TXT E-SOLUTIONS GROUP

INTERIM REPORT

As at 31 March 2023

TXT e-solutions S.p.A.

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

Corporate Units

BOARD OF DIRECTORS:

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

ENRICO MAGNI
Chair

DANIELE STEFANO MISANI
Chief Executive Officer

MATTEO MAGNI
Director[2-4]

PAOLO LORENZO MANDELLI
Independent Director[1-4]

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

ANTONIETTA ARIENTI
Independent Director[2-3-4]

MICHELA COSTA
Independent Director[1-3-4]

(1) Member of the Remuneration and Appointments Committee.
(2) Member of the Risks and Internal Controls Committee.
(3) Member of Related Parties Committee.
(4) Appointed by the Shareholders' Meeting on 20 April 2023.

BOARD OF STATUTORY AUDITORS

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

FRANCESCO MARIA SCORNAJENCHI
Chair

GIADA D'ONOFRIO
Standing auditor

FRANCO VERGANI
Standing auditor

NADIA RASCHETTI
Alternate auditor

FABIO MARIA PALMIERI
Alternate auditor

EDDA DELON
Alternate auditor

Independent Auditors:
Crowe Bompani S.p.A.
Investors relations:
E-mail: *infofinance@txtgroup.com*
Tel: +39 02 25771.1

Leadership Team

Enrico Magni

An experienced entrepreneur with a solid track record in guiding the growth processes of companies operating in different sectors, Enrico joined TXT as a key shareholder and now holds the position of Chair, aiming at driving the Group's growth.

Daniele Misani

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

Eugenio Forcinito

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

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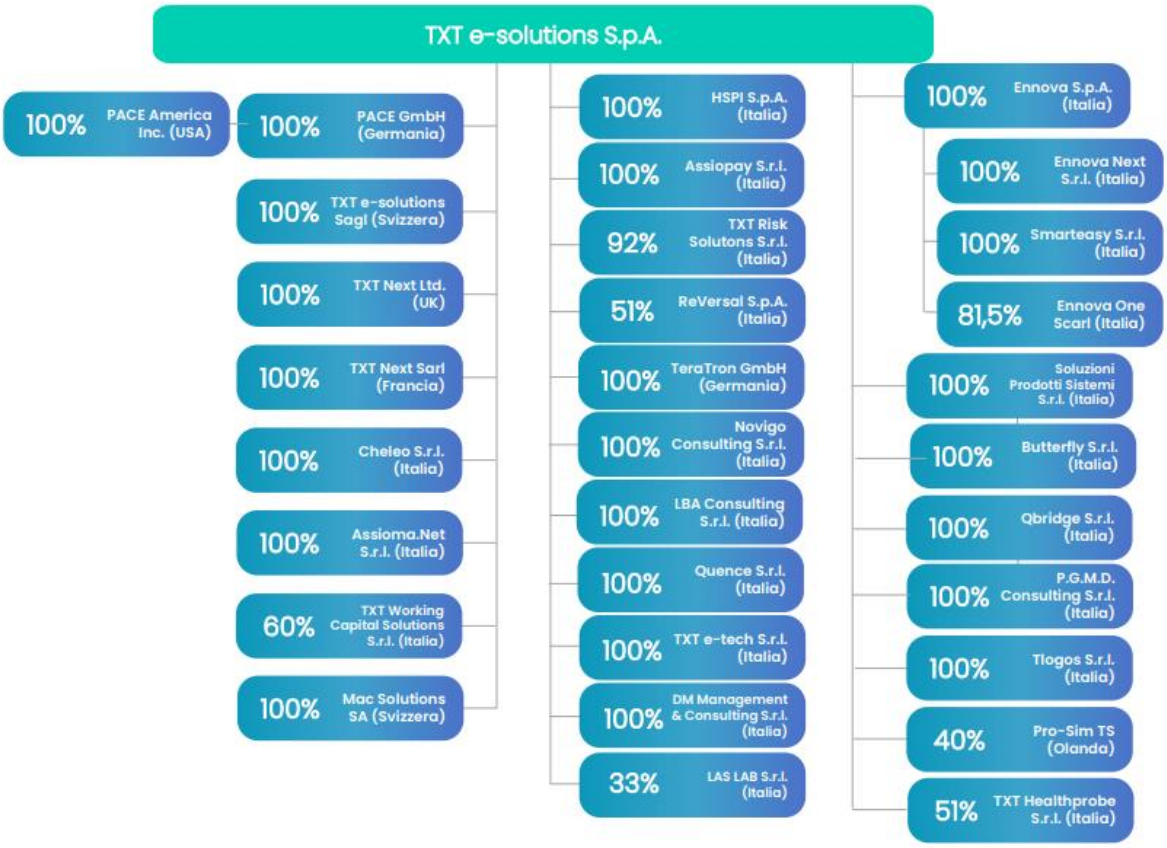
Organisational structure and scope of consolidation



KEY DATA AND DIRECTORS' REPORT ON OPERATIONS

AS AT 31 MARCH 2023

TXT e-solutions Group – Key data

INCOME DATA (€ thousand)	31.03.2023	%	31.03.2022	%	% CHANGE
REVENUES	52,312	100.0	30,520	100.0	71.4
EBITDA	6,834	13.1	4,493	14.7	52.1
OPERATING PROFIT (EBIT)	4,472	8.5	2,074	6.8	115.6
Profit for the year attributable to non-controlling interests			(15)		
NET PROFIT ATTRIBUTABLE TO TXT SHAREHOLDERS	2,908	5.6	2,059	6.7	41.2

FINANCIAL DATA (€ thousand)	31.03.2023	31.03.2022	Change
Fixed assets	116,152	83,132	33,020
Net working capital	24,104	16,867	7,237
Post-employment benefits and other non-current liabilities	(4,987)	(3,249)	(1,738)
Capital employed	135,269	96,750	38,519
Net financial position	24,605	1,547	23,058
Group shareholders' equity	110,647	94,776	15,871
Shareholders' Equity attributable to minority interests	17	427	(410)

DATA PER SHARE	31.03.2023	31.03.2022	Change
Average number of shares outstanding	12,046,107	11,707,895	338,212
Net earnings per share	0.24	0.18	0.07
Shareholders' equity per share	9.19	8.10	1.09

ADDITIONAL INFORMATION	31.03.2023	31.03.2022	Change
Number of employees	2,311	1,385	926
TXT share price	19.96	9.78	10.18

Notes on Alternative Performance Measures

In compliance with the indications of the ESMA Guidelines on alternative performance measures (APM) (ESMA/2015/1415), implemented by CONSOB (see CONSOB Communication no. 0092543, 3 December 2015), it should be noted that the reclassified statements presented in this Director's Report on Operations show some differences in the terms used and in the degree of detail with respect to the official statements shown in the financial statements on the following pages and in the explanatory notes.

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 the first three months of 2023

Dear Shareholders,

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

- Revenues amounted to € 52.3 million, up 71.4% compared to € 30.5 million in the first three months of 2022, of which € 18.4 million for the consolidation of the acquisitions that took place in 2022. Within the same consolidation scope compared to 2022, revenues increased by 11%. Software revenues in the first three months of 2023 amounted to € 2.5 million, compared to € 2.3 million in the first three months of 2022. Revenues from services amounted to € 49.8 million, up 76.4% compared to the first three months of 2022.

  The Smart Solutions division recorded revenues of € 9.3 million, up by +7.0% compared to the first quarter of 2022, of which € 0.4 million from organic growth (+4.2%) and € 0.2 million for the consolidation of the new acquisitions.

  The Digital Advisory division recorded revenues of € 6.6 million, up +56.8% compared to the first quarter of 2022, of which € 1.0 million from organic growth (+24.1%) and € 1.4 million relating to M&A.

  The Software Engineering division recorded revenues of € 36.3 million, up sharply compared to the first quarter of 2022, of which € 2.0 million from organic growth (+11.6%) and € 16.7 million from the consolidation of the new acquisitions.

- Gross Margin, net of direct costs, increased from € 11.6 million to € 17.8 million, an increase of +53.1%. Gross margin on revenues was equal to 34.0% in the first three months of 2023.

- EBITDA amounted to € 6.8 million, an increase of +52.1% compared to the first three months of 2022 (€ 4.5 million), after significant investments in commercial expenses and research and development expenses. The margin on revenues was 13.1% compared to 14.7% in the first three months of 2022.

- EBIT was € 4.5 million, up +39.1% compared to the first three months of 2022 (€ 3.2 million). Amortisation and depreciation of tangible and intangible assets amounted to € 2.4 million, an increase of € 1.2 million compared to the first three months of the previous year, due to the consolidation of the 2022 acquisitions.

- Financial charges amounted to € 0.4 million compared to the € 0.3 million in the first three months of 2022.

- Net profit was € 2.9 million, up compared to the first three months of 2022 (€ 2.1 million). In the first three months of 2023, taxes accounted for 27.9%.

- Consolidated net financial position as at 31 March 2023 was positive by € 24.6 million, down by € 13.7 million compared to 31 December 2022 (€ 38.3 million). The improvement is mainly due to improved collections in the first quarter of the year.

- Consolidated shareholders' equity as at 31 March 2023 was € 101.6 million, compared to € 109.4 million as at December 2022. Changes in the three months mainly concern the recognition of net profit (€ 2.9 million), the net effect of the purchase and sale of treasury shares (€ 1.5 million).

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

(€ thousand)	Q1 2023	%	Q1 2022	%	% Change
REVENUES	**52,312**	**100**	**30,520**	**100**	**71.4**
Direct costs	34,505	66.0	18,893	61.9	82.6
GROSS MARGIN	**17,807**	**34.0**	**11,627**	**38.1**	**53.2**
Research and development costs	2,210	4.2	1,908	6.3	15.8
Commercial costs	4,573	8.7	3,167	10.4	44.4
General and administrative costs	4,189	8.0	2,059	6.7	103.4
GROSS OPERATING PROFIT (EBITDA)	**6,835**	**13.1**	**4,493**	**14.7**	**52.1**
Depreciation, amortisation and impairment	2,362	4.5	1,203	3.9	96.3
Reorganisation and non-recurring charges	-	0.0	(75)	(0.2)	(100.0)
OPERATING PROFIT (EBIT)	**4,473**	**8.6**	**3,215**	**10.5**	**39.1**
Extraordinary/Financial income (charges)	(439)	(0.8)	(287)	(0.9)	53.0
Extraordinary/financial income (charges) related to acquisitions	0	0.0	0	0.0	0.0
EARNINGS BEFORE TAXES (EBT)	**4,034**	**7.7**	**2,928**	**9.6**	**37.8**
Taxes	(1,125)	2.2	(854)	(2.8)	(31.8)
NET PROFIT	**2,908**	**5.6**	**2,074**	**6.8**	**40.2**
Attributable to:					
Parent Company shareholders	2,908		2,059		
Minority interests			15		

GROUP REVENUES AND GROSS MARGINS

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

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

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

(€ thousand)	31.03.2023	%	31.03.2022	%	% Change
SOFTWARE ENGINEERING					
REVENUES	36,344	100	17,565	100	106.9
Software	-	0.0	-	0.0	0.0
Services	36,344	100.0	17,565	100.0	106.9
DIRECT COSTS	26,183	72.0	12,128	69.0	115.9
GROSS MARGIN	10,161	28.0	5,437	31.0	86.9
SMART SOLUTIONS					
REVENUES	9,345	100	8,732	100	7.0
Software	2,483	26.6	2,275	26.1	9.1
Services	6,862	73.4	6,457	73.9	6.3
DIRECT COSTS	3,894	41.7	3,596	41.2	8.3
GROSS MARGIN	5,451	58.3	5,136	58.8	6.1
DIGITAL ADVISORY					
REVENUES	6,623	100	4,223	100	56.8
Software	-	0.0	-	0.0	0.0
Services	6,623	100.0	4,223	100.0	56.8
DIRECT COSTS	4,429	66.9	3,168	75.0	39.8
GROSS MARGIN	2,194	33.1	1,055	25.0	108.0
TOTAL TXT					
REVENUES	52,312	100	30,520	100	71.4
Software	2,483	4.7	2,275	7.5	9.1
Services	49,829	95.3	28,245	92.5	76.4
DIRECT COSTS	34,506	66.0	18,892	61.9	82.6
GROSS MARGIN	17,807	34.0	11,628	38.1	53.1

Smart Solutions Division

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

In the first quarter of 2023, revenues of € 9.3 million were up by +7.0% compared to the first three months of 2022 (€ 8.7 million).

The Gross margin was € 5.5 million, up by +6.1% compared to the first three months of 2022 (€ 5.1 million). The gross margin as percentage of revenues was in line with the previous year and equal to 58.8% in 2022 and 58.3% in 2023.

The **FARADAY™** product designed for compliance with solutions for the assessment of the risk of financing of terrorism, corruption and money laundering, which aim to meet the needs of all those who are subject to European and national legislation on the subject, allows to manage different types of data and to support the calculation of the risk in the various areas.

Polaris is the B2B digital platform (Marketplace) designed to dynamically and centrally manage the Supply Chain Finance programmes, aimed at responding in a flexible and integrated manner to the needs of the buyers, suppliers and Financial Partners; ideal tool for large companies and multinationals that manage large and diversified supplies. Polaris gives the possibility to financial partners, banks specialised in trade finance and Factors, investment funds and family offices, of expanding their reference market with centralised management of the onboarding processes and contractual formalisation. A simple tool to proactively manage commercial debt within their supply chains, supporting the liquidity of suppliers in collaboration with a wide range of possible financial partners. Polaris digitalises the main operating processes in the area of reverse factoring, confirming and dynamic discounting, making it possible to include both smaller suppliers and financial partners other than large commercial banks in the support programs of large companies.

AssioPay, focused on the development of software for the world of payments and payment-related systems (meal vouchers and rechargeable), has developed a proprietary platform (gateway) that allows access to various service providers, and has also developed an Android SmartPOS application, able to integrate various issuers and enable payment on international credit circuits in addition to their management software (AssioPay Terminal Management System). AssioPay designs and develops software and Apps for payment, loyalty, ticketing, meal vouchers and many other solutions at Banks, Financial Institutions, System Integrators, service providers, large-scale distribution chains, etc. through customised solutions.

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

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

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

Digital Advisory

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

The division recorded revenues of € 6.6 million, up +56.8% compared to the first quarter of 2022, of which € 1.0 million from organic growth (+24.1%) and € 1.4 million relating to M&A.

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

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

Software Engineering Division

The Software Engineering Division represents the TXT Group's offer of software engineering services for the innovation and *servitization* of customer products guided by enabling technologies skills.
The Division recorded revenues of € 36.3 million, up sharply compared to the previous year, of which € 16.7 million from the consolidation of new acquisitions and € 2.0 million from organic growth.

The Gross margin was € 10.2 million, up 86.9% compared to the first three months of 2022. Gross margin on revenues was equal to 28.0%, compared to 31.0% in the first three months of 2022.

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

GROUP REVENUES

Research and development costs in the first three months of 2023 were € 2.2 million, up from € 1.9 million in the first three months of 2022. The incidence on revenues decreased from 6.3% in the first three months of 2022 to 4.2% in the first three months of 2023.

Commercial costs amounted to € 4.6 million, an increase of 44.4% compared to the first three months of 2022 (€ 3.2 million). As a percentage of revenues, commercial costs decreased from 10.4% in the first three months of 2022 to 8.7% in the first three months of 2023.

General and administrative costs amounted to € 4.2 million, up strongly compared to the first three months of 2022 (€ 2.1 million), mainly due to the consolidation of the acquisitions carried out in the previous year. As a percentage of revenues, these costs amounted to 8.0% in the first three months of 2023 compared to 6.7% in the first quarter of 2022.

Financial charges amounted to € 0.4 million compared to € 0.3 million in the first three months of 2022.

Net profit amounted to € 2.9 million, up from € 2.1 million in the first three months of 2022. In the first three months of 2023, taxes accounted for 27.9%.

CONSOLIDATED CAPITAL EMPLOYED

As at 31 March 2023, the Capital Employed was € 135.3 million, down € 12.4 million from 31 December 2022 (€ 147.7 million).

The table below shows the details:

(€ thousand)	31.03.2023	31.12.2022	Change
Intangible assets	77,428	77,975	(547)
Net tangible assets	19,491	18,293	1,198
Other fixed assets	19,234	19,360	(126)
Fixed assets	116,152	115,628	524
Inventories	15,808	13,765	2,043
Trade receivables	57,364	73,115	(15,751)
Sundry receivables and other short-term assets	16,562	15,352	1,210
Trade payables	(21,350)	(20,643)	(707)
Tax payables	(8,526)	(7,958)	(568)
Sundry payables and other short-term liabilities	(35,753)	(36,834)	1,081
Net working capital	24,104	36,797	(12,693)
Post-employment benefits and other non-current liabilities	(4,987)	(4,772)	(215)
Capital employed	135,269	147,653	(12,384)
Group shareholders' equity	110,647	109,366	1,281
Shareholders' Equity attributable to minority interests	17	17	0
Net financial debt	24,605	38,270	(13,665)
Financing of capital employed	135,269	147,653	(12,384)

Intangible assets decreased from € 78.0 million to € 77.4 million, mainly due to amortisation for the period on the intellectual property rights on software and on the customer portfolio of the acquisitions of PACE, TXT Risk Solutions, Assioma.Net, Mac Solutions SA, Teratron, HSPI, LBA, TXT Novigo and Quence (€ 0.7 million).

Tangible assets, of € 19.5 million, increased by € 1.2 million compared to 31 December 2022. The increases for the period were offset by depreciation for the period (€ 1.3 million).

Other fixed assets of € 19.2 million are in line with € 19.4 million in December 2022. The financial investment in the share capital of Banca del Fucino (€ 16.5 million) is classified in this category.

Net working capital amounted to € 24.1 million compared to € 36.8 million as at 31 December 2022. The change was € 12.7 million. There was an increase in inventories for work in progress for activities not yet invoiced to customers (€ 2.0 million) and a significant decrease in receivables deriving from collections from important customers.

Liabilities arising from post-employment benefits of Italian employees of € 5.0 million as at 31 March 2023 were essentially in line with the values of December 2022.

Consolidated shareholders' equity as at 31 March 2023 was € 110.6 million, compared to € 109.4 million as at December 2022. The changes mainly concern the recognition of net profit (€ 2.9 million) and the net effect of the purchase and sale of treasury shares (€ 1.5 million).

Minority interests as at 31 March 2023 amounted to € 17 thousand, in line with the values of December 2022.

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

With the "Recall of attention No. 5/21" of 29 April 2021, CONSOB declared its intention to bring its supervisory practices in relation to the net financial position into line with the aforementioned ESMA guidelines. In particular, CONSOB declared that the statements approved by it, as from
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 as at 31 March 2023 was € 24.6 million (€ 38.3 million as at 31 December 2022):

(€ thousand)	31.03.2023	31.12.2022	Var
Cash and cash equivalents	(45.919)	(33.015)	(12.904)
Financial instruments at fair value	(48.309)	(48.490)	181
Liquid assets	(94.229)	(81.505)	(12.724)
Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	26.092	21.706	4.386
Current portion of non-current financial debt	29.814	29.481	333
Current financial indebtedness	55.906	51.187	4.719
Current net financial indebtedness	(38.323)	(30.318)	(8.005)
Non-current financial debt (excluding current portion and debt instruments)	64.184	70.005	(5.821)
Debt instruments	-	-	-
Non-recurring financial receivables	(1.256)	(1.417)	161
Trade payables and other non-current payables	-	-	-
Non-current financial indebtedness	62.928	68.588	(5.660)
Net financial debt	24.605	38.270	(13.665)
Non-monetary debts for adjustment of the price of the 2021 acquisitions to be paid in TXT shares	-	(1.750)	1.750
Financial investment - Banca Del Fucino	(16.542)	(16.542)	-
Net Cash/(Debt) Adjusted	8.064	19.978	(11.915)

(€ thousand)	31.03.2023	31.12.2022	Var
Debt referred to IFRS 16	(9.252)	(8.494)	(758)

The breakdown of the Total Financial Debt as at 31 March 2023 is broken down as follows:

- *Cash and cash equivalents* of € 45.9 million are mainly in Euro, held with major Italian banks. The increase of € 12.9 million compared to 31 December 2022 is primarily due to the cash of TXT e-Solutions SpA, which amounted to € 14.5 million as at 31 March 2023.

- *Financial instruments at fair value* of € 48.3 million are comprised by investments in multi-segment insurance funds with partial capital guarantee (€ 41.2 million), a bond loan (€ 0.5 million) and government securities and bonds with a medium-low risk profile (€ 6.6 million).

- *Current financial debt* (including debt instruments, and excluding the current portion of non-current financial debt) as at 31 March 2023 was € 26.1 million and refers (a) for € 19.2 million to short-term loans (hot money), (b) for € 2.5 million estimated disbursement for the first Earn Out of the Ennova's shareholders (c) for € 4.4 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).
- The *current portion of non-current financial debt* of € 29.8 million refers to the short-term portion of medium/long-term bank loans.

- *Non-current financial debt* (excluding current portion and debt instruments) as at 31 March 2023 of € 64.2 million related to (a) € 52.5 million the portion of new medium- to long-term loans for the portion with a maturity of more than 12 months; (b) for € 1.7 million to the valuation of the debt for the PUT/CALL option for the acquisition of TXT Working Capital Solutions, 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 € 0.1 million to the payable related to the adjustment of the restricted share price for the acquisition of HSPI; (d) for € 0.2 million to the long-term portion of the Put/Call related to TXT Risk Solutions after renegotiation; (e) for € 4.7 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; (f) for € 0.8 million estimated disbursement for the first Earn-Out of Novigo shareholders; (g) € 0.3 million estimated disbursement for the Earn-Out of DM Management & Consulting shareholders, (h) for € 1.0 million estimated disbursement for the second Earn-Out of Ennova shareholders, (i) for € 2.4 million estimated disbursement for the Earn-Out of SPS shareholders and (l) for € 0.5 million estimated disbursement for the Earn-Out of PGMD shareholders.

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.

EMPLOYEES

As at 31 March 2023, there were 2,311 employees, a net increase of 57 employees compared to the staff level as at 31 December 2022 (2,254 employees).

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

On 27 March 2023, the share price of TXT e-solutions reached an official high of € 20.90 and on 5 January 2023 a low of € 12.70. As at 31 March 2023, the share price was € 19.96, € 7.12 higher than the 30 December 2022 value of €12.84.
The average daily trading volume on the stock market in the first quarter of 2023 was 32,370 shares, up from the previous year's average of 24,321 shares. As at 31 March 2023, 960,143 treasury shares were held (906,600 as at 31 December 2022), accounting for 7.38% of shares outstanding, at an average carrying amount of € 2.95 per share. In the first quarter of 2023, 194,765 shares were purchased at an average price of € 17.63. On 29 March 2023, the following treasury shares were transferred:

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

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

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

Continuing on from a positive first quarter in 2023 in terms of business organic growth and integration within the TXT ecosystem of the newly acquired companies, TXT management expects further growth in the second quarter of 2023 and for subsequent quarters of the year in all operating divisions, a positive contribution deriving from the continuation of the synergistic integration within the TXT ecosystem of the companies acquired in 2022, as well as the expected boost in 2023 deriving from the continuation of the M&A plan.

In the Smart Solutions division, after a first quarter of 2023 which recorded a reduced organic growth compared to the Group average due to the seasonality of the business, starting from the second half of the year, management expects accelerated growth driven by the new multi-year license agreements relating to platforms for the acceleration of the digital transformation of the offer of customers operating in multiple sectors, with particular focus on the ESG software segment already sold to the main European and North American airlines for route optimisation, on the MES software and Industry 4.0 solution segment, and on the digital payments and Regtech segment.

In the Digital Advisory division, after a first quarter of 2023 that recorded sustained organic growth of 24%, for the rest of the current year and for the two following years, TXT management expects continuity in the growth rates recorded in the first quarter of the year thanks to the numerous and important public contracts linked to the NRRP awarded to the subsidiary HSPI, which guarantee increasing volumes and new opportunities for up-selling and cross-selling on the numerous customers in the public administration sector acquired through the awarding of public tenders. The strategic acquisitions concluded in 2022 are already generating significant synergistic drives favoured by strong technological skills in the field of cybersecurity and process innovation in specific sectors such as the space and health sectors, both public and private.

In the Software Engineering division, which in the first quarter of 2023 saw its revenues more than double compared to the same period of the previous year due to the consolidation of the companies acquired during Q4-2022, new opportunities for accelerated growth are linked to the up-selling and cross-selling in the new markets reached through M&A that will benefit from the innovative skills of the TXT Group on enabling technologies such as AI, Data Analytics, VR/AR/XR and the Quality Assurance skills that show an increasing demand in an ever greater number of sectors. With reference to the division's organic growth, which in the first quarter of the year stood at 11.2%, management expects to maintain double-digit growth rates thanks to its leadership position in strategic and historical segments such as defence, industry and banks.

In relation to the 2023 M&A plan, in line with previous announcements, the TXT Group plans to continue with its acquisition plan aimed at integrating new technologies, digital specialised skills and excellence in markets that are already proprietary or adjacent to the current ones. The financing of the acquisition transactions will be done through the cash already available in the TXT Group's coffers, the opening of new credit lines and through the use of treasury shares in the portfolio.

On 13 April 2023, TXT signed a contract for investment in the share capital of Simplex Human Tech Srl ("Simplex"). The investment consists of a share capital increase in Simplex reserved for TXT of € 3.0 million, against which TXT holds 15% of Simplex, a start-up born from the intuition of a former manager in the banking and insurance sector with experience in senior positions of important national groups with the aims to bring digital innovation to the insurance sector, with a main focus on the Protection and Wealth Management sectors, through a smart solution that allows the optimisation and total control of sales processes and the consequent drastic reduction in transactional costs. As part of the investment project, TXT will play a key role in the creation, maintenance and technological evolution of the Insurtech platform of Simplex through a contract for the supply of services and software licenses with a value of more than € 2 million for the next five years, excluding expected extensions.

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

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

Milan, 11 May 2023

TXT E-SOLUTIONS GROUP

CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

Consolidated Balance Sheet

ASSETS	31.03.2023	Of which with related parties	31.12.2022	Of which with related parties
NON-CURRENT ASSETS				
Goodwill	63,911,790		63,518,197	
Intangible assets with a finite useful life	13,516,030		14,456,524	
Intangible assets	77,427,820		77,974,721	
Property, plant and equipment	19,490,594		18,292,753	
Tangible assets	19,490,594		18,292,753	
Investments in associates	915,648		1,041,635	
Other non-recurring financial receivables	18,269,329		18,381,325	
Deferred tax assets	1,304,631		1,353,525	
Other non-current assets	20,489,608		20,776,485	
TOTAL NON-CURRENT ASSETS	117,408,022		117,043,959	
CURRENT ASSETS				
Contractual assets	15,807,680		13,764,528	
Trade receivables	57,363,982	644	73,115,549	644
Sundry receivables and other current assets	16,561,623		15,351,629	
HFT securities at fair value	48,309,188		48,489,950	
Cash and cash equivalents	45,919,341		33,014,594	
TOTAL CURRENT ASSETS	183,961,814	644	183,736,250	644
TOTAL ASSETS	301,369,835	644	300,780,208	644

LIABILITIES AND SHAREHOLDERS' EQUITY	31.03.2023		31.12.2022	Of which with related parties
SHAREHOLDERS' EQUITY				
Share capital	6,503,125		6,503,125	
Reserves	18,377,721		20,013,393	
Retained earnings (accumulated losses)	82,857,304		70,861,088	
Profit (loss) for the period	2,908,252		11,988,305	
TOTAL SHAREHOLDERS' EQUITY (Group)	110,646,402		109,365,911	
Shareholders' Equity attributable to minority interests	17,135		17,135	
TOTAL SHAREHOLDERS' EQUITY	110,663,537		109,383,046	-
NON-CURRENT LIABILITIES				
Non-current financial liabilities	64,184,104	1,678,426	70,004,970	1,377,774
Provision for post-employment benefits and other employee provisions	4,987,027		4,772,093	
Deferred tax provision	3,446,076		3,669,580	
Provisions for future risks and charges	118,905		118,905	
TOTAL NON-CURRENT LIABILITIES	72,736,112	1,678,426	78,565,547	1,377,774
CURRENT LIABILITIES				
Current financial liabilities	55,905,889	479,917	51,186,556	370,283
Trade payables	21,349,950		20,642,746	
Tax payables	5,080,201		4,288,114	
Sundry payables and other current liabilities	35,634,147	173,087	36,714,201	100,000
TOTAL CURRENT LIABILITIES	117,970,187	653,004	112,831,616	470,283
TOTAL LIABILITIES	190,706,298	2,331,430	191,397,163	1,848,056
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	301,369,835	2,331,430	300,780,209	1,848,056

Consolidated Income Statement

(€ thousand)	31.03.2023	Of which with related parties	31.03.2022	Of which with related parties
Revenues and other income	52,311,805	-	30,519,571	
TOTAL REVENUES AND OTHER INCOME	52,311,805		30,519,571	
Purchases of materials and external services	(17,193,838)		(8,906,809)	-
Personnel costs	(27,744,308)	(145,190)	(16,894,232)	(155,030)
Other operating costs	(539,253)	-	(300,091)	-
Depreciation and amortisation/Impairment	(2,362,361)	-	(1,203,638)	-
OPERATING RESULT	4,472,045	(145,190)	3,214,801	(155,030)
Financial income (charges)	(353,085)	-	(286,717)	-
Share of profit (loss) of associates	(85,708)			
EARNINGS BEFORE TAXES (EBT)	4,033,252		2,928,084	
Income taxes	(1,125,000)	-	(853,680)	-
NET PROFIT (LOSS) FOR THE PERIOD	2,908,252		2,074,404	

	31.03.2023	31.03.2022
Attributable to:		
Parent Company shareholders	2,908,252	2,059,378
Minority interests	-	15,025
EARNINGS PER SHARE	0.25	0.18

Consolidated Statement of Comprehensive Income

	31.03.2023	31.03.2022
NET PROFIT (LOSS) FOR THE PERIOD	2,908,252	2,074,404
Attributable to:		
Minority interests	-	15,025
Parent Company shareholders	2,908,252	2,059,379
Profit/(Loss) from foreign currency translation differences	(76,355)	35,642
Gain/(Loss) on the effective part of hedging instruments (cash flow hedge)	(105,518)	471,139
Total items of other comprehensive income statement that will be subsequently reclassified to profit/(loss) for the year net of taxes	(181,873)	506,781
Defined-benefit plans actuarial gains (losses)	-	-
Total items of other comprehensive income that will not be subsequently reclassified to profit/(loss) for the year net of taxes	-	-
Total profit/(loss) of Other comprehensive income net of taxes	(181,873)	506,781
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,726,379	2,581,185
Attributable to:		
Minority interests	-	15,025
Parent Company shareholders	2,726,379	2,566,160

Company segment information

For operating purposes, in accordance with the provisions of IFRS 8, the Group is organised into three Business Units based on the end-use of the products and services provided.

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

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

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

(€ thousand)	Software Engineering	Smart Solution	Digital Advisory	Not allocated	TOTAL TXT
REVENUES	36,344	9,345	6,623	-	52,312
Software	-	2,483	-		2,483
Services	36,344	6,862	6,623		49,829
OPERATING COSTS:					
Direct costs	26,183	3,894	4,429		34,506
Research and development costs	698	1,497	15		2,210
Commercial costs	2,294	1,479	800		4,573
General and administrative costs	2,656	1,052	481		4,189
TOTAL OPERATING COSTS	31,831	7,922	5,725	-	45,478
					-
EBITDA	4,513	1,423	898	-	6,834
Amortisation of intangible assets	382	489	69		940
Depreciation of tangible assets	823	336	110		1,269
Write-downs and Restructuring Costs	144	8	-		*152*
OPERATING PROFIT (EBIT)	3,164	590	719	-	4,473
Financial income (charges)				(439)	(439)
EARNINGS BEFORE TAXES (EBT)	3,164	590	719	(439)	4,034
Taxes				(1,125)	(1,125)
NET PROFIT	3,164	590	719	(1,564)	2,908

Consolidated Statement of Cash Flows

		31 March 2023	31 March 2022
Net profit (loss) for the period		2,908,252	2,074,402
Non-monetary costs for Stock Options		-	-
Non-monetary interest		393,884	33,024
Change in fair value of monetary instruments		672,295	101,000
Current income taxes		1,125,000	853,680
Change in deferred taxes		(174,610)	(47,090)
Depreciation/amortisation, impairment and provisions		2,209,811	1,201,829
Other changes		(97,901)	471,282
Cash flows from (used in) operating activities (before change in working capital)		7,036,731	4,688,127
(Increase) / Decrease in trade receivables		15,751,567	12,362,574
(Increase) / Decrease in inventories		(2,043,152)	(4,802,020)
Increase / (Decrease) in trade payables		707,204	381,018
Increase / (Decrease) in other assets/liabilities		(2,675,568)	(1,349,682)
Increase / (Decrease) in post-employment benefits		214,934	(47,310)
Changes in operating assets and liabilities		11,954,985	6,544,580
Paid income taxes		-	-
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		18,991,716	11,232,707
	of which with related parties	*(72,103)*	*(197,747)*
Increase in tangible assets		(601,771)	(321,787)
Increase in intangible assets		-	(32,526)
Capitalisation of Development expenses		-	(28,430)
Decrease in tangible and intangible assets		-	128,033
Net cash-flow from acquisition of subsidiaries		(103,003)	-
(Increase) / Decrease in trading securities		(491,533)	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(1,196,307)	(254,710)
Loans issued		7,300,000	-
Loans repaid		(8,996,111)	(2,940,860)
Payment of lease liabilities		(1,119,131)	(622,963)
Increase/(Decrease) in other financial receivables		-	-
Increase / (Decrease) in financial payables		-	-
Net change in financial liabilities		(545,264)	-
Distribution of dividends		-	-
Interest expense		-	(89,000)
Net change in financial liabilities			(807,410)
Other changes in shareholders' equity		-	-
(Purchase)/Sale of treasury shares		1,453,799	(444,800)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		(4,814,395)	(4,905,033)
	of which with related parties	-	-
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		12,981,104	6,072,964
Effect of changes in exchange rates on cash flows		(76,355)	35,642
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		33,014,594	36,076,104
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		45,919,341	42,184,710

Consolidated Statement of Changes in Equity as at 31 March 2023

	Share Capital	Legal Reserve	Share premium reserve	Merger Surplus	Stock options	Reserve for actuarial differences on post-employment benefits	Fair Value Swap	Translation reserve	Retained earnings	Profit (loss) for the year	Total Shareholders' Equity (Group)	Shareholders' Equity attributable to mi-nority interests	Total Shareholders' Equity
Amounts as of 31 December 2022	6,503,125	1,300,625	16,115,759	1,911,444	67,293	(814,876)	954,415	478,732	70,861,088	11,988,305	109,365,911	17,135	109,383,046
Profit as of 31 December 2022									11,988,305	(11,988,305)	0		0
Minority acquisitions									0	0	0	0	0
Increase/Purchase						0	(105,518)		7,912		(97,606)		(97,606)
Dividend Distribution											0		0
Free Capital Increase											0		0
Sale of own shares			1,904,264								1,904,264		1,904,264
Purchase of own shares			(3,358,063)								(3,358,063)		(3,358,063)
Actuarial differences on post-employment benefits						0					0		0
Exchange differences								(76,355)			(76,355)		(76,355)
Profit as of 31 march 2023										2,908,252	2,908,252		2,908,252
Amounts as of 31 March 2023	6,503,125	1,300,625	14,661,960	1,911,444	67,293	(814,876)	848,897	402,377	82,857,305	2,908,252	110,646,403	17,135	110,663,538

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

1. Group's structure and scope of consolidation

The Parent Company TXT e-solutions S.p.A. (hereinafter also "TXT") 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 31 March 2023 (see also the organisational diagram in the section "Organisational structure and scope of consolidation") and the relative share of legal interest in the share capital:

Company name of the subsidiary	Currency	% holding	Share capital
PACE GmbH	EUR	100%	295,000
PACE America Inc.	USD	100%	10
TXT e-solutions S.a.g.l.	CHF	100%	40,000
TXT NEXT Sarl	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	100%	10,000
MAC SOLUTIONS S.A.	CHF	100%	100,000
HSPI S.p.A.	EUR	100%	220,000
Txt Working Capital Solutions S.r.l.	EUR	60%	500,000
Reversal 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
DM Mgmt & Consulting Srl	EUR	100%	101,000
Pro-Sim Aviation Research B.V.	EUR	40%	720
Soluzioni Prodotti Sistemi Srl	EUR	100%	10,000
Butterfly S.r.l.	EUR	100%	10,000
PGMD Consulting S.r.l.	EUR	100%	20,000
QBRIDGE Srl	EUR	100%	10,000
TLOGOS S.r.l.	EUR	100%	110,000
ENNOVA S.p.A	EUR	100%	1,098,900
TXT e-Tech Srl (**)	EUR	100%	10,000
Las Lab S.r.l.	EUR	33%	447,761
TXT Health Probe	EUR	51%	100,000
Quence S.r.l.	EUR	100%	10,000

In addition to the interests listed above, to be noted is the Group's investment in the TXT Consortium (formerly Innovative Complex Solution Consortium) (consolidated line-by-line) as follows: 33% HSPI S.p.A., 25% TXT e-solutions, 14% Assioma.Net Srl, 14% TXT e-tech and 14% Ennova.

The Consortium is the commercial vehicle through which the Group has the opportunity to participate in tenders with the central and local Public Administration. The Consortium form allows to add up the administrative and technical references of the individual Consortium companies, thus making it possible for the Consortium to access tenders and qualifications for larger supply classes and volumes.
(*) 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 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 e-Tech S.r.l. was established. For further information, reference should be made to the Directors' Report.
(***) 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 Group are 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 for the first 3 months)

Currency	31.03.2023	31.03.2022
British Pound (GBP)	0.8831	0.8364
US Dollar (USD)	1.0730	1.1217
Swiss Franc (CHF)	0.9925	1.0364

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

Currency	31.03.2023	31.12.2022
British Pound (GBP)	0.8792	0.8869
US Dollar (USD)	1.0875	1.0666
Swiss Franc (CHF)	0.9968	0.9847

2. Acquisitions

2.1 LAS LAB S.r.l.

On 26 January 2023, TXT announced that the contract for the investment in the capital in LAS LAB S.r.l. ("LasLab") had been signed.
The investment consists of a capital increase in LasLab of € 0.3 million, against which TXT holds 33% of LasLab, an innovative start-up created from the spin-off of the technological

platform developed by *Loan Agency Services S.r.l.* (LAS S.r.l.), a leader among non-banking operators active in services supporting credit management.

3. Basis of preparation of the consolidated financial statements

The Group's annual consolidated financial statements are prepared in accordance with the IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union as at the date of drafting of these financial statements, as well as with the measures issued in implementation of Article 9 of Italian Legislative Decree No. 38/2005 and with any other applicable provisions and Consob regulations on financial statements.
This quarterly report was prepared, regarding both form and content, in accordance with the provisions contained in IAS 34 "Interim Financial Reporting" and in accordance with International Accounting Standards ("IAS - IFRS") issued by the International Accounting Standards Board and adopted by the EU, including all the interpretations of the IFRS Interpretations Committee, previously called Standing Interpretations Committee ("SIC").
The report as at 31 March 2023 consists of the consolidated financial statements and the reclassified consolidated financial statements whose form and content are consistent with the financial statements for the year 2022. The half-yearly financial statements do not therefore include all the information required for the annual financial statements and should be read together with the consolidated financial statements for the year ended 31 December 2022. They have been prepared based on accounting records as at 31 March 2023 and on a going concern basis. As for further information relating to the nature of the company's activities, business areas, operations and outlook, reference should be made to the Directors' Report on Operations.
The accounting policies applied in preparing the financial statements, as well as the composition of, and changes in, individual items, are illustrated below.
All amounts are expressed in Euro, unless otherwise indicated. The Euro is also the functional currency.
The publication and release of this report were approved by the Board of Directors' Meeting held on 11 May 2023.

4. Accounting standards and interpretations applied from 1 January 2023

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

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 (Military Conflict in Ukraine)

The financial risk management objectives and policies of the TXT e-solutions Group reflect those illustrated in the consolidated financial statements as at 31 December 2022, to which reference should be made.

6. 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 31 March 2023	Receivables	Payables	Costs	Revenues
Reversal S.p.A	644			
Paradis Srl				

Directors and key management personnel		173,087	145,190	
Total as at 31 March 2023	644	173,087	145,190	-

As at 31.12.2022	Receivables	Payables	Costs	Revenues
Reversal S.p.A	644			
Paradis Srl			15,789	
Directors and key management personnel		100,000	581,563	
Total as at 31.12.2022	644	100,000	663,784	-

Financial transactions

The amounts with Related Parties as at 31 March 2023 are shown for financial transactions:

As at 31 March 2023	Receivables	Payables	Charges	Income
Laserfin S.r.l.		2,158,343		
Total as at 31 March 2023	-	2,158,343	-	-

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

7. Certification of the Interim report pursuant to Article 154-bis of Legislative Decree 58/98

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

The undersigned Enrico Magni, as Chair of the Board of Directors, and Eugenio Forcinito, as Manager responsible for preparing corporate accounting documents for TXT e-solutions S.p.A. certify, also pursuant to Art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree No. 58 dated 24 February 1998:

- the adequacy, in relation to the company's characteristics; and
- the effective application of the administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements as at 31 March 2023.

The assessment of the adequacy of the administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements as at 31 March 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 that represents a reference framework that is generally accepted at an international level.

We also certify that the condensed consolidated interim financial statements as at 31 March 2023:

- correspond to the accounting books and records;
- were prepared in compliance with the International Financial Reporting Standards endorsed by the European Union as well as with the implementing measures for Art. 9 of Italian Legislative Decree No. 38/2005;
- are suitable to provide a true and fair view of the financial position, performance and cash flows of the issuer.

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

Manager responsible

for preparing corporate accounting documents

Eugenio Forcinito

Chair of the Board of Directors

Enrico Magni

Milan, 11 May 2023