TXT e-solutions Group

Interim report

as at 30 September 2016

TXT e-solutions S.p.A.

Registered office, management, and administration:

Via Frigia, 27 – 20126 Milan - Italy

Share capital:

€ 6,503,125 fully paid-in

Tax code and Milan Business Register number: 09768170152

Corporate bodies

BOARD OF DIRECTORS

Members' term of office expires upon approval of the financial statements for the year ending 31 December 2016:

Alvise Braga Illa	Chairman	(1)
Marco Edoardo Guida	Chief Executive Officer	(2)
Fabienne Anne Dejean Schwalbe	Independent Director	(3)
Andrea Cencini	Director	(2)
Paolo Enrico Colombo	Director	(2)
Teresa Cristiana Naddeo	Independent Director	(3)
Stefania Saviolo	Independent Director	(3)

(1) Powers assigned: ordinary and extraordinary administration, except purchase and sale of buildings.

(2) Powers assigned: ordinary administration.

(3) Member of the Remuneration Committee and the Risks and Internal Controls Committee.

BOARD OF STATUTORY AUDITORS

Members' term of office expires upon approval of the financial statements for the year ending 31 December 2016:

Raffaele Valletta	Chairman
Luisa Cameretti	Standing Auditor
Fabio Maria Palmieri	Standing Auditor
Angelo Faccioli	Alternate Auditor
Pietro Antonio Grignani	Alternate Auditor
Laura Grimi	Alternate Auditor

EXTERNAL AUDITORS	EY S.p.A.
INVESTOR RELATIONS	E-mail: infofinance@txtgroup.com
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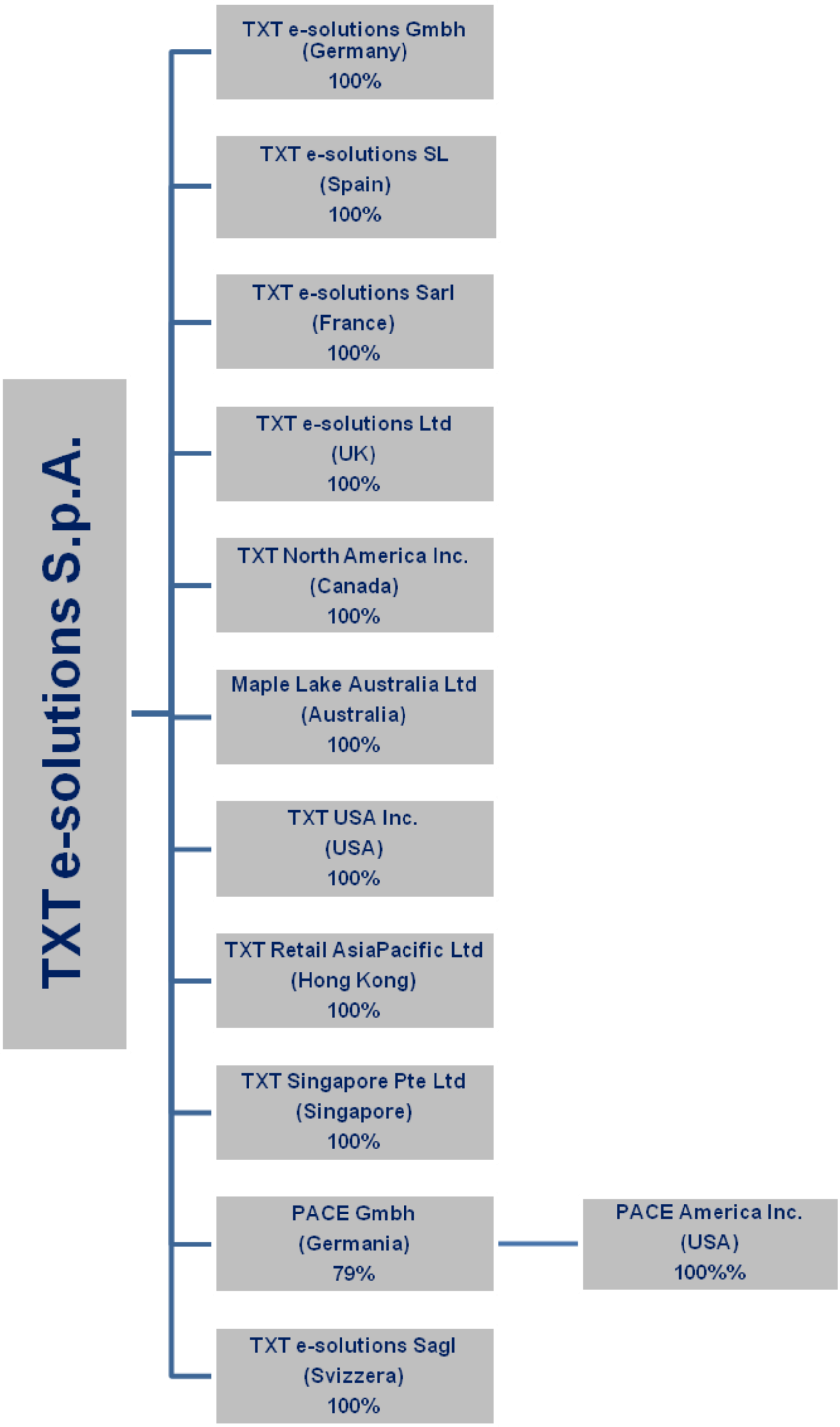
Organisational structure and scope of consolidation



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Key data and directors' report on operations for the first 9 months of 2016

TXT e-solutions Group – Key data

INCOME DATA (€ thousand)	9m 2016	%	9m 2015	%	% change
REVENUES	**50,102**	**100.0**	**45,403**	**100.0**	**10.3**
of which:					
TXT Retail	26,633	53.2	27,246	60.0	(2.2)
TXT Next	23,469	46.8	18,157	40.0	29.3
GROSS OPERATING PROFIT (LOSS) [EBITDA]	**5,740**	**11.5**	**5,004**	**11.0**	**14.7**
OPERATING PROFIT (LOSS) [EBIT]	**4,870**	**9.7**	**4,178**	**9.2**	**16.6**
NET PROFIT (LOSS) FOR THE PERIOD	**3,624**	**7.2**	**3,435**	**7.6**	**5.5**

FINANCIAL DATA (€ thousand)	30.9.2016	31.12.2015	Change
Fixed assets	25,531	18,132	7,399
Net working capital	8,385	11,063	(2,678)
Post-employment benefits and other non-current liabilities	(3,897)	(3,830)	(67)
Capital employed	**30,019**	**25,365**	**4,654**
Net financial position	2,661	8,259	(5,598)
Group shareholders' equity	32,680	33,624	(944)

DATA PER SHARE	30.9.2016	30.9.2015	Change
Number of shares outstanding (1)	11,693,329	11,666,805	26,524
Operating profit per share (1)	0.31	0.29	0.02
Shareholder's equity per share (1)	2.79	2.79	0.01

ADDITIONAL INFORMATION	30.9.2016	31.12.2015	Change
Number of employees	786	672	114
TXT share price	7.17	8.13	(0.96)

(1) The number of shares and the relevant 2015 prices were restated following the free share capital increase dated 20 May 2015, with the issue of one new share for every 10 shares issued, so as to allow comparison with 2016. Outstanding shares are equal to the shares issued less treasury shares.

Notes on Alternative Performance Measures

Pursuant to the ESMA guidelines on alternative performance measures ("APMs") (ESMA/2015/1415), endorsed by CONSOB (see CONSOB Communication no. 0092543 dated 3 December 2015), it should be noted that the reclassified statements included in this Directors' Report on Operations show a number of differences from the official statements shown in the accounting tables set out in the following pages and in the Notes to the condensed consolidated half-yearly financial statements with regard to the terminology and the level of detail.

Specifically, the reclassified consolidated Income Statement introduces the following terms:
• **EBITDA**, which in the official consolidated Income Statement means "Total revenues" net of total operating costs;
• **EBIT**, which in the official consolidated Income Statement means "Total revenues" net of total operating costs, depreciation and amortisation, and impairment of fixed assets.

The reclassified consolidated Balance Sheet was prepared based on the items recognised as assets or liabilities in the official consolidated Balance Sheet, and it introduces the following terms:
• **FIXED ASSETS**, the sum of property, plant and equipment, intangible assets, goodwill, deferred tax assets and liabilities, and other non-current assets;
• **NET WORKING CAPITAL**, the sum of inventories, trade receivables/payables, current provisions, tax receivables/payables, and other current assets/liabilities and sundry receivables/payables;
• **CAPITAL EMPLOYED**, the algebraic sum of Fixed Assets, Net Working Capital, post-employment benefits, and other non-current liabilities.

These APMs, in line with the data presented in the consolidated income statement and balance sheet in accordance with the recommendations outlined above, were deemed to be significant as they represent parameters that succinctly and clearly depict the company's equity, financial and economic performance, also through an analysis of comparative data.

Directors' report on operations for the first 9 months of 2016

Dear Shareholders,

The first 9 months of 2016 included the major acquisition of German company Pace GmbH, consolidated starting from 1 April 2016, which accelerates the promising international development of the TXT Next Aeronautical division.

The combined activities of TXT Next and Pace have a potential market of over 300 major customers worldwide. They boast a select and expert team of 350 specialists, offering innovative and proprietary expertise and products that are difficult to find on the market and covering the entire life cycle of equipment and activities within the aeronautics industry, along its entire supply chains and across all segments: fixed wing, helicopters, civil transport, special missions, defence. Pace's offer of products and services fully complements the expertise of the TXT Next division.

Many large retailers and brands recorded slowdowns during the first quarter of 2016, for economic as well as structural reasons, with subsequent postponements of their investment plans. Second quarter saw a return of the propensity to invest across all geographical areas and from which we benefitted thanks to the attractiveness of our offer, which helps TXT customers improve assortment and margins. TXT Retail acquired major contracts in China and India, and strengthened in the USA, UK and continental Europe.

TXT's overall position is currently strong in two primary markets, aeronautics and retail, both showing global growth over the medium term and with little correlation, thereby reducing the economic risks for the company.

- Revenues amounted to € 50.1 million during the first 9 months of the year, up 10.3% compared to € 45.4 million in 2015, with Pace GmbH contributing € 3.6 million. Software revenues from licences, subscriptions and maintenance were € 13.2 million, up 9.7% compared to 2015 (€ 12.1 million). Revenues from services amounted to € 36.9 million, up 10.6%.

- Revenues of the TXT Retail division (53.2% of group revenues) amounted to € 26.6 million, down 2.2% compared to the prior year, which benefitted from revenues from licences from a single contract with a particularly high value. Revenues of the TXT Next division were € 23.5 million (46.8% of Group revenues), compared to € 18.2 million in 2015, up € 5.3 million (+29.3%), with € 3.6 million attributable to the contribution by Pace GmbH and € 1.7 million to growth (+9.4%).

- International revenues amounted to € 29.2 million, up by 17.0% compared to € 25.0 million in the first 9 months of 2015, equal to 58% of the total (55% in 2015).

- Net of direct costs, the Gross Margin came to € 26.5 million, up 11.6% over 2015 and including the contribution of Pace GmbH. The margin on revenues was 52.9%, up compared to 52.3% in 2015.

- EBITDA was € 5.7 million, up 14.7% compared to the first 9 months of 2015 (€ 5.0 million). The operating profit of Pace GmbH (€ 0.4 million) fully offset the non-recurring charges for the acquisition (€ 0.3 million). Net of these components and under the same scope of consolidation, the EBITDA of € 5.6 million is up by 12.5% compared to the previous year. Research and development costs grew by 21.3% to € 4.7 million, equal to 9.3% of revenues.

- Operating profit (EBIT) amounted to € 4.9 million, up 16.6% compared to the first 9 months of 2015 (€ 4.2 million), after amortisation/depreciation of € 0.9 million. As a percentage of revenues, operating profit improved from 9.2% to 9.7%.

- Net profit was € 3.6 million (€ 3.4 million in the first 9 months of 2015), net of tax charges of € 1.2 million (24% of pre-tax profit), up compared to € 0.6 million in 2015, due to full use in the prior year of prior tax losses in a number of countries. As a percentage of revenues, it stood at 7.2%.

- The consolidated Net Financial Position as at 30 September 2016 was positive at € 2.7 million, down from € 8.3 million as at 31 December 2015, following the acquisition of Pace GmbH (€ 6.8 million), payment of dividends (€ 2.9 million) and the positive cash flow generated in the first 9 months of 2015 (€ 4.1 million).

- Consolidated shareholders' equity was € 32.7 million, compared to € 33.6 million as at 31 December 2015. The change of € 0.9 million included payment of dividends (€ 2.9 million), share buy-backs (€ 0.5 million) and profit for the first 9 months of 2016 (€ 3.6 million), net of negative differences from the exchange rate at conversion (€ 1.1 million).

TXT's results for first 9 months of 2016, compared with the previous year's figures, are presented below:

(€ thousand)	9m 2016	%	9m 2015	%	% change
REVENUES	**50,102**	**100.0**	**45,403**	**100.0**	**10.3**
Direct costs	23,595	47.1	21,659	47.7	8.9
GROSS MARGIN	**26,507**	**52.9**	**23,744**	**52.3**	**11.6**
Research and development costs	4,654	9.3	3,838	8.5	21.3
Commercial costs	9,739	19.4	9,319	20.5	4.5
General and administrative costs	6,374	12.7	5,583	12.3	14.2
GROSS OPERATING PROFIT (LOSS) [EBITDA]	**5,740**	**11.5**	**5,004**	**11.0**	**14.7**
Depreciation, amortisation and impairment	870	1.7	826	1.8	5.3
OPERATING PROFIT (LOSS) [EBIT]	**4,870**	**9.7**	**4,178**	**9.2**	**16.6**
Financial income (charges)	(73)	(0.1)	(128)	(0.3)	(43.0)
EARNINGS BEFORE TAXES (EBT)	**4,797**	**9.6**	**4,050**	**8.9**	**18.4**
Tax	(1,173)	(2.3)	(615)	(1.4)	90.7
NET PROFIT (LOSS) FOR THE PERIOD	**3,624**	**7.2**	**3,435**	**7.6**	**5.5**

REVENUES AND GROSS MARGINS

The table below highlights the TXT Group's results reclassified by business unit down to gross margin:

(€ thousand)	9m 2016	%	9m 2015	%	% change 16/15
			TXT RETAIL		
REVENUES	**26,633**	**100.0**	**27,246**	**100.0**	**(2.2)**
Software	11,397	42.8	11,971	43.9	(4.8)
Services	15,236	57.2	15,275	56.1	(0.3)
DIRECT COSTS	9,864	37.0	9,755	35.8	1.1
GROSS MARGIN	**16,769**	**63.0**	**17,491**	**64.2**	**(4.1)**
			TXT NEXT		
REVENUES	**23,469**	**100.0**	**18,157**	**100.0**	**29.3**
Software	1,834	7.8	91	0.5	n.s.
Services	21,635	92.2	18,066	99.5	19.8
DIRECT COSTS	13,731	58.5	11,904	65.6	15.3
GROSS MARGIN	**9,738**	**41.5**	**6,253**	**34.4**	**55.7**
			TOTAL TXT		
REVENUES	**50,102**	**100.0**	**45,403**	**100.0**	**10.3**
Software	13,231	26.4	12,062	26.6	9.7
Services	36,871	73.6	33,341	73.4	10.6
DIRECT COSTS	23,595	47.1	21,659	47.7	8.9
GROSS MARGIN	**26,507**	**52.9**	**23,744**	**52.3**	**11.6**

TXT Retail Division

The TXT Retail division mainly operates in the Luxury, Apparel and Large International Retail sectors, providing end-to-end solutions - from the collection to the shelf and e-commerce - for business planning, sales budgeting and effective implementation of business plans.

Revenues of the TXT Retail division in the first 9 months of 2016 amounted to € 26.6 million, down compared to € 27.2 million in 2015 (-2.2%).

Revenues from software (licences, subscriptions and maintenance) amounted to € 11.4 million, down 4.8% compared to the first 9 months of 2015 (€ 12.0 million), which benefitted from a single contract with a particularly high value. Revenues from services amounted to € 15.2 million, essentially in line with the first 9 months of 2015 (€ 15.3 million). Revenues from software amounted to 42.8% as a percentage of the division's total revenues.

The international revenues of the division amounted to € 23.5 million, compared to € 23.3 million in the first 9 months of 2015 (+0.9%). International revenues account for 88% of the TXT Retail division's revenues, compared to 85% the prior year.

The division's gross margin, net of direct costs, declined from € 17.5 million to € 16.8 million, essentially due to the decrease in software revenues, which had a significant impact on margins. Gross margin in the first 9 months of 2016 decreased from 64.2% to 63.0%, rising back up to 65.0% in the third quarter.

During first quarter 2016, TXT signed new contracts or accrued licence revenues with major customers such as Groupe Dynamite (USA), Missoni (I), Adidas (D), Pandora (DK), Takko (D), Peek & Cloppenburg (D) and Delta Galil (ISR).

In the second quarter, new contracts were signed with a number of customers, including REI - Recreational Equipment Inc. (USA), leading company in outdoor equipment and apparel; Zalando (D), purely e-commerce retailer that sells footwear and fashion only online; Future Group (India), conglomerate with headquarters in Mumbai and leadership position in retail and fashion in India with 35,000 employees; Auchan China with over 230 hypermarkets and 45 shopping centres in China; Arcadia Group (UK), retail multinational with headquarters in London, 2500 shops and numerous brands in its portfolio (such as Burton, Dorothy Perkins, Evans, Miss Selfridge, Topman, Topshop, and Wallis) and ECG Fashion Brand (B), first TXT Retail customer in Belgium and important new win for our Collection Lifecycle Management solution.

In the third quarter , TXT Retail signed licence contracts with numerous customers, including GiFi (F), brand of personal and home accessories, with over 400 shops and a number of e-commerce and m-commerce channels via app; WE Fashion (NL) fashion retailer of apparel, footwear, bags and accessories, with over 240 shops and 3,000 employees, mainly in the Netherlands, Germany and France; Brunello Cucinelli (I), fashion house specialising in cashmere knitwear, with a network of owned boutiques in all continents; Christian Dior (F), brand dealing in luxury apparel, leather, jewellery and cosmetics, with shops and online sales; Cotton-on (AUS), dynamic fashion retailer based in Australia, with approximately 1200 shops, of which nearly 500 in the USA, South Africa and Asia.

Implementation of the End-to-End Retail solutions continued in 2016, via AgileFit, exclusive, innovative and proprietary TXT solution, now constituting the heart of commercial offers and of all projects. AgileFit speeds up installation and return on investments for TXT customers.

A total of 350 customers of the Luxury, Fashion, and Retail sectors contributed to revenues in 2016, with more than 100,000 points of sale and sales channels throughout the world. TXT Retail's potential market in the geographical areas of Europe and North America includes approximately 1,500 large Retailers.

During the annual convention of the National Retail Federation (NRF) held in New York in January 2016, TXT announced TXT Retail 7, the first solution on the market that permits the planning, design, implementation and management of "customer-focused" assortments in multi-channel contexts, where customers can purchase and pick up anywhere.

The March 2016 edition of Thinking Retail in London brought together 150 leaders in international retail and planning professionals, with participation by Adidas, Bata Group, Pandora, Sephora, Takko and Urban Outfitters.

TXT Retail 7 is based on Microsoft's latest generation technological platform: the advanced in-memory processing capabilities permit rapid management of large volumes of data, supporting the complex calculations and simulations required for optimal management of retail processes.

TXT Retail 7 is the first solution by Merchandise Lifecycle Management with end-to-end capacity, in which:

- the planning processes are integrated into a single business solution which thanks to the Excel interface accelerates adoption times and collaboration among functions;
- development of customer-focused collections includes the aspects of planning, design, product development and supply;
- execution of the assortment plans includes the functions of automatic generation of purchase orders, demand forecasting, allocation and management of supplies;
- Visual Planning of the solution integrates the visibility of tastes, trends and styles with the numerical aspect of the collection plan.

TXT Retail 7 is the only solution that obtains "customer-driven" assortments, planned and implemented with an integrated and collaborative approach, bringing together all functions and activities involved in the retail process.

Until now, retailers had to purchase or develop, and then integrate, different solutions to support financial planning processes, planning of assortments, product development, purchases, demand forecasting, allocation and restocking. This approach resulted in isolated teams, each committed to its own area of responsibility, and led to challenges in the achievement of targeted assortments able to satisfy the requirements of new consumers in an effective and timely manner.

TXT Next Division

Revenues of the TXT Next division in the first 9 months of 2016 were € 23.5 million, up € 5.3 million (+29.3%) compared to € 18.2 million in 2015, with € 3.6 million from the contribution by Pace GmbH and € 1.7 million attributable to growth (+9.4%). The division’s revenues accounted for 46.8% of the Group's revenues.

The division's international revenues amounted to € 5.8 million, compared to € 1.7 million in the first 9 months of 2015, due to the contribution of Pace (€ 3.6 million) and to growth (+25.3%). International revenues account for 25% of the TXT Next division's revenues, compared to 10% the prior year.

The Gross margin increased from € 6.3 million to € 9.7 million, up 55.7%. The improvement of € 3.4 million includes € 2.7 million from Pace GmbH and € 0.7 million in growth (+14.7%). Gross margin as a percentage of revenues improved from 34.4% to 41.5%, mainly due to the contribution of licences, subscriptions and maintenance of Pace software.

The acquisition of Pace GmbH, completed on 1 April 2016, strengthens TXT’s expertise, providing decades-long experience in the aerospace sector, particularly in on-board software, flight simulators, training systems and advanced manufacturing.

Established in 1995, Pace serves a growing number of aerospace companies and airline operators throughout the world, providing them with software and innovative services to design, configure and operate their airlines and fleets in an economically optimal manner. The main application areas are the preliminary design of airplanes, the architecture of technical and cabin systems, configuration of airplanes and cabins, economic management of airlines and fleets, analysis of flying routes and innovative instruments - such as "Electronic Flight Bags" - to improve operating efficiency.

PACE's customers currently comprise about 50 major companies, including leading manufacturers of aircraft and engines, airlines, civil and defence operators, and MRO - Maintenance, Repair & Overhaul companies, such as Airbus (D and F), Boeing (USA), Safran Group (F), GE Aviation (USA), COMAC (China), Sukhoi (Russia), Embraer (Brazil), Rolls-Royce (UK), AirFrance & KLM Engineering (F), Lufthansa (D) and Delta AirLines (USA).

TXT Next stands out for its ability to design highly reliable advanced solutions with technology as a key business factor and it specialises in mission critical software and systems and embedded software as well as software for training purposes based on simulations and virtual & augmented reality.

TXT is a qualified partner in designing and developing aviation products, systems and components, as well as in implementing innovative aeronautical production management systems.

In the financial and banking sector, TXT specialises in Independent Verification & Validation of supporting IT systems. The product range builds on the substantial operating experience acquired by working side-by-side with leading companies for over twenty years, as well as on our in-depth expertise in software planning and development. Furthermore, we have strategic partnerships with Microsoft, HP and IBM.

The company TXT e-solutions Sagl was established in Switzerland on 27 June 2016, focusing on the development of international customers in the aeronautics division. During the first nine months of 2016, a number of contracts were signed with new aeronautics customers such as Pilatus (CH), Reiser Simulation & Training (D) and Goodrich Control Systems (UK, part UTC Aerospace Systems); most recently, airline company Icelandair has decided to equip its fleet with Pace's fuel-saving software systems.

TXT GROUP'S REVENUES

Research and development costs in the first 9 months of 2016 amounted to € 4.7 million, up 21.3% compared to € 3.8 million in 2015, and include the research and development costs of Pace GmbH (€ 0.9 million). Development activities for new AgileFit, In-memory, Cloud and Omnichannel solutions of the TXT Retail division increased, while activities on funded research projects declined. The impact on revenues increased from 8.5% in the first 9 months of 2015 to 9.3%.

Commercial costs amounted to € 9.7 million, up € 0.4 million (+4.5%) compared to the first 9 months of 2015, due to the consolidation of Pace GmbH (€ 0.7 million) and to the containment of personnel costs. Commercial investments continued in North America and Europe, along with promotional initiatives for the TXT Retail products in occasion of the NRF events in New York and Thinking Retail! in London. Commercial costs declined from 20.5% to 19.4% as a percentage of revenues.

General and administrative costs amounted to € 6.4 million, up € 0.8 million compared to the first 9 months of 2015, due to consolidation of the Pace GmbH costs (€ 0.6 million) and costs for consulting and legal fees for the acquisition of Pace GmbH (€ 0.3 million). Their impact on revenues was 12.7%, compared to 12.3% in the first 9 months of 2015.

Gross operating profit (EBITDA) for the first 9 months of 2016 was € 5.7 million, up 14.7% compared to 2015 (€ 5.0 million). The operating profit of Pace GmbH made a positive contribution (€ 0.5 million) to this result, while acquisition costs made a negative contribution of € 0.3 million. Under the same scope of consolidation, EBITDA was € 5.6 million, up 12.5% compared to the prior year, with revenues up 2.4%.

Operating profit (EBIT) was € 4.9 million, up 16.6% compared to the first 9 months of 2015 (€ 4.2 million). Amortisation of € 0.9 million includes amortisation of the intellectual property rights on the software and customer portfolio of Pace GmbH (€ 0.2 million), arising from temporary allocation of the acquisition cost. Gross profit as a percentage of revenues increased from 9.2% to 9.7%.

Pre-tax profit amounted to € 4.8 million, up 18.4% compared to the first 9 months of 2015 (€ 4.1 million), following financial charges of € 0.1 million. The percentage of revenues grew from 8.9% to 9.6%.

Net profit was € 3.6 million (€ 3.4 million in the first 9 months of 2015), net of tax charges of € 1.2 million (24% of pre-tax profit), up compared to € 0.6 million in the first 9 months of 2015, due to full use in the prior year of prior tax losses in a number of countries. As a percentage of revenues, it stood at 7.2%.

CAPITAL EMPLOYED

As at 30 September 2016, Capital Employed totalled € 30.0 million, up compared to € 25.4 million at 31 December 2015, mainly due to the acquisition of Pace GmbH.

The table below shows the details:

(€ thousand)	30.9.2016	31.12.2015	Total change	of which Pace GmbH	of which TXT	30.9.2015
Intangible assets	21,944	14,692	7,252	8,481	(1,229)	14,811
Net property, plant and equipment	1,462	1,361	101	168	(67)	1,408
Other fixed assets	2,125	2,079	46	-	46	1,921
Fixed assets	**25,531**	**18,132**	**7,399**	**8,649**	**(1,250)**	**18,140**
Inventories	3,403	2,075	1,328	-	1,328	2,767
Trade receivables	22,300	25,032	(2,732)	698	(3,430)	20,043
Sundry receivables and other short-term assets	3,158	2,759	399	229	170	2,442
Trade payables	(792)	(1,422)	630	(54)	684	(1,254)
Tax payables	(3,040)	(1,291)	(1,749)	(974)	(775)	(1,389)
Sundry payables and other short-term liabilities	(16,644)	(16,090)	(554)	(1,726)	1,172	(13,859)
Net working capital	**8,385**	**11,063**	**(2,678)**	**(1,827)**	**(851)**	**8,750**
Post-employment benefits and other non-current liabilities	**(3,897)**	**(3,830)**	**(67)**	**-**	**(67)**	**(3,784)**
Capital employed	**30,019**	**25,365**	**4,654**	**6,822**	**(2,168)**	**23,106**
Group shareholders' equity	32,680	33,624	(944)		(944)	32,501
Net financial position (Cash)	(2,661)	(8,259)	5,598	6,822	(1,224)	(9,395)
Sources of financing	**30,019**	**25,365**	**4,654**	**6,822**	**(2,168)**	**23,106**

Intangible assets increased from € 14.7 million to € 21.9 million, with a change of € 7.2 million due to the acquisition of Pace GmbH for € 8.4 million and to amortisation for the period on the intellectual property rights on software and on the customer portfolio for € 1.2 million.

Net property, plant and equipment amounted to € 1.5 million, up € 0.1 million compared to year-end 2015, mainly due to the consolidation of Pace GmbH. Investments in servers and computers during the period (€ 0.4 million) were essentially in line with the depreciation amounts for the first 9 months of 2016.

Other fixed assets amounted to € 2.1 million and essentially comprise deferred tax assets, unchanged compared to the end of 2015.

Net working capital decreased by € 2.7 million from € 11.1 million as at 31 December 2015 to € 8.4 million as at 30 September 2016, due to the negative net working capital of Pace GmbH (€ 1.8 million) and the reduction in working capital of TXT business (€ 0.9 million). The significant reduction in trade receivables of TXT (-€ 3.4 million) had a major impact, partly offset by the increase in inventories for work in progress (+€1.3 million), the reduction in trade payables (-€0.7 million) and other changes in working capital (+€ 0.5 million).

Liabilities arising from post-employment benefits of Italian employees and other non-current liabilities of € 3.9 million were essentially in line with those at the end of 2015 (€ 3.8 million).

Consolidated shareholders' equity amounted to € 32.7 million, compared to € 33.6 million as at 31 December 2015, down € 0.9 million mainly as a result of the payment of dividends for € 2.9 million and the purchase of treasury shares for € 0.5 million. Contributing to the growth of shareholders' equity was the profit for the first 9 months of 2016 (€ 3.6 million), net of exchange rate differences on conversion (€ 1.1 million).

The consolidated Net Financial Position as at 30 September 2016 is positive for € 2.7 million, compared to € 8.3 million as at 31 December 2015, with a variation of € 5.6 million mainly due to the net effect of acquisition of Pace GmbH (€ 6.8 million) and payment of dividends (€ 2.9 million), partly offset by the positive cash flow generated during the period (€ 4.1 million).

The acquisition of Pace GmbH completed on 1 April 2016 involved a net outlay of € 6.8 million, broken down as follows:

- € 7.7 million already paid upon purchase of 79% of the company's shares;
- an additional € 1.4 million in estimated future outlays to exercise the put/call option in 2020-2021 to purchase the remaining 21% of the company's shares; payment of the "Earn-out 2016" and other contractual terms;
- -€ 2.3 million for the net financial benefit arising from the acquisition of Pace, generated by the balance of cash acquired (€ 3.5 million) and financial debt acquired (€ 1.2 million).

On 18 May 2016, a dividend of € 0.25 per share was paid to 11.7 million outstanding shares (excluding treasury shares), with a total outlay of € 2.9 million.

Pursuant to CONSOB communication dated 28 July 2006 and in conformity with the CESR's recommendation dated 10 February 2005, "Recommendations for the consistent implementation of the European Commission's Regulation on prospectuses", it is noted that the TXT e-solutions Group's Net Financial Position as at 30 September 2016 is as follows:

(€ thousand)	30.9.2016	31.12.2015	Change	30.9.2015
Cash and bank assets	6,628	9,080	(2,452)	11,862
Short-term financial payables	(2,582)	(821)	(1,761)	(2,467)
Short-term financial resources	**4,046**	**8,259**	**(4,213)**	**9,395**
Payables due to banks with maturity beyond 12 months	(1,385)	-	(1,385)	-
Net Available Financial Resources	**2,661**	**8,259**	**(5,598)**	**9,395**

The Net Financial Position as at 30 September 2016 is detailed as follows:

- Cash and bank assets of € 6.6 million: the group's cash and bank assets are predominantly in Euro, USD and GBP for operations. This item also includes grants for research projects (€ 0.9 million) received by TXT as coordinator and lead manager; these amounts will be subsequently distributed to the other participating companies and the amounts were therefore recognised under short-term financial payables. The overall effect of these advances on net financial position is therefore zero.

- The € 2.6 million in short-term financial payables mainly consists of short-term bank payables of the parent company in Euro (€ 1.7 million) and the financial payable for grants to be paid to partners of research projects (€ 0.9 million).

- The medium/long-term financial payables of € 1.4 million consist of estimated outlays for exercising of the put/call option in 2020-2021, the "Earn-out 2016" and other contractual terms with the selling members of Pace.

Q3 2016 ANALYSIS

An analysis of the third quarter of 2016 is provided in the table below:

(€ thousand)	Q3 2016	%	Q3 2015	%	% change
REVENUES	**16,919**	**100.0**	**14,277**	**100.0**	**18.5**
Direct costs	7,748	45.8	6,781	47.5	14.3
GROSS MARGIN	**9,171**	**54.2**	**7,496**	**52.5**	**22.3**
Research and development costs	1,510	8.9	1,122	7.9	34.6
Commercial costs	3,207	19.0	2,927	20.5	9.6
General and administrative costs	2,028	12.0	1,819	12.7	11.5
GROSS OPERATING PROFIT (LOSS) [EBITDA]	**2,426**	**14.3**	**1,628**	**11.4**	**49.0**
Depreciation, amortisation and impairment	338	2.0	307	2.2	10.1
OPERATING PROFIT (LOSS) [EBIT]	**2,088**	**12.3**	**1,321**	**9.3**	**58.1**
Financial income (charges)	85	0.5	(16)	(0.1)	n.s.
EARNINGS BEFORE TAXES (EBT)	**2,173**	**12.8**	**1,305**	**9.1**	**66.5**
Tax	(564)	(3.3)	(210)	(1.5)	n.s.
NET PROFIT (LOSS) FOR THE PERIOD	**1,609**	**9.5**	**1,095**	**7.7**	**46.9**

Performance compared to the third quarter of the prior year was as follows:

- Net revenues amounted to € 16.9 million, up 18.5% compared to third quarter 2015 (€ 14.3 million). Revenues of the TXT Retail division amounted to € 8.9 million (+5.1%). Revenues of the TXT Next division were € 8.0 million, up € 2.2 million compared to Q3 2015, of which € 1.6 million for consolidation of Pace GmbH and € 0.6 million due to growth (+10.3%).
- The gross margin in third quarter 2016 was € 9.2 million, up by 22.3% compared to third quarter 2015 (€ 7.5 million), due to the consolidation of Pace GmbH (€ 1.2 million) and to growth (€ 0.5 million). Gross profit as a percentage of revenues increased from 52.5% to 54.2%.
- Operating profit (EBITDA) in third quarter 2016 amounted to € 2.4 million, up sharply compared to third quarter 2015 (+49.0%). Operating profit by Pace GmbH contributed € 0.2 million, while growth contributed € 0.6 million. As a percentage of revenues, it grew from 11.4% to 14.3%.
- Operating profit (EBIT) was € 2.1 million, up 58.1% compared to third quarter 2015 (€ 1.3 million) following depreciation/amortisation of property, plant and equipment, intellectual property rights on software and the customer portfolio arising from the acquisitions. Their impact on revenues was 12.3%, compared to 9.3% in third quarter 2015.
- Net profit amounted to € 1.6 million (€ 1.1 million in 2015), after tax charges of € 0.6 million,

corresponding to 26% of the pre-tax profit (€ 0.2 million, equal to 16% in 2015). Net profit amounted to 9.5% as a percentage of revenues, compared to 7.7% in third quarter 2015.

EMPLOYEES

As at 30 September 2016, the Group had 786 employees, compared to 672 as at 31 December 2015, for an increase of 114 employees, of which 72 for Pace GmbH and 42 new hirings predominantly in the TXT Next division, given the growth in business volume.

Personnel costs amounted to € 33.5 million in the first 9 months of 2016, compared to € 30.3 million in 2015, up 10.8%, essentially in line with the growth in revenues (10.3%).

TXT SHARE PERFORMANCE AND TREASURY SHARES

In the first 9 months of 2016, the share price of TXT e-solutions reached a high of € 8.07 on 2 March 2016 and a low of € 6.96 on 23 September 2016. As at 30 September 2016, the share price was € 7.17.

Average daily trade volumes in the first 9 months of 2016 amounted to 8,500 shares.

As at 30 September 2016, treasury shares amounted to 1,314,183 (1,345,700 at 31 December 2015), accounting for 10.10% of shares outstanding, and were purchased at an average price of € 2.28 per share.

During the first 9 months of 2016, a total of 71,002 treasury shares were purchased at an average price of € 7.46 and 102,519 treasury shares were awarded to employees upon achievement of the objectives of the Stock Grant 2015 (this plan ended at the beginning of 2016 with exercising of all of the rights that were subject to exercise as at 31 December 2015).

The Shareholders' Meeting held on 22 April 2016 renewed the authorisation to purchase treasury shares for a period of 18 months up to 20% of the share capital. According to the plan, the maximum payment must not be higher than the average of the official Stock Market prices in the three sessions prior to the purchase, plus 10%, and in any case it must not exceed € 25.00.

The Meeting also approved a Stock Options plan for the Group's executive directors and senior managers, up to a maximum of 1,200,000 ordinary shares of TXT e-solutions S.p.A. The objective of the plan is to link remuneration of beneficiaries to the creation of value for the company's shareholders, focusing on factors of strategic interest and encouraging loyalty. The Plan envisages the assignment of options, subject to achievement of specific performance objectives of the Company, to be more specifically established by the Board of Directors, upon proposal by the Remuneration Committee. The Plan spans approximately 5 years, with three-year vesting periods. No option had been assigned as of 30 September 2016.

In order to provide regular updates on the Company, an email-based communication channel is operational (txtinvestor@txtgroup.com). Everyone can sign up for this service in order to receive, in addition to press releases, specific communications to Investors and Shareholders.

EVENTS AFTER THE REPORTING PERIOD AND OUTLOOK

At the beginning of 2016, the retail market suffered, with declining results in many companies of the sector and growing risks due to the general situation and the uncertain performance of the reference markets. The company aims to grow in Europe, North America and Asia Pacific, and to develop its extensive and diversified customer portfolio in the retail sector. The TXT Next division also has solid medium-term growth prospects in the aeronautics market and new opportunities offered by the large, qualified customer portfolio acquired with Pace GmbH.

The Company envisages positive development in business in fourth quarter 2016 in both divisions, with short-term growth rates that are difficult to predict, particularly in the TXT Retail division.

Manager responsible for preparing	Chairman of the Board of Directors
corporate accounting documents	
Paolo Matarazzo	Alvise Braga Illa

Milan, 8 November 2016

Consolidated financial statements as at 30 September 2016

Consolidated Balance Sheet

ASSETS	30.09.2016	31.12.2015
NON-CURRENT ASSETS		
Goodwill	18,315,303	13,160,091
Intangible assets with a finite useful life	3,628,263	1,531,601
Intangible assets	**21,943,566**	**14,691,692**
Property, plant and equipment	1,461,832	1,361,299
Property, plant and equipment	**1,461,832**	**1,361,299**
Sundry receivables and other non-current assets	131,508	141,671
Deferred tax assets	1,993,695	1,936,976
Other non-current assets	**2,125,202**	**2,078,647**
TOTAL NON-CURRENT ASSETS	**25,530,601**	**18,131,638**
CURRENT ASSETS		
Inventories	3,403,264	2,074,935
Trade receivables	22,299,592	25,031,799
Sundry receivables and other current assets	3,158,435	2,759,371
Cash and cash equivalents	6,628,433	9,079,975
TOTAL CURRENT ASSETS	**35,489,724**	**38,946,080**
TOTAL ASSETS	**61,020,324**	**57,077,718**

LIABILITIES AND SHAREHOLDERS' EQUITY	30.09.2016	31.12.2015
SHAREHOLDERS' EQUITY		
Share capital	6,503,125	6,503,125
Reserves	14,418,917	15,826,568
Retained earnings (accumulated losses)	8,133,146	7,412,155
Profit (loss) for the period	3,624,371	3,882,489
TOTAL SHAREHOLDERS' EQUITY	**32,679,558**	**33,624,337**
NON-CURRENT LIABILITIES		
Non-current financial liabilities	1,385,079	-
Employee benefits expense	3,896,899	3,830,292
Deferred tax provision	1,839,769	1,274,631
TOTAL NON-CURRENT LIABILITIES	**7,121,747**	**5,104,923**
CURRENT LIABILITIES		
Current financial liabilities	2,582,414	820,586
Trade payables	791,908	1,422,360
Tax payables	1,201,105	15,544
Sundry payables and other current liabilities	16,643,592	16,089,968
TOTAL CURRENT LIABILITIES	**21,219,019**	**18,348,458**
TOTAL LIABILITIES	**28,340,766**	**23,453,381**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**61,020,324**	**57,077,718**

Consolidated Income Statement

	30.09.2016	30.09.2015
Revenues and other income	50,102,450	45,403,225
TOTAL REVENUES AND OTHER INCOME	**50,102,450**	**45,403,225**
Purchase of materials and external services	(9,357,733)	(8,669,911)
Personnel costs	(33,548,486)	(30,277,215)
Other operating costs	(1,456,042)	(1,452,102)
Depreciation and amortisation/Impairment	(869,896)	(826,000)
OPERATING PROFIT (LOSS)	**4,870,294**	**4,177,997**
Financial income (charges)	(73,050)	(128,117)
EARNINGS BEFORE TAXES	**4,797,243**	**4,049,880**
Income taxes	(1,172,873)	(615,275)
NET PROFIT (LOSS) FROM OPERATIONS	**3,624,371**	**3,434,605**
EARNINGS PER SHARE	0.31	0.29
DILUTED EARNINGS PER SHARE	0.31	0.29

Consolidated Statement of Comprehensive Income

	30.09.2016	30.09.2015
NET PROFIT (LOSS) FOR THE PERIOD	**3,624,371**	**3,434,605**
Foreign currency translation differences - foreign operations	(1,082,357)	326,151
Total items of other comprehensive income that will be subsequently reclassified to profit /(loss) for the period net of taxes	**(1,082,357)**	**326,151**
Defined benefit plans actuarial gains (losses)	(25,438)	69,312
Total items of other comprehensive income that will not be subsequently reclassified to profit /(loss) for the period net of taxes	**(25,438)**	**69,312**
Total profit/ (loss) of Comprehensive income net of taxes	**(1,107,795)**	**395,463**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,516,576**	**3,830,068**

Consolidated Statement of Cash Flows

	30.09.2016	30.09.2015
Net profit (loss) for the period	**3,624,371**	**3,434,605**
Non-monetary costs	6,455	(78,666)
Current taxes	907,349	-
Change in deferred taxes	(187,711)	(25,218)
Depreciation and amortisation, impairment and provisions	869,896	826,000
Cash flows from (used in) operating activities (before change in working capital)	**5,220,360**	**4,156,721**
(Increases)/decreases in trade receivables	3,410,670	(1,508,365)
(Increases)/decreases in inventories	(1,328,329)	(946,381)
Increases/(decreases) in trade payables	(684,272)	(285,902)
increases/(decreases) in post-employment benefits	41,169	12,190
Increases/(decreases) in other assets and liabilities	(1,331,764)	156,140
Change in operating assets and liabilities	107,474	(2,572,318)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	**5,327,834**	**1,584,403**
Increases in property, plant and equipment	(384,753)	(512,495)
Increases in intangible assets	-	(29,047)
Net cash flow from PACE acquisition	(5,442,817)	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	**(5,827,570)**	**(541,542)**
Increases/(decreases) in financial payables	1,767,888	(1,371,214)
(Increases) / decreases in financial receivables	-	(2,678,079)
Distribution of dividends	(2,931,492)	-
(Purchase) / Sale of treasury shares	(529,858)	2,378,634
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	**(1,693,462)**	**(1,670,659)**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,193,198)**	**(627,798)**
Effect of exchange rate changes on cash flows	(258,344)	186,059
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**9,079,975**	**12,304,130**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**6,628,433**	**11,862,391**

Consolidated Statement of Changes in Equity as at 30 September 2016

	Share capital	Legal reserve	Share premium reserve	Merger surplus	First time adoption	Stock options	Actuarial differences on post-employment benefits	Translation reserve	Retained earnings (accumulated losses)	Profit (loss) for the period	Total equity
Balances at 31 December 2015	**6,503,125**	**620,000**	**12,624,161**	**1,911,444**	**140,667**	**921,297**	**(904,667)**	**513,668**	**7,412,155**	**3,882,487**	**33,624,336**
Profit at 31 December 2015		**230,000**							**3,652,483**	**(3,882,487)**	**-**
Distribution of dividends									**(2,931,492)**		**(2,931,492)**
Purchase / Sale of treasury shares			**(529,858)**								**(529,858)**
Post-employment benefits discounting							**(25,438)**				**(25,438)**
Exchange differences								**(1,082,357)**			**(1,082,357)**
Profit at 30 September 2016										**3,624,371**	**3,624,371**
Balances at 30 September 2016	**6,503,125**	**850,000**	**12,094,302**	**1,911,444**	**140,667**	**921,297**	**(930,105)**	**(568,689)**	**8,133,146**	**3,624,371**	**32,679,558**

	Share capital	Legal reserve	Share premium reserve	Merger surplus	First time adoption	Stock options	Actuarial differences on post-employment benefits	Translation reserve	Retained earnings (accumulated losses)	Profit (loss) for the period	Total equity
Balances at 31 December 2014	**5,911,932**	**519,422**	**10,999,923**	**1,911,444**	**140,667**	**181,297**	**(1,014,033)**	**128,815**	**6,018,431**	**4,172,380**	**28,970,277**
Profit at 31 December 2014		**100,578**							**4,071,803**	**(4,172,380)**	**-**
Distribution of dividends									**(2,678,079)**		**(2,678,079)**
Free capital increase	**591,193**		**(591,193)**								**-**
Purchase / Sale of treasury shares			**2,378,634**								**2,378,634**
Post-employment benefits discounting							**69,312**				**69,312**
Exchange differences					**36,161**			**289,990**			**326,151**
Profit at 30 September 2015										**3,434,605**	**3,434,605**
Balances at 30 September 2015	**6,503,125**	**620,000**	**12,787,364**	**1,911,444**	**176,828**	**181,297**	**(944,721)**	**418,805**	**7,412,155**	**3,434,605**	**32,500,900**

Notes to the Financial Statements

1. Group's structure and scope of consolidation

The Parent Company TXT e-solutions S.p.A. and its subsidiaries operate both in Italy and abroad in the IT sector, and provide software and service solutions in extremely dynamic markets that require advanced technological solutions.

The table below shows the companies included in the scope of consolidation under the line-by-line method as at 30 September 2016:

Company name of the subsidiary	Currency	% interest	Share Capital
TXT e-solutions SL	EUR	100%	600,000
TXT e-solutions Sarl	EUR	100%	1,300,000
TXT e-solutions Gmbh	EUR	100%	1,300,000
TXT e-solutions Ltd	GBP	100%	2,966,460
TXT North America Inc.	CAD	100%	2,200,801
Maple Lake Australia Pty Ltd	AUD	100%	112
TXT USA Inc.	USD	100%	100,000
TXT Retail AsiaPacific Ltd	HKD	100%	100,000
TXT Singapore Pte Ltd	SGD	100%	10,000
PACE Aerospace Engineering and Information Technology	EUR	79%	295,850
PACE America Inc.	USD	79%	10
TXT e-solutions Sagl	CHF	100%	40,000

Compared to the financial statements as at 31 December 2015, the scope of consolidation during the first nine months of 2016 was modified as a result of the following extraordinary transactions:

- Establishment of the company TXT e-solutions Sagl on 27 June 2016;

- Acquisition of shares representing 79% of the share capital of PACE Aerospace Engineering and Information Technology GmbH, on 1 April 2016.

TXT e-solutions Group’s condensed consolidated financial statements are presented in Euro.
Here below are the foreign exchange rates used for translating the amounts expressed in foreign currency of the subsidiaries TXT e-solutions Ltd, TXT North America Inc., Maple Lake Pty Ltd, TXT USA Inc., TXT Retail AsiaPacific Ltd, TXT Singapore Pte Ltd, PACE America Inc. and TXT e-solutions Sagl into Euro:

- Income Statement (average exchange rate for the first 9 months)

Currency	30.09.2016	30.09.2015
British Pound Sterling (GBP)	0.7959	0.7274
Canadian Dollar (CAD)	1.4764	1.4031
Australian Dollar (AUD)	1.5088	1.4619
USA Dollar (USD)	1.1151	1.1145
Hong Kong Dollar (HKD)	8.6593	8.6409
Singapore Dollar (SGD)	1.5308	1.5197
Swiss Franc (CHF)	1.0939	1.0936

- Balance sheet (exchange rate at 30 September 2016 and 31 December 2015)

Currency	30.09.2016	31.12.2015
British Pound Sterling (GBP)	0.8610	0.7340
Canadian Dollar (CAD)	1.4690	1.5116
Australian Dollar (AUD)	1.4657	1.4897
USA Dollar (USD)	1.1161	1.0887
Hong Kong Dollar (HKD)	8.6547	8.4376
Singapore Dollar (SGD)	1.5235	1.5417
Swiss Franc (CHF)	1.0876	0.9202

2. Accounting standards and measurement bases

This interim report was prepared in compliance with IFRSs and pursuant to Article 154-ter of the Consolidated Law on Finance (Legislative Decree 195/2007) implementing Directive 2004/109/EC on disclosure requirements. Such article replaced Article 82 ("Interim management report") and Annex 3D ("Content of the quarterly report") of the Issuers' Regulation.

This interim report has been prepared in accordance with accounting standards and principles used to prepare the separate and consolidated financial statements. The assumptions applied to this interim report are also in line with those used in the separate and consolidated financial statements.

The interim report as at 30 September 2016 is not subject to auditing.

3. Financial Risk Management

As for business risks, the main financial risks identified and monitored by the Group are as follows:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk.

The financial risk management objectives and policies of the TXT e-solutions Group reflect those illustrated in the consolidated financial statements as at 31 December 2015, to which reference should be made.

4. Segment disclosures

For operating purposes, the Group is organised into two Business Units based on the end-use of the products and services provided; the heading "Unallocated" includes the Corporate operating and financial amounts. The main financial and operating data broken down by business segment were as follows:

BALANCE SHEET BY BUSINESS UNIT AS AT 30/09/2016

(€ thousand)	TXT Retail	TXT Next	Unallocated	TOTAL TXT
Intangible assets	13,657	8,286	0	21,943
Property, plant and equipment	777	685	0	1,462
Other fixed assets	1,130	996		2,126
FIXED ASSETS	**15,564**	**9,967**	**0**	**25,531**
Inventories	446	2,957	0	3,403
Trade receivables	9,177	13,123	0	22,300
Sundry receivables and other short-term assets	1,679	1,479	0	3,158
Trade payables	(419)	(373)	0	(792)
Tax payables	(1,682)	(1,358)	0	(3,040)
Sundry payables and other short-term liabilities	(8,805)	(7,839)	0	(16,644)
NET WORKING CAPITAL	**395**	**7,990**	**0**	**8,385**
POST-EMPLOYMENT BENEFITS AND OTHER NON-CURRENT LIABILITIES	**(2,062)**	**(1,835)**	**0**	**(3,897)**
CAPITAL EMPLOYED	**13,898**	**16,121**	**0**	**30,019**
Shareholders' equity			32,680	32,680
Net financial debt			(2,661)	(2,661)
SOURCES OF FINANCING			**30,019**	**30,019**

BALANCE SHEET BY BUSINESS UNIT AS AT 31/12/2015

(€ thousand)	TXT Retail	TXT Next	Unallocated	TOTAL TXT
Intangible assets	14,684	8	0	14,692
Property, plant and equipment	811	550	0	1,361
Other fixed assets	1,239	840		2,079
FIXED ASSETS	**16,734**	**1,398**	**0**	**18,132**
Inventories	95	1,980	0	2,075
Trade receivables	11,838	13,194	0	25,032
Sundry receivables and other short-term assets	1,644	1,115	0	2,759
Trade payables	(830)	(592)	0	(1,422)
Tax payables	(884)	(407)	0	(1,291)
Sundry payables and other short-term liabilities	(9,394)	(6,696)	0	(16,090)
NET WORKING CAPITAL	**2,469**	**8,594**	**0**	**11,063**
POST-EMPLOYMENT BENEFITS AND OTHER NON-CURRENT LIABILITIES	**(2,236)**	**(1,594)**	**0**	**(3,830)**
CAPITAL EMPLOYED	**16,967**	**8,398**	**0**	**25,365**
Shareholders' equity			33,624	33,624
Net financial debt/(Cash and cash equivalents)			(8,259)	(8,259)
SOURCES OF FINANCING			**25,365**	**25,365**

INCOME STATEMENT BY BUSINESS UNIT AS AT 30/09/2016

(€ thousand)	TXT Retail	TXT Next	Unallocated	TOTAL TXT
REVENUES	**26,633**	**23,469**	**0**	**50,102**
Software	11,397	1,834	0	13,231
Services	15,236	21,635	0	36,871
OPERATING COSTS:				
Direct costs	9,864	13,731	0	23,595
Research and development costs	3,255	1,399	0	4,654
Commercial costs	7,244	2,495	0	9,739
General and administrative costs	3,106	3,268	0	6,374
TOTAL OPERATING COSTS	**23,469**	**20,893**	**0**	**44,362**
GROSS OPERATING PROFIT (LOSS) [EBITDA]	**3,164**	**2,576**	**0**	**5,740**
% of Revenues	11.9%	11.0%		11.5%
Amortisation	218	179	0	397
Depreciation	240	212	0	452
Impairment	11	10	0	21
OPERATING PROFIT (LOSS) [EBIT]	**2,695**	**2,175**	**0**	**4,870**
Financial income (charges)	(40)	(33)	0	(73)
EARNINGS BEFORE TAXES [EBT]	**2,654**	**2,143**	**0**	**4,797**
Tax	**(649)**	**(524)**	**0**	(1,173)
NET PROFIT (LOSS) FOR THE PERIOD	**2,005**	**1,619**	**0**	**3,624**

INCOME STATEMENT BY BUSINESS UNIT AS AT 30/09/2015

(€ thousand)	TXT Retail	TXT Next	Unallocated	TOTAL TXT
REVENUES	**27,246**	**18,157**	**0**	**45,403**
Software	11,971	91	0	12,062
Services	15,275	18,066	0	33,341
OPERATING COSTS:				
Direct costs	9,755	11,904	0	21,659
Research and development costs	2,919	919	0	3,838
Commercial costs	7,612	1,707	0	9,319
General and administrative costs	3,350	2,233	0	5,583
TOTAL OPERATING COSTS	**23,636**	**16,763**	**0**	**40,399**
GROSS OPERATING PROFIT (LOSS) [EBITDA]	**3,610**	**1,394**	**0**	**5,004**
% of Revenues	13.2%	7.7%		11.0%
Amortisation	348	89	0	437
Depreciation	212	141	0	353
Impairment	22	14	0	36
OPERATING PROFIT (LOSS) [EBIT]	**3,028**	**1,150**	**0**	**4,178**
Financial income (charges)	(93)	(35)	0	(128)
EARNINGS BEFORE TAXES [EBT]	**2,936**	**1,114**	**0**	**4,050**
Tax	**(446)**	**(169)**	**0**	(615)
NET PROFIT (LOSS) FOR THE PERIOD	**2,490**	**945**	**0**	**3,435**

5. Certification of the Interim report pursuant to Article 154-bis of Legislative Decree 58/98

Pursuant to paragraph 2 of Article 154-bis, part IV, title III, heading II, section V-bis of Legislative Decree 58 dated 24 February 1999, the Manager responsible for preparing corporate accounting documents certifies that financial information included in this document corresponds to the accounting books and records.

Manager responsible for preparing corporate accounting documents

Paolo Matarazzo

Milan, 8 November 2016