

TXT e-solutions: Q1 2018**Revenues € 9.4 million (+4.9%),****EBITDA € 1.2 million (+6.5%),****Net Income € 0,5 million (+5.0%).**

- *Revenues € 9.4 million (+4.9%), of which € 1.1 million from Software (+54.3%) and € 8.3 million from Services (+0.4%).*
- *EBITDA € 1.2 million (+6.5%) with growing R&D investments (+15.8%).*
- *Net Income € 0.5 million (+5.0% compared to Q1 2017).*
- *Net Financial Position: € 87.9 million positive (€ 87.3 million as of December 31, 2017).*

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The Board of Directors of TXT e-solutions Spa, chaired by Alvisè Braga Illa, today approved the first quarter financial results for the period ended as of March 31, 2018.

After sale of TXT Retail Division in 2017 TXT is focused in Q1 2018 on development of software business in Aerospace, Transport and Finance industries.

Key economic and financial results in first quarter 2018 were:

Revenues were € 9.4 million in Q1 2018, up +4.9% compared to Q1 2017 (€ 9.0 million). Software revenues from licences, subscriptions and maintenance were € 1.1 million, up +54.3% compared to Q1 2017 and Service revenues were € 8.3 million, up +0.4% compared to Q1 2017.

International Revenues rose from € 2.9 million in Q1 2017 to € 3.4 million (+16.5%) or 36% of total sales (33% in Q1 2017).

Net of direct costs, the **Gross Margin** came to € 4.2 million, up +5.5% over Q1 2017. The margin on revenues was 45.1%, up compared to 44.8% in Q1 2017.

EBITDA was € 1.2 million, up +6.5% compared to Q1 2017 (€ 1.1 million). R&D expenses rose +15.8% and Commercial expenses rose +4.3%. G&A expenses were substantially in line with Q1 2017 (-0.1%).

Operating Income (EBIT) was € 0.8 million, compared to € 0.9 million in Q1 2017, after expensing depreciation of € 0.2 million following the adoption of new accounting standard IFRS 16 "Operating Leases". Amortization of intangible assets and depreciation of proprietary tangible assets were aligned to last year (€ 0.2 million).

Net Income was € 0.5 million, up + 5.0% compared to Net Income from Continuing Operations in Q1 2017. Income tax charges were € 0.2 million (30% of pre-tax income, compared to 32% in Q1 2017). Net Income in Q1 2017 included Net Income of both Continuing Operations (€ 0.5 million) and Discontinued Operations - TXT Retail Division (€ 0.1 million).

Net Financial Position as at 31 March 2018 was positive by € 87.9 million, compared to € 87.3 million as at 31 December 2017, up € 0.6 million. Strong cash generated by operations in the first Quarter (€ 2.2 million) was partially offset by debt towards lessors of offices, cars and printers according to new accounting principle IFRS 16 (€ 1.2 million) and purchase of treasury shares, net of exercise of Employee's Stock Options (€ 0.4 million).

Shareholders' Equity as of March 31, 2018 was € 98.1 million, including € 0.5 million Net Income Q1 2018. The € 1.8 million decrease compared to € 99.9 million as of December 31, 2017 is due to first time application of new accounting principle IFRS 15 "Revenue recognition" (€ 1.9 million) and purchase of treasury shares, net of exercise of Employee's Stock Options (€ 0.4 million).

As of March 31, 2018, TXT owned 1,296,451 treasury shares or 9.97% of issued shares, purchased at an average price of € 2.37.

Outlook and Subsequent Events

The Shareholders' Meeting held on April 19, 2018 examined and approved the financial statements as of 31 December 2017 and approved the distribution of a dividend of € 1.00 (compared to € 0.30 in 2017) for each outstanding share, excluding treasury shares, with payment from 9 May 2018, record date 8 May 2018 and ex-dividend date 7 May 2018. Total dividends were € 11.7 million, paid to 11.7 million shares. The Shareholders renewed the authorisation to purchase treasury shares for a period of 18 months up to 20% of the share capital.

The Shareholders' Meeting appointed as members of the Board of Directors Enrico Magni and Valentina Cogliati, replacing Teresa Cristiana Naddeo and Andrea Lanciani. The appointment lasts until approval of the financial statements for the year ending 31 December 2019.

A new growth phase of the company is starting both through organic growth and acquisitions as already announced, with focus, after the sale of TXT Retail Division, on

industries with high intensity of innovative software and with a business model that emphasizes high value-added integrated services. TXT is planning to invest the important liquidity, together with treasury shares, in new acquisitions to value TXT innovative technologies and management.

The Company foresees in Q2 2018 a positive organic development of revenues and a profitability substantially in line with last year due to R&D investments and international commercial efforts.

The Chairman Alvise Braga IIIa has commented: *"In Q1 2018 investors have reacted very positively to the significant evolution of the Company: our stock has traded over 50.000 shares per day, substantially higher than last year and our market cap has exceeded the IPO value of € 150 million in year 2000! Over this long time span (at IPO time yearly revenues were a mere € 12 million!) TXT has distributed over € 36 million in dividends, accrued net shareholders' equity of about € 100 million and positive NFP of € 88 million. Today's yearly revenues are about € 40 million, after selling activities with annual revenues of about € 60 million at the time of disposals.*

As founder of the company I have initiated a personal and entrepreneurial transition, in full agreement with the Board and our management, while at the same time taking the Company into sectors and technology of greatest added value to our international clients in their digital transformation. In the first step of this exciting new course I have transferred my executive powers in the Company to Enrico Magni, our majority stockholder and member of the Board, who enters TXT's management committee, in which I will continue to serve as and when necessary to ensure a smooth transition. At the same time, the Board has initiated the evaluation of two acquisition opportunities which could materialize in the next few months. As non-executive Chairman, I will continue contributing to strategy and investor communications in our tradition of the best corporate governance, as I have done in the past, in order to create greater value for all our stockholders.

In the first quarter of 2018 the Company has reported growth in all parameters of economic performance, as forecast to the markets".

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 31 March 2018

<i>€ thousand</i>	Q1 2018	%	Q1 2017	%	Var %
REVENUES	9.397	100,0	8.959	100,0	4,9
Direct costs	5.163	54,9	4.944	55,2	4,4
GROSS MARGIN	4.234	45,1	4.015	44,8	5,5
Research and Development costs	712	7,6	615	6,9	15,8
Commercial costs	1.228	13,1	1.177	13,1	4,3
General and Administrative costs	1.111	11,8	1.112	12,4	(0,1)
EBITDA	1.183	12,6	1.111	12,4	6,5
Amortization, depreciation	426	4,5	179	2,0	n.m.
OPERATING PROFIT (EBIT)	757	8,1	932	10,4	(18,8)
Financial income (charges)	17	0,2	(174)	(1,9)	n.m.
EARNINGS BEFORE TAXES (EBT)	774	8,2	758	8,5	2,1
Taxes	(232)	(2,5)	(242)	(2,7)	(4,1)
NET PROFIT CONTINUING OPERATIONS	542	5,8	516	5,8	5,0
Net Profit Discontinued Operations (sale of TXT Retail)	-		122		
NET PROFIT	542		638		

Income Statement as of 31 March 2018

Euro	31.03.2018	31.03.2017
TOTAL REVENUES AND INCOME	9.396.659	8.959.562
Purchases of materials and services	(1.393.602)	(1.620.699)
Personnel costs	(6.799.232)	(5.945.685)
Other operating costs	(20.655)	(281.616)
Amortizations, depreciation and write downs	(426.656)	(179.230)
OPERATING RESULT	756.514	932.332
Financial income/charges	17.302	(174.150)
PRE-TAX RESULT	773.816	758.182
Income Taxes	(231.364)	(242.129)
NET INCOME CONTINUING OPERATIONS	542.452	516.054
Net Income Discontinued Operations (sale of TXT Retail)	-	122.314
NET INCOME	542.452	638.368
PROFIT PER SHARE (Euro)	0,05	0,05
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Net Financial Position as of 31 March 2018

.000 Euro	31.3.2018	31.12.2017	Var
Cash	90.879	86.527	4.352
Other Short Term Financial Assets	-	3.156	(3.156)
Short Term Financial Assets	90.879	89.683	1.196
Short term Debts - Lessors IFRS 16	(607)	-	(607)
Other Short term Debts	(73)	(675)	602
Short term Financial Resources	90.199	89.008	1.191
Non current Financial Debts - Lessors IFRS 16	(592)	-	(592)
Other Non current Financial Debts	(1.674)	(1.668)	(6)
Net Available Financial Resources	87.933	87.340	593

Consolidated Balance Sheet as of 31 March 2018

ASSETS (Euro)	31.03.2018	31.12.2017
NON-CURRENT ASSETS		
Goodwill	5.369.231	5.369.231
Definite life intangible assets	1.864.018	1.962.454
Intangible Assets	7.233.249	7.331.685
Buildings, plants and machinery owned	1.932.045	793.444
Tangible Assets	1.932.045	793.444
Other non-current assets	72.773	75.173
Deferred tax assets	659.651	659.656
Other non-current assets	732.423	734.828
TOTAL NON-CURRENT ASSETS	9.897.717	8.859.957
CURRENT ASSETS		
Inventories	2.461.106	2.527.917
Trade receivables	12.084.576	14.680.812
Other current assets	2.620.598	5.690.021
Cash and other liquid equivalents	90.878.627	86.527.488
TOTAL CURRENT ASSETS	108.044.908	109.426.238
TOTAL ASSETS	117.942.625	118.286.195
EQUITY AND LIABILITIES (Euro)		
SHAREHOLDERS' EQUITY		
Share capital	6.503.125	6.503.125
Reserves	14.032.494	15.144.014
Retained earnings	76.994.204	9.691.188
Profit (Loss) for the period	542.452	68.555.495
TOTAL SHAREHOLDERS' EQUITY	98.072.274	99.893.822
NON-CURRENT LIABILITIES		
Non-current financial liabilities	2.266.009	1.688.023
Severance and other personnel liabilities	2.633.856	2.589.776
Deferred tax liabilities	481.558	503.014
TOTAL NON-CURRENT LIABILITIES	5.381.423	4.780.813
CURRENT LIABILITIES		
Current financial liabilities	679.710	674.861
Trade payables	422.909	1.341.308
Tax payables	791.703	548.642
Other current liabilities	12.594.605	11.046.750
TOTAL CURRENT LIABILITIES	14.488.928	13.611.560
TOTAL LIABILITIES	19.870.350	18.392.373
TOTAL EQUITY AND LIABILITIES	117.942.625	118.286.195

Consolidated Statement of Cash Flows as of 31 March 2018

Euro	31.3. 2018	31.3.2017
Net Income	542.452	638.368
Non cash costs (Stock Options)	-	80.963
Paid taxes	243.061	237.824
Variance in deferred taxes	(21.451)	(262.419)
Amortization, depreciation and write-downs	426.752	344.448
Cash flows generated by operations before working capital	1.190.813	1.039.184
(Increase) / Decrease in trade receivables	2.596.236	1.218.394
(Increase) / Decrease in inventories	66.811	(145.740)
(Increase) / Decrease in trade payables	(918.399)	(391.345)
(Increase) / Decrease in severance and other personnel liabilities	44.080	(17.774)
(Increase) / Decrease in other current assets/liabilities	2.685.489	2.056.982
Changes in working capital	4.474.217	2.720.517
CASH FLOW GENERATED BY OPERATIONS	5.665.030	3.759.701
Increase in tangible assets	(1.465.287)	(124.058)
Increase in intangible assets	(1.630)	(39.359)
CASH FLOW GENERATED BY INVESTING ACTIVITIES	(1.466.917)	(163.417)
Repayment of borrowings	582.835	(588.383)
Payment dividends	-	-
(Purchase)/Sale of Treasury Shares	(442.162)	-
CASH FLOW GENERETED BY FINANCIAL ACTIVITIES	140.673	(588.383)
INCREASE / (DECREASE) IN CASH	4.338.786	3.007.901
Difference in Currency Translation	12.352	(145.289)
Cash at beginning of the period	86.527.488	7.570.479
Cash at the end of the period	90.878.626	10.433.092