

TXT e-solutions: first 9 months of 2019**Revenues € 42.5 million (+49%),****EBITDA € 4.8 million (+70%),****Net profit € 3.1 million (+215%).**

- Revenues € 42.5 million (+48.6%), of which € 28.3 million Aerospace (+24.8%) and € 14.2 million Fintech (+139.7%).
- EBITDA € 4.8 million (+69.68%) after significant increases in research and development (+106.8%) and commercial investments (+50.9%).
- Net profit of € 3.1 million (€ 1.0 million in the first nine months of 2018).
- Positive Net Financial Position of € 43.2 million (€ 60.4 million as at 31 December 2018) after dividends and acquisition of Assioma.

Milan, 7 November 2019

TXT e-solutions' Board of Directors chaired by Alvisè Braga Illa approved today the quarterly results as at 30 September 2019.

The main operating and financial results in the first nine months of 2019 were as follows:

Revenues amounted to € 42.5 million, up 48.6% compared to € 28.6 million in the first nine months of 2018. Within the same consolidation scope, revenues increased by 30.6%, with a € 5.2 million contribution from Assioma Group and TXT Risk Solutions. Software revenues in the first nine months of 2019 were € 6.0 million, +80.3% compared to the first nine months of 2018. Revenues from services amounted to € 36.6 million, up 44.6% compared to the first nine months of 2018.

The Aerospace & Aviation Division reported revenues of € 28.3 million, up 24.8% compared to 2018, entirely from organic growth and the Fintech Division posted revenues of € 14.2 million, up 139.7% compared to the first nine months of 2018, of which € 5.2 million from the consolidation of Assioma and TXT Risk Solutions and € 8.7 million from organic growth (+30.6%).

The **Gross margin**, net of direct costs, increased from € 12.7 million to € 19.0 million, an increase of 49.6%. The impact of gross margin on revenues amounted to 44.6% in the first nine months of 2019.

EBITDA was € 4.8 million, up by 69.6% compared to the first nine months of 2018 (€ 2.8 million), following significant research and development (+106.8%) and commercial investments (+50.9%). General and administrative costs reduced their impact on revenues from 13.3% to 9.1% in the first nine months of 2019. The growth in EBITDA of € 2.0 million is due for € 1.6 million to organic growth and for € 0.4 million to the

contribution of the Assioma Group. The margin on revenues was 11.3% compared to 9.9% in the first nine months of 2018.

Operating profit (**EBIT**) was € 2.2 million, up 52.4% (0.7 million) compared to the first nine months of 2018. The growth in EBITA of € 2.0 million was partially absorbed by the increase in amortisation of intangible assets of acquisitions of Cheleo and TXT Risk Solutions (€ 0.4 million) and by reorganisation costs (€ 0.7 million).

Financial income in the first nine months of 2019 was € 2.1 million (a negative € 0.4 million in the first nine months of the previous year), thanks to the growth of the financial markets that allowed liquidity to be managed with a largely positive result.

Net profit was € 3.1 million compared to € 1.0 million in the first nine months of 2018, with an impact on revenues of 7.4% compared to 3.5% of the previous year. During the period, taxes accounted for 28% of earnings before taxes, while in the first nine months of 2018 a one-off benefit for "Patent Box" tax relief for previous years had substantially offset the current tax expense.

The Consolidated **Net financial position** as at 30 September 2019 was positive for € 43.2 million, compared to € 60.4 million as at 31 December 2018, down by € 17.2 million mainly due to the dividend distribution (€ 5.8 million), the outlay to acquire Assioma (€ 5.6 million), the purchase of the minority interest of Assioma.Itec Srl (€ 0.4 million), the purchase of treasury shares (€ 1.0 million), the recognition of the payable for the new lease contract of offices in Berlin (€ 2.0 million), the payment of reorganization costs (€ 0.7 million) and other changes in net working capital (€ 1.7 million).

Consolidated **Shareholders' equity** as at 30 September 2019 amounted to € 84.4 million, down € 1.9 million compared to € 86.3 million as at 31 December 2018, mainly as a result of dividend distribution (€ 5.8 million), the share buy-backs (€ 1.0 million), the purchase of the minority interest of Assioma.Itec Srl (€ 0.4 million) and other changes in reserves (€ 0.1 million). The net shareholders' equity increased thanks to the use of treasury shares for part of the price paid for the acquisition of Assioma (€ 2.4 million) and to the net profit recorded in the first nine months (€ 3.0 million).

As at 30 September 2019, 1,220,971 treasury shares were held (1,359,717 as at 31 December 2018), accounting for 9.38% of shares outstanding, and were purchased at an average price of € 3.32 per share.

Third quarter of 2019

Net revenues amounted to € 15.5 million, up 61.5% compared to the third quarter of 2018 (€ 9.6 million). Within the same consolidation scope, revenues increased by 32.7%, with a € 2.8 million contribution from the Assioma Group. Revenues from software, subscriptions and maintenance totalled € 3.6 million, up 164% compared to the third quarter of 2018 (€ 1.4 million) due to the consolidation of the Assioma Group. Revenues

from services amounted to € 11.9 million, up 44.3% compared to € 8.2 million in the third quarter of 2018.

EBITDA in the third quarter of 2019 was € 2.0 million, up 165% compared to the third quarter of 2018 (€ 0.8 million), following significant research and development (+152%) and commercial investments (+79%). General and administrative costs reduced their impact on revenues from 15.7% to 7.6% in the third quarter of 2019. The margin on revenues amounted to 12.9% compared to 7.9% in the third quarter of 2018. The growth in EBITDA of € 1.3 million is due for € 0.9 million to organic growth (+72.2%) and for € 0.3 million to the contribution of the Assioma group and TXT Risk Solutions. The investment in TXT Risk Solutions (€ 0.1 million in the third quarter of 2019) was substantially in line with the investment in TXT Sense in the third quarter of 2018 (€ 0.1 million).

Net profit was € 1.0 million, compared to € 0.1 million in the third quarter of 2018. The net profit in the third quarter of 2019 included the one-off recognition of the "Patent Box" tax relief for the years 2015-2017. In the third quarter of 2019, taxes amounted to € 0.3 million, equal to 27.6% of earnings before taxes.

Subsequent events and outlook

In the fourth quarter of 2019, the Company expects revenue growth to accelerate, both in terms of organic growth and the contribution of the acquired companies Cheleo and Assioma. EBITDA is also expected to improve further and significantly compared to the fourth quarter of 2018, while continuing research and development and commercial investments, fully expensed in the income statement, to take advantage of market opportunities in both Aerospace & Aviation and Fintech Divisions.

The Chairman Alvisè Braga Illa added: "The Board noted with great satisfaction the growth and profitability results of the new TXT, the best in its history. He then analysed the strategic guidelines that will guide organic growth and acquisitions in all our current and future Divisions: in an international context, process skills have been identified as the distinguishing factor of the new TXT, a factor common to all our solutions. Advanced technologies, such as blockchain, machine learning, cloud and advanced data analysis, are put at the service of our customers in solutions that manage, enrich and leverage their process data. It is a real "Internet of Doing Things - IoDT", or, if you prefer, "Internet of Doing and Knowing how to do", with the aim for TXT to create value for customers. And we are proving... we can do it by increasing both revenues and EBITDA.

Declaration of the Manager responsible for preparing corporate accounting documents

The Manager responsible for preparing corporate accounting documents, Eugenio Forcinito, declares, pursuant to art. 154-bis, paragraph 2 of Legislative Decree no. 58 of

24 February 1998, that the accounting information provided in this press release matches the information reported in the company's documents, books and accounting records.

From today, this press release is also available on the Company's website www.txtgroup.com.

TXT e-solutions is a world leader in the supply of software products and strategic solutions. It operates in dynamic markets that require high specialisation and the capacity to innovate. TXT is focused on software for the aerospace, aeronautical and automotive sector, where it offers specific products and specialist engineering services and on the Fintech sector with services related to testing and IT governance and products and solutions for the management of loans, NPLs and large financial system risks. Listed on the Italian Stock Market since 2000 in the Star segment (TXT.MI), TXT has its registered office in Milan and offices in Italy, France, the UK, Germany, Switzerland and the USA.

For further information:

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Income statement - Management Reporting as at 30 September 2019

<i>(€ thousand)</i>	9m 2019	%	9m 2018	%	% change
REVENUES	42,534	100.0	28,627	100.0	48.6
Direct costs	23,560	55.4	15,942	55.7	47.8
GROSS MARGIN	18,974	44.6	12,685	44.3	49.6
Research and development costs	4,455	10.5	2,154	7.5	106.8
Commercial costs	5,860	13.8	3,884	13.6	50.9
General and administrative costs	3,860	9.1	3,818	13.3	1.1
GROSS OPERATING PROFIT (EBITDA)	4,799	11.3	2,829	9.9	69.6
Depreciation	1,145	2.7	992	3.5	15.4
CURRENT OPERATING PROFIT (EBITA)	3,654	8.6	1,837	6.4	98.9
Amortisation	718	1.7	373	1.3	n.s.
Reorganisation and non-recurring charges	705	1.7	-	-	n.s.
OPERATING PROFIT (EBIT)	2,231	5.2	1,464	5.1	52.4
Financial income (charges)	2,137	5.0	(385)	(1.3)	n.s.
EARNINGS BEFORE TAXES (EBT)	4,368	10.3	1,079	3.8	n.s.
Taxes	(1,221)	(2.9)	(80)	(0.3)	n.s.
NET PROFIT	3,147	7.4	999	3.5	215.0
Attributable to:					
Parent company shareholders	3,019		999		
Minority interests	128		-		

Income Statement as at 30 September 2019

	Notes	30/09/2019	30/09/2018
Revenues and other income		42,533,813	28,627,362
TOTAL REVENUES AND OTHER INCOME		42,533,813	28,627,362
Purchases of materials and external services		(9,209,976)	(4,969,041)
Personnel costs		(28,095,296)	(20,596,721)
Other operating costs		(429,424)	(232,439)
Depreciation, amortisation and impairment		(2,568,632)	(1,365,486)
OPERATING RESULT		2,230,485	1,463,675
Financial income (charges)		2,145,983	(384,770)
Share of profit (loss) of associates		(9,196)	-
EARNINGS BEFORE TAXES (EBT)		4,367,273	1,078,905
Income taxes		(1,220,433)	(80,296)
NET PROFIT (LOSS) FOR THE PERIOD		3,146,839	998,609
	Attributable to:		
	Parent company shareholders	3,018,997	998,609
	Minority interests	(127,842)	-
EARNINGS PER SHARE		0.27	0.08

Net Financial Position as at 30 September 2019

(€ thousand)	30/09/2019	31/12/2018	Change
Cash and cash equivalents	13,367	5,593	7,774
HFT securities at fair value	81,164	103,949	(22,785)
Short-term financial receivables	-	5,000	(5,000)
Current financial liabilities	(16,797)	(17,304)	507
Short-term financial resources	77,734	97,238	(19,504)
Non-current financial payables - Lessors IFRS 16	(4,524)	(2,055)	(2,469)
Other non-current financial liabilities	(30,058)	(34,827)	4,769
Non-current financial liabilities	(34,582)	(36,882)	2,300
Net Available Financial Resources	43,152	60,356	(17,204)

Consolidated balance sheet as at 30 September 2019

ASSETS	Notes	30/09/2019	31/12/2018
NON-CURRENT ASSETS			
Goodwill		20,232,335	12,784,544
Intangible assets with a finite useful life		4,341,163	4,966,064
Intangible assets		24,573,498	17,750,608
Property, plant and equipment		7,679,223	3,680,046
Tangible assets		7,679,223	3,680,046
Investments in associates		0	9,196
Sundry receivables and other non-current assets		251,045	73,780
Deferred tax assets		1,371,359	1,428,441
Other non-current assets		1,622,404	1,511,417
TOTAL NON-CURRENT ASSETS		33,875,125	22,942,071
CURRENT ASSETS			
Contractual assets		5,454,907	3,140,913
Trade receivables		18,444,265	14,028,655
Sundry receivables and other current assets		4,630,551	2,963,467
Other short-term financial receivables		0	5,000,000
HFT securities at fair value		81,164,001	103,948,873
Cash and cash equivalents		13,366,662	5,593,125
TOTAL CURRENT ASSETS		123,060,387	134,675,033
TOTAL ASSETS		156,935,512	157,617,103
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital		6,503,125	6,503,125
Reserves		14,554,823	13,439,139
Retained earnings (accumulated losses)		60,289,321	65,840,063
Profit (loss) for the period		3,018,997	564,947
TOTAL SHAREHOLDERS' EQUITY		84,366,267	86,347,274
Shareholders' Equity attributable to minority interests		162,390	0
TOTAL SHAREHOLDERS' EQUITY		84,528,657	86,347,274
NON-CURRENT LIABILITIES			
Non-current financial liabilities		34,582,240	36,882,347
Provision for post-employment benefits and other employee provisions		3,180,746	2,956,922
Deferred tax provision		1,161,910	1,344,340
Provisions for future risks and charges		118,905	718,905
TOTAL NON-CURRENT LIABILITIES		39,043,801	41,902,514
CURRENT LIABILITIES			
Current financial liabilities		16,796,870	17,304,435
Trade payables		1,786,674	1,434,446
Tax payables		1,429,945	317,197
Sundry payables and other current liabilities		13,349,565	10,311,238
TOTAL CURRENT LIABILITIES		33,363,054	29,367,315
TOTAL LIABILITIES		72,406,855	71,269,830
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		156,935,512	157,617,103

Consolidated statement of cash flows as at 30 September 2019

	30 September 2019	31 December 2018
Net profit (loss) for the period	3,146,839	564,947
Non-monetary costs for Stock Options	13,596	-
Non-monetary interest	62,922	278,642
Change in fair value of monetary instruments	(2,329,882)	971,127
Current income taxes	-	274,663
Change in deferred taxes	(125,348)	(367,373)
Depreciation/amortisation, impairment and provisions	1,257,384	1,911,442
Other non-monetary expenses	-	2,280
Capital gains on sale of TXT Retail division	-	-
Cash flows from (used in) operating activities (before change in working capital)	2,025,511	3,635,728
(Increase) / Decrease in trade receivables	(1,742,420)	1,234,849
(Increase) / Decrease in contractual assets / inventories	(2,294,296)	(318,406)
Increase / (Decrease) in trade payables	(447,059)	(90,425)
Increase / (Decrease) in other assets/liabilities	(618,369)	(2,562,347)
Increase / (Decrease) in post-employment benefits	(235,284)	51,147
Changes in operating assets and liabilities	(5,337,428)	(1,685,182)
Paid income taxes	-	(535,626)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(3,311,917)	1,414,920
Increase in tangible assets	(556,179)	(439,737)
Increase in intangible assets	(2,170)	(85,805)
Decrease in tangible and intangible assets	30,492	-
Net cash-flow from acquisition of subsidiaries	(1,803,658)	1,314,141
Increase / (Decrease) in trading securities	31,109,919	(110,010,118)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	28,778,404	(109,221,519)
Loans issued	832,808	42,979,140
Loans repaid	(10,341,722)	(2,172,541)
Payment of lease liabilities	(824,011)	(963,404)
Increase / (Decrease) in other financial receivables	-	3,156,172
Increase / (Decrease) in financial payables	46,428	19,807
Distribution of dividends	(5,780,767)	(11,709,799)
Interest expense	(125,698)	(35,013)
Other changes in shareholders' equity	(450,000)	-
(Purchase)/Sale of treasury shares	(1,038,202)	(4,377,109)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(17,681,164)	26,897,253
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7,785,323	(80,909,346)
Effect of changes in exchange rates on cash flows	(11,792)	(25,017)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,593,125	86,527,488
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13,366,656	5,593,125

Income statement - Management Reporting Third quarter of 2019

<i>(€ thousand)</i>	Q3 2019	%	Q3 2018	%	% change
REVENUES	15,538	100.0	9,621	100.0	61.5
Direct costs	8,296	53.4	5,382	55.9	54.1
GROSS MARGIN	7,242	46.6	4,239	44.1	70.8
Research and development costs	1,781	11.5	707	7.3	151.9
Commercial costs	2,264	14.6	1,263	13.1	79.3
General and administrative costs	1,186	7.6	1,509	15.7	(21.4)
GROSS OPERATING PROFIT (EBITDA)	2,011	12.9	760	7.9	164.6
Depreciation	422	2.7	296	3.1	42.6
CURRENT OPERATING PROFIT (EBITA)	1,589	10.2	464	4.8	242.5
Amortisation	244	1.6	197	2.0	n.s.
Reorganisation and non-recurring charges	359	2.3	-	-	n.s.
OPERATING PROFIT (EBIT)	986	6.3	267	2.8	269.3
Financial income (charges)	346	2.2	(98)	(1.0)	n.s.
EARNINGS BEFORE TAXES (EBT)	1,332	8.6	169	1.8	n.s.
Taxes	(356)	(2.3)	(40)	(0.4)	n.s.
NET PROFIT	976	6.3	129	1.3	656.6
Attributable to:					
Parent company shareholders	901		129		
Minority interests	75		-		