

TXT e-solutions: first nine months 2017**Revenues Continuing Operations € 26.0 million (+10.9%),****EBITDA before Stock Options € 2.7 million (+4.5%).****Net Income, including Discontinued Operations,****€ 2.2 million (€ 3.6 million in first nine months 2016)**

- *Revenues Continuing Operations € 26.0 million (+10.9%). Software Revenues € 2.4 million (+30.6%) and Service Revenues € 23.6 million (+9.2%).*
- *R&D expenses € 1.9 million (+33.2%) and Commercial expenses € 3.5 million (+38.5%) due to Pace acquisition and organic growth.*
- *Net Income from Continuing Operations € 1.4 million (€ 1.6 million in first nine months 2016) and Net Income from Discontinued Operations € 0.8 million (€ 2.0 million in first nine months 2016).*
- *Net Income € 2.2 million (€ 3.6 million in first nine months 2016).*
- *Net Financial Position: € 3.2 million positive as of September 30, 2017 (€ 5.4 million as of December 31, 2016).*

Milan – November 7, 2017 - h. 19.12

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

On July 24th 2017 TXT signed an agreement for the transfer of its TXT Retail Division to Aptos, Inc. (USA) and on October 2nd finalized the disposal and received € 85.0 million 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 Chairman Alvise Braga Illa has commented: *"The Company completed closing of the sale of TXT Retail division to Aptos Inc. in only two months from signing of Sale & Purchase Agreement and simultaneously received € 85 million in cash. Efficiency of our Finance team was exceptional. In first 9 months 2017 Financial results of TXT Next, core of future profitable development of TXT, showed a good continuing growth".*

The business of Division TXT Retail sold at the beginning of October has been reclassified to Discontinued Operations in Financial results as of 30 September 2017, in compliance to IFRS 5. Main Economic and Financial Results of Continuing Operations in first nine months 2017 were:

Revenues from Continuing Operations were € 26.0 million in first nine months 2017, up +10.9% compared to 2016 (€ 23.5 million). Software revenues from licences, subscriptions and maintenance were € 2.4 million, up +30.6% compared to first nine months 2016. Service revenues were € 23.6 million, up +9.2% compared to first nine months 2016.

International Revenues rose from € 5.8 million in first nine months 2016 to € 8.8 million (+51.6%) or 34% of total sales (25% in 2016).

Net of direct costs, **Gross Margin** came to € 11.1 million, up +14.3% over first nine months 2016. The margin on revenues was 42.7%, compared to 41.5% in first nine months 2016, due to Pace acquisition.

EBITDA before Stock Options was € 2.7 million, up +4.5% compared to first nine months 2016 (€ 2.6 million). R&D expenses rose +33.2% and Commercial expenses rose +38.5%.

Operating Income (EBIT) was € 2.1 million, down -2.9% compared to first nine months 2016, after expensing depreciation of Pace assets and amortization of Intellectual Property of Software and Customer List from Pace acquisition.

Net Income from Continuing Operations was € 1.4 million (€ 1.6 million in first nine months 2016). Income tax charges were € 0.6 million (31% of pre-tax income, compared to 24% in 2016 which took advantage of tax losses in some countries).

Net Income from Discontinued Operations was € 0.8 million (€ 2.0 million in first nine months 2016), due to investments in Operations, R&D and Commercial teams.

Net Income was € 2.2 million (€ 3.6 million in first nine months 2016), down € 1.4 million, of which € 0.2 million due Continuing Operations and € 1.2 million to Discontinued Operations.

Net Financial Position as at 30 September 2017 was positive by € 3.2 million, compared to € 5.4 million as at 31 December 2016, due to cash generated by operations which partially financed payment of dividends (€ 3.5 million).

Shareholders' Equity as of 30 September 2017 was € 33.1 million (€ 34.3 million as of December 31, 2016), down € 1.2 million mainly due payment of dividends (€ 3.5 million), Net income in the period (€ 2.2 million) and Stock Options (€ 0.2 million).

As of September 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

The Board of Directors of TXT e-solutions has appointed Andrea Lanciani, non-executive director, member of the Internal Control Committee and Remuneration Committee.

Third Quarter 2017

Revenues from Continuing Operations were € 8.1 million in Q3 2017, up +0.7% compared to Q3 2016.

EBITDA before Stock Options was € 0.7 million, down -17.1% compared to Q3 2016 (€ 0.9 million). In third quarter 2017 R&D expenses rose +9.2% and Commercial expenses rose +13.2% due to development of International operations and investment for the start-up of Division TXT Sense. G&A expenses decreased by 10.4%. Profitability on Revenues was 9.2%, compared to 11.2% in Q3 2016.

Net Income from Continuing Operations was € 0.4 million (€ 0.6 million in Q3 2016). Income tax charges were € 0.2 million (tax rate 32%).

Net Income from Discontinued Operations was € 0.2 million (€ 1.1 million in Q3 2016), due to investments in Operations, R&D and Commercial teams.

Net Income was € 0.7 million (€ 1.6 million in Q3 2016), down € 0.9 million, of which € 0.1 million due Continuing Operations and € 0.8 million to Discontinued Operations.

Subsequent Events and Outlook

On 2nd October 2017 TXT e-solutions signed the transfer of TXT Retail Division to Aptos Inc, following the completion of all conditions precedent in the preliminary agreement. The transaction has been executed after completing contribution of the Italian TXT Retail business as going concern to Thinking Retail Srl, granting of authorization from antitrust authorities, completion of trade union consultation procedures and fulfilment of certain other statutory corporate requirements.

At closing TXT has received EUR 85.0 million 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.

On 2nd October TXT incorporated TXT Next Sarl, for the split of business TXT Retail and TXT Next in France.

In Q4 2017 Net Profit will show a very important capital gain on the sale of TXT Retail. As announced on the 24th of July, the Board of Directors of TXT e-solutions will propose the distribution of an extraordinary dividend at the annual shareholders' meeting to be convened in April 2018.

The Company will continue to invest in R&D, International commercial teams and search of acquisitions, maintaining a good profitability. The Company foresees in Q4 2017 a fair development of software and service revenues and profits of Continuing Operations.

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 software products and solutions vendor. Specialized in the most dynamic and agile markets with the highest degree of innovation and renewal that require state-of-the art solutions, TXT is focused on two main business areas: specialized software products and advanced Software-related Engineering Services for companies in the Aerospace, Aviation and Automotive; testing and quality services in Banking. Through its newly created internal start-up TXT Sense, it also develops and market innovative applications of Augmented Reality to other service & industrial sectors. The company has been listed on the Italian Stock Exchange - STAR segment (TXT.MI) - since July 2000. TXT is based in Milan and has subsidiaries in Italy, Germany, United Kingdom, France, Switzerland and USA.

For information:

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Management Income Statement as of 30 September 2017

<i>€ thousand</i>	9m 2017	%	9m 2016	%	Var %
REVENUES	26.032	100,0	23.469	100,0	10,9
Direct costs	14.906	57,3	13.731	58,5	8,6
GROSS MARGIN	11.126	42,7	9.738	41,5	14,3
Research and Development costs	1.864	7,2	1.399	6,0	33,2
Commercial costs	3.456	13,3	2.495	10,6	38,5
General and Administrative costs	3.114	12,0	3.268	13,9	(4,7)
EBITDA before Stock Options	2.692	10,3	2.576	11,0	4,5
Stock Options	69	0,3	-	-	n.m.
EBITDA	2.623	10,1	2.576	11,0	1,8
Amortization, depreciation	512	2,0	401	1,7	27,7
OPERATING PROFIT (EBIT)	2.111	8,1	2.175	9,3	(2,9)
Financial income (charges)	(95)	(0,4)	(33)	(0,1)	n.m.
EARNINGS BEFORE TAXES (EBT)	2.016	7,7	2.142	9,1	(5,9)
Taxes	(625)	(2,4)	(524)	(2,2)	19,3
NET PROFIT CONTINUING OPERATIONS	1.391	5,3	1.618	6,9	(14,0)
Net Profit Discontinued Operations	838		2.006		(58,2)
NET PROFIT	2.229		3.624		(38,5)

Income Statement as of 30 September 2017

Amounts in Euro	30.09.2017	30.09.2016
TOTAL REVENUES AND INCOME	26.030.532	23.469.211
Purchases of materials and services	(4.724.240)	(4.341.635)
Personnel costs	(17.798.311)	(15.565.233)
Other operating costs	(886.287)	(675.549)
Amortizations, depreciation and write downs	(511.755)	(400.796)
OPERATING RESULT	2.109.939	2.485.998
Financial income/charges	(95.318)	(32.627)
PRE-TAX RESULT	2.014.621	2.453.371
Income Taxes	(624.548)	(523.857)
NET PROFIT CONTINUING OPERATIONS	1.390.073	1.929.514
Net Profit Discontinued Operations	839.358	1.694.856
NET PROFIT	2.229.430	3.624.371
NET PROFIT PER SHARE (Euro)	0,19	0,31
NET PROFIT PER SHARE DILUTED (Euro)	0,19	0,31

Net Financial Position as of 30 September 2017

€ thousand	30.9.2017	31.12.2016	Var
Cash - Continuing Operations	2.307	5.291	(2.984)
Cash - Discontinued Operations	2.750	2.279	471
Cash	5.057	7.570	(2.513)
Short term Debt - Continuing Operations	(171)	(808)	637
Short term Financial Resources	4.886	6.762	(4.389)
Non current Financial Debt - Continuing Operations	(1.651)	(1.378)	(273)
Non current Financial Debt - Discontinued Operations	(10)	(13)	3
Non current Financial Debt	(1.661)	(1.391)	(270)
Net Available Financial Resources	3.225	5.371	(2.146)

Consolidated Balance Sheet as of 30 September 2017

ASSETS (Amounts in Euro)	30.09.2017	31.12.2016
NON-CURRENT ASSETS		
Goodwill	5.369.231	17.830.693
Definite life intangible assets	2.049.795	3.465.058
Intangible Assets	7.419.026	21.295.751
Buildings, plants and machinery owned	780.616	1.598.260
Tangible Assets	780.616	1.598.260
Other non-current assets	176.793	160.498
Deferred tax assets	1.724.845	2.373.623
Other non-current assets	1.901.638	2.534.121
TOTAL NON-CURRENT ASSETS	10.101.280	25.428.132
CURRENT ASSETS		
Inventories	3.786.613	3.146.362
Trade receivables	10.412.465	23.739.800
Other current assets	2.730.766	2.629.183
Cash and other liquid equivalents	2.306.456	7.570.479
TOTAL CURRENT ASSETS	19.236.300	37.085.825
Assets Discontinued Operations	29.267.295	0
TOTAL ASSETS	58.604.875	62.513.957
EQUITY AND LIABILITIES (Amounts in Euro)		
SHAREHOLDERS' EQUITY		
Share capital	6.503.125	6.503.125
Reserves	14.375.169	14.091.119
Retained earnings	10.037.854	8.133.150
Profit (Loss) for the year	2.229.430	5.555.363
TOTAL SHAREHOLDERS' EQUITY	33.145.578	34.282.757
NON-CURRENT LIABILITIES		
Non-current financial liabilities	1.680.174	1.391.140
Severance and other personnel liabilities	2.561.502	3.945.640
Deferred tax liabilities	562.723	1.843.436
TOTAL NON-CURRENT LIABILITIES	4.804.399	7.180.216
CURRENT LIABILITIES		
Current financial liabilities	171.343	808.225
Trade payables	665.810	1.625.740
Tax payables	646.516	688.428
Other current liabilities	7.425.775	17.928.590
TOTAL CURRENT LIABILITIES	8.909.444	21.050.983
TOTAL LIABILITIES	13.713.842	28.231.199
Liabilities Discontinued Operations	11.745.456	0
TOTAL EQUITY AND LIABILITIES	58.604.875	62.513.957

Consolidated Statement of Cash Flows as of 30 September 2017

Amounts in Euro	30.09.2017	30.09.2016
Net Income	2.229.430	3.624.371
Non cash costs	242.888	6.455
Paid taxes	480.396	907.349
Variance in deferred taxes	(200.547)	(187.711)
Amortization, depreciation and write-downs	1.027.296	869.896
Cash flows generated by operations before working capital	3.779.463	5.220.360
(Increase) / Decrease in trade receivables	2.479.416	3.410.670
(Increase) / Decrease in inventories	(743.647)	(1.328.329)
(Increase) / Decrease in trade payables	(810.725)	(684.272)
(Increase) / Decrease in severance and other personnel liabilities	28.578	41.169
(Increase) / Decrease in other current assets/liabilities	(2.976.936)	(1.331.764)
Changes in working capital	(2.023.314)	107.474
CASH FLOW GENERATED BY OPERATIONS	1.756.149	5.327.834
Increase in tangible assets	(453.532)	(384.753)
Increase in intangible assets	(88.510)	-
Net cash flow due to PACE acquisition	-	(5.442.817)
CASH FLOW GENERATED BY INVESTING ACTIVITIES	(542.042)	(5.827.570)
Repayment of borrowings	(337.728)	1.767.888
Distribution of dividends	(3.495.636)	(2.931.492)
(Purchase) / Sale of treasury shares	-	(529.858)
CASH FLOW GENERATED BY FINANCIAL ACTIVITIES	(3.833.364)	(1.693.462)
INCREASE / (DECREASE) IN CASH	(2.619.257)	(2.193.198)
Difference in Currency Translation	105.316	(258.344)
Cash at beginning of the period	7.570.479	9.079.975
Cash at the end of the period	5.056.538	6.628.433

Discontinued Operations

Management Income Statement as at 30 September 2017

<i>€ thousand</i>	9m 2017	%	9m 2016	%	Var %
REVENUES	27.266	100,0	26.633	100,0	2,4
Direct costs	10.291	37,7	9.864	37,0	4,3
GROSS MARGIN	16.975	62,3	16.769	63,0	1,2
Research and Development costs	3.481	12,8	3.255	12,2	6,9
Commercial costs	7.689	28,2	7.244	27,2	6,1
General and Administrative costs	3.455	12,7	3.106	11,7	11,2
EBITDA before Stock Options	2.350	8,6	3.164	11,9	(25,7)
Stock Options	174	0,6	-	-	n.m.
EBITDA	2.176	8,0	3.164	11,9	(31,2)
Amortization, depreciation	515	1,9	469	1,8	9,8
OPERATING PROFIT (EBIT)	1.661	6,1	2.695	10,1	(38,4)
Financial income (charges)	(447)	(1,6)	(40)	(0,2)	n.s.
EARNINGS BEFORE TAXES (EBT)	1.214	4,5	2.655	10,0	(54,3)
Taxes	(376)	(1,4)	(649)	(2,4)	(42,1)
NET PROFIT DISCONTINUED OPERATIONS	838	3,1	2.006	7,5	(58,2)

Income Statement – Management Reporting

Third Quarter as of 30 September 2017

<i>€ thousand</i>	Q3 2017	%	Q3 2016	%	Var %
REVENUES	8.113	100,0	8.053	100,0	0,7
Direct costs	4.795	59,1	4.645	57,7	3,2
GROSS MARGIN	3.318	40,9	3.408	42,3	(2,6)
Research and Development costs	606	7,5	555	6,9	9,2
Commercial costs	1.040	12,8	919	11,4	13,2
General and Administrative costs	927	11,4	1.035	12,9	(10,4)
EBITDA before Stock Options	745	9,2	899	11,2	(17,1)
Stock Options	23	0,3	-	-	n.m.
EBITDA	722	8,9	899	11,2	(19,7)
Amortization, depreciation	169	2,1	178	2,2	(5,1)
OPERATING PROFIT (EBIT)	553	6,8	721	9,0	(23,3)
Financial income (charges)	58	0,7	40	0,5	n.m.
EARNINGS BEFORE TAXES (EBT)	611	7,5	761	9,4	(19,7)
Taxes	(193)	(2,4)	(203)	(2,5)	(4,9)
NET PROFIT CONTINUING OPERATIONS	418	5,2	558	6,9	(25,1)
Net Profit Discontinued Operations	244		1.051		(76,8)
NET PROFIT	662		1.609		(58,9)