



TXT E-SOLUTIONS GROUP

HALF-YEARLY

FINANCIAL REPORT

As at 30 June 2022

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 2022:

ENRICO MAGNI
Chairman

DANIELE MISANI
Chief Executive Officer

MATTEO MAGNI
Director²

STEFANIA SAVIOLO
Independent Director¹⁻²⁻³

PAOLA GENERALI
Independent Director¹⁻²⁻³

ANTONELLA SUTTI
Independent Director¹⁻⁴

CARLO GOTTA
Independent Director²⁻³⁻⁴

- (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 13 September 2021.

BOARD OF STATUTORY AUDITORS:

In office until approval of the financial statements as at 31 December 2022:

MARIO BASILICO
Chair

LUISA CAMERETTI
Standing auditor

FRANCO VERGANI
Standing auditor

**MASSIMILIANO
ALBERTO TONARINI**
Alternate auditor

**FABIO MARIA
PALMIERI**
Alternate auditor

GIADA D'ONOFRIO
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.

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Organisational structure and scope of consolidation





TXT E-SOLUTIONS GROUP

**KEY DATA AND
DIRECTORS'
REPORT
ON OPERATIONS**

AS AT 30 JUNE 2022

TXT e-solutions Group – Key data

INCOME DATA (€ thousand)	Q2 2022	%	Q2 2021	%	% CHANGE
REVENUES	62,538	100.0	43,699	100.0	43.1
EBITDA	9,191	14.7	5,663	13.0	62.3
OPERATING PROFIT (EBIT)	6,570	10.5	3,419	7.8	92.2
NET PROFIT ATTRIBUTABLE TO TXT SHAREHOLDERS	3,523	5.6	2,071	4.7	70.1
FINANCIAL DATA (€ thousand)	30.06.2022		31.12.2021		Change
Fixed assets	83,824		83,837		(13)
Net working capital	20,588		24,177		(3,589)
Post-employment benefits and other non-current liabilities	(3,046)		(3,297)		251
Capital employed	101,366		104,717		(3,351)
Net financial debt	4,186		11,649		(7,463)
Group shareholders' equity	97,180		92,655		4,525
Shareholders' Equity attributable to minority interests	0		412		(412)
DATA PER SHARE	30.06.2022		30.06.2021		Change
Average number of shares outstanding	11,717,742		11,694,811		22,931
Net earnings per share	0.30		0.18		0.12
Shareholders' equity per share	8.29		7.92		0.37
ADDITIONAL INFORMATION	30.06.2022		30.06.2021		Change
Number of employees	1,295		1,064		231
TXT share price	10.60		7.36		2.82

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 2022

Dear Shareholders,

In the first half of 2022, significantly higher revenues were recorded by the Fintech Division (Revenues +48.5%) due in part to the consolidation of acquisitions in the previous year and the Aerospace, Aviation & Automotive Divisions' activities (Revenues +38.4%) due in part to the consolidation of TeraTron GmbH.

On 29 June 2022, the contract was signed for the acquisition of 78.56% of **Ennova Spa** share capital. The remaining 21.44% of Ennova's share capital is held by the current management of the company led by Sabino Patruno, Chief Executive Officer of Ennova starting from 2020 who, together with the management of TXT and Ennova, will guide the process of integration, consolidation and growth of the newly acquired within the TXT Group.

The acquisition of Ennova represents a key milestone in the accelerated growth project of the TXT Group thanks to some strategic factors such as the wide specialised technological skills (AI, chat-bot, etc.), the numerous resources employed in the software factory or project activities, and the important business volumes generated with large corporates, industry leaders and SMEs operating in the telco & media, utilities, finance and gaming sectors that will expand the perimeter of the TXT market; the acquisition generates high growth ambitions fostered by technological, commercial and territorial synergies and the up-sell and cross-sell strategies of TXT's and Ennova's solutions and competencies to the large consolidated customer portfolio.

On **29 July 2022**, following the fulfilment of all the conditions set out in the contract, the acquisition of 78.56% of the share capital of the company Ennova Spa was finalised.

The consideration for the purchase of 78.56% of Ennova, representing the total shares held by non-operating shareholders, agreed between the parties at € 8.9 million, was paid in cash at closing. The purchase contract of 78.56% does not provide for a price adjustment.

Ennova was founded in 2010 in the Incubator of Innovative Enterprises of the Politecnico di Torino University as a start-up for the development of services and solutions for the management of the entire life cycle of the digital transformation of companies; throughout its history, Ennova has recorded a fast and constant growth process that has led it to consolidate fast-growing revenues, from € 18 million in 2015 to € 40 million in 2017, to over € 60 million in 2021. Adjusted EBITDA recorded in 2021 was equal to € 5.3 million, with forecasts for 2022 improving.

Ennova's current offering is concentrated on three main business units: the Technology business unit, which focuses on the development of proprietary platforms for the digitisation of customer processes in different markets, the Advanced Caring business unit, which manages the outsourcing of high-tech customer care for telco and utility customers through the use of innovative AI-based proprietary platforms, and the Tech on Site business unit, which provides nationwide coverage with specialised resources and software platforms for the telco and gaming industry.

On 19 July 2022, a contract was signed for the acquisition of 100% of the share capital of **DM Management & Consulting Srl**. TXT shall consolidate its results from 20 July 2022.

DM was founded in Parma in 2011 by Davide Massari, Stefano Massari and Luca Romani, current directors of the company, and in 2013 it launched the first version of the proprietary MES / MOM DMP platform on the market; over the years DM has supported a constant investment process in R&D that has led to new software releases and continuous business growth fostered by the acquisition of numerous important customers, 70% of which are medium and large manufacturing companies operating in various industrial sectors both domestically and internationally. In the course of 2021 DM reported ARR (Annual Recurrent Revenues) of approximately € 0.5 million (on Adjusted Revenues from sales equal to € 1.2 million) and EBITDA margin of 25% with annual growth rate of revenues (CAGR) expected at 30% in the three-year period 2022-2024, thanks also to group synergies.

The consideration for the purchase of 100% of DM ("Enterprise Value") was agreed between the parties at € 1.7 million paid at the closing, of which € 1.4 million (82%) was paid in cash and € 0.3 million (18%) was paid in TXT's treasury shares sold at a price corresponding to the average price of TXT's shares for the 30 business days prior to the date of closing. The Net Financial Position resulting at closing will be settled in cash.

Davide Massari, Stefano Massari and Luca Romani, shareholders and current key managers of DM, will remain with the company and the DM share acquisition agreement provides for retention and earn-out clauses in their favour with expiry upon approval of the DM financial statements, which will close on 31 December 2024; the earn-out set forth in the contract, if due by TXT to the selling shareholders of DM, will be settled by cash and through the guaranteed revaluation of the TXT ordinary shares sold to the selling shareholders as part of the payment of the Enterprise Value.

The acquisition of DM represents a milestone for strengthening and expanding the offer of proprietary digital solutions for the industry.

The main consolidated operating and financial results in the first six months of 2022 were as follows:

- **Revenues** amounted to € 62.5 million, up 43.1% from € 43.7 million in the first six months of 2021. On a like-for-like basis, excluding the TeraTron GmbH, a company acquired in July 2021, LBA Consulting and Novigo Consulting, companies acquired in November 2021, and Quence, a company acquired in December 2021, revenues grew by 20%. Software revenues in the first six months of 2022 were € 4.7 million, compared to € 4.2 million in the first six months of 2021. Revenues from services amounted to € 57.9 million, up 46.5% compared to the first six months of 2021.

Revenues in the Aerospace, Aviation and Automotive Division amounted to € 32.3 million, up +38.4% over the first six months of 2021, of which € 5.5 million from the consolidation of Teratron and € 3.4 million from organic development.

The Fintech Division recorded revenues of € 30.3 million, up +48.5% compared to the first six

months of 2021, of which € 4.7 million due to the consolidation of LBA, Novigo and Quence..

- **Gross Margin**, net of direct costs, increased from € 16.6 million to € 24.1 million, an increase of +44.8%. Gross margin on revenues was equal to 38.5% in the first six months of 2022.
- **EBITDA** amounted to € 9.2 million, an increase of +62.3% compared to the first six months of 2021 (€ 5.7 million), after significant investments in commercial expenditure and research and development expenses. The margin on revenues was 14.7% compared to 13% in the first six months of 2021.
- **Operating profit (EBIT)** was € 6.6 million, an increase of +92.2% compared to the first six months of 2021 (€ 3.4 million). Amortisation and depreciation of tangible and intangible assets amounted to € 2.5 million, up € 0.5 million compared to the first six months of 2021, mainly due to the consolidation of the 2021 acquisitions.
- **Financial income** in the first half of 2022 had a negative net balance of € 1.4 million compared to the positive net balance of € 0.2 million in the same period of the previous year, mainly due to the negative market performance recorded in the first half of 2022 in the face of the current socio-political tensions also due to the Ukraine-Russia military conflict and, to a lesser extent, due to the different structure of the Group's Net Financial Indebtedness as at 30 June 2022 compared to the same period of the previous year.
- **Net profit** was € 3.5 million, up from € 2.1 million in the first six months of 2021. In the first six months of 2022, taxes accounted for 32.2%.
- Consolidated **net financial position** as at 30 June 2022 was positive by € 4.2 million, down by € 7.5 million compared to 31 December 2021 (€ 11.7 million).
- **Consolidated shareholders' equity** as at 30 June 2022 was € 97.2 million, compared to € 92.7 million as at December 2021. Changes in the six months mainly concern the recognition of net profit (€ 3.5 million), the net effect of the purchase and sale of treasury shares (€ 0.2 million).

TXT's consolidated results for the first six months of 2022, compared with those of the same period of the previous year, are presented below:

(€ thousand)	30.06.2022	%	30.06.2021	%	% Change
REVENUES	62,538	100	43,699	100	43.1
Direct costs	38,482	61.5	27,085	62.0	42.1
GROSS MARGIN	24,056	38.5	16,614	38.0	44.8
Research and development costs	3,954	6.3	3,313	7.6	19.3
Commercial costs	5,719	9.1	3,757	8.6	52.2
General and administrative costs	5,192	8.3	3,882	8.9	33.7
GROSS OPERATING PROFIT (EBITDA)	9,191	14.7	5,662	13.0	62.3
Depreciation, amortisation and impairment	2,546	4.1	1,927	4.4	32.1
Reorganisation and non-recurring charges	75	0.1	316	0.7	(76.3)
OPERATING PROFIT (EBIT)	6,570	10.5	3,419	7.8	92.2
Extraordinary/Financial income (charges)	(1,371)	2.2	271	0.6	(605.9)
EARNINGS BEFORE TAXES (EBT)	5,199	8.3	3,690	8.4	40.9
Taxes	(1,676)	(2.7)	(1,619)	(3.7)	3.5
NET PROFIT	3,523	5.6	2,071	4.7	70.1
Attributable to:					
Parent Company shareholders	3,523		2,087		
Minority interests			(17)		

GROUP REVENUES AND GROSS MARGINS

Revenues and direct costs in the first six months of 2022, compared with those of the previous year, are presented below for each Division.

(€ thousand)	HI 2022	%	HI 2021	%	% Change
TXT AEROSPACE, AVIATION & AUTOMOTIVE					
REVENUES	32,262	100	23,314	100	38.4
Software	3,787	11.7	3,578	15.3	5.8
Services	28,475	88.3	19,736	84.7	44.3
DIRECT COSTS	17,906	55.5	14,004	60.1	27.9
GROSS MARGIN	14,356	44.5	9,310	39.9	54.2
TXT FINTECH					
REVENUES	30,276	100	20,385	100	48.5
Software	893	2.9	627	3.1	42.4
Services	29,383	97.1	19,758	96.9	48.7
DIRECT COSTS	20,576	68.0	13,081	64.2	57.3
GROSS MARGIN	9,700	32.0	7,304	35.8	32.8
TOTAL TXT					
REVENUES	62,538	100	43,699	100	43.1
Software	4,680	7.5	4,205	9.6	11.3
Services	57,858	92.5	39,494	90.4	46.5
DIRECT COSTS	38,482	61.5	27,085	62.0	42.1
GROSS MARGIN	24,056	38.5	16,614	38.0	44.8

TXT Aerospace, Aviation & Automotive Division

Revenues in the Aerospace, Aviation and Automotive Division amounted to € 32.3 million, up +38.4% over the first six months of 2021, of which € 5.5 million from the consolidation of TeraTron and € 3.5 million from organic development.

Software revenues in the first six months of 2022 were € 3.8 million, an increase of 5.8% compared to the first six months of 2021. International revenues represent 37.3% of the Division's revenues, amounted to € 12.0 million as at 30 June 2022, up from € 7.8 million as at 30 June 2021.

Gross margin 2022 up 54.2%, was € 14.4 million compared to € 9.3 million in the first six months of 2021. As a percentage of revenues, the gross margin amounted to 44.5% compared to 39.9% in the first six months of 2021 due to the higher services component in the revenue mix.

TXT has decades-long experience in the aerospace sector, particularly in on-board software, flight simulators, training systems, flight support systems and advanced manufacturing solutions. The Division also serves a growing number of aerospace companies and airline operators throughout the world, providing them with software and innovative services to design, configure, produce, acquire and operate their airlines and fleets in an economically optimal manner. The main application areas are the preliminary design of airplanes and technical systems, the configuration of airplanes and cabins, economic management of fleets, and the analysis of flying routes and innovative instruments – such as “Electronic Flight Bags” – to improve operating efficiency during flight.

Current customers comprise over 50 major companies, including leading manufacturers of aircraft and engines, airlines, civil and defence operators, and MRO – Maintenance, Repair & Overhaul companies, such as Leonardo (IT), Airbus (DE and FR), Boeing (USA), Pilatus (CH), Saab (SW), Reiser (DE), Safran Group (FR), GE Aviation (USA), COMAC (China), Embraer (Brazil), Rolls-Royce (UK), Lufthansa (DE), American Airlines (USA) and Delta Airlines (USA).

With the consolidation of TeraTron GmbH, TXT strengthens its presence in Germany with more than 150 specialised resources, integrating the Aerospace offer of PACE GmbH with the offer of TeraTron GmbH within the German manufacturing & automotive sector. It significantly increases the know-how on key technological expertise related to the IoT area, expanding the offer with the proposal of proprietary software and hardware solutions. In the last three years that ended, TeraTron reported revenues of € 9.2 million in 2019, with EBITDA of € 1.8 million; revenues of € 7.6 million in 2020, with EBITDA of € 1.4 million; and revenues of € 9.8 million in 2021, with EBITDA of € 2.5 million.

TXT stands out for its ability to design highly reliable advanced solutions with technology as a key business factor and it specialises in mission critical software and systems, embedded software as well as software for training purposes based on simulations and virtual & augmented reality.

TXT FINTECH Division

The Fintech Division recorded revenues of € 30.3 million, up +48.5% compared to the first six months of 2021, of which € 4.7 million due to the consolidation of LBA, Novigo and Quence. International revenues represent 20.6% of the Division's revenues, amounted to € 6.2 million as at 30 June 2022, up from € 3.1 million, or 15% of the total, as at 30 June 2021.

The Gross margin was € 9.7 million, up +32.8% compared to the first six months of 2021 (€ 7.3 million). The gross margin as percentage of revenues decreased from the previous year to 35.8% in 2021 and 32.0% in 2022.

TXT historically operates in the financial and banking sector with an increasing portfolio of proprietary products and innovative solutions. Moreover, TXT specialises in Independent Verification & Validation of supporting IT systems. At the base of the offer is the great experience of market processes accrued over more than twenty years of activity alongside leading banking companies, combined with in-depth knowledge of methods and tools for managing specialist vertical processes such as NPL, digital payments, factoring and compliance.

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 manage the Supply Chain Finance programmes dynamically and centrally, 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 online 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.

GROUP REVENUES

Research and development costs in the first six months of 2022 amounted to € 3.9 million, up 19.3% from € 3.3 million in the first six months of 2021. 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 7.6% to 6.3% in 2022.

Commercial costs amounted to € 5.7 million, an increase of 52.2% compared to the first six months of 2021 (€ 3.8 million). As a percentage of revenues, commercial costs increased from 8.6% in the first six months of 2021 to 9.1% in the first six months of 2022.

General and administrative costs amounted to € 5.2 million, an increase of +33.7% compared to the first six months of 2021 (€ 3.9 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 8.3% in the first six months of 2022 compared to 8.9% in the first six months of 2021.

Financial charges were € 1.4 million compared to the positive (income) € 0.2 of the first six months of 2021.

Net profit was € 3.5 million, up from € 2.1 million in the first six months of 2021. In the first six months of 2022, taxes accounted for 32.2%.

CONSOLIDATED CAPITAL EMPLOYED

As at 30 June 2022 the Capital Employed was € 101.4 million, down € 3.4 million from 31 December 2021 (€ 104.7 million).

The table below shows the details:

(€ thousand)	30.06.2022	31.12.2021	Change
Intangible assets	54,107	55,182	(1,075)
Net tangible assets	12,702	12,126	576
Other fixed assets	17,017	16,529	488
Fixed assets	83,826	83,837	(11)
Inventories	15,796	7,810	7,986
Trade receivables	31,062	43,156	(12,094)
Sundry receivables and other short-term assets	9,223	8,864	359
Trade payables	(6,405)	(6,303)	(102)
Tax payables	(5,570)	(5,700)	130
Sundry payables and other short-term liabilities	(23,520)	(23,650)	130
Net working capital	20,586	24,177	(3,591)
Post-employment benefits and other non-current liabilities	(3,046)	(3,297)	251
Capital employed	101,366	104,717	(3,351)
Group shareholders' equity	97,180	92,655	4,525
Shareholders' Equity attributable to minority interests	0	412	(412)
Net financial debt	4,186	11,649	(7,463)
Financing of capital employed	101,366	104,716	(3,350)

Intangible assets decrease from € 55.2 million to € 54.1 million was mainly due to the increases for the period (€ 0.1 million) net of the amortisation for the period on the intellectual property of the software and customer portfolio for the acquisitions of Pace, Cheleo, TXT Risk Solutions and Assioma.Net S.r.l. (€ 0.9 million) and the deconsolidation of Reversal SIM (goodwill of € 0.2 million as at 31 December 2021).

Tangible assets of € 12.7 million increased by € 0.6 million compared to 31 December 2021. The increases for the period (€ 2.4 million) were partially offset by depreciation for the period (€ 1.5 million).

Other fixed assets of € 17.0 million increased from € 16.6 million in December 2021, mainly due to the recognition of the equity investment in Reversal SIM S.p.A. This item is mainly composed of the investment of a financial nature made in the previous year in the share capital of Banca del Fucino in the amount of € 14.3 million.

Net working capital amounted to € 20.6 million compared to € 24.1 million as at 31 December 2021. The change was € 3.6 million. There was an increase in inventories for work in progress for activities

not yet invoiced to customers (€ 8.0 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 € 3.1 million are substantially in line with the values of December 2021.

Consolidated shareholders' equity as at 30 June 2022 was € 97.2 million, compared to € 93.1 million as at December 2021. Changes in the six months mainly concern the recognition of profit for the period (€ 3.5 million), the net effect of the purchase and sale of treasury shares (€ 0.2 million), the recognition of the Fair Value Swap reserve (€ 0.7 million).

Minority interests as at 30 June 2022 is zero because, as of the second quarter of 2022, management decided to no longer consolidate the company Reversal SIM S.p.A. following the loss of control; although it retains ownership of 51% of the shares, according to the shareholders' agreement in place, the company no longer has sole control of the invested company.

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 € 4.2 million as at 30 June 2022, € 11.6 million as at 31 December 2021.

(€ thousand)	30.06.2022	31.12.2021	Change
Cash and cash equivalents	(57,640)	(36,076)	(21,564)
Financial instruments at fair value	(47,325)	(48,869)	1,544
Liquid assets	(104,965)	(84,945)	(20,020)
Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	19,438	31,355	(11,917)
Current portion of non-current financial debt	25,313	15,770	9,543
Current financial indebtedness	44,751	47,125	(2,374)
Current net financial indebtedness	(60,214)	(37,820)	(22,394)
Non-current financial debt (excluding current portion and debt instruments)	65,046	49,469	15,577
Debt instruments	-	-	-
Non-recurring financial receivables	(647)	-	(647)
Trade payables and other non-current payables	-	-	-
Non-current financial indebtedness	64,399	49,469	14,930
Total financial debt	4,185	11,649	(7,464)
Non-monetary debts for adjustment of the price of the 2021 acquisitions to be paid in TXT shares	(1,892)	(5,253)	3,361
Adj. Net financial indebtedness	2,292	6,396	(4,103)

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

(€ thousand)	30.06.2022	31.12.2021	Change
Debt referred to IFRS 16	(5,819)	(5,748)	(71)

The composition of Net Financial Indebtedness as at 30 June 2022 is as follows:

- Cash and cash equivalents of € 57.4 million are mainly in euro, held with major Italian banks. The increase of € 21.6 million compared to 31 December 2021 is mainly due to the cash of TXT e-Solutions Spa, which was € 42.7 million as at 30 June 2022.
- Financial instruments at fair value of € 47.3 million consisted of investments in multi-segment insurance funds with partially guaranteed capital (€ 39.4 million), a bond loan (€ 0.5 million), and government securities and bond with an overall medium-low risk profile (€ 7.4 million); the valuation of financial instruments was affected by the negative effects of the international markets in the second quarter of 2022, mainly due to the Ukraine-Russia military conflict.

- Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt) as at 30 June 2022 is € 19.4 million and refers (a) for € 14.9 million to short-term loans (hot money), (b) for € 0.8 million estimated disbursement for the first Earn Out of the Assioma shareholders (c) for € 1.8 million to the short-term portion of the debt for the payment of rental and lease payments for offices, cars and printers for all instalments until the end of the relevant contracts following the adoption of the accounting standard (IFRS 16), (d) € 0.1 million related to payables to EU Partners, and (e) € 1.9 million related to estimated disbursement to complete the acquisition of LBA Consulting, which took place in the last months of 2021.
- Non-current financial debt (excluding current portion and debt instruments) as at 30 June 2022 of € 65.0 million related to (a) € 55.9 million the portion of new medium- to long-term loans for the portion with a maturity of more than 12 months; (b) for € 2.8 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) for € 1.6 million to estimated disbursement for the second Earn Out of the Assioma shareholders; (d) for € 0.1 million to the payable related to the Restricted Share Price Adjustment for the acquisition of HSPI S.p.A.; (e) for € 0.2 million to the long-term portion of the Put/Call related to TXT Risk Solutions S.r.l. after renegotiation; (f) for € 4.0 million to 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 following the adoption of the accounting standard IFRS 16; (g) for € 0.5 million estimated disbursement for the first Earn Out of Novigo shareholders.

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 HSPI S.p.A., the subsidiary TeraTron GmbH, and the subsidiary Novigo Consulting in Euro without guarantees for more details, see Notes 7.13 and 7.16.

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 indebtedness 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.

The non-compliance with the covenants and the other contractual commitments, if not adequately corrected within the agreed upon time frame, may involve the obligation of an early repayment of the residual amount.

As at today, the covenants are complied.

Q2 2022 ANALYSIS

The analysis of the operating results for the second quarter of 2022, compared with those of the second quarter of the previous year, is presented below:

(€ thousand)	Q2 2022	%	Q2 2021	%	% Change
REVENUES	32,020	100	22,218	100	44.1
Direct costs	19,591	61.2	13,875	62.4	41.2
GROSS MARGIN	12,429	38.8	8,343	37.6	49.0
Research and development costs	2,046	6.4	1,663	7.5	23.0
Commercial costs	2,552	8.0	1,245	5.6	105.0
General and administrative costs	3,133	9.8	2,476	11.1	26.5
GROSS OPERATING PROFIT (EBITDA)	4,698	14.7	2,959	13.3	58.8
Depreciation, amortisation and impairment	1,343	4.2	952	4.3	41.1
Reorganisation and non-recurring charges	0	0.0	(316)	(1.4)	(100.0)
OPERATING PROFIT (EBIT)	3,355	10.5	1,691	7.6	98.4
Financial income (charges)	(1,084)	(3.4)	15	0.1	(7326.7)
EARNINGS BEFORE TAXES (EBT)	2,271	7.1	1,706	7.7	33.1
Taxes	(822)	(2.6)	(873)	(3.9)	(5.8)
NET PROFIT	1,449	4.5	833	3.7	73.9
Attributable to:					
Parent Company shareholders	1,449		849		
Minority interests			(17)		

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

- Net revenues amounted to € 32.0 million, up 44.1% from the second quarter of 2021 (€ 22.2 million). Revenues from software, subscriptions and maintenance were € 2.4 million, a slight increase over Q2 2021 (€ 2.2 million). Revenues from services amounted to € 29.6 million,

up 48.3% from € 20.0 million in Q2 2021. Revenues from the new acquisitions in 2021 amounted to € 5.1 million in the second quarter of 2022.

- Gross margin for the second quarter of 2022 was € 12.4 million, up 49.0% from the second quarter of 2021 (€ 8.3 million). As a percentage of revenues, the margin amounted to 38.8% compared to 37.6% in the second quarter of 2021 due to the higher percentage of revenues generated by services.
- EBITDA in the second quarter of 2022 was € 4.7 million, up +58.8% compared to second quarter of 2021 (€ 3.0 million). The margin on revenues was 14.7% compared to 13.3% in the second quarter of 2021. The growth in EBITDA is due for € 1.0 million to the contribution of the acquisitions made starting from the third quarter of 2021.
- Operating profit (EBIT) was € 3.4 million, an increase of 98.4% compared to the second quarter of 2021 (€ 1.7 million).
- Pre-tax profit was € 2.3 million, compared to € 1.7 million in the second quarter of 2021.
- Net profit was € 1.4 million compared to € 0.8 million in the second quarter of 2021.

EMPLOYEES

As at June 30, 2022, there were 1,295 employees (1,064 as at 30 June 2021).

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

In the first six months of 2022, the TXT e-solutions share price recorded an official high of € 10.6 on 30 June 2022 and a low of € 8.26 on 24 February 2022. As at 30 June 2022, the share price was € 10.6.

The average daily trading volume on the stock exchange in the first six months of 2022 was 26,621 shares, down from the daily average of 31,461 in 2021.

Treasury shares as at 30 June 2022 were 1,264,995 (1,243,372 as at 31 December 2021), representing 9.73% of the issued shares, at an average carrying value of € 3.42 per share. In the first six months of 2022, 348,630 shares were purchased at an average price of € 9.43.

On 30 March 2022, 90,329 treasury shares were transferred at a price of € 9.84 per share, in order to fulfil the payment commitments undertaken by TXT under the purchase agreement signed on 28 December 2021 for the acquisition of 100% of Quence S.r.l.

On 30 March 2022, 4,000 shares were transferred at the agreed price of € 9.15 per share to fulfil the commitments undertaken by TXT towards the shareholders of HSPI SpA for the repurchase of 13,200 shares without voting rights.

On 29 April 2022, 114,753 shares were transferred at the agreed price of € 9.15 per share to fulfil the payment commitments undertaken by TXT under the purchase agreement signed on 29 November 2021 for the acquisition of 100% of Novigo Consulting S.r.l.

On 30 May 2022, 117,925 shares were transferred at the agreed price of € 9.54 per share to fulfil the payment commitments undertaken by TXT under the purchase agreement signed on 29 November 2021 for the purchase of 100% of the Novigo Consulting 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

Ennova acquisition

On 29 June 2022 the contract for the acquisition of 78.56% of the share capital of Ennova Spa ("Ennova") was signed. TXT expects to consolidate Ennova's results starting from October 2022.

This is in view of the fact that the acquisition of the majority of the shares does not yet allow for exclusive control of the company's strategic decisions, which will take place following the finalisation of the governance structure operation scheduled for the third quarter of this year.

The remaining 21.44% of the share capital of Ennova is held by the current management of the company led by Sabino Patruno, CEO of Ennova starting from 2020.

The acquisition of Ennova represents a key milestone in the accelerated growth project of the TXT Group thanks to some strategic factors such as the wide specialised technological skills (AI, chat-bot, etc.), the numerous resources employed in the software factory or project activities, and the important business volumes generated with large corporates, industry leaders and SMEs operating in the telco & media, utilities, finance and gaming sectors that will expand the perimeter of the TXT market; the acquisition generates high growth ambitions fostered by technological, commercial and territorial synergies and the up-sell and cross-sell strategies of TXT's and Ennova's solutions and competencies to the large consolidated customer portfolio.

On 29 July 2022, following the fulfilment of all the conditions set out in the contract, the acquisition of 78.56% of the share capital of the company Ennova Spa was finalised. The consideration for the purchase of 78.56% of Ennova, representing the total shares held by non-operating shareholders, agreed between the parties at € 8.9 million, was paid in cash at closing. The purchase contract of 78.56% does not provide for a price adjustment.

Acquisition of DM Consulting S.r.l.

On 19 July 2022, a contract was signed for the acquisition of 100% of the share capital of DM Management & Consulting Srl ("DM"). TXT shall consolidate its results from 20 July 2022.

The consideration for the purchase of 100% of DM ("Enterprise Value") was agreed between the parties at € 1.7 million paid at the closing, of which € 1.4 million (82%) was paid in cash and € 0.3 million (18%) was paid in TXT's treasury shares sold at a price corresponding to the average price of TXT's shares for the 30 business days prior to the date of closing. The Net Financial Position resulting at closing will be settled in cash.

Forecasts for the performance in the third quarter of 2022

During the second half of the year, TXT is successfully continuing the accelerated growth process recorded in the first half of the year thanks to a mix of organic growth and the contribution of the new acquisitions already announced in July 2022 as well as the new acquisitions currently in the pipeline and which the TXT Group expects to close during the year.

In the Aerospace & Aviation division, after a first half in which it recorded organic growth of 15% and an M&A contribution of € 5.5 million, for the second half of the year, the TXT Group expects a positive trend similar to that recorded in the first half of the current year; with reference to the civil aviation segment, on 6 July 2022 the TXT Group through its subsidiary PACE America Inc. signed, with a leading North American cargo operator, a recurring subscription contract with an initial term of three years for the supply of the proprietary platform to optimise flight routes in real time, with expected revenues of \$ 0.5 million for 2022 and a ramp-up of software installations that will lead to recurring revenues of approximately \$ 2.5 million starting from 2023. In the defence segment, the positive trend recorded in the last three years is confirmed by the constant acquisition of new important customer contracts, both domestically and in the rest of Europe. In the Industry segment, double-digit revenue growth is expected, favoured by the consolidation of the newly acquired DM Management & Consulting Srl (annual revenues € 1.5 million) and the growth of the smart devices business and value-added engineering services offered by the German subsidiary TeraTron GmbH and TXT, respectively. During the third quarter, the TXT Group was awarded prestigious funded research projects, which will act as a further incentive for the continuous advancement of the Group's technological offering.

For the Fintech division, which includes the digital offering dedicated to public admiration, after a half-year of consolidation and integration of the companies acquired at the end of 2021 into the TXT Group, TXT's management expects a second half-year of sustained revenue growth with positive effects on the division's margins thanks to technological and commercial synergies as well as the streamlining of the organisational structure. Contributing to the division's growth was the awarding of multi-year CONSIP tenders won by the subsidiary HSPI for a significant value, the signing of new recurring subscription contracts for the supply of the FARADAY risk management platform worth € 0.3 million per annum, and the consolidation of the domestic leadership position in the provision of Quality Assurance services for the financial sector.

In relation to the M&A plan, in line with what has been previously reported, the TXT Group plans to proceed with the consolidation of consolidated companies and smaller companies with great potential, through the aggregation of technologies, specialised skills and excellence in markets that are already proprietary or adjacent to the current ones, pursuing ambitious growth targets. The financing of the acquisition transactions will be done through the cash already available in TXT's coffers and the treasury shares in portfolio (1,264,995 shares as at 30 June 2022).

In the current global geopolitical context triggered by the military conflict in Ukraine, the management and independent directors of TXT have currently not identified risks in the short term due to the minimal and non-strategic exposure of the TXT business in the Russian and Ukrainian regions. TXT's management constantly monitors the evolution of the conflict and the related macroeconomic instability.

The manager responsible for preparing
corporate accounting documents

Eugenio Forcinito

The Chair of the Board of Directors

Enrico Magni

Cologno Monzese, 3 August 2022

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TXT E-SOLUTIONS GROUP

**CONDENSED HALF-YEARLY
CONSOLIDATED
FINANCIAL STATEMENTS**

AS AT 30 JUNE 2022

Consolidated Balance Sheet

ASSETS	Notes	30.06.2022	Of which with related parties	31.12.2021	Of which with related parties
NON-CURRENT ASSETS					
Goodwill	7.1	46,907,771		47,147,938	
Intangible assets with a finite useful life	7.2	7,199,769		8,033,715	
Intangible assets		54,107,541		55,181,653	
Property, plant and equipment	7.3	12,702,022		12,125,958	
Tangible assets		12,702,022		12,125,958	
Investments in associates	7.4	683,864		-	
Other non-recurring financial receivables	7.5	15,203,653		14,600,368	
Deferred tax assets	7.6	1,775,657		1,928,665	
Other non-current assets		17,663,175		16,529,033	
TOTAL NON-CURRENT ASSETS		84,472,738		83,836,645	
CURRENT ASSETS					
Contractual assets	7.7	15,795,959		7,809,891	
Trade receivables	7.8	31,062,097		43,156,099	
Sundry receivables and other current assets	7.9	9,223,207		8,864,378	
Other short-term financial receivables		-		-	
HFT securities at fair value	7.10	47,325,117		48,868,752	
Cash and cash equivalents	7.11	57,640,038		36,076,104	
TOTAL CURRENT ASSETS		161,046,418		144,775,224	-
TOTAL ASSETS		245,519,156		228,611,869	-
LIABILITIES AND SHAREHOLDERS' EQUITY					
SHAREHOLDERS' EQUITY					
Share capital		6,503,125		6,503,125	
Reserves		16,293,449		15,266,375	
Retained earnings (accumulated losses)		70,860,513		63,011,589	
Profit (loss) for the year		3,522,569		7,873,676	
TOTAL SHAREHOLDERS' EQUITY (Group)	7.12	97,179,657		92,654,765	
Shareholders' Equity attributable to minority interests		0		411,778	
TOTAL SHAREHOLDERS' EQUITY	7.12	97,179,657		93,066,542	
NON-CURRENT LIABILITIES					
Non-current financial liabilities	7.13	65,047,143	1,563,206	49,468,725	1,748,057
Provision for post-employment benefits and other employee provisions	7.14	3,045,750		3,296,650	
Deferred tax provision	7.6	1,875,951		1,961,327	
Provisions for future risks and charges	7.15	118,905		118,905	
TOTAL NON-CURRENT LIABILITIES		70,087,750	1,563,206	54,845,607	1,748,057
CURRENT LIABILITIES					
Current financial liabilities	7.16	44,751,689	369,122	47,125,214	367,965
Trade payables	7.17	6,404,874		6,302,987	
Tax payables	7.18	3,693,754		3,739,356	
Sundry payables and other current liabilities	7.19	23,401,432	144,641	23,532,162	228,546
TOTAL CURRENT LIABILITIES		78,251,749	513,763	80,699,720	596,511
TOTAL LIABILITIES		148,339,499	2,076,969	135,545,326	2,344,567
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		245,519,156	2,076,969	228,611,869	2,344,567

Consolidated Income Statement

(€ thousand)	Notes	30.06.2022	Of which with re- lated par- ties	30.06.2021	Of which with re- lated par- ties
Revenues and other income		62,538,174	-	43,699,251	-
TOTAL REVENUES AND OTHER INCOME	8.1	62,538,174		43,699,251	
Purchases of materials and external ser- vices	8.2	(18,112,395)	(378,025)	(9,510,366)	(299,110)
Personnel costs	8.3	(34,779,647)	-	(28,584,762)	-
Other operating costs	8.4	(529,075)	-	(217,494)	-
Depreciation and amortisation / Impair- ment	8.5	(2,546,761)	-	(1,967,316)	-
OPERATING RESULT		6,570,297	(378,025)	3,419,313	(299,110)
Financial income (charges)	8.6	(1,386,793)	-	270,509	-
Share of profit (loss) of associates	8.7	15,112	-	-	-
EARNINGS BEFORE TAXES (EBT)		5,198,615		3,689,822	
Income taxes	8.8	(1,676,046)	-	(1,618,931)	-
NET PROFIT (LOSS) FOR THE PERIOD		3,522,569		2,070,891	

Attributable to:		
Parent Company shareholders	3,522,569	2,087,886
Minority interests	-	(16,995)

Consolidated Statement of Comprehensive Income

	30.06.2022	30.06.2021
NET PROFIT (LOSS) FOR THE PERIOD	3,522,569	2,070,891
Attributable to:		
Minority interests	-	(16,995)
Parent Company shareholders	3,522,569	2,087,886
Profit / (Loss) from foreign currency translation differences	209,589	(49,210)
Gain / (Loss) on the effective part of hedging instruments (cash flow hedge)	668,424	57,568
Total items of other comprehensive income that will be subsequently reclas- sified to profit/(loss) for the year net of taxes	878,013	8,358
Defined-benefit plans actuarial gains (losses)	310,514	82,656
Total items of other comprehensive income that will not be subsequently re- classified to profit / (loss) for the year net of taxes	310,514	82,656
Total profit / (loss) of other comprehensive income net of taxes	1,188,527	91,014
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,711,096	2,161,905
Attributable to:		
Minority interests	-	(16,995)
Parent Company shareholders	4,711,096	2,178,900

Segment disclosures

For operating purposes, the Group is organised into two 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)	Aerospace	Fintech	TOTAL TXT
REVENUES	32,262	30,276	62,538
Software	3,787	893	4,680
Services	28,475	29,383	57,858
OPERATING COSTS:			
Direct costs	17,906	20,576	38,482
Research and development costs	2,962	992	3,954
Commercial costs	3,040	2,679	5,719
General and administrative costs	2,855	2,337	5,192
TOTAL OPERATING COSTS	26,763	26,584	53,347
EBITDA	5,499	3,692	9,191
Amortisation of intangible fixed assets	263	760	1,023
Depreciation of tangible fixed assets	785	737	1,522
Write-downs and Restructuring Costs	75	0	75
OPERATING PROFIT (EBIT)	4,376	2,195	6,571
Financial income (charges)	(708)	(664)	706
EARNINGS BEFORE TAXES (EBT)	3,668	1,531	5,199
Taxes	(1,183)	(493)	(1,676)
NET PROFIT FROM CURRENT ASSETS	2,486	1,037	3,523
NET PROFIT	2,486	1,037	3,523

Consolidated Statement of Cash Flows

	30 June 2022	31 December 2021
Net profit (loss) for the period	3,522,569	7,839,422
Non-monetary costs for Stock Options	-	10,872
Non-monetary interest	68,969	126,774
Change in fair value of monetary instruments	956,079	(1,103,029)
Current income taxes	1,676,046	2,081,887
Change in deferred taxes	67,632	(371,178)
Depreciation, amortisation and impairment	2,436,558	4,373,882
Other non-monetary expenses	298,405	-
Cash flows from (used in) operating activities (before change in working capital)	9,026,258	12,958,630
(Increase) / Decrease in trade receivables	12,094,002	(3,916,798)
(Increase) / Decrease in contractual assets / inventories	(7,986,068)	(1,632,855)
Increase / (Decrease) in trade payables	101,887	1,701,458
(Increase) / Decrease in other assets/liabilities	(2,167,352)	156,303
Increase / (Decrease) in post-employment benefits	(250,900)	104,459
Changes in operating assets and liabilities	1,791,569	(3,587,433)
Paid income taxes	-	(837,823)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	10,817,827	8,533,374
<i>of which with related parties</i>	(461,930)	(507,617)
Increase in tangible assets	(628,135)	(941,550)
Increase in intangible assets	(37,378)	(162,741)
Capitalisation of development expenses	(49,029)	(363,136)
Decrease in tangible and intangible assets	27,460	30,145
Net cash-flow from acquisition of subsidiaries	(7,777,251)	(14,531,684)
Reversal deconsolidation	(837,130)	-
(Increase) / Decrease in trading securities	-	(14,299,998)
(Increases) / decreases in securities at fair value	587,556	20,000,000
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	(8,713,907)	(10,268,964)
<i>of which with related parties</i>	-	-
Loans issued	33,000,000	37,225,729
Loans repaid	(12,517,023)	(10,310,058)
Payment of lease liabilities	(1,811,826)	(1,635,639)
Increase / (Decrease) in financial payables	-	-
Increase / (Decrease) in other financial receivables	-	-
Distribution of dividends	-	(521,381)
Interest expense	(213,462)	(179,864)
Other changes in shareholders' equity	954,188	184,550
Net change in financial liabilities	-	(93,455)
(Purchase) / Sale of treasury shares	(161,453)	1,209,301
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	19,250,424	25,879,183
<i>of which with related parties</i>	-	-
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	21,354,345	24,143,594
Effect of changes in exchange rates on cash flows	209,589	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	36,076,104	11,932,508
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	57,640,038	36,076,104
Assets acquired that did not generate cash flows (initial recognition IFRS 16)	(1,491,595)	(3,939,610)
Liabilities acquired that did not generate cash flows (initial recognition IFRS 16)	1,491,595	3,939,610
<i>of which with related parties</i>		2,238,163

Statement of Changes in Consolidated Shareholders' Equity as at 30 June 2022

	Share Capital	Legal Reserve	Share premium reserve	Merger Surplus	Stock options	Reserve for actuarial differences on post-employment	Fair Value Swap	Translation reserve	Retained earnings	Profit (loss) for the year	Total Shareholders' Equity (Group)	Shareholders' Equity attributable to minority interests	Total Shareholders' Equity
Amounts as of 31 December 2021	6,503,125	1,300,625	13,027,524	1,911,444	67,293	(1,131,539)	(136,404)	227,433	63,011,589	7,873,676	92,654,766	411,777	93,066,544
Profit as of 31 December 2021									7,873,676	(7,873,676)	0		0
Minority acquisitions									(24,753)	0	(24,753)	(411,777)	(436,530)
Increase/Purchase							668,424				668,424		668,424
Dividend Distribution											0		0
Free Capital Increase											0		0
Sale of own shares			3,063,831								3,063,831		3,063,831
Purchase of own shares			(3,225,284)								(3,225,284)		(3,225,284)
Actuarial differences on post-employment benefits						310,514					310,514		310,514
Exchange differences								209,589			209,589		209,589
Profit as of 30 June 2022										3,522,569	3,522,569	0	3,522,569
Amounts as of 30 June 2022	6,503,125	1,300,625	12,866,071	1,911,444	67,293	(821,025)	532,020	437,022	70,860,512	3,522,569	97,179,657	0	97,179,657

	Share Capital	Legal Reserve	Share premium reserve	Merger Surplus	Stock options	Reserve for actuarial differences on post-employment	Fair Value Swap	Translation reserve	Retained earnings	Profit (loss) for the year	Total Shareholders' Equity (Group)	Shareholders' Equity attributable to minority interests	Total Shareholders' Equity
Amounts as of 31 December 2020	6,503,125	1,300,625	11,818,224	1,911,444	56,421	(1,105,085)	(127,654)	4,884	60,817,989	4,474,067	85,454,019	409,158	85,863,178
Profit as of 31 December 2020									4,474,067	(4,474,067)	0		0
Minority acquisitions									(1,560,194)	0	(1,560,194)	36,873	(1,523,321)
Increase/Purchase					10,872		(8,750)		1,128		3,250		3,250
Dividend Distribution									(521,381)		(521,381)		(521,381)
Free Capital Increase											0		0
Sale of own shares			1,482,715								1,482,715		1,482,715
Purchase of own shares			(273,414)								(273,414)		(273,414)
Actuarial differences on post-employment benefits						(26,455)					(26,455)		(26,455)
Exchange differences								222,549			222,549		222,549
Profit as of 31 December 2021										7,873,676	7,873,676	(34,254)	7,839,422
Amounts as of 31 December 2021	6,503,125	1,300,625	13,027,525	1,911,444	67,293	(1,131,540)	(136,404)	227,433	63,011,589	7,873,676	92,654,766	411,777	93,066,544

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 2022 (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 S.a.g.L.	CHF	100%	40,000
TXT NEXT S.a.r.l.	EUR	100%	100,000
TXT NEXT Ltd.	GBP	100%	100,000
Cheleo S.r.l.	EUR	100%	99,000
TXT Risk Solutions S.r.l. (*)	EUR	92%	250,000
Assioma.Net S.r.l.	EUR	100%	100,000
AssioPay S.r.l.	EUR	51%	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
Reversal SIM S.p.A.(***)	EUR	51%	400,000
TeraTron GmbH	EUR	100%	75,000
LBA Consulting S.r.l.	EUR	100%	10,000
Novigo Consulting S.r.l.	EUR	100%	50,000
Quence S.r.l.	EUR	100%	10,000
TXT Core S.r.l. (**)	EUR	100%	10,000

(*) 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 2022, the company Reversal SIM S.p.A. obtained authorisation from CONSOB to operate as a SIM. Taking into account the agreements signed, the TXT group decided to proceed with the deconsolidation of the company as TXT no longer holds the exclusive control that allows it to have a significant influence on the strategic decisions of the invested company.

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	30.06.2022	30.06.2021
British Pound (GBP)	0.8424	0.8680
US Dollar (USD)	1.0934	1.2053
Swiss Franc (CHF)	1.0319	1.0946

- Balance sheet (exchange rates as at 30 June 2022 and 31 December 2021)

Currency	30.06.2022	31.12.2021
British Pound (GBP)	0.8582	0.8403
US Dollar (USD)	1.0387	1.1326
Swiss Franc (CHF)	0.9960	1.0331

2. Reversal

On 15 June 2022, the company Reversal SIM S.p.A. obtained the authorisation from CONSOB to operate as a SIM.

The Company is therefore authorised to perform the investment services of placement without irrevocable commitment vis-à-vis the issuer and investment advisory services, pursuant to Art. 1(5)(c-bis) and (f) of Italian Legislative Decree No. 58 of 24 February 1998.

The group management decided to proceed with the deconsolidation of the company, recording the corresponding shareholding, which was valued with the equity method following the loss of exclusive control.

3. Basis of preparation of the consolidated financial statements

The Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union at the date of drafting this report, as well as with the implementing measures for 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 2022 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 2021. 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 2021. They have been prepared based on accounting records as at 30 June 2022 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 2021, thereby ensuring the comparability of the data.

As reported in paragraph 49 of IFRS 3, we have reviewed the comparative information of the provisional amounts allocated as at 31 December 2021 for the acquisitions concluded in the last months of 2021. The statements presented in this report accommodate this adjustment.

In particular, we have redefined the value of the following items:

	Notes	31.12.2021 Adj	31.12.2021
Goodwill	7.1	47,147,938	44,592,766
Current financial liabilities	7.16	47,125,214	44,570,042

The publication and release of this report were approved by the Board of Directors in its meeting held on 3 August 2022.

4. Accounting standards and interpretations applied from 1 January 2022

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 2021 and illustrated in the Annual Financial Report under note 4 "Accounting standards and basis of consolidation".

As at 30 June 2022, there are no significant effects with respect to changes in the international accounting standards (IFRS) that were expected to be applied from 1 January 2022.

5. 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 2021, to which reference should be made.

6. 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 made the following assessments that significantly affect 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 that have been sold, either separately or together, license 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.

7. Balance sheet

7.1. Goodwill

A breakdown of the item as at 30 June 2022 and the comparison with 31 December 2021 is shown below:

Goodwill	Amount as at 30 June 2022	Amount as at 31 December 2021
Acquisition of PACE	5,369,231	5,369,231
Acquisition of Cheleo	6,002,072	6,002,072
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	4,745,762	4,745,762
Acquisition of Reversal	-	240,167
Acquisition of LBA Consulting	3,784,991	3,784,991
Acquisition of Novigo Consulting	7,837,269	7,837,269
Acquisition of Quence	1,689,910	1,689,910
TOTAL GOODWILL	46,907,771	47,147,938

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, TXT Working Capital Solutions Srl, Mac Solutions SA and HSPI S.p.A. in 2020 and TeraTron GmbH, LBA Consulting, Novigo Consulting and Quence in 2021 and has been 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.

- Cheleo's goodwill of € 6,002 thousand derives from the acquisition price 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.
- 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 in the previous year.
- 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.
- Reversal's goodwill of € 240 thousand derives from the acquisition price paid for the equivalent of a 51% stake through the subscription of a capital increase of € 500 thousand. In 2022, as Reversal was no longer included in the consolidation scope, the goodwill recorded was de-recognised and incorporated into the value of the equity-accounted investment.
- TeraTron's goodwill of € 4,746 thousand derives from the acquisition price of € 10,214 thousand net of the fair value of the shareholders' equity at the acquisition date of € 4,746 thousand.
- LBA Consulting's goodwill of € 3,785 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.

- Novigo Consulting's goodwill of € 7,837 thousand derives from the acquisition price of € 8,907 thousand, net of the fair value of shareholders' equity on the acquisition date of € 1,071 thousand.
- Quence's goodwill of € 1,690 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.

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 2021, 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 2022, 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 HI 2022" accompanying these financial statements, no impairment test was conducted as at 30 June 2022, 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.

7.2. Intangible assets with a finite useful life

Net of amortisation, intangible assets with a finite useful life amounted to € 7,199,769 as at 30 June 2022. 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 2021	281,913	13,104	346,307	6,681,631	710,761	8,033,715
Acquisitions	37,378	1,768	-	-	47,261	86,407
Disposals	(6,367)					(6,367)
Amortisation	(56,182)	(2,792)	(125,129)	(729,883)		(913,985)
Other Changes						-
Balances as at 30 June 2022	256,742	12,080	221,178	5,951,748	758,022	7,199,769

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.

- 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 June 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 2022, the residual value of the intellectual property was € 144,645 net of amortisation for 2022 of € 96,429. As at 30 June 2022 of the Customer Relationship is € 119,145 net of amortisation for 2022 of € 79,429.
 - The value of Cheleo's 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 2022 was € 1,426,702 net of amortisation for 2022 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 2022 was € 76,533 net of amortisation for 2022 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 2022 has been fully amortised, with amortisation in 2022 amounting to € 91,333.
 - 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 2022 was € 2,669,425 net of amortisation for 2022 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 2022 was € 1,736,477 net of amortisation for 2022 of € 137,090.

7.3. Tangible assets

Net of depreciation, tangible assets amounted to € 12,702,022 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 2021	4,728,547	1,025,755	172,450	3,453,752	1,508,662	433,861	504,528	298,405	12,125,959
Acquisitions / Increases	542,965	938,323	10,307	4,526	515,071	344,687	62,256		2,418,135
Disposals					(9,272)	(389)	(11,432)	(298,405)	(319,498)
Depreciation	(609,522)	(348,502)	(19,350)	(55,343)	(324,019)	(82,104)	(83,732)		(1,522,573)
Other changes									0
Balances as at 30 June 2022	4,661,990	1,615,576	163,406	3,402,935	1,690,441	696,055	471,620	-	12,702,022

The increase in the "Buildings (lease)" item is mainly attributable to the renovation of the Cologno building.

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.

7.4. Investments in associates

On 15 June 2022, Reversal SIM S.p.A. obtained authorisation to operate as a SIM from CONSOB. The group management decided to proceed with the deconsolidation of the company, recording the corresponding shareholding, which was valued with the equity method following the loss of exclusive control. As at 30 June 2022 the "Investments in associated companies" item amounted to € 683,864.

7.5. Sundry receivables and other non-current assets

"Sundry receivables and other non-current assets" as at 30 June 2022 amounted to € 15,203,653, to be compared with € 14,600,368 as at 31 December 2021.

This item mainly includes the investment of a financial nature in the share capital of Banca del Fucino carried out in the first quarter of 2021 for € 14,299,999 and the receivable for hedging the exchange rate risk (fair value Interest Rate Swap) related to the loans amounting to € 647,140 as at 30 June 2022.

7.6. Deferred tax assets / liabilities

The breakdown of deferred tax assets and liabilities as at 30 June 2022, compared to the figures as at the end of 2021, is shown below:

	Balances as at 30 June 2022	Balances as at 31 December 2021	Change
Deferred tax assets	1,775,657	1,928,665	(153,007)
Deferred tax provision	(1,875,951)	(1,961,327)	85,375
Total	(100,294)	(32,662)	(67,632)

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 € 67,632 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.

Not all changes in equity were offset by the income statement. For further details, reference should be made to note 7.12 on shareholders' equity and note 8.8 on taxes in the income statement.

7.7. Contractual assets

Contractual Assets as at 30 June 2022 amounted to € 15,795,959 and showed an increase of € 7,986,068, compared to 31 December 2021.

The increase in this item is mainly due to a change in the type of contracts and customer relationships in the subsidiary HSPI from Time & Material activities and related hourly reporting to Fixed Price activities.

Contract work in progress is recognised on the basis of the percentage of completion method (over time method), adopting the incurred cost method for each contract.

7.8. Trade receivables

Trade receivables as at 30 June 2022, net of the provision for bad debts, amounted to € 31,062,097, a decrease of € 12,094,002 compared to 31 December 2021.

The average DSO for the first half of 2022 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 2022	31 December 2021	Change
Gross value	31,862,556	43,931,229	(12,068,674)
Provision for bad debts	(800,459)	(775,131)	(25,328)
Net value	31,062,097	43,156,099	(12,094,002)

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

Provision for bad debts	30.06.2022
Opening balance	(775,131)
Release	84,991
Allocation	(110,320)
Closing balance	(800,459)

The breakdown of trade receivables between falling due and past due as at 30 June 2022, compared to 31 December 2021, is shown below:

Aging 30.06.2022	Total	Coming due	Past due	
			0-90 days	More than 90 days
30 June 2022	31,062,097	23,665,859	5,824,056	1,572,182
31 December 2021	43,156,099	34,440,548	7,505,710	1,209,841

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 2022 is adequate.

7.9. 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 € 9,223,207 as at 30 June 2022, against a balance of € 8,864,378 as at 31 December 2021... The breakdown is shown below:

Sundry receivables and other current assets	30 June 2022	31 December 2021	Change
Receivables for research grants	2,703,980	2,464,869	239,110
Tax receivables	2,253,717	2,212,198	41,519
Other receivables	1,069,594	1,641,976	(572,382)
Other current assets	3,195,917	2,545,335	650,582
Total	9,223,207	8,864,378	358,829

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 balance is up compared to the previous year, mainly due to the i-MOLE project.

Other receivables amounted to € 1,069,594 and recorded a decrease of € 572,382. The item includes the VAT credit for an amount of € 684,498.

Other current assets, amounting to € 3,195,917, consist of accrued income and prepaid expenses (adjustments of costs paid in advance not pertaining to the period) and other contractual assets.

7.10. Financial instruments at fair value

As at 30 June 2022, this item included Financial instruments at fair value of € 47,325,117. In particular, the net change compared to 31 December 2021 is mainly attributable to the financial loss recorded on them.

They consist of investments in multi-segment life insurance contracts with partially guaranteed capital for a fair value of € 39,980,429, bond loan for € 501,799, treasury asset management 6,842,889.

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.

7.11. Cash and cash equivalents

The Group's cash and cash equivalents amounted to € 57,640,038 (€ 36,076,104 as at 31 December 2021). 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 7.9)
- operations in treasury shares (note 7.11)

Cash and cash equivalents refer to ordinary current accounts held with Italian banks, amounting to € 50,442,436 and abroad for € 7,167,411.

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.

7.12. Shareholders' equity

Shareholders' equity amounted to € 97,179,567.

The company's share capital as at 30 June 2022 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 (€ 12,866,071), merger surplus reserve (€ 1,911,444), the reserves for actuarial differences on post-employment benefits (negative € 821,025), cash flow hedge reserve (positive € 532,020 net of tax effect), translation reserve (€ 437,022), stock option reserve (€ 67,293) and retained earnings reserve (€ 70,860,515).

Description	Free	Required	Established by	TOTAL
		Law	Shareholders' Meeting	
Share premium reserve	12,866,071	-	-	12,866,071
Legal reserve	-	1,300,625	-	1,300,625
Merger surplus	-	-	1,911,444	1,911,444
Reserve for actuarial differences on post-employment benefits	-	-	(821,025)	(821,025)
IRS Fair Value	532,020	-	-	532,020
Reserve for retained earnings	-	-	70,860,515	70,860,515
Stock option reserve	-	-	67,293	67,293
Translation reserve	-	-	437,022	437,022
Total	13,398,091	1,301,388	72,454,486	87,153,966

Treasury shares

In the first half of 2022, the share price of TXT e-solutions reached an official high of € 10.6 on 30 June 2022 and minimum of € 8.26 on 24 February 2022. As at 30 June 2022, the share price was € 10.6.

The average daily trading volume on the stock exchange in the first half of 2022 was 26,621 shares, down from the daily average of 31,461 in 2021.

Treasury shares as at 30 June 2022 were 1,264,995 (1,243,372 as at 31 December 2021), representing 9.73% of the issued shares, at an average carrying value of € 3.42 per share. In the first six months of 2022, 348,630 shares were purchased at an average price of € 9.43.

On 30 March 2022, 90,329 treasury shares were transferred at a price of € 9.84 per share, in order to fulfil the payment commitments undertaken by TXT under the purchase agreement signed on 28 December 2021 for the acquisition of 100% of Quence S.r.l.

On 30 March 2022, 4,000 shares were transferred at the agreed price of € 9.15 per share to fulfil the commitments undertaken by TXT towards the shareholders of HSPI SpA for the repurchase of 13,200 shares without voting rights.

On 29 April 2022, 114,753 shares were transferred at the agreed price of € 9.15 per share to fulfil the payment commitments undertaken by TXT under the purchase agreement signed on 29 November 2021 for the acquisition of 100% of Novigo Consulting S.r.l.

On 30 May 2022, 117,925 shares were transferred at the agreed price of € 9.54 per share to fulfil the payment commitments undertaken by TXT under the purchase agreement signed on 29 November 2021 for the purchase of 100% of the Novigo Consulting S.r.l.

7.13. Non-current financial liabilities

“Non-current financial liabilities” amounted to € 65,047,143 (€ 49,468,725 as at 31 December 2021).

Non-current financial liabilities	30 June 2022	31 December 2021	Change
Payable for Earn-Out	2,129,688	2,115,296	14,392
Debt Guaranteed Price	51,145	51,145	0
WKS put-call payable	2,783,503	2,760,177	23,325
TXT RISK put-call payable	196,715	191,990	4,725
Bank loans	55,855,736	39,915,717	15,940,019
Non-current monetary flow swaps	0	225,729	(225,729)
Non-current payables to suppliers for leases	4,030,356	4,208,670	(178,314)
Total non-current financial liabilities	65,047,143	49,468,725	15,578,419

This item includes: a) the payable for € 1,626,768 for the earn-out to be paid to Assioma shareholders on verification of the contractual conditions; b) the valuation of the payable for the Put-Call option for € 2,783,503 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; c) the non-current portion of bank loans entered into in the previous years for € 55,855,736; d) the non-current portion of the financial debt of € 4,030,356 pursuant to IFRS 16; e) the liability related to the Restricted Share Price Adjustment for the acquisition of HSPI S.p.A.; f) the valuation of the Put/Call related to the acquisition of TXT Risk Solutions S.r.l. as an estimate of the disbursements for the purchase of the residual minority interest; g) the debt in the amount of €502,920 for the Earn-Out to be paid to Novigo Consulting's partners upon the occurrence of 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 € 7,026,170, the non-current portion amounted to € 3,014,678.
- 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 € 3,500,000, the non-current portion amounted to € 1,500,000.

- A loan for € 10,000,000.00 at a fixed rate of 0.50%, granted to the parent company on 01.08.2018 by BPER Banca (formerly UNIONE DI BANCHE ITALIANE S.p.A). As at 30 June, the residual portion amounted to € 2,015,024, the non-current portion amounted to € 0.

- A loan for € 10,000,000 at a 3-month EURIBOR floating rate (360) + spread 0.65% 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 € 9,445,695, the non-current portion amounted to € 7,227,005.

- A loan for € 5,000,000 at a 3-month EURIBOR floating rate (360) + spread 0.80% 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 € 4,090,909, the non-current portion amounted to € 2,272,727.

- 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 UNICREDI 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 € 10,000,000, the non-current portion amounted to € 7,777,778.

- 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 € 10,000,000, the non-current portion was € 7,142,857.

- 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 € 4,878,049, the non-current portion amounted to € 3,414,634.

- 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 € 10,000,000, the non-current portion was € 7,566,940.

- 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 € 2,000,000, the non-current portion amounted to € 1,461,014.

- A loan for € 15,000,000 at a 3-month EURIBOR floating rate (360) + spread 1.60% 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 € 15,000,000, the non-current portion amounted to € 12,071,813.

- A loan for € 1,700,000 at a 3-month EURIBOR floating rate (360) + 1% spread, granted to Assi-oma.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 € 1,062,500, the non-current portion amounted to € 779,167.

- A loan for € 1,100,000 at a 3-month EURIBOR floating rate (360) with a minimum of 1%, granted to Assioma.Net S.r.l. on 17.07.2019 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 -0.20% for a quarter. As at 30 June, the residual portion amounted to € 275,000, the non-current portion was € 0.

- A loan for € 500,000, interest rate fixed portion 1.10%, variable portion 3-month EURIBOR (360) - 0.32%, granted on 27.06.2019 by INTESA SANPAOLO S.P.A. A derivative product was taken out on the same loan to protect the floating rate, setting it at 0.15% per annum. As at 31 December 2020, the residual portion amounted to € 42,114, the non-current portion amounted to € 0.

- 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 € 1,455,877, the non-current portion amounted to € 1,349,993.

- A loan for € 510,000 at fixed rate granted to Novigo Consulting. As at 30 June, the residual portion amounted to € 377,716, the non-current portion amounted to € 276,753.

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 indebtedness 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.

The measurement of financial covenants and other contractual obligations is constantly monitored by the Group (annually). These were respected at the measurement date.

Details are presented below:

UNICREDIT S.P.A. loan	30.06.2022	31.12.2021	Change
Maturity 1-5 years	3,014,678	5,021,577	(2,006,899)
Maturity more than 5 years			-
Total	3,014,678	5,021,577	(2,006,899)

BANCA NAZIONALE DEL LAVORO S.P.A. loan	30.06.2022	31.12.2021	Change
Maturity 1-5 years	1,500,000.00	2,500,000	(1,000,000)
Maturity more than 5 years			-
Total	1,500,000	2,500,000	(1,000,000)

BPER loan	30.06.2022	31.12.2021	Change
Maturity 1-5 years	-	672,502	(672,502)
Maturity more than 5 years	-	-	-
Total	-	672,502	(672,502)

UNICREDIT S.P.A. loan	30.06.2022	31.12.2021	Change
Maturity 1-5 years	7,227,004.61	8,336,644	(1,109,639)
Maturity more than 5 years		-	-
Total	7,227,005	8,336,644	(1,109,639)

BANCA NAZIONALE DEL LAVORO S.P.A. loan	30.06.2022	31.12.2021	Change
Maturity 1-5 years	2,272,727	3,181,818	(909,091)
Maturity more than 5 years	-	-	-
Total	2,272,727	3,181,818	(909,091)

UNICREDIT S.P.A. loan	30.06.2022	31.12.2021	Change
Maturity 1-5 years	7,777,778	8,888,889	(1,111,111)
Maturity more than 5 years	-	-	-
Total	7,777,778	8,888,889	(1,111,111)

BANCA POPOLARE DI MILANO loan	30.06.2022	31.12.2021	Change
Maturity 1-5 years	7,142,857	8,571,429	(1,428,571)
Maturity more than 5 years	-	-	-
Total	7,142,857	8,571,429	(1,428,571)

BANCA POPOLARE DI MILANO loan	30.06.2022	31.12.2021	Change
Maturity 1-5 years	3,414,634		3,414,634
Maturity more than 5 years	-	-	-
Total	3,414,634	-	3,414,634

BPER BANCA SPA loan	30.06.2022	31.12.2021	Change
Maturity 1-5 years	7,566,940		7,566,940
Maturity more than 5 years	-	-	-
Total	7,566,940	-	7,566,940

CREDITO EMILIANO loan	30.06.2022	31.12.2021	Change
Maturity 1-5 years	1,461,014		1,461,014
Maturity more than 5 years	-	-	-
Total	1,461,014	-	1,461,014

AGRICULTURAL CREDIT loan	30.06.2022	31.12.2021	Change
Maturity 1-5 years	12,071,813		12,071,813
Maturity more than 5 years	-	-	-
Total	12,071,813	-	12,071,813

BANCA NAZIONALE DEL LAVORO (Assioma) loan	30.06.2022	31.12.2021	Change
Maturity 1-5 years	779,167	1,012,500	(233,333)
Maturity more than 5 years			-
Total	779,167	1,012,500	(233,333)

BANCA INTESA (HSPI) loan	30.06.2022	31.12.2021	Change
Maturity 1-5 years	-		-
Maturity more than 5 years	-	-	-
Total	-	-	-

BANCA POPOLARE DI MILANO (NOVIGO) loan	30.06.2022	31.12.2021	Change
Maturity 1-5 years	276,753	327,423	(50,671)
Maturity more than 5 years	-		-
Total	276,753	327,423	(50,671)

SPARKASSE BANK (TERATRON) loan	30.06.2022	31.12.2021	Change
Maturity 1-5 years	450,007	450,007	-
Maturity more than 5 years	899,986	952,928	(52,942)
Total	1,349,993	1,402,935	(52,942)

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

	01.01.2022	Cash flows	Reclassify Current - Non-Current	Business Combinations IFRS 3	Change in fair value	Interest	New loans	30.06.2022
Payable for WKS PUT / CALL option	2,760,177					23,325		2,783,502
Payable for PUT / CALL TXT Risk Solutions option	191,990					4,725		196,715
Debt Guaranteed Price	51,145							51,145
Payable for Assioma Put / Call	1,615,296					11,472		1,626,768
Obligations for financial leases and rental contracts with purchase option - NON-current portion	4,208,670		(1,669,829)				1,491,515	4,030,356
Interest-bearing loans and financing - NON-current portion	40,141,446		(16,059,982)		(225,728)		32,000,000	55,855,736
Payable for Earn-Out Novigo	500,000					2,920		502,920
Total liabilities deriving from financial assets	49,468,724	-	(17,729,811)	-	(225,728)	42,442	33,491,515	65,047,142

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

The "Provision for post-employment benefits and other employee provisions" item as at 30 June 2022 amounted to €3,045,750, mainly related to liabilities to employees of the Group's Italian companies.

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 2021	Provisions	Uses / Payments	Actuarial gains / losses and other	Financial income / charges	30 June 2022
Post-employment benefits	3,296,650	1,329,376	(1,294,843)	(303,742)	18,310	3,045,751
Provision for severance for end of term of office	(0)					(0)
Total non-current provisions relating to employees	3,296,650	1,329,376	(1,294,843)	(303,742)	18,310	3,045,751

Post-employment benefits for personnel of € 3,045,962 as at 30 June 2022 (€ 3,296,650 as at 31 December 2021), 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:

	30.06.2022	31.12.2021
Provision for post-employment benefits	3,050,896	2,972,670
Current cost	(38,213)	(55,718)
Financial charges	12,827	2,328
Actuarial differences	(303,742)	26,455
Actuarial differences following acquisitions	0	0
Retained earnings	323,981	350,915
Total	3,045,750	3,296,650

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% has only an impact on the valuation for the companies AssioPay, Cheleo and HSPI. Future salaries do not have an impact on the valuation of TXT and Assioma.Net.

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

The discount rate used for the valuations was 3.2246% per year as at 30 June 2022 on bonds issued by European companies with AA rating with maturities between 7 and 10 years. The average duration of the liability was calculated at 13.02 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 € 3,045,962):

Sensitivity analysis as at 30 June 2022		% Change in liabilities (DBO)		
Type of change for the specific assumption	Decrease	Increase	Decrease	Increase
Decrease or increase of 50% in company staff turnover	2.30%	-1.77%	3,115,803	2,991,841
Decrease or increase of 50% in frequency of advance payments	0.02	-0.06%	3,046,360	3,043,923
Decrease or increase of inflation by one percentage point	-0.65%	0.65%	3,025,954	3,065,548
Decrease or increase of discount rate by one percentage point	1.21%	-1.18%	3,082,605	3,009,811

7.15. Provisions for future risks and charges

“Provisions for future risks and charges” as at 30 June 2022 amounted to € 118,905 and mainly includes provisions for liabilities of a contractual nature.

7.16. Current financial liabilities

Current financial liabilities amounted to € 44,751,689 (€ 47,125,214 as at 31 December 2021, an amount adjusted following the restatement of goodwill as per paragraph 3 of this note).

Non-current financial liabilities	30 June 2022	31 December 2021	Change
Bank loans	40,213,148	35,670,188	4,542,960
IFRS 16 loans	1,788,194	1,539,384	248,810
Debt for acquisitions	1,892,235	8,814,011	(6,921,776)
TXT RISK Put / Call option	-	-	-
Short-term Assioma Earn-Out	800,000	800,000	-
Payables to EU partners	58,112	301,630	(243,518)
Total non-current financial liabilities	44,751,689	47,125,214	(2,373,525)

The Bank loans item, amounting to € 40,213,148, includes:

- the short-term portion of medium/long-term loans, and in particular primarily includes the following:
 - € 4,011,492 on the loan granted by UNICREDIT S.P.A.
 - € 2,015,024 on the loan granted by BPER BANCA formerly UNIONE BANCHE ITALIANE S.P.A.
 - € 2,000,000 on the loan granted by BANCA NAZIONALE DEL LAVORO S.P.A.
 - € 2,218,690 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.
- € 2,433,060 on the loan granted by BPER BANCA SPA
- € 538,986 on the loan granted by CREDITO EMILIANO SPA
- € 2,928,187 on the loan granted by CREDITE AGRICOLE ITALIA SPA
- Short-term payables due to banks / hot money of € 14,900,000
- € 558,333 on the loan granted by BANCA NAZIONALE DEL LAVORO S.P.A. for the Assioma Group
- € 42,115 on the loan granted by INTESA SAN PAOLO for HSPI S.p.A.
- € 105,884 on the loan granted by SPARKASSE BANK for TeraTron GmbH
- € 100,963 on the loan granted by BANCO BPM S.P.A. for Novigo

The short-term Assioma Earn-Out includes the portion of € 800,000.

The IFRS16 loans item includes the € 1,788,194 payable to the lessees due to the application of IFRS 16, relating to the amount due within 12 months.

Debt to EU partners includes the financial debt to be paid to EU partners.

The payable for acquisitions item includes the monetary payable relating to shares to be paid (€ 1.9 thousand) to the old shareholders of LBA Consulting.

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

	01.01.2022	Decision on distribution of dividends	Cash flows	Business Combinations IFRS 3	Disposals	Reclassify Current - Non-Current	Interest	New loans	30.06.2022
Interest-bearing loans and financing – current	15,770,188		(6,517,023)			16,059,982			25,313,148
Hot Money	19,900,000		(6,000,000)					1,000,000	14,900,000
Debt for acquisitions	8,814,011		(6,921,776)						1,892,235
Payables to EU partners	301,630		(301,630)					58,112	58,112
Payable for Assioma Put / Call	800,000								800,000
Obligations for financial leases and rental contracts – current portion	1,539,384		(1,421,019)			1,669,829			1,788,194
Total liabilities deriving from financial assets	47,125,214	-	(21,161,448)	-	-	17,729,811	-	1,058,112	44,751,689

7.17. Trade payables

Trade payables amounted to 30 June 2022 amounted to € 6,404,874 and increased by € 101,886 compared to 31 December 2021. Payables due to suppliers are of a trade, non-interest bearing nature and are due within twelve months.

7.18. Tax payables

Tax payables as at 30 June 2022 amounted to € 3,693,754 and mainly related to the income tax liability of the Parent Company and other Group companies, net of advances paid during the year.

7.19. Sundry payables and other current liabilities

Sundry payables and other current liabilities as at 30 June 2022 amounted to € 23,401,432, compared to € 23,532,162 as at 31 December 2021, and are detailed in the table below:

Sundry payables and other current liabilities	30 June 2022	31 December 2021	Change
Other payables	2,493,151	3,205,015	(711,864)
Accrued expenses and deferred income	5,890,519	5,394,869	495,650
Advance payments for multi-year orders	4,390,680	5,331,724	(941,044)
Payables due to social security institutions	2,529,345	2,315,787	213,558
Payables due to employees and external staff	8,097,737	7,284,767	812,970
Sundry payables and other current liabilities	23,401,432	23,532,162	(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 on-going 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 “Advance payments from customers for professional services” item included the advance payments received from customers against orders currently being processed.

The “Payables due to employees and external staff” item included payables for wages and salaries relating to June 2022 as well as payables due to employees for unused annual leave.

8. Income Statement

8.1.Total revenues and other income

Consolidated revenues and other income for the first half of 2022 amounted to € 62,538,174, up 43.1% compared with the first half of the previous year, as detailed below:

	30 June 2022	30 June 2021	Change	% change
Revenues and other income	62,538,174	43,699,251	18,838,923	43.1%
Total	62,538,174	43,699,251	18,838,923	43%

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 as at 30 June 2022"*, to which reference should be made for further details.

8.2. Purchases of materials and external services

Purchases of materials and external services for the first half of 2022 amounted to € 18,112,395, up from € 9,510,367 in the first half of 2021.

The item is detailed below:

	30 June 2022	30 June 2021	Change
Consumables and resale items	6,947,641	1,252,581	5,695,060
Technical consulting	6,846,529	4,967,016	1,879,513
Travel expenses	653,760	322,451	331,309
Utilities	279,955	301,878	(21,923)
Media & marketing services	287,344	98,913	188,431
Maintenance and repair	585,175	521,645	63,530
Canteen and ticket services	671,287	571,648	99,639
Administrative and legal services	1,262,249	864,504	397,745
Directors' fees	560,086	601,885	(41,799)
Subcontractors	18,370	7,846	10,524
Total	18,112,395	9,510,367	8,602,028

As a percentage of consolidated revenues, costs for purchasing materials and services were 28.96%, about 8% more than the previous year (21.76% as at 30 June 2021).

8.3. Personnel costs

Personnel costs for the first six months of 2022 amounted to € 34,779,647 and increased compared to the first half of 2021 by € 6,194,885 (or 22%).

The employees of the TXT e-solutions Group, excluding directors and external consultants, numbered 1,295 units as at 30 June 2022 (1,210 units as at 31 December 2021), marking an increase of 85 employees compared to December 2021.

The table below shows the breakdown of employees by level:

	Office workers	Managers	Executives	Total
31.12.2020	907	69	20	996
31.12.2021	1,105	80	25	1,210
30.06.2022	1,186	83	26	1,295

8.4. Other operating costs

The “other operating costs” item in the first half of 2022 amounted to € 529,075, an increase of € 311,581 over the corresponding period in 2021.

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 2022	30 June 2021	Change
Other expenses and extraordinary income adjustments	184,287	86,403	97,884
Rental expense for motor vehicles	35,063	16,974	18,089
Other tax (other than income tax)	38,963	29,645	9,318
Other lease and rental expense	51,637	29,649	21,988
Contingent liabilities	163,168	25,397	137,771
Fines and penalties	18,501	6,040	12,461
Magazine and subscription expenses	37,456	23,386	14,070
Total	529,075	217,494	311,581

8.5. Depreciation, amortisation and impairment

Depreciation, amortisation and impairment as at 30 June 2022 amounted to € 2,546,761 and showed an increase of € 579,445 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 2021.

8.6. Financial income and charges

The negative balance of financial income and charges amounted to € 1,386,793 as at 30 June 2022, compared to a positive balance of € 270,509 at the end of the first half of 2021. The difference is

mainly attributable to the capital loss on securities held and measured at fair value. The capital loss from changes in fair value of financial instruments totalled € 956,079 during the six months ended 30 June 2022.

8.7. Share of profit (loss) of associates

The balance of Euro 15,112 is referred to the share profit of Reversal SIM S.p.A.

8.8. Income taxes

Income taxes as at 30 June 2022 were equal to € 1,676,046, detailed as follows:

	30 June 2022	30 June 2021	Change
Total current taxes	1,792,594	1,513,468	279,126
Total deferred tax assets	122,000	318,378	(196,378)
Total deferred tax liabilities	(238,548)	(212,915)	(25,633)
Total taxes	1,676,046	1,618,931	57,115

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 2022, taxes accounted for 32%.

9. 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.

10. 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 30.06.2022	Receivables	Payables	Costs	Revenues
Laserfin S.r.l.				
Paradis Srl			15,789	
Directors and key management personnel		144,641	(362,236)	
Total as at 30.06.2022	-	144,641	(362,236)	-

As at 31.12.2021	Receivables	Payables	Costs	Revenues
Laserfin S.r.l.				
Directors and key management personnel		228,546	581,563	
Total as at 31.12.2021	-	228,546	581,563	-

Financial transactions

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

As at 30.06.2022	Receivables	Payables	Charges	Income
Laserfin S.r.l.		1,932,328		
Total as at 30.06.2022	-	1,932,328	-	-

As at 31 December 2021	Receivables	Payables	Charges	Income
Laserfin S.r.l.		2,116,021		
Total as at 31.12.2021	-	2,116,021	-	-

11. 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.

(€ thousand)	30.06.2022	31.12.2021	Change
Cash and cash equivalents	(57,640,038)	(36,076,104)	(21,563,934)
Financial instruments at fair value	(47,325,117)	(48,868,752)	1,543,635
Liquid assets	(104,965,155)	(84,944,856)	(20,020,299)
Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	19,438,541	31,354,853	(11,916,312)
Current portion of non-current financial debt	25,313,148	15,770,188	9,542,960
Current financial indebtedness	44,751,689	47,125,042	(2,373,352)
Current net financial indebtedness	(60,213,465)	(37,819,814)	(22,393,651)
Non-current financial debt (excluding current portion and debt instruments)	65,047,143	49,468,725	15,578,418
Debt instruments	-	-	-
Non-recurring financial receivables	(647,740)	-	(647,740)
Trade payables and other non-current payables	-	-	-
Non-current financial indebtedness	64,399,404	49,468,725	14,930,679
Total financial debt	4,185,938	11,648,910	(7,462,972)
Non-monetary debts for adjustment of the price of the 2021 acquisitions to be paid in TXT shares	(1,892,235)	(5,253,000)	3,360,765
Adj. Net financial indebtedness	2,293,702	6,395,910	(4,102,209)

For additional information on changes in the Group’s Net Financial Position, see the “Directors’ Report on Operations as at 30 June 2022”.

12. 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.

13. 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 2022.

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 2022 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 2022:

- 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

Eugenio Forcinito

Cologno Monzese, 3 August 2022

The Chair of the Board of Directors

Enrico Magni

