TXT e-solutions: 2017 Continuing Operations Revenues € 35.9 million (+8.4%), EBITDA pre Stock Options € 3.5 million (€ 3.8 million in 2016), Net Income, including Discontinued Operations € 68.6 million Proposed dividend € 1.00 (€ 0.30 in 2016).

- *Revenues Continuing Operations € 35.9 million (+8.4%). Software Revenues € 4.1 million (+21.5%) and Service Revenues € 31.8 million (+7.0%).*
- *R&D expenses € 2.5 million (+18.9%) and Commercial expenses € 5.1 million (+35.7%) due to Pace acquisition and organic growth.*
- *Net Income from Continuing Operations € 1.8 million and Net Income from Discontinued Operations € 66.8 million.*
- *Net Income € 68.6 million (€ 5.6 million in 2016).*
- *Net Financial Position: € 87.3 million positive as of December 31, 2017 (€ 5.4 million as of December 31, 2016).*

Milan – March 8, 2018 - h 16:52

The Board of Directors of TXT e-solutions Spa, chaired by Alvise Braga Illa, today approved the financial results as of December 31, 2017.

Year 2017 is characterized by the sale of Retail Division and the focus of TXT activity on TXT next Division, mainly in the aeronautic and transportation business, with a smaller perimeter but with more promising opportunities of growth, both organic and through a plan of profitable acquisitions.

Revenues from Continuing Operations were € 35.9 million in 2017, up +8.4% compared to 2016 (€ 33.1 million). Software revenues from licences, subscriptions and maintenance were € 4.1 million, up +21.5% compared to 2016. Service revenues were € 31.8 million, up +7.0% compared to 2016.

International Revenues rose from € 9.8 million in 2016 to € 13.3 million (+35.9%) or 37% of total sales (30% in 2016).

Net of direct costs, **Gross Margin** came to € 15.6 million, up +10.8% over 2016. The margin on revenues was 43.6%, compared to 42.7% in 2016.

EBITDA before Stock Options was € 3.5 million, down -6.0% compared to 2016 (€ 3.8 million). R&D expenses rose +18.9% and Commercial expenses rose +35.7% due to investment in International teams. G&A expenses were substantially in line with 2016 (+0.4%).

Operating Income (EBIT) was € 2.7 million, down -14.7% compared to 2016, after expensing depreciation of Pace assets and amortization of Intellectual Property of Software and Customer List from Pace acquisition and Stock Option costs.

Net Income from Continuing Operations was € 1.8 million (€ 2.5 million in 2016). Income tax charges were € 0.7 million (29% of pre-tax income, compared to 21% in 2016 which took advantage of tax losses in some countries).

Net Income from Discontinued Operations was € 66.8 million including € 0.8 million Net Profit of Division TXT Retail in the first nine months 2017 and € 70.6 million capital gain on sale to Aptos, net of € 4.6 million expenses and taxes connected to the deal. In 2016 Net Income from Discontinued Operations was € 3.0 million.

Net Income was € 68.6 million, including € 66.8 million Net Income from Discontinued Operations and € 1.8 million Net Income Continuing Operations. In 2016 Net Income was € 5.6 million, including Net Income of both Discontinued and Continuing Operations.

Net Financial Position as at 31 December 2017 was positive by € 87.3 million, compared to € 5.4 million as at 31 December 2016, mainly due to cash generated by the sale of Division TXT Retail.

Shareholders' Equity as of 31 December 2017 was € 99.9 million (€ 34.3 million as of December 31, 2016), up € 65.6 million mainly due to capital gain from the sale of Division TXT Retail.

As of December 31, 2017, TXT owned 1,268,321 treasury shares or 9.75% of issued shares (1,354,133 as of December 31, 2016), purchased at an average price of € 2.14.

On October 2nd, 2017 TXT finalized the sale of Division TXT Retail to Aptos Inc. (USA). The consideration is € 88.2 million, including € 85.0 paid in cash at closing and € 3.2 million paid as working capital adjustment.

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.

During 2017 TXT further consolidated its presence with all customers and acquired new important clients (including Finnair, Saab and Ferchau), confirming the strategic role of its solutions within design, configuration, manufacturing, training & simulation and operating support processes of aeronautic manufacturers and airlines.

Operations in 2017 were characterized by the launch of two new products, Pacelab FPO Cloud and Pacelab WEAVR, a good growth of profitable software revenues and by the strong international development, due also to the acquisition of Pace GmbH, now fully integrated.

Pacelab FPO Cloud is targeted to airlines and allows pilots to optimise the routes also during the flight to reduce fuel consumptions, emissions and avoid turbulences. A proof of concept is undergoing with one of the largest North America airlines. Pacelab WEAVR is an innovative platform which facilitates the development and use of training applications for pilots, crews and maintainers, focused on the needs of both aircraft and engine manufacturers and training schools. WEAVR consolidates TXT know-how in the sector, matured through many successful projects and sophisticated flight simulators and realized by using Virtual and Augmented Reality technologies.

Fourth Quarter 2017

Revenues from Continuing Operations were € 9.8 million in Q4 2017, up +2.4% compared to Q4 2016 of Continuing Operations, mainly due to good results in Aerospace & Aviation business.

Net of direct costs, **Gross Margin** came to € 4.5 million, up +3.1% over Q4 2016 (€ 4.4 million). The margin on revenues was 45.8%, compared to 45.5% in Q4 2016.

EBITDA before Stock Options was € 0.8 million, down -28.7% compared to Q4 2016 (€ 1.2 million). In fourth quarter 2017 Commercial expenses rose +30.0% due to development of International operations and General and Administrative expenses rose +13.7% distributed on a smaller perimeter after the sale TXT Retail. Profitability on Revenues was 8.6%, compared to 12.3% in Q4 2016.

Operating Income (EBIT) was € 0.6 million, down -41.4% compared to Q4 2016 (€ 1.0 million), after € 0.3 million of depreciations and amortizations.

Net Income from Continuing Operations was € 0.4 million (€ 0.9 million in Q4 2016). Income tax charges were € 0.1 million.

Net Income from Discontinued Operations was € 66.0 million including € 70.6 million capital gain on sale to Aptos, net of € 4.6 million expenses and taxes connected to the deal. In Q4 2016 Net Income of Division TXT Retail was € 1.0 million.

Net Income was € 66.3 million (€ 1.9 million in Q4 2016).

Dividend and Shareholders' Meeting

Considering the extraordinary profit in 2017 and the financial resources required by organic growth and by the plan of acquisitions, the Board of Directors proposes to the Shareholders' Meeting a dividend of € 1.00 (€ 0.30 in 2016) for each share outstanding with payment date May 9, 2018 (record date May 8, ex-dividend date May 7, 2018).

Total dividends are therefore about € 11.7 million, distributed to the 11.7 million outstanding shares (issued shares, net of treasury shares).

The Board of Directors has called a Shareholders' Meeting at La Triennale di Milano, in Viale Emilio Alemagna 6, on April 19, 2018 at 10.00 am. Following the General Meeting, at about 11.30 am, TXT management will hold a presentation to Investors and Analysts.

Outlook and Subsequent Events

On 21 February 2018 TXT received notice that a purchase and sale agreement has been signed by Laserline S.p.A., a company in which Enrico Magni directly owns a 60% shareholding, and by E-Business Consulting S.A. for the sale of its entire shareholding in TXT e-solutions S.p.A., representing 25.62% of its corporate capital.

The consideration agreed between the parties is Euro 35 million, corresponding to a value of approximately Euro 10.50 for each share of TXT. The transfer of the shares will take place on the closing date, that is envisaged for 30 March 2018 at the latest.

Enrico Magni indicated to the Company his desire to have, if possible, an active role in the Board of Directors and in the Company, and expressed a favourable view of the Company retaining its current status as listed company and its multi-division structure.

The Chairman Alvise Braga Illa has commented: "*After the proposed dividend, Cash and Treasury Stock (amounting € 76 million and 1.3 million shares) will accelerate the profitable growth through important acquisitions in Italy and abroad. At the same time, the extraordinary dividend of € 1 per share (versus the previous ordinary dividend of € 0.30) yields about 9% on the current stock value, without prejudice of future growth potential for the Company*".

The Company foresees positive development of its current activities. Seasonality and weakness in final markets could lead to lower profitability in the first quarter of 2018, following acceleration in R&D investments and international commercial efforts.

Declaration of the designated officer in charge of the Company's accounting documents

The Designated Officer in charge of 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 31 December 2017

€ thousand	2017	%	2016	%	Var %
REVENUES	**35.852**	**100,0**	**33.060**	**100,0**	**8,4**
Direct costs	20.224	56,4	18.954	57,3	6,7
GROSS MARGIN	**15.628**	**43,6**	**14.106**	**42,7**	**10,8**
Research and Development costs	2.481	6,9	2.086	6,3	18,9
Commercial costs	5.066	14,1	3.733	11,3	35,7
General and Administrative costs	4.545	12,7	4.527	13,7	0,4
EBITDA before Stock Options	**3.536**	**9,9**	**3.760**	**11,4**	**(6,0)**
Stock Options	69	0,2	-	-	n.m.
EBITDA	**3.467**	**9,7**	**3.760**	**11,4**	**(7,8)**
Amortization, depreciation	795	2,2	627	1,9	26,8
OPERATING PROFIT (EBIT)	**2.672**	**7,5**	**3.133**	**9,5**	**(14,7)**
Financial income (charges)	(208)	(0,6)	48	0,1	n.m.
EARNINGS BEFORE TAXES (EBT)	**2.464**	**6,9**	**3.181**	**9,6**	**(22,5)**
Taxes	(710)	(2,0)	(661)	(2,0)	7,4
NET PROFIT CONTINUING OPERATIONS	**1.754**	**4,9**	**2.520**	**7,6**	**(30,4)**
Net Proft Discontinued Operations	66.801		3.035		
NET PROFIT	**68.555**		**5.555**		

Income Statement as of 31 December 2017

Amounts in Euro	2017	2016
TOTAL REVENUES AND INCOME	**35,850,918**	**33,059,797**
Purchases of materials and services	(6,236,241)	(7,077,022)
Personnel costs	(24,636,022)	(21,450,348)
Other operating costs	(1,512,215)	(772.414)
Amortizations, depreciation and write downs	(794.688)	(627.858)
OPERATING RESULT	**2,671,752**	**3,132,155**
Financial income/charges	(207.456)	49.322
PRE-TAX RESULT	**2,464,296**	**3,181,477**
Income taxes	(710.381)	(660.596)
NET PROFIT FROM CONTINUING OPERATIONS	**1,753,915**	**2,520,881**
Net Profit from Discontinued Operations	66,801,580	3,034,483
NET PROFIT	**68,555,495**	**5,555,363**
PROFIT PER SHARE (Euro)	0,19	0,31
PROFIT PER SHARE DILUTED (Euro)	0,19	0,31

Net Financial Position as of 31 December 2017

€ thousand	31.12.2017	31.12.2016	Var
Cash	86.527	7.570	78.957
Other Short Term Financial Assets	3.156		3.156
Short Term Financial Assets	89.683	7.570	82.113
Short term Debt	(675)	(808)	133
Short term Financial Resources	**89.008**	**6.762**	**164.359**
Non current Financial Debt	(1.668)	(1.391)	(277)
Net Available Financial Resources	**87.340**	**5.371**	**81.969**

Consolidated Balance Sheet as of 31 December 2017

ASSETS (Amounts in Euro)	31.12.2017	31.12.2016
NON-CURRENT ASSETS		
Goodwill	5,369,231	17,830,693
Definite life intangible assets	1,962,454	3,465,058
Intangible Assets	**7,331,685**	**21,295,751**
Buildings, plants and machinery owned	793,444	1,598,260
Tangible Assets	**793,444**	**1,598,260**
Other non-current assets	75,173	160,498
Deferred tax assets	659,656	2,373,623
Other non-current assets	**734,828**	**2,534,121**
TOTAL NON-CURRENT ASSETS	**8,859,957**	**25,428,132**
CURRENT ASSETS		
Inventories	2,527,917	3,146,362
Trade receivables	14,680,812	23,739,800
Other current assets	5,690,021	2,629,183
Cash and other liquid equivalents	86,527,488	7,570,479
TOTAL CURRENT ASSETS	**109,426,238**	**37,085,825**
TOTAL ASSETS	**118,286,195**	**62,513,956**

EQUITY AND LIABILITIES (Amounts in Euro)	31.12.2017	31.12.2016
SHAREHOLDERS' EQUITY		
Share capital	6,503,125	6,503,125
Reserves	15,144,014	14,091,119
Retained earnings	9,691,188	8,133,150
Profit (Loss) for the year	68,555,495	5,555,363
TOTAL SHAREHOLDERS' EQUITY	**99,893,822**	**34,282,757**
NON-CURRENT LIABILITIES		
Non-current fiancial liabilities	1,688,023	1,391,140
Severance and other personnel liabilities	2,589,776	3,945,640
Deferred tax liabilities	503,014	1,843,436
TOTAL NON-CURRENT LIABILITIES	**4,780,813**	**7,180,216**
CURRENT LIABILITIES		
Current financial liabilities	674,861	808,225
Trade payables	1,341,308	1,625,740
Tax payables	548,642	688,428
Other current liabilities	11,046,750	17,928,590
TOTAL CURRENT LIABILITIES	**13,611,560**	**21,050,984**
TOTAL LIABILITIES	**18,392,373**	**28,231,199**
TOTAL EQUITY AND LIABILITIES	**118,286,195**	**62,513,957**

Consolidated Statement of Cash Flows as of 31 December 2017

	2017	2016
Net Profit from Continuing Operations	1.753.915	2.520.881
Net Proft Discontinued Operations	68.801.580	3.034.483
NET PROFIT	**68.555.495**	**5.555.363**
Non cash costs	242.887	10.564
Paid taxes	507.495	(631.767)
Variance in deferred taxes	804.933	66.027
Amortization, depreciation and write-downs	1.310.229	1.309.174
Capital gain from sale of Division TXT Retail	(70.634.748)	-
Cash flows generated by operations before working capital	**786.291**	**6.309.361**
(Increase) / Decrease in trade receivables	(1.877.589)	1.868.207
(Increase) / Decrease in inventories	515.049	(1.071.427)
(Increase) / Decrease in trade payables	(135.227)	149.560
(Increase) / Decrease in severance and other personnel liabilities	115.342	23.076
(Increase) / Decrease in other current assets/liabilities	1.040.311	1.479.935
Changes in working capital	(342.114)	2.449.351
Taxes paid	(222.706)	
CASH FLOW GENERATED BY OPERATIONS	**221.471**	**8.758.712**
Increase in tangible assets	(558.306)	(715.044)
Increase in intangible assets	(103.307)	(23.406)
Net Cash Flow from acquisition/divestement	82.250.142	(5.403.476)
CASH FLOW GENERATED/(ABSORBED) BY INVESTING ACTIVITIES	**81.588.529**	**(6.141.926)**
Repayment of borrowings	173.639	(240)
Distribution of dividends	(3.495.636)	(2.931.492)
(Purchase) / Sale of treasury shares	(6.461)	(827.756)
CASH FLOW GENERATED/(ABSORBED) BY FINANCIAL ACTIVITIES	**(3.328.458)**	**(3.759.488)**
INCREASE / (DECREASE) IN CASH	**78.481.542**	**(1.142.702)**
Difference in Currency Translation	475.467	(366.794)
Cash at beginning of the period	**7.570.479**	**9.079.975**
Cash at the end of the period	**86.527.488**	**7.570.479**

Income Statement - Management Reporting
Fourth Quarter as at 31 December 2017

€ thousand	Q4 2017	%	Q4 2016	%	Var %
REVENUES	**9.820**	**100,0**	**9.591**	**100,0**	**2,4**
Direct costs	5.318	54,2	5.223	54,5	1,8
GROSS MARGIN	**4.502**	**45,8**	**4.368**	**45,5**	**3,1**
Research and Development costs	617	6,3	687	7,2	(10,2)
Commercial costs	1.610	16,4	1.238	12,9	30,0
General and Administrative costs	1.431	14,6	1.259	13,1	13,7
EBITDA before Stock Options	**844**	**8,6**	**1.184**	**12,3**	**(28,7)**
Stock Options	-	-	-	-	n.m.
EBITDA	**844**	**8,6**	**1.184**	**12,3**	**(28,7)**
Amortization, depreciation	283	2,9	226	2,4	25,2
OPERATING PROFIT (EBIT)	**561**	**5,7**	**958**	**10,0**	**(41,4)**
Financial income (charges)	(113)	(1,2)	81	0,8	n.m.
EARNINGS BEFORE TAXES (EBT)	**448**	**4,6**	**1.039**	**10,8**	**(56,9)**
Taxes	(85)	(0,9)	(137)	(1,4)	(38,0)
NET PROFIT CONTINUING OPERATIONS	**363**	**3,7**	**902**	**9,4**	**(59,8)**
Net Proft Discontinued Operations	65.963		1.029		
NET PROFIT	**66.326**		**1.931**		