

TXT e-solutions: H1 2017**Revenues € 36.1 million (+8.9%),****EBITDA before Stock Options € 3.4 million (+3.1%).****Andrea Lanciani appointed non-executive director**

- Revenues TXT Retail € 18.2 million (+2.5%) and TXT Next € 17.9 million (+16.2%).
- R&D expenses € 3.6 million (+15.6%) and Commercial expenses € 7.7 million (+17.9%) due to Pace and organic growth.
- Net Income € 1.6 million (€ 2.0 million in H1 2016).
- Net Financial Position: € 5.5 million positive (€ 5.4 million as of December 31, 2016).
- Andrea Lanciani has appointed as non-executive director, replacing Andrea Casanova who has resigned.

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The Board of Directors of TXT e-solutions Spa, chaired by Alvisè Braga Illa, today approved the first-half financial results for the period ended June 30, 2017.

The Chairman Alvisè Braga Illa has commented: *"We have recently announced the sale of TXT Retail Division to Aptos, Inc. for EUR 85 million in cash. TXT e-solutions will focus on international growth of the TXT Next Division, which specializes in simulation, modelling and governance of complex systems, primarily in aerospace and fintech, leveraging its technologically advanced software solutions. TXT is setting out on a new path of growth for our employees and shareholders, in new and exciting technology areas."*

TXT Next technologies have growing applications in aerospace, automotive, and transport, as well as in complex industrial systems. In these areas advanced on-board software, coupled to "big data" simulation and combined with "internet of Things" and immersive user-interfaces based on Augmented and Virtual Reality, are enablers of a new generation of software solutions supporting design, configuration, manufacturing, sales, training and operation for highly complex systems. TXT Next has unique capabilities and vision, supported by proprietary software tools. Focus on high-value activities and on critical areas, where trained resources are scarce, will be the strategic enabler of future growth in revenue and profit.

A new division – TXT Sense – has been established recently as a start up with proprietary technology for 3D active representation and for "New Augmented Reality" to offer its technologies and applications to major industrial, communication and service sectors.

Main Economic and Financial Results in H1 2017 were:

Revenues were € 36.1 million in H1 2017, up +8.9% compared to H1 2016 (€ 33.2 million), due to revenues from Pace GmbH (€ 1.9 million, acquired and consolidated since April 1, 2016) and organic growth (+3.7%).

Software revenues from licences, subscriptions and maintenance were € 9.0 million, up +7.4% compared to H1 2016. Service revenues were € 27.1 million, up +9.4% compared to H1 2016.

TXT Retail, the global leader for End-to-End Business Software for Fashion, Luxury and Specialty Retailers (50.4% of group revenues) had € 18.2 million in revenues, up +2.5% compared to H1 2016 (€ 17.8 million). TXT Next, the software specialist for Complex Operations & Manufacturing for Aerospace, High-Tech and Finance (49.6% of group revenues) had € 17.9 million in revenues, up +16.2%.

International Revenues rose from € 18.8 million in H1 2016 to € 21.4 million (+13.5%) or 59.1% of total sales (56.7% in H1 2016).

Net of direct costs, **Gross Margin** came to € 19.2 million, up +10.6% over H1 2016. The margin on revenues was 53.0%, compared to 52.2% in H1 2016.

EBITDA before Stock Options was € 3.4 million, up +3.1% compared to H1 2016 (€ 3.3 million). R&D expenses rose +15.6% and Commercial expenses rose +17.9%.

EBITDA H1 2017 was € 3.3 million and included € 0.1 million costs for Stock Options plan 2017-2019.

Operating Income (EBIT) was € 2.6 million, down -7.6% compared to H1 2016, after expensing depreciation of Pace assets and amortization of Intellectual Property of Software and Customer List from Pace acquisition. The margin on revenues was 7.1%, compared to 8.4% in H1 2016.

Net Income was € 1.6 million (€ 2.0 million in H1 2016). Income tax charges were € 0.7 million (31% of pre-tax income) compared to € 0.6 million in H1 2016 which took advantage of tax losses in some countries.

Net Financial Position as at 30 June 2017 was positive by € 5.5 million, compared to € 5.4 million as at 31 December 2016, due to cash generated by operations which financed entirely payment of dividends (€ 3.5 million).

Shareholders' Equity as of June 30, 2017 was € 32.3 million (€ 34.3 million as of December 31, 2016), down € 2.0 million mainly due payment of dividends (€ 3.5 million) net of Net income in the semester (€ 1.6 million).

As of June 30, 2017, TXT owned 1,354,133 treasury shares or 10.41% of issued shares (unchanged compared to end 2016), purchased at an average price of € 2.44

New Director

The Board of Directors of TXT e-solutions has appointed Andrea Lanciani as non-executive director, replacing Andrea Casanova who resigned today.

Andrea Lanciani graduated in Law in 1989, cum laude and honour of publication of the thesis. A member of Turin Bar, Andrea Lanciani's professional experience is in commercial law, with specific regard to banking, finance, corporate law and public companies. He authored articles in law journals on commercial and corporate law, and several books and articles on philosophy of law. He speaks fluent English and French and is a partner at Law Firm Tosetto, Weigmann e Associati.

Based on available information, the new director does not own any TXT shares.

Andrea Casanova had been elected by the Shareholders' Meeting of April 21th, 2017 from the minority list presented by E-business Consulting S.A.. Andrea Casanova was a member of the Internal Control Committee and Remuneration Committee. Based on available information, Andrea does not own any TXT shares. Mr. Casanova's resignation was motivated by strictly personal reasons.

The Board of Director has accepted the resignation and thanked Andrea Casanova for his dedication and engagement as non-executive director during the last 3 months and warmly welcomed Andrea Lanciani as new non-executive director. Per TXT's By-Laws, the Board has appointed the first candidate not elected belonging to the same minority list. The appointment has been approved by the Statutory Board of Auditors.

Subsequent Events and Outlook

On July 24th TXT signed an agreement for the transfer of its TXT Retail Division to Aptos, Inc. (USA).

The purchase price of EUR 85 million will be paid at closing by Aptos in cash. The price, which is not subject to future financial and economic performance, will be adjusted based on net working capital; in addition, TXT shall receive payment for any net cash in the TXT Retail Division at the closing date.

The agreement also provides that following an initial public offering of Aptos (an "IPO"), TXT shall be entitled to exercise an option to purchase up to 10% of shares sold in the IPO at the IPO price.

The transaction closing, which the parties expect to occur no later than 31 October 2017, is subject to the following events: (a) contribution of the Italian TXT Retail business as going concern to a NewCo incorporated under Italian laws, (b) exercise of an option right to sell TXT e-solutions S.à.r.l., a company incorporated under French laws, part of TXT

Retail Division, to Aptos (c) granting of authorization from antitrust authorities in Germany and Austria, (d) completion of trade union consultation procedures, as well as (e) fulfilment of certain other statutory corporate requirements.

The Company foresees in Q3 2017 a positive development of revenues and profits for both Divisions.

Declaration of the designated officer in charge of drafting the company's accounting documents

The Designated Officer in charge of drafting the company's accounting documents, Paolo Matarazzo, herein declares, pursuant to Article 154-bis, Paragraph 2 of Legislative Decree no. 58 of 24 February 1998 that the accounting information contained in this press release corresponds to the documentary records, books and accounting entries.

As from today, this press release is available also on the company's website www.txtgroup.com

TXT e-solutions is an international specialist in high-value, strategic software and solutions for large enterprises. The main business areas are: **Integrated & Collaborative Planning Solutions**, with the TXT Retail Division, especially for Luxury, Fashion, Retail and Consumer Goods; **Software for Complex Operations & Manufacturing**, with the TXT Next Division, for Aerospace, Defence, High-Tech and Finance. Listed in the Star Segment of Borsa Italiana (TXT.MI), TXT is based in Milan and has offices in Australia, Canada, France, Germany, Hong Kong, Italy, Singapore, Spain, Switzerland, United Kingdom and United States.

For information:

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Management Income Statement as of 30 June 2017

<i>€ thousand</i>	I SEM 2017	%	I SEM 2016	%	Var %
REVENUES	36.132	100,0	33.183	100,0	8,9
Direct costs	16.967	47,0	15.847	47,8	7,1
GROSS MARGIN	19.165	53,0	17.336	52,2	10,6
Research and Development costs	3.634	10,1	3.144	9,5	15,6
Commercial costs	7.700	21,3	6.532	19,7	17,9
General and Administrative costs	4.414	12,2	4.346	13,1	1,6
EBITDA before Stock Options	3.417	9,5	3.314	10,0	3,1
Stock Options	162	0,4	-	-	n.m.
EBITDA	3.255	9,0	3.314	10,0	(1,8)
Amortization, depreciation	684	1,9	532	1,6	28,6
OPERATING PROFIT (EBIT)	2.571	7,1	2.782	8,4	(7,6)
Financial income (charges)	(308)	(0,9)	(158)	(0,5)	n.m.
EARNINGS BEFORE TAXES (EBT)	2.263	6,3	2.624	7,9	(13,8)
Taxes	(696)	(1,9)	(609)	(1,8)	14,3
NET PROFIT	1.567	4,3	2.015	6,1	(22,2)

Income Statement as of 30 June 2017

Amounts in Euro	30.06.2017	30.06.2016
TOTAL REVENUES AND INCOME	36.132.162	33.182.516
Purchases of materials and services	(6.769.492)	(6.520.922)
Personnel costs	(24.864.560)	(22.397.604)
Other operating costs	(1.242.680)	(950.048)
Amortizations, depreciation and write downs	(684.854)	(532.298)
OPERATING RESULT	2.570.574	2.781.644
Financial income/charges	(308.030)	(158.041)
PRE-TAX RESULT	2.262.545	2.623.603
Income Taxes	(695.211)	(609.046)
NET INCOME	1.567.334	2.014.557
PROFIT PER SHARE (Euro)	0,13	0,17
PROFIT PER SHARE DILUTED (Euro)	0,13	0,17

Net Financial Position as of 30 June 2017

€ thousand	30.6.2017	31.12.2016	Var	30.6.2016
Cash	7.356	7.570	(214)	6.176
Short term Debt	(221)	(808)	587	(4.336)
Short term Financial Resources	7.135	6.762	373	1.840
Non current Financial Debt	(1.666)	(1.391)	(275)	(1.379)
Net Available Financial Resources	5.469	5.371	98	461

Consolidated Balance Sheet as of 30 June 2017

ASSETS (Amounts in Euro)	30.06.2017	31.12.2016
NON-CURRENT ASSETS		
Goodwill	17.582.876	17.830.693
Definite life intangible assets	3.208.485	3.465.058
Intangible Assets	20.791.361	21.295.751
Buildings, plants and machinery owned	1.625.921	1.598.260
Tangible Assets	1.625.921	1.598.260
Other non-current assets	212.463	160.498
Deferred tax assets	2.631.643	2.373.623
Other non-current assets	2.844.106	2.534.121
TOTAL NON-CURRENT ASSETS	25.261.388	25.428.132
CURRENT ASSETS		
Inventories	3.931.580	3.146.362
Trade receivables	19.622.890	23.739.800
Other current assets	3.241.243	2.629.183
Cash and other liquid equivalents	7.355.920	7.570.479
TOTAL CURRENT ASSETS	34.151.632	37.085.825
TOTAL ASSETS	59.413.020	62.513.957
EQUITY AND LIABILITIES (Amounts in Euro)		
SHAREHOLDERS' EQUITY		
Share capital	6.503.125	6.503.125
Reserves	14.177.994	14.091.119
Retained earnings	10.037.877	8.133.150
Profit (Loss) for the year	1.567.334	5.555.363
TOTAL SHAREHOLDERS' EQUITY	32.286.330	34.282.757
NON-CURRENT LIABILITIES		
Non-current financial liabilities	1.666.072	1.391.140
Severance and other personnel liabilities	3.913.961	3.945.640
Deferred tax liabilities	1.747.555	1.843.436
TOTAL NON-CURRENT LIABILITIES	7.327.588	7.180.216
CURRENT LIABILITIES		
Current financial liabilities	220.540	808.225
Trade payables	1.279.221	1.625.740
Tax payables	739.430	688.428
Other current liabilities	17.559.911	17.928.590
TOTAL CURRENT LIABILITIES	19.799.102	21.050.983
TOTAL LIABILITIES	27.126.690	28.231.199
TOTAL EQUITY AND LIABILITIES	59.413.020	62.513.957

Consolidated Statement of Cash Flows as of 30 June 2017

Amounts in Euro	30.06.2017	30.06.2016
Net Income	1.567.334	2.014.556
Non cash costs	161.925	-
Paid taxes	174.833	415.310
Variance in deferred taxes	(353.901)	(102.639)
Amortization, depreciation and write-downs	684.854	532.298
Cash flows generated by operations before working capital	2.235.045	2.859.525
(Increase) / Decrease in trade receivables	4.113.072	1.972.131
(Increase) / Decrease in inventories	(785.218)	(1.180.807)
(Increase) / Decrease in trade payables	(346.519)	(66.162)
(Increase) / Decrease in severance and other personnel liabilities	(1.563)	50.762
(Increase) / Decrease in other current assets/liabilities	(1.156.535)	(740.618)
Changes in working capital	1.823.237	35.306
CASH FLOW GENERATED BY OPERATIONS	4.058.282	2.894.831
Increase in tangible assets	(432.274)	(334.373)
Increase in intangible assets	(19.830)	(39.341)
Net cash flow due to PACE acquisition	-	(5.403.476)
CASH FLOW GENERATED BY INVESTING ACTIVITIES	(452.104)	(5.777.190)
Repayment of borrowings	(312.753)	3.516.173
Distribution of dividends	(3.495.636)	(2.931.492)
(Purchase) / Sale of treasury shares	-	(353.645)
CASH FLOW GENERATED BY FINANCIAL ACTIVITIES	(3.808.389)	231.036
INCREASE / (DECREASE) IN CASH	(202.211)	(2.651.323)
Difference in Currency Translation	(12.348)	(252.155)
Cash at beginning of the period	7.570.479	9.079.975
Cash at the end of the period	7.355.920	6.176.497

Segment Information - Income Statement as of 30 June 2017

<i>€ thousand</i>	TXT Retail	TXT Next	TOTAL TXT
Software	7.502	1.494	8.996
Services	10.711	16.425	27.136
REVENUES	18.213	17.919	36.132
Direct costs	6.856	10.111	16.967
GROSS MARGIN	11.357	7.808	19.165
<i>as % of Revenues</i>	<i>62,4%</i>	<i>43,6%</i>	<i>53,0%</i>
Research and Development costs	2.376	1.258	3.634
Commercial costs	5.284	2.416	7.700
General and Administrative costs	2.227	2.187	4.414
EBITDA pre Stock Options	1.470	1.947	3.417
<i>as % of Revenues</i>	<i>8,1%</i>	<i>10,9%</i>	<i>9,5%</i>
Stock Options	116	46	162
EBITDA	1.354	1.901	3.255
Amortization of Intangible assets	171	176	347
Depreciation of tangible assets	170	167	337
OPERATING PROFIT (EBIT)	1.013	1.558	2.571
Financial income (charges)	(155)	(153)	(308)
EARNINGS BEFORE TAXES (EBT)	858	1.405	2.263
Taxes	(264)	(432)	(696)
NET PROFIT	594	973	1.567

Income Statement – Management Reporting Second Quarter as of 30 June 2017

<i>€ thousand</i>	Q2 2017	%	Q2 2016	%	Var %
REVENUES	18.134	100,0	18.773	100,0	(3,4)
Direct costs	8.484	46,8	8.541	45,5	(0,7)
GROSS MARGIN	9.650	53,2	10.232	54,5	(5,7)
Research and Development costs	1.810	10,0	1.895	10,1	(4,5)
Commercial costs	3.731	20,6	3.853	20,5	(3,2)
General and Administrative costs	2.269	12,5	2.584	13,8	(12,2)
EBITDA before Stock Options	1.840	10,1	1.900	10,1	(3,2)
Stock Options	81	0,4	0	-	n.m.
EBITDA	1.759	9,7	1.900	10,1	(7,4)
Amortization, depreciation	340	1,9	332	1,8	2,4
OPERATING PROFIT (EBIT)	1.419	7,8	1.568	8,4	(9,5)
Financial income (charges)	(93)	(0,5)	(72)	(0,4)	29,2
EARNINGS BEFORE TAXES (EBT)	1.326	7,3	1.496	8,0	(11,4)
Taxes	(397)	(2,2)	(364)	(1,9)	9,1
NET PROFIT	929	5,1	1.132	6,0	(17,9)