

TXT e-solutions 2018:
Revenues € 40.0 million (+11.4%),
EBITDA € 3.8 million (+9.5%),
Net Income € 0.6 million (€ 68.6 million in 2017),
Proposed dividend € 0.50.

- Revenues € 40.0 million (+11.4%), of which € 5.3 million from Software (+31.6%) and € 34.7 million from Services (+8.9%).
- EBITDA € 3.8 million (+9.5%) with growing R&D investments (+20.5%).
- Net Income € 0,6 million (€ 68.6 million in 2017, inclusive of the profit from sale of Division TXT Retail).
- Net Financial Position: € 60.4 million positive (€ 87.3 million as of December 31, 2017), after dividends, purchase of treasury shares and acquisition of Cheleo and TXT Risk Solutions.
- Proposed dividend of € 0.50 per share (extraordinary dividend of € 1.00 in 2017).

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The Board of Directors of TXT e-solutions Spa, chaired by Alvise Braga Illa, today approved the financial results as of December 31, 2018.

The Chairman Alvise Braga Illa has commented: "2018 was a year of renovation and transition for TXT from several points of view. New Group CEO set ambitious targets for 2019 both in existing business – mainly Aerospace – and new Fintech on the ground of historical Banking & Finance activities. First acquisitions – Cheleo and TXT Risk Solutions – promise strong growth and high margins, thanks to proprietary software with high value for our customers. The important TXT liquidity from sale of Division Retail at market highest in 2017, has been further increased by long-term loans obtained at favourable conditions: this will allow our Company to close acquisitions in 2019 and 2020 at favourable conditions also, or particularly, in sudden liquidity crisis on financial markets".

Key economic and financial results in 2018 were:

Revenues amounted to € 40.0 million, up 11.4% compared to € 35.9 million in 2017. Within the same consolidation perimeter, revenues increased by 7.5%, with a € 1.4 million contribution from Cheleo. Revenues from software licenses, subscriptions and maintenance

amounted to € 5.3 million, up by 31.6% compared with 2017 due to organic growth (+22.3%) and Cheleo's contribution (€ 0.4 million). Revenues from services amounted to € 34.7 million compared with 2017, up by 8.9%. International revenues amounted to 36% of total revenues, up +7.4% compared to 2017.

Division Aerospace, Aviation & Automotive had € 31.1 million revenues, up +12.0% compared with 2017 and Division Fintech had € 8.8 million revenues, up 8.7%.

Gross Margin came to € 17.7 million, up by 13.1% compared to 2017 (€ 15.6 million). The percentage impact on revenues increased from 43.6% to 44.2%.

EBITDA was € 3.8 million, up by 9.5% compared to 2017 (€ 3.5 million), following significant investments in research and development (+20.5%) and commercial expenses (+10.6%). General and administrative costs impact on revenues increased from 12.9% in 2017 to 13.2% in 2018, mainly due to corporate costs that are no longer apportioned to a wider scope of activities after the sale of TXT Retail and to legal and notarial fees for the acquisition of Cheleo and TXT Risk Solutions. The new accounting standard IFRS 16 no longer recognises the costs for rental/leasing of offices, cars and printers under operating costs, but as depreciation costs of the related contracts. The margin on revenues was 9.5% compared with 9.7% in 2017.

Operating profit (EBIT) amounted to € 1.8 million, down compared to 2017 (€ 2.7 million) as a result of amortisation/depreciation related to adoption of the new accounting standard IFRS 16 "Operating leases" (€ 0.9 million).

Financial expenses amounted to € 1.3 million, compared to € 0.2 million in 2017. The prudent management of liquidity with investment mainly in multi-segment insurance funds was not sufficient to compensate the volatility of financial markets, particularly in Q4 2018. In 2018 global bond markets declined by -1.1%, corporate bonds -3.9%, global equity markets -9.9% and Italian equity market -16.1%. "Subsequent Events" highlights a 90% recover of 2018 loss in first two months of 2019.

Net profit stood at € 0.6 million and includes the one-off "Patent Box" benefit which fully compensated statutory tax charges. In 2017 Net profit from continuing operations was € 1.8 million and Net profit from TXT Retail Division "Discontinued Operations" was € 66,8 million, with a total of € 68,6 million.

The consolidated **Net Financial Position** as at 31 December 2018 was positive for €60.4 million, compared to € 87.3 million as at 31 December 2017, down € 26.9 million mainly due to the dividend distribution (€ 11.7 million), the disbursement for the acquisition of Cheleo and TXT Risk Solutions (€ 6.7 million), the purchase of treasury shares (€ 4.6 million), the recognition of the payable to lessors of offices, cars and printers as a result of the new accounting standard IFRS 16 (€ 2.8 million) and other changes in working capital (€ 1.1 million).

Consolidated **Shareholders' Equity** as at 31 December 2018 amounted to € 86.3 million, down € 13.6 million compared to €99.9 million as at 31 December 2017. The main reasons

for the decrease is the distribution of dividends (€ 11.7 million), purchase of treasury shares (€ 4.6 million) and application of the new accounting standard IFRS 15 "Revenue recognition", with a different recognition profile of revenue from the sale of software licences. Revenues already considered in previous years were recalculated according to the new standard, cumulatively adjusting share-holders' equity (€ 1.4 million). The net shareholders' equity also increased thanks to the use of treasury shares for the payment of one portion of the price for the acquisition of Cheleo (€ 3.5 million), and to the net profit recorded in 2018 (€ 0.6 million).

As of 31 December 2018, TXT owned 1,359,717 treasury shares or 10.45% of issued shares, purchased at an average price of € 3.82.

Fourth Quarter 2018

Revenues were € 11.3 million in Q4 2018, up +15.4% compared to Q4 2017 (€ 9.8 million). Organic growth on same consolidation perimeter was +5.7% and Cheleo contributed € 0.9 million revenues. Software revenues from licences, subscriptions and maintenance were € 1.6 million, in line with Q4 2017 (€ 1.6 million), when we had a concentration of license revenues which under the new accounting principle IFRS 15 "Revenue Recognition" is now more evenly distributed along the year. Service revenues were € 9.7 million, up +19.2% compared to Q4 2017 (€ 8.2 million).

EBITDA was € 1.0 million in Q4 2018, up by 14.8% compared to Q4 2017 (€ 0.8 million), following significant investments in research and development (+35.5%). Commercial expenses grew by 6,8% and General and Administrative expenses grew by +2.0%. The new accounting standard IFRS 16 no longer recognises the costs for rental/leasing of offices, cars and printers under operating costs, but as depreciation costs of the related contracts. The margin on revenues was 8.6% in Q4 2018, unchanged compared to Q4 2017.

Operating profit (EBIT) amounted to € 0.4 million in Q4 2018, down compared to Q4 2017 (€ 0.6 million). Amortisation and depreciation in Q4 2018 amounted to € 0.6 million compared to € 0.3 million in Q4 2017, mainly due to adoption of the new accounting standard IFRS 16 "Operating leases".

Financial expenses amounted to € 0.9 million in Q4 2018 due to drop on bond and equity markets which caused losses on liquidity invested in "Mark-to-market" segment of multi-segment insurance funds (bond, balanced and unit linked insurance funds), partially mitigated by interests on "Semi-secured" segment of multi-segment insurance funds. In Q4 2017 financial charges were € 0.1 million.

Net Result was a € 0.4 million loss, after income from deferred tax assets of € 0.1 million. In Q4 2017 Net Profit from Continuing Operations was € 0.4 million and Net Income from Discontinued Operations (TXT Retail) was €65.9 million. Total Net Income in Q4 2017 was € 66.3 million.

Dividend and Shareholders' Meeting

The available liquidity is sufficient to finance, together with treasury shares and long term loans, the ambitious growth plans by acquisitions and organic development. Therefore, the Board of Directors proposes to the Shareholders' Meeting a dividend of € 0.50 (extraordinary dividend of € 1.00 in 2017) for each share outstanding with payment date May 8, 2019 (record date May 7, ex-dividend date May 6, 2019).

Total dividends are therefore about € 5.8 million, distributed to the 11.6 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 18, 2019 at 9.30 am.

The Board of Directors on the basis of a proposal of Remuneration Committee resolved to submit to Shareholders' Meeting a new Stock Option Plan 2019-2023 for management up to maximum 600.000 shares contingent upon achievement of revenue and profit targets.

Following the General Meeting, at about 11.00 am, TXT management will hold a presentation to Investors and Analysts.

Outlook and Subsequent Events

Following the exercise of Put option by Laserline, TXT purchased on 29 January 2019 the remaining 49% participation in Cheleo and paid the contractual amount of € 4.9 million, already accrued as financial liability as of 31 December 2018. The consideration was paid partially directly to seller (€ 4.4 million) and partially into the escrow account (€ 0.5 million) to guarantee contractual obligations. Laserline SpA is owned by Enrico Magni, the relative majority shareholder and Chief Executive Officer of TXT and consequently a related party in the transaction. This last payment has been included in the procedure and fairness check for corporate transactions with related parties.

In first 2 months 2019 financial markets recovered some of 2018 losses and also the TXT liquidity as of 28 February 2019 recovered about 90% of 2018 losses.

The Company foresees in Q1 2019 an acceleration of revenues growth due to both organic development and contribution from acquisition of Cheleo. EBITDA is expected substantially in line with Q1 2018, considering important commercial investment to support the organic development of both Division Aerospace, Aviation & Automotive and Fintech.

The search, valuation and verification of acquisition opportunities continue with the aim to strengthen TXT offer of technologies and services to generate value for customers, the company and the shareholders.

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. 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 2018

<i>€ thousand</i>	2018	%	2017	%	Var %
REVENUES	39.957	100,0	35.852	100,0	11,4
Direct costs	22.289	55,8	20.224	56,4	10,2
GROSS MARGIN	17.668	44,2	15.628	43,6	13,1
Research and Development costs	2.990	7,5	2.481	6,9	20,5
Commercial costs	5.603	14,0	5.066	14,1	10,6
General and Administrative costs	5.277	13,2	4.614	12,9	14,4
EBITDA	3.798	9,5	3.467	9,7	9,5
Amortization, depreciation	1.953	4,9	795	2,2	n.m.
OPERATING PROFIT (EBIT)	1.845	4,6	2.672	7,5	(31,0)
Financial income (charges)	(1.284)	(3,2)	(208)	(0,6)	n.m.
EARNINGS BEFORE TAXES (EBT)	561	1,4	2.464	6,9	(77,2)
Taxes	4	0,0	(710)	(2,0)	n.m.
NET PROFIT CONTINUING OPERATIONS	565	1,4	1.754	4,9	(67,8)
Net Profit Discontinued Operations (sale of TXT Retail)	-		66.801		
NET PROFIT	565		68.555		

Income Statement as of 31 December 2018

Euro	31.12.2018	31.12.2017
TOTAL REVENUES AND INCOME	39.956.617	35.850.918
Purchases of materials and services	(7.508.967)	(6.236.241)
Personnel costs	(28.476.229)	(24.636.022)
Other operating costs	(173.873)	(1.512.215)
Amortizations, depreciation and write downs	(1.952.794)	(794.688)
OPERATING RESULT	1.844.755	2.671.752
Financial income/charges	(1.283.360)	(207.456)
PRE-TAX RESULT	561.395	2.464.296
Income Taxes	3.552	(710.381)
NET INCOME CONTINUING OPERATIONS	564.947	1.753.915
Net Income Discontinued Operations (sale of TXT Retail)	-	66.801.580
NET INCOME	564.947	68.555.495
PROFIT PER SHARE (Euro)	0,05	5,86
DILUTED PROFIT PER SHARE (Euro)	0,05	5,86

Net Financial Position as of 31 December 2018

<i>.000 Euro</i>	31.12.2018	31.12.2017	Var
Cash	5.593	86.527	(80.934)
Trading securities at fair value	103.949		103.949
Other Short Term Financial Assets	5.000	3.156	1.844
Short term Financial Debts	(17.304)	(675)	(16.629)
Short term Financial Resources	97.238	89.008	8.230
Non current Financial Debts - Lessors IFRS 16	(2.055)	-	(2.055)
Other Non current Financial Debts	(34.827)	(1.668)	(33.159)
Non current Financial Debts	(36.882)	(1.668)	(35.214)
Net Available Financial Resources	60.356	87.340	(26.984)

Consolidated Balance Sheet as of 31 December 2018

ASSETS (Euro)	31.12.2018	31.12.2017
NON-CURRENT ASSETS		
Goodwill	12.784.544	5.369.231
Definite life intangible assets	4.966.064	1.962.454
Intangible Assets	17.750.608	7.331.685
Buildings, plants and machinery	3.680.046	793.444
Tangible Assets	3.680.046	793.444
Investments in associates	9.196	-
Other non-current assets	73.780	75.173
Deferred tax assets	1.428.441	659.656
Other non-current assets	1.511.417	734.828
TOTAL NON-CURRENT ASSETS	22.942.071	8.859.957
CURRENT ASSETS		
Inventories	3.140.913	2.527.917
Trade receivables	14.028.655	14.680.812
Other current assets	2.963.467	2.533.849
Other short term financial assets	5.000.000	3.156.172
Trading securities at fair value	103.948.873	-
Cash and other liquid equivalents	5.593.125	86.527.488
TOTAL CURRENT ASSETS	134.675.033	109.426.238
TOTAL ASSETS	157.617.103	118.286.195
EQUITY AND LIABILITIES (Euro)		
SHAREHOLDERS' EQUITY		
Share capital	6.503.125	6.503.125
Reserves	13.439.139	15.144.014
Retained earnings	65.840.063	9.691.188
Profit (Loss) for the period	564.947	68.555.495
TOTAL SHAREHOLDERS' EQUITY	86.347.274	99.893.822
NON-CURRENT LIABILITIES		
Non-current financial liabilities	36.882.347	1.688.023
Severance and other personnel liabilities	2.956.922	2.589.776
Deferred tax liabilities	1.344.340	503.014
TOTAL NON-CURRENT LIABILITIES	41.183.609	4.780.813
CURRENT LIABILITIES		
Current financial liabilities	17.304.435	674.861
Trade payables	1.434.446	1.341.308
Tax payables	317.197	548.642
Other current liabilities	11.030.143	11.046.750
TOTAL CURRENT LIABILITIES	30.086.220	13.611.560
TOTAL LIABILITIES	71.269.830	18.392.373
TOTAL EQUITY AND LIABILITIES	157.617.103	118.286.195

Consolidated Statement of Cash Flows as of 31 December 2018

Euro	31.12.2018	31.12.2017
Net Income continued operations	564.947	1.753.915
Net Income discontinued operations	-	66.801.580
Net Income	564.947	68.555.495
Non cash costs for Stock Options	-	242.888
Financial interest paid	278.642	-
Variance Fair Value Financial Assets	971.127	-
Current income taxes	274.663	507.495
Variance in deferred taxes	(367.373)	804.933
Amortization, depreciation and write-downs	1.911.442	1.310.229
Other non cash costs	2.280	-
Capital gain divestiture of Division TXT Retail	-	(70.634.748)
Cash flows generated by operations before working capital	3.635.728	786.292
(Increase) / Decrease in trade receivables	1.234.849	(1.877.589)
(Increase) / Decrease in inventories	(318.406)	515.049
Increase / (Decrease) in trade payables	(90.425)	(135.227)
Increase / (Decrease) in other current assets/liabilities	(2.562.347)	1.040.311
Increase / (Decrease) in severance and other personnel liabilities	51.147	115.342
Changes in working capital	(1.685.182)	(342.114)
Paid income taxes	(535.626)	(222.706)
CASH FLOW GENERATED BY OPERATIONS	1.414.920	221.472
Increase in tangible assets	(439.737)	(558.306)
Increase in intangible assets	(85.805)	(103.307)
Net Cash flow from acquisition	1.314.141	82.250.142
(Increase) / Decrease in trading securities	(110.010.118)	-
CASH FLOW GENERATED BY INVESTING ACTIVITIES	(109.221.519)	81.588.529
Proceeds from borrowings	42.979.140	-
(Repayment) of borrowings	(2.172.541)	-
(Repayment) of Leasing liabilities	(963.404)	-
(Increase) / Decrease in other financial credits	3.156.172	-
Increase / (Decrease) in other financial liabilities	19.807	173.639
Dividends paid	(11.709.799)	(3.495.636)
Financial interests paid	(35.013)	-
(Purchase)/Sale of Treasury Shares	(4.377.109)	(6.461)
CASH FLOW GENERATED BY FINANCIAL ACTIVITIES	26.897.253	(3.328.458)
INCREASE / (DECREASE) IN CASH	(80.909.346)	78.481.543
Difference in Currency Translation	(25.017)	475.467
Cash at beginning of the period	86.527.488	7.570.479
Cash at the end of the period	5.593.125	86.527.489
Assets acquired with no effect on cash flow (first adoption IFRS 16)	(3.751.131)	-
Liabilities acquired with no effect on cash flow (first adoption IFRS 16)	3.751.131	-

Income Statement - Management Reporting Fourth Quarter as of 31 December 2018

<i>€ thousand</i>	Q4 2018	%	Q4 2017	%	Var %
REVENUES	11.330	100,0	9.820	100,0	15,4
Direct costs	6.347	56,0	5.318	54,2	19,3
GROSS MARGIN	4.983	44,0	4.502	45,8	10,7
Research and Development costs	836	7,4	617	6,3	35,3
Commercial costs	1.719	15,2	1.610	16,4	6,8
General and Administrative costs	1.459	12,9	1.431	14,6	2,0
EBITDA	969	8,6	844	8,6	14,8
Amortization, depreciation	588	5,2	283	2,9	n.m.
OPERATING PROFIT (EBIT)	381	3,4	561	5,7	(32,1)
Financial income (charges)	(899)	(7,9)	(113)	(1,2)	n.m.
RESULT BEFORE TAXES (EBT)	(518)	(4,6)	448	4,6	n.m.
Taxes	84	0,7	(85)	(0,9)	n.m.
NET RESULT CONTINUING OPERATIONS	(434)	(3,8)	363	3,7	n.m.
Net Profit Discontinued Operations (sale of TXT Retail)	-		65.963		
NET RESULT	(434)		66.326		