TXT E-SOLUTIONS GROUP

INTERIM REPORT

As at 30 September 2023

EMARKET SDIR CERTIFIED

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

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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.

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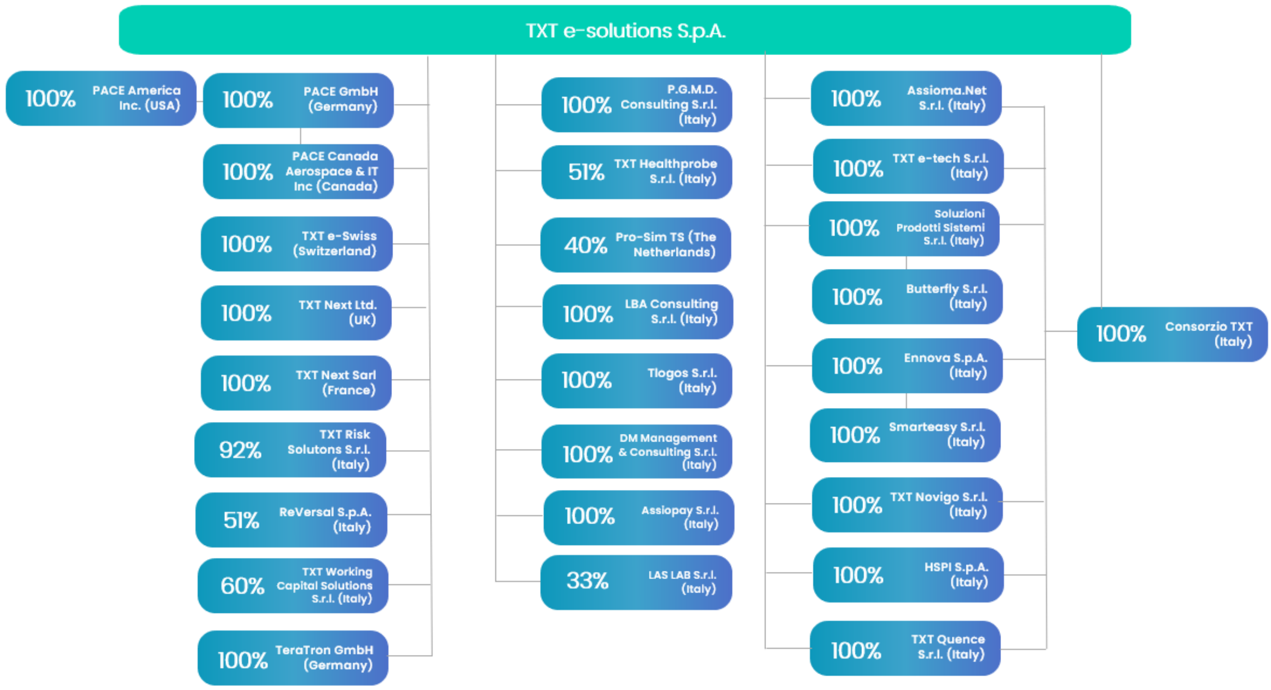
Organisational structure and scope of consolidation



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TXT E-SOLUTIONS GROUP

KEY DATA AND DIRECTORS' REPORT ON OPERATIONS

AS AT 30 SEPTEMBER 2023

TXT e-solutions Group – Key data

INCOME DATA (€ thousand)	30.09.2023	%	30.09.2022	%	% CHANGE
REVENUES	159,356	100.0	92,400	100.0	72.5
EBITDA	21,403	13.4	13,531	14.6	58.2
OPERATING PROFIT (EBIT)	14,031	8.8	9,163	9.9	53.1
NET PROFIT ATTRIBUTABLE TO TXT SHAREHOLDERS	9,796	6.1	5,336	5.8	83.6

FINANCIAL DATA (€ thousand)	30.09.2023	31.12.2022	Change
Fixed assets	120,332	115,628	4,704
Net working capital	37,670	36,797	873
Post-employment benefits and other non-current liabilities	(5,320)	(4,772)	(548)
Capital employed	152,682	147,653	5,029
Net financial debt	45,754	38,270	7,484
Group shareholders' equity	106,911	109,366	(2,455)
Shareholders’ equity attributable to minority interests	17	17	0

DATA PER SHARE	30.09.2023	30.09.2022	Change
Average number of shares outstanding	11,876,475	11,842,365	34,110
Net earnings per share	0.82	0.45	0.37
Shareholders’ equity per share	9.00	8.29	0.71

ADDITIONAL INFORMATION	30.09.2023	30.09.2022	Change
Number of employees	2,422	1,321	1,103
TXT share price	16.84	11.20	5.64

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 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 the first 9 months of 2023

Dear Shareholders,

On **26 January 2023**, the share capital increase in **LAS LAB S.r.l.** (LasLab) was subscribed, by virtue of which TXT holds a minority stake 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 S.r.l. (LAS S.r.l.), a leading non-banking operator in financial restructuring and support in the management of problematic loans (especially UTP). LAS S.r.l. 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 multi-year 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 S.r.l. ("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.

On **1 July 2023**, the merger between the companies of the Ennova Group, Smarteasy S.r.l. and Ennova Next S.r.l., became effective.

On **1 July 2023**, the merger by incorporation between the two investee companies Mac Solutions SA and TXT e-Solutions Sagl, both wholly owned by the Parent Company TXT e-Solutions S.p.A., became effective. Therefore, through this transaction, the company TXT e-Solutions Sagl was merged into Mac Solutions SA, which also changed its company name to TXT e-Swiss SA.

On **1 July 2023**, the reverse merger between QBRIDGE and PGMD Consulting S.r.l. became effective. Therefore, starting from that date, PGMD Consulting is 100% owned by TXT e-Solutions S.p.A.

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.

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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.

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

- Revenues amounted to € 159.4 million, up 72.5% from € 92.4 million in the first nine months of 2022. Software revenues in the first nine months of 2023 were € 8.4 million, compared to € 7.5 million in the first nine months of 2022. Revenues from services amounted to € 150.9 million, up 77.8% over the first nine months of 2022.
  The Software Engineering Division recorded revenues of € 107.4 million, a sharp increase over the first nine months of 2022, of which € 49.1 million due to the consolidation of new acquisitions (€ 41.0 million due to the consolidation of the Ennova Group).
  The Smart Solutions Division recorded revenues of € 29.7 million, up 8.9% compared to the first nine months of 2022.
  The Digital Advisory Division recorded revenues of € 22.2 million, an increase of 69.2% compared to the first nine months of 2022, of which € 4.1 million for the consolidation of PGMD and Tlogos (acquisitions in the last quarter of 2022).

- The Gross Margin, net of direct costs, increased from € 35.9 million to € 56.7 million, an increase of +58%. Gross margin on revenues was equal to 35.6% in the first nine months of 2023.
- EBITDA amounted to € 21.4 million, an increase of +58% compared to the first nine months of 2022 (€ 13.5 million), after significant investments in commercial expenses and research and development expenses. The margin on revenues was 13.4% compared to 14.6% in the first nine months of 2022.
- Operating profit (EBIT) was € 14 million, up +53.1% from the first nine months of 2022 (€ 9.2 million). Amortisation and depreciation of intangible and tangible assets amounted to € 7.4 million, up by € 3 million compared to the first nine months of 2022 due to the consolidation of the 2022 acquisitions.

- Financial charges amounted to negative € 0.1 million compared to negative € 1.6 million in the first nine months of 2022. The amount consists of positive € 0.3 million relating to financial income and negative € 0.4 million relating to the share of profit (loss) of associates.
- Net profit was € 9.8 million, up from € 5.3 million in the first nine months of 2022. In the first nine months of 2023, taxes accounted for 29.68%.
- The Consolidated net financial debt as at 30 September 2022 was € 45.7 million.
- Consolidated shareholders' equity as at 30 September 2023 was € 106.9 million, compared to € 109.4 million as at December 2022. Changes in the nine months mainly concern the recognition of net profit (€ 9.8 million), the net effect of the purchase and sale of treasury shares (€ 9.5 million), the distribution of dividends (€ 2.1 million).

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

(€ thousand)	30.09.2023	%	30.09.2022	%	% Change
REVENUES	**159,356**	**100**	**92,400**	**100**	**72.5**
Direct costs	102,670	64.4	56,538	61.2	81.6
GROSS MARGIN	**56,686**	**35.6**	**35,862**	**38.8**	**58.1**
Research and development costs	6,724	4.2	5,778	6.3	16.4
Commercial costs	15,466	9.7	8,813	9.5	75.5
General and administrative costs	13,093	8.2	7,740	8.4	69.2
GROSS OPERATING PROFIT (EBITDA)	**21,403**	**13.4**	**13,531**	**14.6**	**58.2**
Depreciation, amortisation and impairment	7,372	4.6	4,293	4.6	71.7
Reorganisation and non-recurring charges	-	0.0	75	0.1	(100.0)
OPERATING PROFIT (EBIT)	**14,031**	**8.8**	**9,163**	**9.9**	**53.1**
Extraordinary/Financial income (charges)	(101)	(0.1)	(1,631)	(1.8)	(93.8)
EARNINGS BEFORE TAXES (EBT)	**13,930**	**8.7**	**7,532**	**8.2**	**85.0**
Taxes	(4,134)	(2.6)	(2,196)	(2.4)	88.3
NET PROFIT	**9,796**	**6.1**	**5,336**	**5.8**	**83.6**
Attributable to:					
Parent Company shareholders	9,796		5,336		
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 nine months of 2023, compared with the first nine months of the previous year, are presented below for each Division.

(€ thousand)	30.09.2023	%	30.09.2022	%	% Change
SOFTWARE ENGINEERING					
REVENUES	107,404	100	51,961	100	106.7
Software	-	0.0	44	0.1	0.0
Services	107,404	100.0	51,917	99.9	106.9
DIRECT COSTS	75,739	70.5	36,035	69.4	110.2
GROSS MARGIN	31,665	29.5	15,926	30.6	98.8
SMART SOLUTIONS					
REVENUES	29,736	100	27,310	100	8.9
Software	8,408	28.3	7,460	27.3	12.7
Services	21,328	71.7	19,849	72.7	7.5
DIRECT COSTS	11,900	40.0	11,025	40.4	7.9
GROSS MARGIN	17,836	60.0	16,285	59.6	9.5
DIGITAL ADVISORY					
REVENUES	22,217	100	13,130	100	69.2
Software	-	0.0	-	0.0	0.0
Services	22,217	100.0	13,130	100.0	69.2
DIRECT COSTS	15,032	67.7	9,478	72.2	58.6
GROSS MARGIN	7,185	32.3	3,652	27.8	96.7
TOTAL TXT					
REVENUES	159,357	100	92,400	100	72.5
Software	8,408	5.3	7,504	8.1	12.0
Services	150,949	94.7	84,896	91.9	77.8
DIRECT COSTS	102,671	64.4	56,538	61.2	81.6
GROSS MARGIN	56,687	35.6	35,862	38.8	58.1

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 € 107.4 million, up sharply from the first nine months of the previous period, of which € 49.1 million from the consolidation of new acquisitions (€ 41.0 million following the consolidation of the Ennova Group) and € 6.3 million from organic growth.

The Gross margin was € 31.7 million, an increase of 98.8% compared to the first nine months of 2022.

Gross margin on revenues was equal to 29.5% compared to 30.6% in the first nine months of 2022.

In the Software Engineering Division, new opportunities for accelerated growth are linked to upselling 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.

Smart Solutions Division

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 9 months of 2023, revenues were € 29.7 million. Software revenues were € 8.4 million. Gross margin was € 17.8 million. Gross margin on revenues was equal to 60% compared to 59.6% in the first nine months of 2022.

The **FARADAY™** product designed for compliance with solutions for the assessment of the risk of terrorism financing, 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 to manage 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 € 22.2 million up +69.6% over the first nine months of 2022, of which € 5.0 million from organic growth and € 4.1 million related 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

Research and development costs in the first nine months of 2023 amounted to € 6.7 million, up 16.4% from € 5.8 million in the first nine 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 € 15.5 million, up 75.5% compared to the first nine months of 2022 (€ 8.8 million). As a percentage of revenues, commercial costs increased from 9.5% in the first nine months of 2022 to 9.7% in the first nine months of 2023.

General and administrative costs amounted to € 13.1 million, an increase of +69.2% compared to the first nine months of 2022 (€ 7.7 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, costs were 9.7% in the first nine months of 2023 compared to 9.5% in the first nine months of 2022.

Financial charges amounted to negative € 0.1 million compared to negative € 1.6 million in the first nine months of 2022. The amount consists of positive € 0.3 million relating to financial income and negative € 0.4 million relating to the share of profit (loss) of associates.

Net profit was € 9.8 million, up from € 5.3 million in the first nine months of 2022. In the first nine months of 2023, taxes accounted for 29.68%.

CONSOLIDATED CAPITAL EMPLOYED

As at 30 September 2023, Capital employed was € 152.7 million, up € 5.03 million from 31 December 2022 (€ 147.7 million).

The table below shows the details:

(€ thousand)	30.09.2023	31.12.2022	Change
Intangible assets	77,871	77,975	(104)
Net tangible assets	20,297	18,293	2,004
Other fixed assets	22,125	19,360	2,765
Fixed assets	120,293	115,628	4,665
Inventories	18,275	13,765	4,510
Trade receivables	63,139	73,115	(9,976)
Sundry receivables and other short-term assets	14,625	15,352	(727)

Trade payables	(16,912)	(20,643)	3,731
Tax payables	(9,676)	(7,958)	(1,718)
Sundry payables and other short-term liabilities	(31,743)	(36,834)	5,091
Net working capital	37,708	36,797	911
Post-employment benefits and other non-current liabilities	(5,320)	(4,772)	(548)
Capital employed	152,682	147,653	5,029
Group shareholders' equity	106,911	109,366	(2,455)
Shareholders' equity attributable to minority interests	17	17	0
Net financial debt	45,754	38,270	7,484
Financing of capital employed	152,682	147,653	5,029

Intangible assets decreased from € 78 to € 77.9 million. The increases for the period (€ 2.8 million) were partially offset by amortisation for the period (€ 2.5 million). In addition, during the period, the PPA was carried out relating to the acquisition of DM Consulting, which led to the allocation of Software for € 0.7 million, Customer Relationship for € 0.2 million and Residual goodwill for € 1.5 million.

Tangible assets, of € 20.3 million, increased by € 2 million compared to 31 December 2022. The increases for the period (€ 6.8 million) were partially offset by depreciation for the period (€ 4.3 million) and by disposals (€ 0.6 million).

Other fixed assets of € 22.1 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 € 37.7 million compared to € 36.8 million as at 31 December 2022. The change was € 0.9 million. There was an increase in inventories for work in progress for activities not yet invoiced to customers (€ 4.5 million) and various debts (€ 5 million), 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 September 2023 was € 106.9 million, compared to € 109.4 million as at December 2022. Changes in the nine months mainly concern the recognition of net profit (€ 9.8 million), the net effect of the purchase and sale of treasury shares (€ 9.5 million), the distribution of dividends (€ 2.1 million).

Minority interests as at 30 September 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 € 45.8 million as at 30 September 2023, € 38.3 million as at 31 December 2022.

(€ thousand)	30.09.2023	31.12.2022	Change
Cash and cash equivalents	(31,400)	(33,015)	1,615
Financial instruments at fair value	(38,709)	(48,490)	9,781
Liquid assets	(70,109)	(81,505)	11,396
Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	25,611	21,706	3,905
Current portion of non-current financial debt	29,198	29,481	(283)
Current financial debt	54,809	51,187	3,622

Current net financial debt	(15,299)	(30,318)	15,019
Non-current financial debt (excluding current portion and debt instruments)	62,480	70,005	(7,525)
Debt instruments	-	-	-
Non-recurring financial receivables	(1,427)	(1,417)	(10)
Trade payables and other non-current payables			
Non-current financial debt	61,053	68,588	(7,535)
Total fiancial debt	45,754	38,270	7,484
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)	(0)
Adj. Net Available Finalcial Resources	29,212	19,979	9,233

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

(€ thousand)	30.09.2023	31.12.2022	Change
Debt referred to IFRS 16	(9,863)	(8,494)	(1,369)

The composition of Net Financial Debt as at 30 September 2023 is as follows:

- *Cash and cash equivalents* of € 31.4 million are mainly in euro, held with major Italian banks.

- *Financial instruments at fair value* of € 38.7 million consisted of investments in multi-segment insurance funds with partially guaranteed capital (€ 30.7 million), a bond loan (€ 0.5 million), and government securities and bonds with an overall medium-low risk profile (€ 7.5 million); the valuation of financial instruments was affected by the negative effects of the international markets in the third quarter of 2022, mainly due to the Ukraine-Russia military conflict.

- Current financial debt (including debt instruments, and excluding the current portion of non-current financial debt) as at 30 September 2023 was € 25.6 million and refers (a) for € 19.4 million to short-term loans (hot money), (b) for € 3.4 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 € 1.1 million to payables to EU Partners, (d) € 1.0 million to the estimated outlay for earn-outs of Ennova S.p.A. shareholders, (e) for € 0.8 million to the remaining outlay for the acquisition of PACE Canada.

- The current portion of non-current financial debt of € 29.2 million refers to the short-term portion of medium/long-term bank loans.

- Non-current financial debt (excluding the current amount and debt instruments) as at 30 September 2023 of € 62.5 million refers (a) for € 52.3 million to the amount of new medium/long-term loans for the amount with maturity beyond 12 months, (b) for € 1.6 million to the valuation of the payable for the PUT/CALL option for the acquisition of TXT Working Capital Solutions S.r.l., as an estimate of the additional disbursements for the exercise of the Put/Call option in the period 2021-2025 for the purchase of the remaining 40% of the company's shares, (c) for € 0.2 million to the long-term amount of the Put/Call concerning TXT Risk Solutions S.r.l. after the renegotiation, (d) for € 0.8 million to the earn-outs of the Novigo shareholders, (e) for € 1.1 million to the disbursement for the obligations deriving from the acquisition contract of the company Soluzioni Prodotti Sistemi S.r.l., (f) for € 0.1 to payables for guaranteed price, (g) for € 6.4 million to the medium/long-term amount of the debt for the payment of rent and rental of offices, cars and printers regarding all instalments until the end of the related contracts following the adoption of IFRS 16.

- Non-current financial receivables as at 30 September 2023 of € 1.4 million refer for € 1.0 million to the fair value of the MTM Interest Rate Swap of the loans and for € 0.4 million to the receivable for the loan granted to the associate Pro Sim.

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 S.r.l., by the subsidiary Ennova S.p.A. and by the subsidiary PGMD Consulting S.r.l. all in Euro, without guarantees, for a residual amount as at 30 September 2023 of € 81.5 million consisting of:

- a € 2.0 million 5-year loan of the Parent Company with Unicredit, with a quarterly amortisation plan, a floating interest rate and an Interest Rate Swap to hedge interest rate risk;
- a € 1.0 million 5-year loan of the Parent Company with BNL, with a quarterly amortisation plan, a floating interest rate and an Interest Rate Swap to hedge interest rate risk;
- a € 6.7 million 5-year loan of the Parent Company with Unicredit, with a quarterly amortisation plan, a floating interest rate and an Interest Rate Swap to hedge interest rate risk;
- a € 1.8 million 3-year loan of the Parent Company with BNL, with a quarterly amortisation plan, a floating interest rate and an Interest Rate Swap to hedge interest rate risk;
- a € 7.2 million 5-year loan of the Parent Company with Unicredit, with a quarterly amortisation plan, a floating interest rate with an Interest Rate Swap to hedge interest rate risk;
- a € 6.4 million 4-year loan of the Parent Company with Banco BPM, with a quarterly amortisation plan and fixed interest rates;
- a € 3.1 million 3-year loan of the Parent Company with Banco BPM, with a monthly amortisation plan and fixed interest rates;

- a € 7.0 million loan of the Parent Company with BPER Banca Spa at a fixed rate, with quarterly amortisation plan;
- a € 1.3 million loan of the Parent Company with Credito Emiliano Spa at a floating rate, with a monthly amortisation plan;
- a € 11.4 million loan of the Parent Company with Credit Agricole Italia S.p.A. at a floating rate, with quarterly amortisation plan;
- a € 9.4 million 5-year loan of the Parent Company with Unicredit, with a quarterly amortisation plan and floating interest rates;
- a € 2.7 million loan of the Parent Company with Credito Emiliano Spa at a floating rate, with a monthly amortisation plan;
- a € 7.1 million loan of the Parent Company with BPER Banca Spa at a floating rate, with quarterly amortisation plan;
- € 6.0 million loan of the Parent Company with Credit Agricole Italia S.p.A.;
- a € 0.7 million 4-year loan of the subsidiary Assioma.Net S.r.l. with BNL, with a quarterly amortisation plan and fixed interest rates;
- a € 1.3 million loan with Sparkasse taken out by the German subsidiary TeraTron GmbH;
- a € 0.3 million loan granted to the subsidiary Novigo Consulting S.r.l., interest at a fixed rate;
- € 0.2 million in loans granted to the subsidiary DM Management & Consulting S.r.l.;
- € 1.5 million in loans granted to the subsidiary Soluzioni Prodotti Sistemi S.r.l.;
- € 0.2 million in loans granted to the subsidiary PGMD Consulting S.r.l.;
- € 4.3 million in loans granted to the subsidiary Ennova S.p.A.

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

1. financial covenants based on which the company undertakes to comply with certain levels of financial indexes, contractually defined, the most significant of which relate the gross or net financial 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.

Q3 2023 ANALYSIS

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

(€ thousand)	Q3 2023	%	Q3 2022	%	% Change
REVENUES	**52,057**	**100**	**29,862**	**100**	**74.3**
Direct costs	32,722	62.9	18,056	60.5	81.2
GROSS MARGIN	**19,335**	**37.1**	**11,806**	**39.5**	**63.8**
Research and development costs	2,224	4.3	1,824	6.1	21.9
Commercial costs	4,980	9.6	3,094	10.4	61.0
General and administrative costs	4,650	8.9	2,548	8.5	82.5
GROSS OPERATING PROFIT (EBITDA)	**7,481**	**14.4**	**4,340**	**14.5**	**72.4**
Depreciation, amortisation and impairment	2,395	4.6	1,747	5.9	37.1
Reorganisation and non-recurring charges	-	0.0	0	0.0	0.0
OPERATING PROFIT (EBIT)	**5,087**	**9.8**	**2,593**	**8.7**	**96.2**
Extraordinary/Financial income (charges)	(1,078)	(2.1)	(260)	(0.9)	314.6
EARNINGS BEFORE TAXES (EBT)	**4,009**	**7.7**	**2,333**	**7.8**	**71.8**
Taxes	(999)	(1.9)	(520)	(1.7)	92.1
NET PROFIT	**3,010**	**5.8**	**1,813**	**6.1**	**66.0**
Attributable to:					
Parent Company shareholders	3,010		1,813		
Minority interests			0		

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

- Net revenues amounted to € 52.1 million, up 74.3% from the third quarter of 2022 (€ 29.9 million). Revenues from software, subscriptions and maintenance were € 2.6 million, an increase of 13% compared to the third quarter of 2022 (€ 2.6 million). Revenues from services amounted to € 49.4 million, up 80% from € 27.2 million in the third quarter of 2022.
- Gross margin in the third quarter of 2023 was € 19.3 million, an increase of 63.8% compared to the third quarter of 2022 (€ 11.8 million). The margin on revenues was 37.1% compared to 39.5% in the third quarter of 2022 due to the higher percentage of revenues generated by services.
- EBITDA in the third quarter of 2023 was € 7.5 million, up 72.4% from the third quarter of 2022 (€ 4.3 million). The margin on revenues was 14.4% in line with the third quarter of 2022.
- Operating profit (EBIT) was € 5.1 million, up 96.2% from the third quarter of 2022 (€ 2.6 million)

- Pre-tax profit was € 4 million, compared to € 2.3 million in the third quarter of 2023.
- Net profit was € 3 million compared to € 1.8 million in the third quarter of 2022.

EMPLOYEES

As at 30 September 2023, there were 2,422 employees, a net increase of 168 employees compared to the staff level as at 31 December 2022 (2,254 employees).

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

In the first nine 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. On 29 September 2023, the share price was € 16.84.

The average daily trading volume on the stock exchange in the first nine months of 2023 was 25,178 shares, down from the 2022 daily average of 24,321.

As at 30 September 2023, treasury shares were 1,367,340 (906,600 as at 31 December 2022), representing 10.51% of the shares outstanding, at an average carrying amount of € 7.96 per share. During the first nine months of 2023, 601,962 shares were purchased at an average price of € 19.01.

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 S.r.l.;

- 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 S.r.l.

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

In comparison to the first half of the year, the third quarter of 2023 showed a steady organic growth rate of the business and a marked improvement in operating margins. For the last quarter of 2023 and for 2024, TXT's management expects to maintain a sustained organic growth rate which, together with the streamlining of the organisational structure, will lead to year-on-year margin levels above 14%, in line with targets.

In the Smart Solutions division, the fourth quarter of the year will see the consolidation of the results of the Embedded Graphics business acquired on 29 September by the Presagis Group, controlled by CAE Inc. which, in addition to increasing the prestige and internationality of the TXT Group, will lead to the consolidation of more than €4 million in recurring revenue from licenses and maintenance related to the VAPS product, a leading platform in the avionics market for the development of human-machine interfaces (HMI) for safety-critical and mission-critical systems. In addition to the technological synergies and planned strategies to expand the use of VAPS in a multitude of markets, the TXT Group expects benefits from cross-selling specialised services and up-selling Smart Solutions on the various divisions of major blue-chip aerospace industries acquired with the Embedded Graphics business that expand the TXT Group's customer base.

With reference to the organic growth of the Smart Solutions business, management expects a fourth quarter of growth in line with the seasonality of the licensing business, and expects further growth in 2024, driven by the acquisition of important subscriptions contracts in both the well-established Aerospace & Aviation market and the Fintech market, which is in its expansion phase. With reference to the main contracts acquired during the period, in Aerospace & Aviation, reference should be made to the press release of 9 October 2023 regarding the multi-year subscriptions contract with an annual value of up to over $1 million signed with the US airline JetBlue for the supply of the world-leading ESG platform in real-time route optimisation, while in Fintech, new contracts were acquired with leading national banking institutions, bringing the recurring subscription revenue backlog to a total value in the order of € 1.0 million for the supply of the AML Faraday platform, and further contracts in the consumer credit and digital payments market. In Industrial & Automotive, the MES software developed and marketed by the group company DM Management & Consulting was selected by a major retail player as an innovative solution for factory management.

In the Digital Advisory division, after a nine-month period that recorded sustained organic growth of 38.0% driven by the ramp-up, starting in Q4 2022, of activities related to the multi-year, multi-million dollar public tenders acquired by the Roman subsidiary HSPI, for the fourth quarter of this year and for 2024, the organic growth rate is expected to normalise in a range between 10-20% thanks to the ramp-up of activities on contracts already acquired and by leveraging new public contracts to be awarded in the near future through tenders for which the TXT Group, with its specialised expertise in the digital transformation of processes linked to public administration, is strategically positioned. Following on from the first nine months of the year, the skills synergistically integrated into the Group's Digital Advisory offering as a result of the strategic acquisitions completed in Q4 2022 are driving the expansion of the offering into new segments; In particular, the Healthcare segment, where the integration of HSPI's and PGMD's competencies, the latter acquired in Q4 2022, are facilitating the awarding of new contracts in both the public and private healthcare sectors, and the Space segment, where the specialised cybersecurity governance competencies provided as part of the European space programmes are bringing benefits in terms of positioning the Group's Digital Advisory offering and in terms of the division's growth, also favouring its internationalisation and profitability.

In the Software Engineering division, which is the largest division in terms of volume, accounting for 67% of the Group's total revenues in the first nine months of 2023, synergies between the Group's various excellences operating in diversified markets are intensifying thanks to the trasversality of the technology services and digital transformation expertise provided. The growing demand for digital and emerging technologies both in markets historically covered by the TXT Group such as Fintech, Industrial & Automotive, and Aerospace, Defence & Aviation, with the latter recording a significant increase in international business, which grew by more than 30% compared to the first nine months of 2022 as well as in more recently penetrated markets such as the Public Sector and Telco & Gaming, are favouring the acquisition of important new contracts that will benefit the division's organic growth, which is expected to be around 10% for the fourth quarter of this year and for 2024. Major contracts already acquired during the current quarter that will drive the division's growth include new multi-year contracts acquired as part of major European defence projects for which TXT is positioned as a specialist in the supply of enabling and innovative technologies.

In relation to the M&A plan, after the first nine months of the year where there was a slowdown in the plan due to market contingencies, already in the fourth quarter of the year TXT Group aims to announce new strategic acquisitions to further strengthen the Smart Solutions portfolio and increase technological competences, and for 2024 TXT management considers it a priority to continue the M&A plan, with the aim of diversifying the offer and industry in the domestic market and strengthening core competences in the international market. The financing of the acquisition 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.

With reference to the current global geopolitical environment marked by increasing conflicts, inflationary pressure, still high interest rates and strong instability, the most recent analyses of TXT's management and board of directors confirm the results set out in the last half-yearly report, which reported risks that can be mitigated in the short term due to the marginal exposure of TXT's business in the territories affected by the current conflicts, and thanks to the Group's sustainable financial exposure. The TXT Board constantly monitors the risks related to the evolution of conflicts and macroeconomic instability.

Manager responsible for preparing corporate accounting documents	Chair of the Board of Directors
Eugenio Forcinito	Enrico Magni

Cologno Monzese, 09 November 2023

TXT E-SOLUTIONS GROUP

CONSOLIDATED

FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER

Consolidated Balance Sheet

ASSETS	30.09.2023	Of which with related parties	31.12.2022	Of which with related parties
NON-CURRENT ASSETS				
Goodwill	63,008,659		63,518,197	
Intangible assets with a finite useful life	14,862,575		14,456,524	
Intangible assets	77,871,234		77,974,721	
Property, plant and equipment	20,296,764		18,292,753	
Tangible assets	20,296,764		18,292,753	
Investments in associates	3,895,186		1,041,635	
Other non-recurring financial receivables	18,440,528	400,000	18,381,325	
Deferred tax assets	1,217,639		1,353,525	
Other non-current assets	23,553,353		20,776,485	
TOTAL NON-CURRENT ASSETS	121,721,351		117,043,959	
CURRENT ASSETS				
Contractual assets	18,274,909		13,764,528	
Trade receivables	63,138,606	189,554	73,115,549	644
Sundry receivables and other current assets	14,625,058	597,652	15,351,629	
HFT securities at fair value	38,709,051		48,489,950	
Cash and cash equivalents	31,399,525		33,014,594	
TOTAL CURRENT ASSETS	166,147,149	787,206	183,736,250	644
TOTAL ASSETS	287,868,500	787,205	300,780,208	644

LIABILITIES AND SHAREHOLDERS' EQUITY				Of which with related parties
SHAREHOLDERS' EQUITY				
Share capital	6,503,125		6,503,125	
Reserves	9,930,066		20,013,393	
Retained earnings (accumulated losses)	80,682,039		70,861,088	
Profit (loss) for the period	9,795,893		11,988,305	
TOTAL SHAREHOLDERS' EQUITY (Group)	106,911,123		109,365,911	
Shareholders' equity attributable to minority interests	17,135		17,135	
TOTAL SHAREHOLDERS' EQUITY	106,928,258		109,383,046	-
NON-CURRENT LIABILITIES				
Non-current financial liabilities	62,480,033	1,436,573	70,004,970	1,377,774
Provision for post-employment benefits and other employee provisions	5,320,032		4,772,093	
Deferred tax provision	3,296,233		3,669,580	
Provisions for future risks and charges	18,000		118,905	
TOTAL NON-CURRENT LIABILITIES	71,114,299	-	78,565,547	1,377,774
CURRENT LIABILITIES				
Current financial liabilities	54,809,418	482,439	51,186,556	370,283
Trade payables	16,912,491	-	20,642,746	
Tax payables	6,379,502		4,288,114	
Sundry payables and other current liabilities	31,724,553	129,795	36,714,201	100,000
TOTAL CURRENT LIABILITIES	109,825,943	612,234	112,831,616	470,283
TOTAL LIABILITIES	180,940,243	2,048,807	191,397,163	1,848,056
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	287,868,501	2,048,807	300,780,209	1,848,056

Consolidated Income Statement

	30.09.2023	Of which with related parties	30.09.2022	Of which with related parties
Revenues and other income	159,356,175	46,000	92,400,892	
TOTAL REVENUES AND OTHER INCOME	159,356,175	46,000	92,400,892	
Purchases of materials and external services	(51,713,295)	(500,268)	(27,026,116)	(520,742)
Personnel costs	(84,192,917)		(51,106,484)	
Other operating costs	(2,047,294)	-	(815,403)	-
Depreciation and amortisation/Impairment	(7,371,506)	-	(4,292,845)	-
OPERATING RESULT	14,031,163	(454,268)	9,160,044	(520,742)
Financial income (charges)	309,450	150,124	(736,404)	-
Share of profit (loss) of associates	(410,993)		(893,791)	
EARNINGS BEFORE TAXES (EBT)	13,929,620	(304,144)	7,529,849	
Income taxes	(4,133,726)	-	(2,194,300)	-
NET PROFIT (LOSS) FOR THE PERIOD	9,795,893	(304,144)	5,335,549	
Attributable to:				
Parent Company shareholders	9,795,893		5,335,548	
Minority interests	-			
EARNINGS PER SHARE	0.82		0.45	
DILUTED EARNINGS PER SHARE	0.82		0.45	
Average number of shares	11,876,475		11,754,664	

Consolidated Statement of Comprehensive Income

	30.09.2023	30.09.2022
NET PROFIT (LOSS) FOR THE PERIOD	9,795,893	5,335,549
Attributable to:		
Minority interests	-	-
Parent Company shareholders	9,795,893	5,335,549
Profit/(Loss) from foreign currency translation differences	116,812	441,874
Gain/(Loss) on the effective part of hedging instruments (cash flow hedge)	(303,816)	1,038,388
Total items of other comprehensive income statement that will be subsequently reclassified to profit/(loss) for the year net of taxes	(187,004)	1,480,262
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	(575,316)	1,790,776
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	9,220,577	7,126,325
Attributable to:		
Minority interests	-	-
Parent Company shareholders	9,220,577	7,126,325

Company segment information

For operating purposes, the Group is organised into three Business Units based on the end-use of the products and services provided.

The main financial and operating data broken down by business segment were as follows:

(€ thousand)	Software Engineering	Smart Solutions	Digital Advisory	Not allocated	TOTAL TXT
REVENUES	107,404	29,736	22,217	-	159,357
Software	-	8,408	-		8,408
Services	107,404	21,328	22,217		150,949
OPERATING COSTS:					
Direct costs	75,739	11,900	15,032		102,671
Research and development costs	1,827	4,849	48		6,724
Commercial costs	8,437	4,449	2,580		15,466
General and administrative costs	8,557	3,030	1,506		13,093
TOTAL OPERATING COSTS	94,560	24,228	19,166	-	137,954
					-
EBITDA	12,844	5,508	3,051	-	21,403
Amortisation of intangible assets	1,398	1,055	206		2,659
Depreciation of tangible assets	2,900	1,038	(318)		4,256
Write-downs and Restructuring Costs	430	27	-		457
OPERATING PROFIT (EBIT)	8,116	3,388	2,527	-	14,031
Financial income (charges)				(101)	(101)
EARNINGS BEFORE TAXES (EBT)	8,116	3,388	2,527	(101)	13,930
Taxes				(4,134)	(4,134)
NET PROFIT	8,116	3,388	2,527	(4,235)	9,796

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Consolidated Statement of Cash Flows

	30 September 2023	31 December 2022
Net profit (loss) for the period	**9,795,893**	**11,988,306**
Non-monetary costs for Stock Options	-	-
Non-monetary interest	1,775,326	752,032
Change in fair value of monetary instruments	236,245	1,320,609
Current income taxes	4,133,726	4,209,513
Change in deferred taxes	(237,461)	(2,020,339)
Depreciation, amortisation and impairment	7,383,357	7,101,632
Other non-monetary expenses	(1,010,728)	1,076,428
Cash flows from (used in) operating activities (before change in working capital)	**22,076,358**	**24,428,181**
(Increase) / Decrease in trade receivables	9,508,064	(7,260,235)
(Increase) / Decrease in contractual assets / inventories	(4,510,381)	(5,641,883)
Increase / (Decrease) in trade payables	(3,730,255)	3,608,082
(Increase) / Decrease in other assets/liabilities	(8,346,587)	3,812,468
Increase / (Decrease) in post-employment benefits	547,939	1,759,025
Changes in operating assets and liabilities	**(6,531,220)**	**(3,722,543)**
Paid income taxes	(1,017,373)	(2,540,677)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	**14,527,765**	**18,164,961**
of which with related parties	362,733	(792,330)
Increase in tangible assets	(1,911,513)	(1,690,016)
(Increases) / decreases in intangible assets	(2,808,722)	525,393
Capitalisation of development expenses	-	(106,175)
Decrease in tangible and intangible assets	560,098	360,894
Cash flow - related acquisitions	1,310,431	(32,049,127)
Reversal deconsolidation	-	-
(Increase) / Decrease in trading securities	(455,346)	(1,525,251)
(Increases) / decreases in securities at fair value	10,000,000	2,000,000
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	**6,694,948**	**(32,484,282)**
of which with related parties	-	-
Loans issued	19,000,000	42,480,586
Loans repaid	(27,064,330)	(27,421,878)
Payment of lease liabilities	(3,521,273)	(3,406,051)
Increase / (Decrease) in financial payables	-	-
Increase / (Decrease) in other financial receivables	-	-
Distribution of dividends	(2,146,505)	-
Interest expense	-	(291,701)
Other changes in shareholders' equity	-	17,135
Net change in financial liabilities	471,954	(3,459,816)
(Purchase)/Sale of treasury shares	(9,508,010)	3,088,236

CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(22,768,164)	11,006,511
of which with related parties	(1,519,012)	*(1,748,057)*
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,545,451)	(3,312,810)
Effect of changes in exchange rates on cash flows	(69,621)	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	31,399,525	33,014,594
Assets acquired that did not generate cash flows (initial recognition IFRS 16)	(4,843,525)	(2,725,227)
Liabilities acquired that did not generate cash flows (initial recognition IFRS 16)	4,843,525	2,725,227

Statement of changes in Consolidated Shareholders' Equity as at 30 September 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	(303,816)				(303,816)		(303,816)
Dividend Distribution									(2,146,505)		(2,146,505)		(2,146,505)
Free Capital Increase											0		0
Sale of own shares			1,904,264								1,904,264		1,904,264
Purchase of own shares			(11,412,274)								(11,412,274)		(11,412,274)
Actuarial differences on post-employment benefits						(388,313)					(388,313)		(388,313)
Other changes									(20,850)		(20,850)		(20,850)
Exchange differences								116,812			116,812		116,812
Profit as of 30 September 2023										9,795,893	9,795,893		9,795,893
Amounts as of 30 September 2023	6,503,125	1,300,625	6,607,749	1,911,444	67,293	(1,203,189)	650,599	595,544	80,682,038	9,795,893	106,911,122	17,135	106,928,257

	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 September 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 NEXT S.a.r.l.	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
TXT e-Swiss SA (****)	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 S.r.l.	EUR	100%	101,000
Pro-Sim Aviation Research B.V.	EUR	40%	720
Soluzioni Prodotti Sistemi S.r.l.	EUR	100%	10,000
Butterfly S.r.l.	EUR	100%	10,000
PGMD Consulting S.r.l.	EUR	100%	20,000
TLOGOS S.r.l.	EUR	100%	110,000
ENNOVA S.p.A.	EUR	100%	1,098,900
TXT e-Tech S.r.l. (**)	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.
(****) On 1 July 2023, the merger by incorporation between the two investee companies Mac Solutions SA and TXT e-Solutions Sagl, both wholly owned by the Parent Company TXT e-Solutions S.p.A., became effective. Therefore, through this transaction, the company TXT e-Solutions Sagl was merged into Mac Solutions SA, which also changed its company name to TXT e-Swiss SA.

TXT e-solutions S.p.A. Group's (the "Group") consolidated financial statements are presented in Euro. Here below are the foreign exchange rates used for translating the amounts expressed in foreign currency of the subsidiaries into Euro:

- Income Statement (average exchange rate for the first nine months)

Currency	30.09.2023	30.09.2022
British Pound (GBP)	0.87072	0.84716
US Dollar (USD)	1.08330	1.0638
Swiss Franc (CHF)	0.97740	1.0118
Canadian Dollar (CAD)	1.4576	1.3643

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

Currency	30.09.2023	31.12.2022
British Pound (GBP)	0.86458	0.8869
US Dollar (USD)	1.0594	1.0666
Swiss Franc (CHF)	0.9669	0.9847
Canadian Dollar (CAD)	1.4227	1.4475

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 interim 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 report as at 30 September 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 interim 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 September 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' Meeting held on 9 November 2023.

3. Accounting standards and interpretations applied from 1 January 2023

The accounting standards adopted in preparing the condensed consolidated interim financial statements are consistent with those used in drawing up the consolidated financial statements as at 31 December 2022 and illustrated in the Annual Report under note 4 "Accounting standards and basis of consolidation".
As at 30 September 2023, there are no significant effects with respect to changes in the international accounting standards (IFRS) that were expected to be applied from 1 January 2023.

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. 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) a supplementary, 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 refer to amounts paid to the directors, key management personnel and associates.

As at 30 September 2023	Receiv-ables	Payables	Costs	Revenues
Paradis S.r.l.				
TXT Healthprobe S.r.l.	597,652			
LAS LAB S.r.l.	15,860			
Pro Sim	173,694			46,000
Directors and key management personnel		129,795	500,268	
Total as at 30 September 2023	787,206	129,795	500,268	46,000

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

Financial transactions

The amounts with Related Parties as at 30 September 2023 are shown for financial transactions:

As at 30 September 2023	Receivables	Payables	Costs	Income
Laserfin S.r.l.		1,919,012		
Banca del Fucino				150,124
Pro Sim	400,000			
Total as at 30 September 2023	400,000	1,919,012	-	150,124

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

6. Certification of the Interim report pursuant to Article 154-bis of Italian Legislative Decree No. 58/98

pursuant to Article 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 interim financial statements as at 30 September 2023.

The assessment of the adequacy of the administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements as at 30 September 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 that represents a reference framework that is generally accepted at international level.

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

Manager responsible for preparing corporate accounting documents	Chair of the Board of Directors
Eugenio Forcinito	Enrico Magni

Cologno Monzese, 09 November 2023