

**TXT e-solutions 2015**  
**Revenues € 61.5 million (+13.1%),**  
**EBITDA before Stock Grant +16.2%, Net Income € 3.9 million.**  
**Proposed dividend € 0.25 per share**

- *Consolidated Revenues: € 61.5 million (+13.1% compared to 2014 normalized), 55% from outside Italy.*
- *EBITDA before Stock Grant: € 6.7 million (+16.2% compared to 2014 normalized).*
- *Net income: € 3.9 million (+17.4% compared to 2014 normalized).*
- *Net Financial Position: € 8.3 million positive.*

Milan – March 8, 2016

The Board of Directors of TXT e-solutions, chaired by Alvisè Braga Illa, today approved the consolidated results as of December 31, 2015.

In 2015, both TXT Divisions had a strong growth and in 2016 the acquisition of PACE further strengthened TXT Next as a pole of future growth and a player of greater value to shareholders, alongside our successful TXT Retail Division.

In order to compare performance with current year, financial results 2014 have been normalized, excluding non-recurring Revenues and Costs. 2014 results include a non-recurring income of € 1.5 million, earned from acquisition of Maple Lake and non-recurring charges of € 0.4 million.

**Revenues** were € 61.5 million (in 2014, including non-recurring items, were € 55.9 million). Revenues grew +13.1% compared to 2014 normalized (€ 54.4 million). Sales of licences and maintenance totalled € 16.0 million (26% as a percentage of revenues), up +26.4% compared to 2014.

TXT Perform, the global leader for End-to-End Business Software for Fashion, Luxury and Specialty Retailers (60% of group revenues) grew revenues to € 36.7 million (€ 34.1 million in 2014). The growth compared to 2014 "Normalized" (€ 32.6 million) is +12.4%; TXT Next, the software specialist for Complex Operations & Manufacturing for Aerospace, High-Tech and Finance (40% of group) grew revenues to € 24.9 million, or +14.2% compared to 2014.

**Gross Margin**, after direct costs was € 32.4 million (in 2014, including non-recurring items, was € 29.4 million). Gross Margin grew +14.1% compared to 2014 normalized (€ 28.4 million). As a percentage of Revenues grew from 52.1% to 52.6% due to positive contribution of profitable software revenues TXT Perform.

**EBITDA before Stock Grant** was € 6.7 million and grew +16.2% compared to 2014 normalized (€ 5.7 million), after strong R&D (+8.9%) and Commercial and G&A costs incurred for business development (+14.7%). Profitability on revenues is 10.8%. EBITDA in 2014 of € 6.8 million included non-recurring income and charges of € 1.1 million.

**Net Income** was € 3.9 million (in 2014, including non-recurring items, was € 4.2 million). Net Income grew +17.4% compared to 2014 normalized (€ 3.3 million), stronger than growth of Revenues (+13.1%). Income tax charges were € 0.8 million, or 16% of pre-tax income.

The **Net Financial Position** as at 31 December 2015 was positive by € 8.3 million (€ 8.5 million as at 31 December 2014). Main cash movements in 2015 included the payment of dividends (€ 2.7 million), the payment of bonuses to employees (€ 2.5 million), share buybacks (€ 1.0 million) and a block sale of treasury shares to USA funds Kabouter (€ 3.2 million).

**Shareholders' Equity** as of December 31, 2015 amounted to € 33.6 million, compared to € 29.0 million as of December 31, 2014 mainly due to net income of the year (€ 3.9 million) and stock grants (€ 0.7 million).

As of December 31, 2015 TXT holds 1,345,700 treasury shares or 10.35% of issued shares, purchased at an average price of € 2.42.

In 2015 TXT Perform signed important software contracts with global customers, including DFS (HK), Hanna Anderson (USA), Columbia Sportsware (USA), Roots Canada (CAN), Delta Galil (ISR), Swatch (CH), Gazal (AUS), Sass & bide (AUS), Sonae (P), Safilo (I), Furla (I), Moncler (I), Carpisa (I), Takko (D), Otto (D), Charles Voegele (D), Adidas (D), Pandora (DK), White Stuff (UK), Findus (UK), Louis Vuitton (F), Longchamp (F), Christian Dior (F), Sephora (F and USA), Monoprix (F), Alinea (F), Kenzo (F), Orange (F) and Ubisoft (F).

## Q4 2014 Results

- **Net revenues** totalled € 16.1 million, up +13.7% compared to € 14.2 million in Q4 2014. TXT Perform grew revenues to € 9.4 million (+13.7% compared to Q4 2014). TXT Next revenues were € 6.7 million and grew by +13.6% compared to Q4 2014. Software revenues (Licenses and Maintenances) totalled € 3.9 million, up +18.1%, compared to Q4 2014. Service revenues grew by 12.3% to € 12.2 million.
- **Gross Margin** in the fourth quarter was € 8.6 million up +19.7% compared to prior-year period. As a percentage of Revenues grew from 50.7% to 53.3% due to positive contribution of profitable software revenues TXT Perform.
- **EBITDA before Stock Grant** was € 1.7 million, up 37.3% compared to Q4 2014, after commercial costs (+15.9%) and G&A costs (+30.1%) due to new corporate ERP and legal costs for acquisition of PACE. Profitability on revenues rose from 8.5% to 10.3%.

- **Operating profit (EBIT)** amounted to € 0.6 million, compared with € 0.9 million in Q4 2014, mainly due to costs for Stock Grant (€ 0.7 million) matured upon achievement of profit targets 2015.
- **Net Income** was € 0.4 million, compared to € 0.6 million in Q4 2014, after € 0.2 million for taxes (25% of pre-tax income).

### **Dividend and Shareholders' Meeting**

The Board of Directors proposes to the Shareholders' Meeting to distribute a dividend of € 0.25 (unchanged) for each share outstanding on May 16, 2016 (ex-dividend date).

Total dividends are about € 2.9 million, distributed to the 10.4 million outstanding shares (issued shares, net of treasury shares).

The Board of Directors resolved to call for a Shareholders' Meeting at Borsa Italiana, in Milano, Piazza Affari 6, on April 22, 2016 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 2016-2020 for management up to maximum 1.200.000 shares contingent upon achievement of revenue and profit targets.

At 11.00 am, TXT management will hold a presentation to Investors and Analysts.

### **Significant events and Outlook after the reporting period**

On February 29, 2016 TXT announced the agreement for the acquisition of Berlin-based PACE Aerospace Engineering and Information Technology GmbH. Preliminary consolidated results for PACE in 2015 show revenues of 7.3 m€ (+20.4% YoY) – of which 57% are license, maintenance and subscription fees – and EBITDA of 0.8 m€, after expensing 1.7 m€ in R&D.

Consideration for the transaction, in which TXT is initially purchasing 79% of PACE shares from its financial investors eCAPITAL AG, Strategic European Technologies NV, and IBB Beteiligungsgesellschaft mbH, will be 5.6 m€ paid in cash from available liquidity at closing. The transaction is expected to close, subject to completion of customary corporate activities, on or about April 1st 2016. Consolidated Net Financial Position of PACE at closing is estimated positive by 1.7 m€. The consideration for the transaction will be adjusted with additional cash payments in 2016 and 2017, based on economic results from PACE operations, estimated at about 1.9 m€. The accounts of PACE and TXT will be consolidated as of Q2, 2016.

The three founders and Managing Directors Michael Kokorniak, Dr. Oliver Kranz and Alexander Schneegans, will remain shareholders of PACE for the remaining 21%. The agreement includes a put-call option for the shares to be exercised in the period 2020-2021, at a price based on future PACE economic results and multiples substantially aligned to those of the initial transaction.

After the acquisition PACE will continue to trade under its name and the three founders will continue to operate as Managing Directors to drive the future growth of the company.

PACE employs 70 highly skilled people mostly in Berlin, with operations in the aerospace hubs of Toulouse (F) and Seattle (USA).

The combined TXT Next + PACE operation has a potential market of over 300 large customers world-wide, an experienced, well referenced team of 350 specialists, innovative software products and rare competencies, which span the entire product lifecycle of the Aeronautics industry, across its entire supply chain and segments: fixed and rotary wings, civil transportation, specialty and defence. The competencies of TXT's Next Division in on-board software, simulation, training systems and advanced manufacturing for aerospace are completely complementary to PACE's expertise and product offering.

*TXT Chairman Alvis Braga Illa has commented: "Both Divisions in the Company have had a very strong 2015. TXT Perform has obtained record results on the European market and has opened its AsiaPacific subsidiary, immediately securing a major contract; furthermore, TXTRetail solutions have been installed successfully and 'gone live' at our first natively North-American customers – by which I mean, in contracts won by TXT in North America after the acquisition of Maple Lake. Such successful references are an essential prerequisite to our penetration of the American market. As for TXT Next, the acquisition of Berlin-based PACE GmbH, which is expected to close in the beginning of April 2016, will allow us to address a major international market in aeronautics with innovative, proprietary products."*

Year 2016 opened with difficulties and uncertainties in markets where TXT has a strong presence, including Fashion and Luxury. In the first quarter TXT Retail is expected to slow down also at the light of the good transformation of commercial pipelines into contracts in Q4 2015. Nevertheless the overall picture for 2016 is not changing.

In 2016 TXT continues to invest in R&D, in marketing & sales. Ongoing negotiations for the sale of TXT Perform solutions in second quarter are at a good level but there is high uncertainty about timing of customers' decisions.

Net Financial Position significantly improved from € 8.3 million at 31 December 2015 to € 14.0 million at 29 February 2016.

### **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](http://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 Perform 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, United Kingdom and United States.

**For information:**

**TXT e-solutions SpA**

Paolo Matarazzo

CFO

Tel. +39 02 25771.355

[paolo.matarazzo@txtgroup.com](mailto:paolo.matarazzo@txtgroup.com)

## Management Income Statement as at 31.12.2015

€ thousand	2015	%	2014 (1)	2014 non recurring	2014 Normalized (2)	%	Var % vs 2014	Var % vs 2014 Normalized
<b>REVENUES</b>	<b>61.540</b>	<b>100,0</b>	<b>55.878</b>	<b>(1.468)</b>	<b>54.410</b>	<b>100,0</b>	<b>10,1</b>	<b>13,1</b>
Direct costs	29.189	47,4	26.455	(407)	26.048	47,9	10,3	12,1
<b>GROSS MARGIN</b>	<b>32.351</b>	<b>52,6</b>	<b>29.423</b>	<b>(1.061)</b>	<b>28.362</b>	<b>52,1</b>	<b>10,0</b>	<b>14,1</b>
Research and Development costs	5.118	8,3	4.698		4.698	8,6	8,9	8,9
Commercial costs	12.681	20,6	11.094		11.094	20,4	14,3	14,3
General and Administrative costs	7.893	12,8	6.839		6.839	12,6	15,4	15,4
<b>EBITDA before Stock Grant</b>	<b>6.659</b>	<b>10,8</b>	<b>6.792</b>	<b>(1.061)</b>	<b>5.731</b>	<b>10,5</b>	<b>(2,0)</b>	<b>16,2</b>
Stock Grant	740	1,2						
<b>EBITDA</b>	<b>5.919</b>	<b>9,6</b>	<b>6.792</b>	<b>(1.061)</b>	<b>5.731</b>	<b>10,5</b>	<b>(12,9)</b>	<b>3,3</b>
Amortization, depreciation	1.124	1,8	1.325		1.325	2,4	(15,2)	(15,2)
<b>OPERATING PROFIT (EBIT)</b>	<b>4.795</b>	<b>7,8</b>	<b>5.467</b>	<b>(1.061)</b>	<b>4.406</b>	<b>8,1</b>	<b>(12,3)</b>	<b>8,8</b>
Financial income (charges)	(151)	(0,2)	(249)		(249)	(0,5)	(39,4)	(39,4)
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>4.644</b>	<b>7,5</b>	<b>5.218</b>	<b>(1.061)</b>	<b>4.157</b>	<b>7,6</b>	<b>(11,0)</b>	<b>11,7</b>
Taxes	(762)	(1,2)	(1.046)	197	(849)	(1,6)	(27,2)	(10,2)
<b>NET PROFIT</b>	<b>3.882</b>	<b>6,3</b>	<b>4.172</b>	<b>(864)</b>	<b>3.308</b>	<b>6,1</b>	<b>(7,0)</b>	<b>17,4</b>

(1) Official Financial Reporting.

(2) Income Statement 2014 includes non-recurring income of 1.468k€ and non-recurring costs of 407k€. In order to compare performance with current year, financial results 2014 have been "Normalized" excluding non-recurring Revenues and Costs. Taxes have been calculated pro-rata.

## Income Statement as at 31.12.2015

Amounts in Euro	2015	2014
Revenues and other income	61.539.525	55.878.267
<b>TOTAL REVENUES AND INCOME</b>	<b>61.539.525</b>	<b>55.878.267</b>
Purchases of materials and services	(11.775.716)	(12.493.564)
Personnel costs	(41.844.280)	(34.083.703)
Other operating costs	(2.000.305)	(2.508.985)
Amortizations, depreciation and write downs	(1.124.000)	(1.325.395)
<b>OPERATING RESULT</b>	<b>4.795.224</b>	<b>5.466.620</b>
Financial income	2.718.819	1.298.742
Financial charges	(2.869.870)	(1.547.260)
<b>PRE-TAX RESULT</b>	<b>4.644.173</b>	<b>5.218.102</b>
Income Taxes	(761.684)	(1.045.722)
<b>NET RESULT CURRENT ACTIVITIES</b>	<b>3.882.489</b>	<b>4.172.380</b>
<b>PROFIT PER SHARE (Euro)</b>	0,33	0,40
<b>PROFIT PER SHARE DILUTED (Euro)</b>	0,33	0,39

## Net Financial Position as at 31.12.2015

€ thousand	31.12.2015	31.12.2014	Var
Cash	9.080	12.304	(3.224)
Short term debt	(821)	(2.154)	1.333
<b>Short term Financial Resources</b>	<b>8.259</b>	<b>10.150</b>	<b>(1.891)</b>
Long term debt	-	(1.685)	1.685
<b>Net Available Financial Resources</b>	<b>8.259</b>	<b>8.465</b>	<b>(206)</b>

## Consolidated Balance Sheet as at 31.12.2015

ASSETS (Amounts in Euro)	31.12.2015	31.12.2014
<b>NON-CURRENT ASSETS</b>		
Goodwill	13.160.091	12.993.445
Definite life intangible assets	1.531.601	2.085.369
<b>Intangible Assets</b>	<b>14.691.692</b>	<b>15.078.814</b>
Buildings, plants and machinery owned	1.361.299	1.248.845
<b>Tangible Assets</b>	<b>1.361.299</b>	<b>1.248.845</b>
Other non-current assets	141.671	136.068
Deferred tax assets	1.936.976	1.556.303
<b>Other non-current assets</b>	<b>2.078.647</b>	<b>1.692.371</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>18.131.638</b>	<b>18.020.030</b>
<b>CURRENT ASSETS</b>		
Inventories	2.074.935	1.820.672
Trade receivables	25.031.799	18.570.928
Other current assets	2.759.371	2.196.824
Cash and other liquid equivalents	9.079.975	12.304.130
<b>TOTAL CURRENT ASSETS</b>	<b>38.946.080</b>	<b>34.892.554</b>
<b>TOTAL ASSETS</b>	<b>57.077.718</b>	<b>52.912.584</b>
<b>EQUITY AND LIABILITIES (Amounts in Euro)</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	6.503.125	5.911.932
Reserves	15.826.568	12.867.534
Retained earnings	7.412.155	6.018.431
Profit (Loss) for the year	3.882.489	4.172.380
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>33.624.337</b>	<b>28.970.277</b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current financial liabilities	0	1684734
Severance and other personnel liabilities	3.830.292	3.841.200
Deferred tax liabilities	1.274.631	965.428
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5.104.923</b>	<b>6.491.362</b>
<b>CURRENT LIABILITIES</b>		
Current financial liabilities	820.586	2.153.926
Trade payables	1.422.360	1.540.108
Tax payables	15.544	150.971
Other current liabilities	16.089.968	13.605.940
<b>TOTAL CURRENT LIABILITIES</b>	<b>18.348.458</b>	<b>17.450.945</b>
<b>TOTAL LIABILITIES</b>	<b>23.453.381</b>	<b>23.942.307</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>57.077.718</b>	<b>52.912.584</b>



## Consolidated Statement of Cash Flows as at 31.12.2015

Amounts in Euro	2015	2014
<b>Net Income</b>	<b>3.882.489</b>	<b>4.172.380</b>
Non cash costs	878.394	-
Paid taxes	(627.870)	(170.787)
Variance in deferred taxes	(71.470)	(127.079)
Amortization, depreciation and write-downs	1.124.000	1.325.395
<b>Cash flows generated by operations before working capital</b>	<b>5.185.543</b>	<b>5.199.909</b>
(Increase) / Decrease in trade receivables	(6.518.776)	(1.768.109)
(Increase) / Decrease in inventories	(254.263)	(369.282)
(Increase) / Decrease in trade payables	(117.747)	35.585
(Increase) / Decrease in severance and other personnel liabilities	98.458	195.212
(Increase) / Decrease in other current assets/liabilities	2.408.320	518.468
<b>Changes in working capital</b>	<b>(4.384.008)</b>	<b>(1.388.126)</b>
<b>CASH FLOW GENERATED BY OPERATIONS</b>	<b>801.535</b>	<b>3.811.783</b>
Increase in tangible assets	(734.138)	(591.358)
Increase in intangible assets	(29.037)	(23.671)
<b>CASH FLOW GENERATED BY INVESTING ACTIVITIES</b>	<b>(763.175)</b>	<b>(615.029)</b>
Repayment of borrowings	(3.018.074)	(2.409.333)
Distribution of dividends	(2.678.079)	(2.614.596)
Purchase of treasury shares	2.215.431	(490.455)
Exercise of stock options	-	(105.407)
<b>CASH FLOW GENERETED BY FINANCIAL ACTIVITIES</b>	<b>(3.480.722)</b>	<b>(5.619.791)</b>
<b>INCREASE / (DECREASE) IN CASH</b>	<b>(3.442.362)</b>	<b>(2.423.037)</b>

## Income Statement - Management Reporting Q4 2015

<i>€ thousand</i>	Q4 2015	%	Q4 2014	%	Var % vs 2014
<b>REVENUES</b>	<b>16.137</b>	<b>100,0</b>	<b>14.196</b>	<b>100,0</b>	<b>13,7</b>
Direct costs	7.530	46,7	7.004	49,3	7,5
<b>GROSS MARGIN</b>	<b>8.607</b>	<b>53,3</b>	<b>7.192</b>	<b>50,7</b>	<b>19,7</b>
Research and Development costs	1.280	7,9	1.310	9,2	(2,3)
Commercial costs	3.362	20,8	2.901	20,4	15,9
General and Administrative costs	2.310	14,3	1.776	12,5	30,1
<b>EBITDA before Stock Grant</b>	<b>1.655</b>	<b>10,3</b>	<b>1.205</b>	<b>8,5</b>	<b>37,3</b>
Stock Grant	740	4,6	-	-	
<b>EBITDA</b>	<b>915</b>	<b>5,7</b>	<b>1.205</b>	<b>8,5</b>	<b>(24,1)</b>
Amortization, depreciation	298	1,8	345	2,4	(13,6)
<b>OPERATING PROFIT (EBIT)</b>	<b>617</b>	<b>3,8</b>	<b>860</b>	<b>6,1</b>	<b>(28,3)</b>
Financial income (charges)	(23)	(0,1)	(57)	(0,4)	(59,6)
<b>EARNINGS BEFORE TAXES (EBT)</b>	<b>594</b>	<b>3,7</b>	<b>803</b>	<b>5,7</b>	<b>(26,0)</b>
Taxes	(147)	(0,9)	(239)	(1,7)	(38,5)
<b>NET PROFIT</b>	<b>447</b>	<b>2,8</b>	<b>564</b>	<b>4,0</b>	<b>(20,7)</b>