILITIES					
Non-current financial liabilities	6.13	63,980,829	1,557,658	70,004,970	1,377,774
Provision for post-employment benefits and other employee provisions	6.14	5,273,062		4,772,093	
Deferred tax provision	6.6	3,272,172		3,669,580	
Provisions for future risks and charges	6.15	18,000		118,905	
TOTAL NON-CURRENT LIABILITIES		72,544,063	1,557,658	78,565,547	-
CURRENT LIABILITIES					
Current financial liabilities	6.16	80,826,074	481,176	51,186,556	370,283
Trade payables	6.17	17,472,822	-	20,642,746	
Tax payables	6.18	6,986,412		4,288,114	
Sundry payables and other current liabilities	6.19	32,636,940	58,706	36,714,201	100,000
TOTAL CURRENT LIABILITIES		137,922,248	539,882	112,831,616	470,283

TOTAL LIABILITIES	210,466,311	2,097,539	191,397,163	470,283
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	317,374,241	2,097,539	300,780,209	470,283

Consolidated Income Statement

	Notes	30.06.2023	Of which with related parties	30.06.2022	Of which with related parties
Revenues and other income		107,298,975	88,511	62,538,174	
TOTAL REVENUES AND OTHER INCOME	7.1	107,298,975	88,511	62,538,174	
Purchases of materials and external services	7.2	(35,709,256)	(326,019)	(18,112,395)	(378,025)
Personnel costs	7.3	(56,688,118)		(34,779,647)	(155,030)
Other operating costs	7.4	(981,043)	-	(529,075)	-
Depreciation and amortisation/Impairment	7.5	(4,976,869)	-	(2,546,761)	-
OPERATING RESULT		8,943,690	(237,508)	6,570,296	(533,055)
Financial income (charges)	7.6	1,236,945	150,124	(1,386,793)	-
Share of profit (loss) of associates	7.7	(261,498)		15,112	
EARNINGS BEFORE TAXES (EBT)		9,919,137	(87,384)	5,198,615	
Income taxes	7.8	(3,134,081)	-	(1,676,046)	-
NET PROFIT (LOSS) FOR THE PERIOD		6,785,056	(87,384)	3,522,569	
Attributable to:					
Parent Company shareholders		6,785,056		3,522,569	
Minority interests		-			
EARNINGS PER SHARE		0.57		0.30	
DILUTED EARNINGS PER SHARE		0.57		0.30	
Average number of shares		11,965,599		11,724,069	

Consolidated Statement of Comprehensive Income

	30.06.2023	30.06.2022
NET PROFIT (LOSS) FOR THE PERIOD	6,785,056	3,522,569
Attributable to:		
Minority interests	-	-
Parent Company shareholders	6,785,056	3,522,569
Profit/(Loss) from foreign currency translation differences	37,164	209,589
Gain/(Loss) on the effective part of hedging instruments (cash flow hedge)	(164,532)	668,424
Total items of other comprehensive income statement that will be subsequently reclassified to profit/(loss) for the year net of taxes	(127,368)	878,013
Defined-benefit plans actuarial gains (losses)	(388,312)	310,514
Total items of other comprehensive income that will not be subsequently reclassified to profit/(loss) for the year net of taxes	(388,312)	310,514
Total profit/(loss) of Other comprehensive income net of taxes	(515,680)	1,188,527
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,269,376	4,711,096
Attributable to:		

Minority interests	-	-
Parent Company shareholders	6,269,376	4,711,096

Company segment information

(€ thousand)	Software Engineer-ing	Smart Solution	Digital Advisory	Not allocated	TOTAL TXT
REVENUES	73,202	19,638	14,459	-	107,299
Software	-	5,770	-		5,770
Services	73,202	13,868	14,459		101,529
OPERATING COSTS:					
Direct costs	52,059	8,098	9,793		69,950
Research and development costs	1,252	3,212	35		4,499
Commercial costs	6,137	2,897	1,452		10,486
General and administrative costs	5,168	2,196	1,080		8,444
TOTAL OPERATING COSTS	64,616	16,403	12,360	-	93,379
					-
EBITDA	8,586	3,235	2,099	-	13,920
Amortisation of intangible assets	482	931	351		1,764
Depreciation of tangible assets	1,800	777	214		2,791
Write-downs and Restructuring Costs	136	285	-		*421*
OPERATING PROFIT (EBIT)	6,168	1,242	1,534	-	8,944
Financial income (charges)				976	976
EARNINGS BEFORE TAXES (EBT)	6,168	1,242	1,534	976	9,920
Taxes				(3,135)	(3,135)
NET PROFIT	6,168	1,242	1,534	(2,159)	6,785

Consolidated Statement of Cash Flows

	30 June 2023	31 December 2022
Net profit (loss) for the period	6,785,056	11,988,306
Non-monetary costs for Stock Options	-	-
Non-monetary interest	393,884	752,032
Change in fair value of monetary instruments	595,754	1,320,609
Current income taxes	3,134,081	4,209,513
Change in deferred taxes	(309,522)	(2,020,339)
Depreciation, amortisation and impairment	4,890,822	7,101,632
Other non-monetary expenses	(444,450)	1,076,428
Cash flows from (used in) operating activities (before change in working capital)	15,045,625	24,428,181
(Increase) / Decrease in trade receivables	12,249,893	(7,260,235)
(Increase) / Decrease in contractual assets / inventories	(3,311,163)	(5,641,883)
Increase / (Decrease) in trade payables	(3,169,924)	3,608,082
(Increase) / Decrease in other assets/liabilities	(5,097,624)	3,812,468
Increase / (Decrease) in post-employment benefits	500,969	1,759,025
Changes in operating assets and liabilities	1,172,151	(3,722,543)
Paid income taxes	-	(2,540,677)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	16,217,777	18,164,961
of which with related parties	408,792	(792,330)
Increase in tangible assets	(1,379,980)	(1,690,016)
(Increases) / decreases in intangible assets	-	525,393
Capitalisation of development expenses	-	(106,175)
Decrease in tangible and intangible assets	85,543	360,894
Cash flow - related acquisitions	(3,351,000)	(32,049,127)
Reversal deconsolidation	-	-
(Increase) / Decrease in trading securities	(241,555)	(1,525,251)
(Increases) / decreases in securities at fair value	10,000,000	2,000,000
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	5,113,008	(32,484,282)
of which with related parties	-	-
Loans issued	41,500,000	42,480,586
Loans repaid	(17,159,417)	(27,421,878)
Payment of lease liabilities	(2,223,550)	(3,406,051)
Increase / (Decrease) in financial payables	-	-
Increase / (Decrease) in other financial receivables	-	-
Distribution of dividends	(2,139,770)	-
Interest expense	-	(291,701)
Other changes in shareholders' equity	-	17,135
Net change in financial liabilities	(2,477,936)	(3,459,816)
(Purchase)/Sale of treasury shares	(6,599,596)	3,088,236
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	10,899,731	11,006,511
of which with related parties	(1,638,833)	*(1,748,057)*
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	32,230,516	(3,312,810)
Effect of changes in exchange rates on cash flows	(76,355)	251,299
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	33,014,594	36,076,104
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	65,168,754	33,014,594
Assets acquired that did not generate cash flows (initial recognition IFRS 16)	(3,582,396)	(2,725,227)
Liabilities acquired that did not generate cash flows (initial recognition IFRS 16)	3,582,396	2,725,227
of which with related parties	*2,038,822*	

Statement of Changes in Consolidated Shareholders' Equity as at 30 June 2023

	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 mi-nority interests	Total Shareholders' Equity
Amounts as of 31 December 2022	6,503,125	1,300,625	16,115,759	1,911,444	67,293	(814,876)	954,415	478,732	70,861,088	11,988,305	109,365,911	17,135	109,383,046
Profit as of 31 December 2022									11,988,305	(11,988,305)	0		0
Minority acquisitions									0	0	0	0	0
Increase/Purchase						0	(164,531)				(164,531)		(164,531)
Dividend Distribution									(2,139,770)		(2,139,770)		(2,139,770)
Free Capital Increase											0		0
Sale of own shares			1,904,264								1,904,264		1,904,264
Purchase of own shares			(8,503,860)								(8,503,860)		(8,503,860)
Actuarial differences on post-employment benefits						(388,313)					(388,313)		(388,313)
Other changes									(5,125)		(5,125)		(5,125)
Exchange differences								37,164			37,164		37,164
Profit as of 30 June 2023										6,785,056	6,785,056		6,785,056
Amounts as of 30 June 2023	6,503,125	1,300,625	9,516,163	1,911,444	67,293	(1,203,189)	789,884	515,896	80,704,498	6,785,056	106,890,796	17,135	106,907,931

	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 mi-nority interests	Total Shareholders' Equity
Amounts as of 31 December 2021	6,503,125	1,300,625	13,027,523	1,911,444	67,293	(1,131,540)	(136,404)	227,433	63,011,589	7,873,676	92,654,765	411,778	93,066,542
Profit as of 31 December 2021									7,873,676	(7,873,676)	0		0
Minority acquisitions									(24,179)	0	(24,179)	(394,643)	(418,822)
Increase/Purchase							1,090,819				1,090,819		1,090,819
Dividend Distribution											0		0
Free Capital Increase											0		0
Sale of own shares			8,851,050								8,851,050		8,851,050
Purchase of own shares			(5,762,814)								(5,762,814)		(5,762,814)
Actuarial differences on post-employment benefits						316,661					316,661		316,661
Exchange differences								251,299			251,299		251,299
Profit as of 31 December 2022										11,988,305	11,988,305		11,988,305
Amounts as of 31 December 2022	6,503,125	1,300,625	16,115,759	1,911,444	67,293	(814,879)	954,415	478,732	70,861,086	11,988,305	109,365,911	17,136	109,383,046

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 2023 (see also the organisational diagram in the section "Organisational structure and scope of consolidation") and the relative share of legal interest in the share capital:

Company name of the subsidiary	Currency	% holding	Share capital
PACE GmbH	EUR	100%	295,000
PACE America Inc.	USD	100%	10
TXT e-solutions SagL	CHF	100%	40,000
TXT NEXT Sarl	EUR	100%	100,000
TXT NEXT Ltd	GBP	100%	100,000
TXT Risk Solutions S.r.l. (*)	EUR	92%	250,000
Assioma.Net S.r.l.	EUR	100%	100,000
AssioPay S.r.l.	EUR	100%	10,000
MAC SOLUTIONS S.A.	CHF	100%	100,000
HSPI S.p.A.	EUR	100%	220,000
Txt Working Capital Solutions S.r.l.	EUR	60%	500,000
TeraTron GmBH	EUR	100%	75,000
LBA Consulting S.r.l.	EUR	100%	10,000
TXT Novigo S.r.l.	EUR	100%	1,000,000
DM Mgmt & Consulting Srl	EUR	100%	101,000
Pro-Sim Aviation Research B.V.	EUR	40%	720
Soluzioni Prodotti Sistemi Srl	EUR	100%	10,000
Butterfly S.r.l.	EUR	100%	10,000
PGMD Consulting S.r.l.	EUR	100%	20,000
QBRIDGE Srl	EUR	100%	10,000
TLOGOS S.r.l.	EUR	100%	110,000
ENNOVA S.p.A	EUR	100%	1,098,900
TXT e-Tech Srl (**)	EUR	100%	200,000
Quence S.r.l.	EUR	100%	10,000
TXT Consortium	EUR	100%	16,000
PACE Canada Aerospace & IT Inc. (***)	CAD	100%	1

(*) In July 2021, the share capital increase provided for in the Agreement of € 1,000,000 was carried out. TXT e-solutions S.p.A. owns 92%, while the respective shareholders hold 4% each.
Having assessed the terms and conditions under which the risks and rewards accrue to TXT, they were deemed able to attribute a present ownership interest. Consequently, for the purposes of presenting the consolidated financial statements, no third-party rights have been restated in the shareholders' equity with reference to said interests. However, these rights are recorded as liabilities with regard to potential payments, including contingent considerations, still to be made on the basis of the aforementioned option contracts.
(**) In May 2022, a new company TXT Core S.r.l. was established.
(***) In June 2023, a new Canadian company was established, 100% owned by PACE Gmbh, PACE Canada Aerospace & IT Inc

The consolidated financial statements of the TXT e-solutions S.p.A. (the "Group") is presented in Euro, which is also the functional currency. 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	30.06.2023	30.06.2022
British Pound (GBP)	0.8764	0.8424
US Dollar (USD)	1.0807	1.0934
Swiss Franc (CHF)	0.9856	1.0319

- Balance sheet (exchange rates as at 30 June 2023 and 31 December 2022)

Currency	30.06.2023	31.12.2022
British Pound (GBP)	0.8583	0.8869
US Dollar (USD)	1.0866	1.0666
Swiss Franc (CHF)	0.9788	0.9847

2. Basis of preparation of the consolidated financial statements

The Group's annual consolidated financial statements are prepared in accordance with the IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union as at the date of drafting of these financial statements, as well as with the measures issued in implementation of 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 2023 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 2022. 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 2022. They have been prepared based on accounting records as at 30 June 2023 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 adopted in the preparation of the financial statements, as well as their content and changes in the individual items, are set out below and have not changed from those adopted in the financial statements for the year ended 31 December 2022, thereby ensuring the comparability of the data.

The publication and release of this report were approved by the Board of Directors in its meeting held on 3 August 2023.

3. Accounting standards and interpretations applied from 1 January 2023

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 2022 and illustrated in the Annual Financial Report under note 4 "Accounting standards and basis of consolidation".
As at 30 June 2023, there are no significant effects with regard to amendments to the international accounting standards (IFRS), whose application was expected to begin on 1 January 2023, summarised below: Disclosure on accounting standards (Amendments to IAS 1), definition of accounting estimates (Amendments to IAS 8), Deferred taxes relating to assets and liabilities deriving from a single transaction (Amendments to IAS 12).

4. 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, Military Conflict in Ukraine)

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 2022, to which reference should be made.

5. 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.

6. Balance sheet

6.1.Goodwill

A breakdown of the item as at 30 June 2023 and the comparison with 31 December 2022 is shown below:

Goodwill	Amount as at 30 June 2023	Amount as at 31 December 2022
Acquisition of PACE	5,369,231	5,369,231
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.	5,891,096	5,891,096
Acquisition of TeraTron	2,749,313	2,749,313
Acquisition of LBA Consulting	2,848,205	2,848,205
Acquisition of TXT Novigo	11,210,396	11,210,396
Acquisition of Quence	1,137,387	1,137,826
Acquisition of PGMD	2,922,293	2,891,425
Acquisition of SPS	4,060,973	3,925,973
Acquisition of TLG	3,824,370	3,824,370
Acquisition of ENNOVA	9,905,217	9,905,217

Acquisition of DM	2,178,143	2,178,143
TOTAL GOODWILL	63,684,065	63,518,636

Goodwill arises from the acquisition of PACE GmbH ("PACE") in 2016, the two acquisitions in 2018 of Cheleo Srl and TXT Risk Solutions Srl, the acquisition of the Assioma Group in 2019, of TXT Working Capital Solutions Srl, Mac Solutions SA and HSPI S.p.A. in 2020 and of TeraTron GmbH, LBA Consulting, Novigo Consulting, Quence in 2021, DM Management & Consulting, Ennova, Soluzioni Prodotti Sistemi, PGMD and Tlogos in 2022, and was determined, in its various components, as follows:

- PACE's 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). This liability was extinguished in the 2020 financial year.

- 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 € 1,599 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.'s 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.'s 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.
- MAC SOLUTIONS S.A.'s 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.'s goodwill of € 5,891 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, and the valuation of "Customer Relationship" tangible assets with a finite useful life of € 2,193 thousand and deferred tax of € 612 thousand.
- TeraTron's goodwill of € 2,749 thousand derives from the acquisition price of € 10,214 thousand, net of the fair value of shareholders' equity on the acquisition date of € 5,468 thousand, and the valuation of "Customer Relationship" intangible assets with a finite useful life of € 2,769 thousand and deferred tax of € 773 thousand.
- LBA Consulting's goodwill of € 2,848 thousand derives from the acquisition price of € 4,622 thousand, net of the fair value of shareholders' equity on the acquisition date of € 837 thousand, the valuation of "Customer Relationship" intangible assets with a finite useful life of € 1,367 thousand, deferred tax of € 381 thousand and a provision for risks of € 49 thousand.
- The goodwill of TXT Novigo of € 11,210 thousand is broken down as follows:
    - € 5,919 thousand deriving from the acquisition price of Novigo Consulting S.r.l. (now TXT Novigo) of € 9,208 thousand, net of the fair value of shareholders' equity on the acquisition date of € 1,070 thousand, and the valuation of "Customer Relationship" intangible assets with a finite useful life of € 3,076 thousand and deferred tax of € 858 thousand;
    - € 5,292 thousand derives from the acquisition price of Cheleo S.r.l., company merged in TXT Novigo effective from 1 January 2023, 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. During the previous year, this goodwill, previously calculated for an amount of € 6,002 thousand, was reduced by € 711 thousand following the Impairment Test result.

- Quence 's goodwill of € 1,137 thousand derives from the acquisition price of € 2,963 thousand, net of the fair value of shareholders' equity on the acquisition date of € 1,272 thousand, and the valuation of "Customer Relationship" intangible assets with a finite useful life of € 766 thousand and deferred tax of € 214 thousand.
- DM Consulting's goodwill of € 2,178 thousand derives from the acquisition price of € 2,331 thousand net of the fair value of shareholders' equity on the acquisition date of € 153 thousand.
- ENNOVA's total goodwill is equal to € 9,905 thousand. In detail, the amount of € 9,190 thousand derives from the acquisition price of € 18,800 thousand net of the fair value of shareholders' equity on the acquisition date of € 9,610 thousand. The residual amount of € 715 thousand refers to the goodwill generated by business combinations carried out by ENNOVA in previous years.
- SPS's goodwill of € 4,061 thousand derives from the acquisition price of € 7,674 thousand, net of the fair value of shareholders' equity on the acquisition date of € 3,613 thousand.
- PGMD's goodwill of € 2,922 thousand derives from the acquisition price of € 3,990 thousand, net of the fair value of shareholders' equity on the acquisition date of € 1,067 thousand.
- TLOGOS's goodwill of € 3,824 thousand derives from the acquisition price of € 5,000

thousand, net of the fair value of shareholders' equity on the acquisition date of € 1,176 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 2022, 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 2023, 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 2023" accompanying these financial statements, no impairment test was conducted as at 30 June 2023, 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.

6.2. Intangible assets with a finite useful life

Net of amortisation, intangible assets with a finite useful life amounted to € 12,693,013 as at 30 June 2023. The changes during the half year are reported below:

Intangible assets	Software licences	Research and development	Intellectual Property	Customer Relationship	Other fixed assets	TOTAL
Balances as at 31 December 2022	626,439	1,100,987	96,050	11,893,348	739,699	14,456,524
Acquisitions	77,993		-	-	8,425	86,417
Disposals		(85,543)				(85,543)
Amortisation and depreciation	(222,209)	(286,977)	(76,914)	(1,178,285)		(1,764,385)
Other Changes						-
Balances at 30 June 2023	482,223	728,467	19,136	10,715,063	748,124	12,693,013

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 and to the acquisitions of the new companies of the Ennova Group and SPS S.r.l.
- 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 the end of 2023.

- 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 2023, the value of the intellectual property was fully amortised, with amortisation for 2023 of € 48,214. The value at 30 June 2023 of the Customer Relationship was fully written off, with amortisation for 2023 of € 39,714.
    - The value of Cheleo's (now TXT Novigo) 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 2023 was € 963,988 net of amortisation for 2023 of € 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 2023 is equal to € 19,133 net of amortisation for 2023 of € 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 Customer Relationship as at 30 June 2023 has been fully amortised.
    - The value of Mac Solutions S.A.'s Customer Relationship was allocated in the 2020 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 2023 was € 2,288,079 net of amortisation 2023 of € 190,673.
    - The value of HSPI S.p.A.'s Customer Relationship was allocated in 2021 with the help of an independent expert and the useful life of the amortisation has been estimated at 8 years. Customer Relationship was valued as part of the allocation of the higher price paid. The residual value as at 30 June 2023 was € 1,462,296 net of amortisation 2023 of € 137,090.
    - The value of TeraTron's Customer Relationship was allocated in 2021 with the help of an independent expert and the useful life of the amortisation has been estimated at 8 years. Customer Relationship was valued as part of the allocation of the higher price paid. The residual value as at 30 June 2023 is € 1,884,458 net of amortisation for 2023 of € 230,750.
    - The value of LBA Consulting S.r.l.'s Customer Relationship was allocated in the current financial year with the help of an independent expert and the useful life of the amortisation has been estimated at 6 years. Customer Relationship was valued as part of the allocation of the higher price paid. The residual value as at 30 June 2023 was € 1,006,471 net of amortisation 2023 of € 113,940.
    - The Customer Relationship value of NOVIGO Consulting (now TXT Novigo) was allocated in the current 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 2023 is € 2,535,022 net of amortisation for 2023 of € 170,900.

- The value of QUENCE's Customer Relationship was allocated in the current financial year with the help of an independent expert and the useful life of the amortisation has been estimated at 6 years. Customer Relationship was valued as part of the allocation of the higher price paid. The residual value as at 30 June 2023 is € 574,746 net of amortisation for 2023 of € 63,861.

6.3. Tangible assets

Net of depreciation, tangible assets amounted to € 20,377,790 as at 30 June 2022. The changes during the half year are reported below:

Tangible assets	Buildings (lease)	Vehicles (lease)	Electronic machinery (lease)	Buildings	Electronic machinery	Furniture and fixtures	Other tangible assets	Work in progress	TOTAL
Balances as at 31 December 2022	7,313,108	1,964,698	151,851	4,051,454	2,153,041	1,044,524	1,544,079	70,000	18,292,755
Acquisitions / Increases	2,760,280	1,211,448	4,954	2,644	763,745	175,702	462,804		5,381,577
Disposals	(270,188)	(124,098)		(1,379)	(31,472)	(28,251)	19,769	(70,000)	(505,619)
Depreciation	(1,336,640)	(589,433)	(25,243)	(66,165)	(440,053)	(104,920)	(228,468)		(2,790,923)
Other Changes									0
Balances as at 30 June 2023	8,466,560	2,462,615	131,562	3,986,554	2,445,261	1,087,055	1,798,184	-	20,377,790

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.

6.4. Investments in associates

This item includes the value of the equity investments of the associated companies ReVersal S.p.A, Prosim TS, TXT Healthprobe, LAS LAB and Simplex. As at 30 June 2023 the “Investments in associated companies” item amounted to € 4,061,744.

6.5. Sundry receivables and other non-current assets

“Sundry receivables and other non-current assets” amounted to € 18,718,927 as at 30 June 2023, to be compared with € 18,381,325 as at 31 December 2022.

This item mainly includes the financial investment in the capital of Banca del Fucino made in the first quarter of 2021 for € 16,541,620. This item also includes the Fair Value of the MTM Interest Rate Swap of € 1,2 million.

6.6. Deferred tax assets/liabilities

The breakdown of deferred tax assets and liabilities as at 30 June 2023, compared to the figures as at the end of 2022, is shown below:

	Balances at 30 June 2023	Balances as at 31 December 2022	Change
Deferred tax assets	1,265,639	1,353,525	(87,886)
Deferred tax provision	(3,272,172)	(3,669,580)	397,408
Total	(2,006,533)	(2,316,055)	309,522

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 € 309,522 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.

6.7. Contractual assets

Contractual Assets as at 30 June 2023 amounted to € 17,075,691 and show an increase of € 3,311,163, compared to 31 December 2022.

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.

6.8. Trade receivables

Trade receivables as at 30 June 2023, net of the provision for bad debts, amounted to € 60,429,237, a decrease of € 12,686,312 compared to 31 December 2022.

The average DSO for the first half of 2023 is 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 2023	31 December 2022	Change
Gross value	61,689,277	74,069,428	(12,380,151)
Provision for bad debts	(1,260,040)	(953,880)	(306,160)
Net value	60,429,237	73,115,548	(12,686,311)

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

Provision for bad debts	30.06.2023
Opening balance	(953,880)
Release	130,259
Allocation	(436,419)
Closing balance	(1,260,040)

The breakdown of trade receivables between falling due and past due as at 30 June 2023, compared to 31 December 2022, is shown below:

Aging 30.06.2023	Total	Coming due	Past due	
			0-90 days	More than 90 days
30 June 2023	61,689,276	50,923,014	8,155,898	2,610,364
31 December 2022	73,115,548	55,768,618	13,487,229	3,859,701

Considering the breakdown of the receivables portfolio and, in particular, the concentration of receivables on large customers, Management believes that the provision for bad debts as at 30 June 2023 is adequate.

6.9. Sundry receivables and other current assets

The "Sundry receivables and other current assets" item, which included receivables for funded research, tax and other receivables, as well as accrued income and prepaid expenses, showed a balance of € 15,763,627 as at 30 June 2023, against a balance of € 15,531,629 as at 31 December 2022. The breakdown is shown below:

Sundry receivables and other current assets	30 June 2023	31 December 2022	Change
Receivables for research grants	2,602,754	2,581,823	20,931
Tax receivables	5,701,495	6,741,656	- 1,040,161
Other receivables	3,531,623	2,728,095	803,528
Other current assets	3,927,755	3,300,055	627,700
Total	15,763,627	15,351,629	411,998

The "Receivables for research grants" item 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 "Tax receivables" item refers to advances relating to direct taxes.

Other current assets, amounting to € 3.927.755, consist of accrued income and prepaid expenses (adjustments of costs paid in advance not pertaining to the period) and other contractual assets.

6.10. Financial instruments at fair value

As at 30 June 2023, this item included Financial instruments at fair value of € 38,135,751. In particular, the net change with respect to 31 December 2022 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 € 30,768,949, bond loan € 494,802, treasury asset management € 6,872,000.

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.

6.11. Cash and cash equivalents

The Group's cash and cash equivalents amounted to € 65,168,754 (€ 33,014,594 as at 31 December 2022). 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:

- New loans stipulated during the half year (note 6.13)
- transactions in treasury shares (note 6.12) and investments in insurance funds

Cash and cash equivalents refer to ordinary current accounts held with Italian banks, amounting to € 56,133,098 and foreign banks € 9,014,670.
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.

6.12. Shareholders' equity

Shareholders' equity amounted to € 106.907.930.

The company's share capital as at 30 June 2023 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), share premium reserve (€ 9,516,163), merger surplus reserve (€ 1,911,444), the "reserves for actuarial differences on post-employment benefits" (negative € 1,203,188), cash flow hedge reserve (positive €789,883 net of tax effect), "translation reserve" (€ 515,896), stock option reserve (€ 67,293) and retained earnings reserve (€ 80,704,498).

Description	Free	Required Law	Established by Shareholders' Meeting	TOTAL
Share premium reserve	9,516,163	-	-	9,516,163

Legal reserve	-	1,300,625	-	1,300,625
Merger surplus	-	-	1,911,444	1,911,444
Reserve for actuarial differences on post-employment benefits	-	-	(1,203,188)	(1,203,188)
IRS Fair Value	789,883	-	-	789,883
Reserve for retained earnings	-	0	80,704,498	80,704,498
Stock option reserve	-	-	67,293	67,293
Translation reserve	-	-	515,896	515,896
Total	10,306,046	1,300,625	81,995,943	93,602,614

Treasury shares

In the first six months of 2023, the TXT e-solutions share price recorded an official high of € 22.85 on 20 June 2023 and a low of € 12.86 on 2 January 2023. As at 30 June 2023, the share price was € 22.35.

The average daily trading volume on the stock exchange in the first six months of 2023 was 26,328 shares, up from the daily average of 24,321 in 2022.

Treasury shares as at 30 June 2023 totalled 1,216,086 (906,600 as at 31 December 2022), representing 9.3541% of the issued shares at an average carrying amount of € 6.56 per share. In the first six months of 2023, 450,708 shares were purchased at an average price of 18.95.

On 29 March 2023, the following treasury shares were transferred:

- 42,073 at the agreed price of € 11.88 per share, in order to fulfil the payment commitments undertaken by TXT under the purchase agreement signed on 14 November 2022 for the acquisition of 100% of PGMD Srl;

- 99,149 at the agreed price of € 12.61 per share, in order to fulfil the payment commitments undertaken by TXT under the purchase agreement signed on 5 December 2022 for the acquisition of 100% of TLogos Srl.

6.13. Non-current financial liabilities

"Non-current financial liabilities" amounted to € 63,980,829 (€ 70,004,970 as at 31 December 2022).

Non-current financial liabilities	30 June 2023	31 December 2022	Change
Payable for Earn-Out	1,804,380	4,897,176	(3,092,796)
Debt Guaranteed Price	211,270	51,145	160,125
WKS put-call payable	1,569,984	1,569,984	0
TXT RISK put-call payable	199,078	199,078	0
Bank loans	53,691,127	57,299,350	(3,608,223)
Non-current payables to suppliers for leases	6,504,991	5,988,237	516,754
Total non-current financial liabilities	63,980,829	70,004,970	- 6,024,140

This item includes: a) the valuation of the payable for the Put-Call option for € 1,569,984 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; b) the non-current portion of bank loans entered into in the previous years in the amount of € 53,691,127, c) the non-current portion of the financial debt in the amount of € 6,504,991 under IFRS 16 d) the valuation of the Put/Call related to the acquisition of TXT Risk Solutions Srl as an estimate of the disbursements for the purchase of the residual non-controlling interest, g) the debt in the amount of €1,804,380 for the Earn-Out to be paid to the shareholders of TXT Novigo and SPS upon the occurrence of the contractual conditions.

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 € 3,014,678, the non-current portion amounted to € 0.

- 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 € 1,500,000, the non-current portion amounted to € 0.

- A loan for € 10,000,000 at a 3-month EURIBOR floating rate (360) + 0.65% spread granted to the parent company on 28.07.2021 by UNICREDIT S.P.A. A derivative product was taken out on the same loan to protect the floating rate, setting it at 0.65% per annum. As at 30 June, the residual portion amounted to € 7,227,005, the non-current portion amounted to € 5,005,962.

- A loan for € 5,000,000 at a 3-month EURIBOR floating rate (360) + 0.80% spread granted to the parent company on 03.08.2021 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 0.49% per annum. As at 30 June, the residual portion amounted to € 2,272,727, the non-current portion amounted to € 454,545.

- A loan for € 10,000,000 at a 3-month EURIBOR floating rate (360) + 0.85% spread granted to the parent company on 19/11/2021 by UNICREDIT S.P.A. A derivative product was taken out on the same loan to protect the floating rate, setting it at 0.85% per annum. As at 30 June, the residual portion amounted to € 7,777,778, the non-current portion amounted to € 5,555,555.

- A loan for € 10,000,000 at a fixed rate of 0.61% granted to the parent company on 28.12.2021 by BANCA POPOLARE DI MILANO S.P.A. As at 30 June, the residual portion amounted to € 7,142,857, the non-current portion was € 4,285,714.

- A loan for € 5,000,000 at a fixed rate of 1.73% disbursed to the parent company on 12.05.2022 by BANCA POPOLARE DI MILANO S.P.A. As at 30 June, the residual portion amounted to € 3,414,634, the non-current portion amounted to € 1,951,220.

- A loan for € 10,000,000 at a fixed rate of 1.8% granted to the parent company on 18.05.2022 by BPER BANCA S.P.A. As at 30 June, the residual portion amounted to € 7,566,940, the non-current portion was € 5,089,788.

- A loan for € 2,000,000 at a 6-month EURIBOR floating rate + spread 0.990% granted to the parent company on 16.06.2022 by Credito Emiliano S.p.A. As at 30 June the residual portion amounted to € 1,472,420, the non-current portion amounted to € 746,252.

- A loan for € 15,000,000 at a 3-month EURIBOR floating rate (360) + 1.60% spread granted to the parent company on 29.06.2022 by Credit Agricole Italia S.p.A. As at 30 June, the residual portion amounted to € 12,108,307, the non-current portion amounted to € 9,144,646.

- A loan for € 10,000,000 at a 3-month EURIBOR floating rate (360) + 1.45% spread granted to the parent company on 09.11.2022 by UNICREDIT. As at 30 June, the residual portion amounted to € 10,000,000, the non-current portion amounted to € 7,777,778.

- Loan for €3,000,000 granted to the parent company on 28.02.2023 by CREDEM. As at 30 June, the residual portion amounted to € 2,913,602, the non-current portion amounted to € 1,855,300.

- Loan for €7,500,000 granted to the parent company on 23.05.2023 by BPER. As at 30 June, the residual portion amounted to € 7,500,000, the non-current portion was € 5,735,402.

- 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 € 779,167, the non-current portion amounted to € 495,833.

- A loan for € 1,800,000 at fixed interest rate granted to TeraTron GmbH by SPARKASSE BANK. As at 30 June, the residual portion amounted to € 1,349,993, the non-current portion amounted to € 1,244,109.

- A loan for € 510,000 at fixed rate granted to Novigo Consulting. As at 30 June, the residual portion amounted to € 276,753, the non-current portion amounted to € 174,264.

- A loan for € 450,000 at a fixed rate of 1.570% disbursed to PGMD Consulting S.r.l. As at 30 June, the residual portion amounted to € 245,612, the non-current portion amounted to € 170,382.

- Loan granted to the subsidiary DM Consulting. As at 30 June, the residual portion amounted to € 178,580, the non-current portion amounted to € 129,478.

- A loan for € 50,000 at a fixed rate granted to BUTTERFLY S.r.l. As at 30 June, the residual portion amounted to € 22,613, the non-current portion was € 0.

- A loan for € 500,000 at a fixed rate granted to SPS S.r.l. As at 30 June, the residual portion amounted to € 112,214, the non-current portion amounted to € 8,758.

- A loan for € 750,000 at a fixed rate granted to SPS S.r.l. As at 30 June, the residual portion amounted to € 421,875, the non-current portion amounted to € 234,375

- A loan for € 223,000 at a fixed rate granted to SPS S.r.l. As at 30 June, the residual portion amounted to € 171,860, the non-current portion was € 127,597.

- A loan for € 250,000 at a fixed rate granted to SPS S.r.l. As at 30 June, the residual portion amounted to € 158,332, the non-current portion was € 133,818.

- A loan for € 221,000 at a fixed rate granted to SPS S.r.l. As at 30 June, the residual portion amounted to € 167,662, the non-current portion amounted to € 146,670.

- A loan for € 600,000 at a fixed rate granted to SPS S.r.l. As at 30 June, the residual portion amounted to € 464,221, the non-current portion amounted to € 284,648.

- Ennova S.p.A. has taken out loans for a total of € 10,223,000 with various credit institutions. The residual portion amounts to € 4,898,921, the non-current portion is equal to € 2,939,034.

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 debt 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.

Details are presented below:

UNICREDIT S.P.A. loan (TXT)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	-	1,005,470	(1,005,470)
Maturity more than 5 years			-
Total	-	1,005,470	(1,005,470)

BANCA NAZIONALE DEL LAVORO S.P.A. loan (TXT)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	-	500,000	(500,000)
Maturity more than 5 years			-
Total	-	500,000	(500,000)

UNICREDIT S.P.A. loan (TXT)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	5,005,962	6,116,777	(1,110,815)
Maturity more than 5 years		-	-
Total	5,005,962	6,116,777	(1,110,815)

BANCA NAZIONALE DEL LAVORO S.P.A. loan (TXT)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	454,545	1,363,636	(909,091)
Maturity more than 5 years		-	-
Total	454,545	1,363,636	(909,091)

UNICREDIT S.P.A. loan (TXT)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	5,555,556	6,666,666	(1,111,110)
Maturity more than 5 years		-	-
Total	5,555,556	6,666,666	(1,111,110)

BANCA POPOLARE DI MILANO loan (TXT)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	4,285,714	5,714,285	(1,428,571)
Maturity more than 5 years		-	-
Total	4,285,714	5,714,285	(1,428,571)

BANCA POPOLARE DI MILANO loan (TXT)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	1,951,220	2,682,927	(731,708)
Maturity more than 5 years		-	-
Total	1,951,220	2,682,927	(731,708)

BPER BANCA SPA (TXT) loan	30.06.2023	31.12.2022	Change
Maturity 1-5 years	5,089,788	6,333,935	(1,244,147)
Maturity more than 5 years		-	-
Total	5,089,788	6,333,935	(1,244,147)

CREDEM mortgage (TXT)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	746,252	1,099,010	(352,758)
Maturity more than 5 years		-	-
Total	746,252	1,099,010	(352,758)

CREDIT AGRICOLE loan (TXT)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	9,144,646	10,594,443	(1,449,797)
Maturity more than 5 years		-	-
Total	9,144,646	10,594,443	(1,449,797)

UNICREDIT S.P.A. loan (TXT)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	7,777,778	8,888,888	(1,111,110)
Maturity more than 5 years		-	-
Total	7,777,778	8,888,888	(1,111,110)

CREDEM mortgage (TXT)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	1,855,300	637,500	1,217,800
Maturity more than 5 years			-
Total	1,855,300	637,500	1,217,800

BPER loan (TXT)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	5,735,402	-	5,735,402
Maturity more than 5 years			-
Total	5,735,402	-	5,735,402

BANCA NAZIONALE DEL LAVORO loan (Assioma)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	495,833	637,500	(141,667)
Maturity more than 5 years			-
Total	495,833	637,500	(141,667)

BANCA POPOLARE DI MILANO loan (NOVIGO)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	174,264	225,701	(51,437)
Maturity more than 5 years			-
Total	174,264	225,701	(51,437)

SPARKASSE BANK loan (TERATRON)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	370,594	423,536	(52,942)
Maturity more than 5 years	873,515	873,515	-
Total	1,244,109	1,297,051	(52,942)

Loan (DM Consulting)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	129,478	129,478	-
Maturity more than 5 years			-
Total	129,478	129,478	-

Banca Popolare di Sondrio loan (PGMD Consulting)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	170,382	195,557	(25,175)
Maturity more than 5 years			-
Total	170,382	195,557	(25,175)

Loan (SPS)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	935,864		935,864
Maturity more than 5 years			-
Total	935,864	-	935,864

Loan (BUTTERFLY Consulting)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	-	22,613	(22,613)
Maturity more than 5 years			-
Total	-	22,613	(22,613)

Loan (ENNOVA)	30.06.2023	31.12.2022	Change
Maturity 1-5 years	2,939,034	3,823,167	(884,133)
Maturity more than 5 years			-
Total	2,939,034	3,823,167	(884,133)

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

	01.01.2023	Cash flows	Reclassification Current - Non-Current	Change in fair value	Interest	New loans	30.06.2023
Payable for WKS PUT/CALL option	1,569,984						1,569,984
Payable for PUT/CALL TXT Risk Solutions option	199,077						199,077
Debt Guaranteed Price	51,145			(51,145)			-
Obligations for financial leases and rental contracts with purchase option – NON-current portion	5,988,237		(3,077,142)			3,593,896	6,504,991
Interest-bearing loans and financing - NON-current portion	57,299,350		(11,108,223)			7,500,000	53,691,127
Debt for acquisitions	4,897,176		(1,000,000)	(1,881,527)			2,015,649
Total liabilities deriving from financial assets	70,004,969	-	(15,185,365)	(1,932,672)	-	11,093,896	63,980,828

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

The "Provision for post-employment benefits and other employee provisions" item as at 30 June 2023 amounted to € 5,273,062, 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 2022	Provisions	Uses / Payments	Actuarial gains / losses and other	Financial income / charges	30 June 2023
Post-employment benefits	4,772,093	1,848,380	(1,792,863)	401,585	43,867	5,273,062
Provision for severance for end of term of office	(0)					(0)
Total non-current provisions relating to employees	4,772,093	1,848,380	(1,792,863)	401,585	43,867	5,273,062

Post-employment benefits for personnel of € 5,273,062 as at 30 June 2023 (€ 4,772,093 as at 31 December 2022), was 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:

	Jun-23	Dec-22
Provision for post-employment benefits	4,772,092	4,915,824
Current cost	199,249	(172,772)
Financial charges	43,867	21,722
Actuarial differences	401,585	(316,663)
Actuarial differences following acquisitions	0	0
Retained earnings	(143,732)	323,981
Total	5,273,061	4,772,092

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 2.00% impacted the valuation of all companies except for TXT and Assoma.net.

The estimated inflation rate used for measurement purposes was 2.5% per year.

The discount rate used for the valuations was 3.6005% per year as at 30 June 2023 on bonds issued by European companies with AA rating for 10+ maturities. The average duration of the liability was calculated at 15,8 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 € 5,273,062):

Sensitivity analysis as at 30 June 2023	% Change in liabilities (DBO)			
Type of change for the specific assumption	Decrease	Increase	Decrease	Increase
Decrease or increase of 50% in company staff turn-over	-1.89%	1.17%	5,173,401	5,334,757
Decrease or increase of 50% in frequency of advance payments	-0.87%	0.74%	5,227,186	5,312,083
Decrease or increase of inflation by one percentage point	0.76%	0.77%	5,313,137	5,313,665
Decrease or increase of discount rate by one percentage point	1.21%	-1.62%	5,336,866	5,187,638

6.15. Provisions for future risks and charges

"Provisions for future risks and charges" as at 30 June 2023 amounted to € 18,000 and mainly includes provisions for liabilities of a contractual nature.

6.16. Current financial liabilities

The "current financial liabilities" item amounted to € 80,826,074 (€ 51,186,555 as at 31 December 2022).

Current financial liabilities	30 June 2023	31 December 2022	Change
Bank loans	76,468,274	44,380,525	32,087,749
IFRS 16 loans	3,357,800	2,504,207	853,593
DM payable	-	50,000	(50,000)
ENNOVA Earn-Out	1,000,000	2,500,000	(1,500,000)
TLOGOS Earn-Out	-	1,250,000	(1,250,000)
PGMD Earn-Out	-	500,000	(500,000)
Payables to EU partners	-	1,823	(1,823)
Total current financial liabilities	80,826,074	51,186,555	29,639,519

The Bank loans item, amounting to € 76,468,274, includes:

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

- € 3,014,678 on the loan granted by UNICREDIT S.P.A.
- € 1,500,000 on the loan granted by BANCA NAZIONALE DEL LAVORO S.P.A.
- € 2,221,043 on the loan granted by UNICREDIT S.P.A.
- € 1,818,182 on the loan granted by BANCA NAZIONALE DEL LAVORO S.P.A.
- € 2,222,222 on the loan granted by UNICREDIT S.P.A.
- € 2,857,143 on the loan granted by BANCO BPM S.P.A.
- € 1,463,415 on the loan granted by BANCO BPM S.P.A.
- € 2,477,152 on the loan granted by BPER BANCA S.P.A.
- € 726,168 on the loan granted by CREDITO EMILIANO S.P.A.
- € 2,963,661 on the loan granted by CREDITE AGRICOLE ITALIA S.P.A.
- € 2,222,222 on the loan granted by CREDIT AGRICOLE
- € 1,058,303 on the loan granted by CREDEM
- € 1.762.963 on the loan granted by BPER BANCA
- Short-term payables due to banks / hot money of € 46.900.000
- € 283,333 on the loan granted by BANCA NAZIONALE DEL LAVORO S.P.A. for the Assioma Group
- € 105,884 on the loan granted by SPARKASSE BANK for TeraTron GmbH
- € 102,488 on the loan granted by BANCO BPM S.P.A. for Novigo
- € 49,102 on the loans granted for DM Consulting Srl
- € 1,959,887 on loans granted for Ennova SpA
- € 668,922 on loans granted for SPS
- € 16,273 on the loan granted to Butterfly
- € 75,230 on the loan granted by Banca Popolare di Sondrio for PGMD Consulting

The short-term Ennova Earn-Out includes the portion of € 1,000,000.

The IFRS16 loans item includes the € 3,357,800 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.

	01.01.2023	Cash flows	Business Combinations IFRS 3	Disposals	Reclassify Current - Non-Current	Interest	New loans	30.06.2023
Interest-bearing loans and financing – current	29,480,524	-12,859,417			12,947,167			29,568,274
Hot Money	14,900,000						32,000,000	46,900,000
Debt for acquisitions	4,300,000	-4.300.000			1,000,000			1,000,000
Payables to EU partners	1,823	-1,823						0
Obligations for financial leases and rental contracts – current portion	2,504,208	-2,223,550			3,077,142			3,357,800
Total liabilities deriving from financial assets	51,186,555	-19,384,790	0	0	17,024,309	0	32,000,000	80,826,074

6.17. Trade payables

Trade payables as at 30 June 2023 amounted to € 17,472,822 and decreased by € 3,169,924 compared to 31 December 2022. Payables due to suppliers are of a trade, non-interest bearing nature and are due within twelve months.

6.18. Tax payables

Tax payables as at 30 June 2023 amounted to € 6,986,412 and mainly related to the income tax liability of the Parent Company and other Group companies, net of advances paid during the year.

6.19. Sundry payables and other current liabilities

Sundry payables and other current liabilities amounted to € 32,636,940 as at 30 June 2023, compared with € 36,714,201 as at 31 December 2022, as detailed in the table below:

Sundry payables and other current liabilities	30 June 2023	31 December 2022	Change
Other payables	2,461,591	5,780,691	-711,864
Accrued expenses and deferred income	5,674,748	4,980,000	495,650
Advance payments for multi-year orders	6,985,452	9,396,300	-941,044
Payables due to social security institutions	4,214,965	4,350,857	213,558
Payables due to employees and external staff	13,300,185	12,206,353	812,970
Sundry payables and other current liabilities	32,636,940	36,714,201	-130,730

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

The item "Advance payments for multi-year orders" included the advance payments received from customers for orders currently being processed.

The "Payables due to employees and external staff" item included payables for wages and salaries relating to June 2023 as well as payables due to employees for unused annual leave.

7. Income Statement

7.1. Total revenues and other income

Consolidated revenues and other income for the first half of 2023 amounted to € 107,298,975, up 71.6% compared with the first half of the previous year, as detailed below:

	30 June 2023	30 June 2022	Change	% change
Revenues and other income	107,298,975	62,538,174	44,760,801	71.6%
Total	107,298,975	62,538,174	44,760,801	71.6%

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 2023*", to which reference should be made for further details.

7.2. Purchases of materials and external services

Purchases of materials and external services for the first half of 2023 amounted to € 18,112,395, up from € 9,510,367 in the first half of 2022.

The item is detailed below:

	30 June 2023	30 June 2022	Change
Consumables and resale items	9,762,894	6,947,641	2,815,253
Technical consulting	10,999,330	6,846,529	4,152,801
Travel expenses	1,324,602	653,760	670,842
Utilities	673,970	279,955	394,015
Media & marketing services	473,182	287,344	185,838
Maintenance and repair	560,970	585,175	-24,205
Canteen and ticket services	913,613	671,287	242,326
Administrative and legal services	5,866,084	1,262,249	4,603,835
Directors' fees	689,912	560,086	129,826
Subcontractors	4,444,698	18,370	4,426,328
Total	35,709,256	18,112,396	17,596,860

As a percentage of consolidated revenues, costs for purchasing materials and services were 33,28%.

7.3. Personnel costs

Personnel costs for the first six months of 2023 amounted to € 56,688,118 and increased compared to the first half of 2022 by € 21,908,471.

The staff of the TXT e-solutions Group, at 30 June 2023, net of directors and external consultants, comprised 2,352 employees (2,254 as at 31 December 2022), a net increase of 98 employees compared to December 2022.

The table below shows the breakdown of employees by level:

TXT GROUP	Office workers	Managers	Executives	Total
31.12.2021	1,105	80	25	1,210
31.12.2022	2,102	108	44	2,254
30.06.2023	2,182	126	44	2,352

7.4. Other operating costs

The "Other operating costs" item in the first half of 2023 amounted to € 981,043, an increase of € 451,968 over the corresponding period of 2022.

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 2023	30 June 2022	Change
Other expenses and extraordinary income adjustments	397,192	184,287	212,905
Rental expense for motor vehicles	115,539	35,063	80,476
Other tax (other than income tax)	66,189	38,963	27,226
Other lease and rental expense	128,726	51,637	77,088
Contingent liabilities	184,338	163,168	21,170
Fines and penalties	51,849	18,501	33,348
Magazine and subscription expenses	37,210	37,456	(246)
Total	981,043	529,075	451,968

7.5. Depreciation, amortisation and impairment

Depreciation, amortisation and impairment as at 30 June 2023 amounted to € 4,976,869 and showed an increase of € 2,430,108 compared to the same period last 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 attributable to the consolidation of the new companies acquired in the last quarter of 2022.

7.6. Financial income and charges

The positive balance of financial income and expenses at 30 June 2023 amounted to € 1,236,945, compared to a negative balance of € 1,386,793 at the end of the first half of 2022. In particular, this change is mainly due to the positive balance of instruments measured at fair value of € 0.6 million as at 30 June 2023 (negative for € 1.0 million in the same period of 2022), the positive effect of the lower debt recognised regarding the commitments undertaken by the company as part of the acquisitions, for which a doubling of the value was guaranteed (€ 1.9 million), net of bank interest expense.

7.7. Share of profit (loss) of associates

The balance of € 261,498 refers to the portion pertaining to the result of the company Reversal SIM, Pro-Sim, TXT Healthprobe, LAS LAB.

7.8. Income taxes

Income taxes as at 30 June 2023 were equal to € 3,134,081, detailed as follows:

	30 June 2023	30 June 2022	Change
Total current taxes	3,423,306	1,792,594	1,630,711
Total deferred tax assets	64,360	122,000	(57,640)
Total deferred tax liabilities	(353,584)	(238,548)	(115,036)
Total taxes	3,134,081	1,676,046	1,458,035

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 2023, taxes accounted for 31.6%.

8. 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.

9. 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) the managers with strategic responsibilities of TXT e-solutions S.p.A. or one of its parent companies;

e) any close family members of the parties as per the above points a) and d);

f) the 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 2023	Receivables	Payables	Costs	Revenues
Paradis Srl				
TXT Healthprobe Srl	597,652			
LAS LAB Srl	7,930			6,500
Pro Sim	82,011			82,011
Directors and key management personnel		58,706	326,019	
Total as at 30.06.2023	687,593	58,706	326,019	88,511

As at 31 December 2022	Receivables	Payables	Costs	Revenues
Paradis Srl	-	-	15,789	-
Directors and key management personnel	-	100,000	647,995	-
Total as at 31.12.2022	-	100,000	663,784	-

Financial transactions

The amounts with Related Parties as at 30 June 2022 are shown for financial transactions:

As at 30 June 2023	Receivables	Payables	Costs	Income
Laserfin S.r.l.		2,038,833		
Banca del Fucino				150,124
Pro Sim	400,000			
Total as at 30.06.2023	400,000	2,038,833	-	150,124

As at 31 December 2022	Receivables	Payables	Costs	Income
Laserfin S.r.l.		1,748,057		
Total as at 31.12.2022	-	1,748,057	-	-

10.Net financial debt

The European Securities and Markets Authority (ESMA) published on 4 March 2021 the Guidelines on disclosure requirements pursuant to EU Regulation 2017/1129 ("Prospectus Regulation").
With the "Recall of attention No. 5/21" of 29 April 2021, CONSOB declared its intention to bring its supervisory practices in relation to the net financial position into line with the aforementioned ESMA guidelines. In particular, CONSOB has declared that the prospectuses approved by it, starting from 5 May 2021, must comply with the aforementioned ESMA Guidelines.
Therefore, based on the new forecasts, listed issuers will have to submit, in the explanatory notes to the annual and half-yearly financial statements, published starting from 5 May 2021, a new prospectus on the subject of debt to be drawn up according to the indications contained in paragraphs 175 and following of the aforementioned ESMA Guidelines.
In this regard, the ESMA Guidelines provide for the following main changes to the debt statement:

• we no longer speak of "Net financial position", but of "Total financial debt";
• in the context of non-current financial debt, trade payables and other non-current payables must also be included, i.e. payables that are not remunerated, but which have a significant implicit or explicit financing component (for example, payables to suppliers due after 12 months);
• in the context of current financial debt, the current portion of non-current financial debt must be indicated separately.
• "financial debt" includes remunerated debt (i.e., interest-bearing debt), which includes, among other things, financial liabilities relating to short- and/or long-term lease contracts. Information on lease payables must be provided separately.

	30.06.2023	31.12.2022	Change
Cash and cash equivalents	(65,168,754)	(33,014,594)	(32,154,160)
Financial instruments at fair value	(38,135,751)	(48,489,950)	10,354,199
Liquid assets	**(103,304,505)**	**(81,504,544)**	**(21,799,961)**
Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	21,209,017	21,706,030	(497,013)
Current portion of non-current financial debt	59,617,057	29,480,525	30,136,532
Current financial debt	**80,826,074**	**51,186,555**	**29,639,519**
Current net financial debt	**(22,478,431)**	**(30,317,989)**	**7,839,558**
Non-current financial debt (excluding current portion and debt instruments)	63,980,829	70,004,970	(6,024,141)
Debt instruments	-	-	-
Non-recurring financial receivables	(1,606,581)	(1,416,665)	(189,916)
Trade payables and other non-current payables			
Non-current financial debt	**62,374,248**	**68,588,305**	**(6,214,057)**
Total fiancial debt	**39,895,817**	**38,270,316**	**1,625,501**
Non-monetary debts for adjustment of the price of the 2022 acquisitions to be paid in TXT shares		(1,750,000)	1,750,000
Financial investment - Banca del Fucino	(16,541,620)	(16,541,620)	-
Adj. Net Available Finalcial Resources	**23,354,197**	**19,978,696**	**3,375,501**

For additional information on changes in the Group's Net Financial Debt, see the "Directors' Report on Operations for H1 2023".

11. 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.

12. Certification of the condensed consolidated half-yearly financial statements

pursuant to Art. 81-ter of CONSOB Regulation No. 11971 of 14 May 1999, as subsequently amended and supplemented

The undersigned Enrico Magni, as Chair 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 Art. 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 2023.

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 2023 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 2023:

- 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 Art. 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.

The Manager responsible for preparing corporate accounting documents
The Chair of the Board of Directors

Eugenio Forcinito Enrico Magni

Cologno Monzese, 3 August 2023