



PRESS RELEASE

ACOTEL GROUP SpA: Board approves separate and consolidated financial statements for 2016

Consolidated results:

- **Revenue approximately €22.2 million (€35.8 million in 2015)**
- **Negative EBITDA approximately €5.9 million (negative €6.7 million in 2015)**
- **Negative EBIT approximately €7.4 million (negative €7.8 million in 2015)**
- **Net loss €5.5 million (loss of €10.7 million in 2015)**
- **Net funds €8 million (€11.6 million in 2015)**

Today's meeting of the Board of Directors of Acotel Group SpA has approved the consolidated and separate financial statements for the year ended 31 December 2016, which will be submitted for approval to the Annual General Meeting of shareholders (AGM) to be held in first call on 21 April 2017 and, if necessary, in second call on 28 April 2017.

In 2016, the Group focused its efforts on the development of its energy efficiency products and services, above all those relating to energy management and the smart metering of electricity, gas and water consumption, and on the rollout of its programmatic advertising services.

In the **Acotel Net** business area, we proceeded to work with *ENI*, which continued to offer its *myEnergy* service, supplied in partnership with Acotel, to its SOHO and Small Business customers. Acotel shipped its My Energy Meter (MEM), which enables customers to access the platform needed in order to use the service, to around 7,000 of ENI's customers in 2016, added to around a thousand who took delivery of the devices in late 2015.

The Group also continued to supply its energy management services to *Poste Italiane SpA*. The use of Acotel Net's solution in over 8,000 post offices is not only enabling the customer to make significant energy savings, but also allows it to identify the numerous outages that occur in real time. The new system enables the problems, caused by interruptions to electricity supply or malfunctioning automatic switch-off devices, to be rapidly dealt with and normal service to be restored to the offices concerned.

Agreements were also entered into with other major customers in 2016:

- in July, an agreement was signed with *Vivigas SpA*, a company specialising in the sale of electricity and natural gas throughout Italy, for the provision of products and services by Acotel Net. The first 250 devices covered by this agreement were delivered in September;
- in September, an agreement was signed with *Iren Mercato SpA*, a company that supplies, trades and sells electricity, gas and heat, for the provision of products and services by Acotel Net as part of a reward programme launched by *Iren*; this initiative constituted a market test in preparation for a framework agreement, signed by the parties at the end of November, that will involve supply of the *My Energy Meter* solution to Iren's household customers;
- during the second half of 2016, the Energy Management service was rolled out to a further 7 *GEOX SpA* stores in Italy and Europe, adding to those already using the service.

In the **Bucksense** business area, in which the subsidiaries Bucksense Inc. and Hera Performance Llc operate, the Group operates internationally, supporting and enabling its customers with tools that allow them to identify and reach their ideal target customer, using a technology platform developed in-house for online media planning, buying and optimisation.



Bucksense provides the tools and resources that its client companies' development and marketing departments need: from user acquisition to tracking through to the most advanced forms of App engagement. Above all, the new DSP (Demand Side Platform) purchases media space through real-time bidding on leading Ad Exchanges, with which it is connected via a proprietary algorithm capable of boosting performance throughout the campaign, getting the best possible return from the investment. Bucksense is interconnected with more than 45 SSPs (Supply Side Platforms) or Exchanges, interacts with 45 billion placements a day and offers more than 200 agencies, present across all continents, its in-house technology to plan, launch and optimise their branding and performance campaigns.

Bucksense also offers an Engagement solution, which is free to customers who already utilise the services provided by the Acquisition platform, designed for use by developers and to build loyalty among app users, studying their behaviour through retargeting initiatives in order to achieve previously set strategic objectives.

All the live Acquisition and Engagement campaigns can be monitored and analysed in real time together with a team of dedicated experts, thanks to detailed and fully personalisable reports providing the KPIs (Key Performance Indicators) needed in order to devise the best possible strategies.

Bucksense saw exponential growth of 900% in effective impressions in 2016, compared with the previous year, and expects to achieve even faster growth in the coming months.

Through our **Acotel Interactive** business area, the Group continues to provide VAS services, offering them not only on behalf of mobile operators, but also making its own apps available via the various market places or marketing them directly via the advertising services provided by the investee, *Bucksense Inc.*. The Group has continued to invest in developing a market for these services in India, where over 40% of the business's total turnover from Digital Entertainment was generated (21% in 2015).

In line with our plan to refocus the business around the development and commercialisation of smart metering, energy management and programmatic advertising solutions, in October 2016, the Group agreed the sale, to *Telecom Italia SpA*, of its 100% interest in the subsidiary, *Noverca Srl*, which alone constituted the **Acotel TLC** business area's entire Mobile Virtual Network Aggregator operations. The agreed price for the sale was €4.5 million (including €450 thousand to be withheld for 27 months in an escrow account as a guarantee of the seller's commitments). This price was adjusted by the value of the target company's net debt at 31 October 2016, amounting to €52 thousand. The consolidated net gain generated by the sale amounted to approximately €3.9 million. The seller will also receive up to a further €500 thousand provided that Noverca's platform achieves the stated performance indicators and *Acotel Group SpA* actively supports *Telecom Italia SpA* in the process of integrating *Noverca Srl's* platform.

Whilst marking an improvement on the previous year's performance, essentially thanks to the gain and cost savings resulting from the sale of the investment in *Noverca*, the Group's results for 2016 show how necessary it is for the new businesses to grow sufficiently to compensate, in both operational and financial terms, for the recent decline in revenue from VAS (Value Added Services).

Whilst aware of the significant uncertainties surrounding expectations for the Group's future performance, the Directors, after updating the Business Plan for 2016-2020, have prepared the consolidated financial statements on a going concern basis. This is because they believe that the Group is capable of continuing to operate as a going concern for a period in excess of twelve months after the reporting date for these financial statements.

In reaching this conclusion, the Directors have taken the following into account:

- the large number and potential of the commercial initiatives undertaken in order to develop products and services for managing the consumption of electricity, water and gas and the digital advertising business;
- the Business Plan for 2017-2021 which, despite the uncertainty surrounding the complex process of formulating projections, gives the Directors confidence about the availability of sufficient financial resources to meet its current obligations;
- the absence of any difficulties in the management of existing debt;
- the substantial absence of any past due payables or legal disputes with creditors;
- the presence of sufficient equity reserves in respect of the share capital;
- the absence of legal and/or tax disputes that could result in liabilities that the Group would not be able to meet.

Consolidated financial statements 2016¹

Compared with the results for the previous year, the Acotel Group's results for 2016 reveal a reduction in revenue and improvements in intermediate earnings from continuing operations and in the loss attributable to owners of the Parent.

Revenue of approximately €22 million is down 38% on the approximately €36 million of the previous year. This reflects reduced turnover at the Acotel Interactive business area, primarily caused by a slowdown in its Italian and South American markets.

82% of revenue was generated by the Acotel Interactive business area, 10% by the Acotel Net business area and the remaining 8% by the Bucksense business area.

In the **Acotel Interactive** business area, Digital Entertainment services generated revenue of €13.9 million, down 50% on the €27.6 million of 2015. Mobile Service revenue amounts to €4.2 million, down 29% on the €6 million of the previous year.

The **Acotel Net** business area generated revenue of approximately €2.2 million (up 16% on 2015), with €1.4 million generated by the Energy services provided mainly in Italy and €0.8 million by the Security Systems segment, relating to the design, production and maintenance of electronic security systems in Italy.

In the **Bucksense** business area, the Group continued to make the experience acquired over recent years, in providing support to Group companies, available to third-party customers, generating external revenue of €1.9 million in 2016 (€0.2 million in 2015) from the launch of new programmatic advertising services. 44% of this revenue was generated in North America, 28% in Europe, 8% in Latin America and the remainder in other geographical areas.

¹ *In accordance with IFRS 5, revenue and cost items for 2016 and, for comparative purposes, for 2015, attributable to Noverca Srl and Noverca Italia Srl (in liquidation), have been classified in "Profit/(Loss) from assets held for sale and discontinued operations" in the income statement. Revenue and cost items for 2015 attributable to Flycell Telekomunikasyon Hizmetler AS and Info2cell.com FZ-LLC, which were sold during the previous year, have also been classified in this item. Similarly, the current and non-current assets and liabilities attributable to Noverca Italia Srl's remaining operations, which are in the process of being liquidated, have been consolidated on a line-by-line basis, but reclassified to "Total assets held for sale and discontinued operations less related liabilities" in the statement of financial position.*



In terms of earnings, the Group reports a consolidated gross operating loss (negative EBITDA) of approximately €5.9 million (a loss of €6.7 million in 2015). After amortisation and depreciation (€1.3 million) and goodwill impairment (€0.3 million), the Group reports an operating loss (negative EBIT) of €7.4 million (a loss of €7.8 million for the previous year).

After net finance income (€0.5 million), estimated tax expense (€2.5 million) and the profit from assets held for sale and discontinued operations (€4 million), which reflects the impact of the sale of *Noverca Srl*, together with the revenue and costs resulting from the liquidation of *Noverca Italia Srl*, the loss attributable to owners of the Parent for the year amounts to approximately €5.5 million (a loss of €10.7 million in 2015).

The overall loss reported by the Group, totalling approximately €5.5 million, breaks down as follows:

(a) ACOTEL NET business area:	(€3,183) thousand
(b) BUCKSENSE business area:	(€2,548) thousand
(c) ACOTEL INTERACTIVE business area:	(€470) thousand
(d) Taxation and adjustments:	(€3,232) thousand
(e) Net effect of "discontinued operations":	€3,954 thousand
Loss for the year:	(€5,479) thousand

This shows how the Group continues to experience operational difficulties across all its businesses, with the losses incurred by the new businesses still unable to compensate for the deteriorating performance of the existing operations.

Net funds at 31 December 2016 amount to approximately €8 million, down 31% on the €11.6 million of 31 December 2015. This reflects the financial impact of the losses incurred by Group companies during the year.

Parent Company's separate financial statements 2016

The merger of *Acotel SpA* (the acquiree) with and into *Acotel Group SpA* (the acquirer) was completed with the filing of the related merger deed with the Rome Companies' Register in October 2016. The merger aims to simplify existing operational relations between *Acotel Group SpA* and *Acotel SpA*, where the latter trades using the data transmission platform developed and managed by the former. Following the merger, the accounting tax effects of which have been backdated to 1 January 2016², the acquirer has assumed all the acquiree's rights and obligations.

In 2016, the Parent Company, *Acotel Group SpA*, generated total revenue of approximately €4,011 thousand (€7,253 thousand in 2015 on a pro-forma basis), with €3,999 thousand (€7,241 thousand in 2015 pro-forma) resulting from the services provided by the **Acotel Interactive** and **Acotel Net** business areas.

² Preliminary guidance from *Assirevi (OPI 2 R)* requires presentation of the revenue, costs, assets and liabilities of the acquiree (*Acotel SpA*) together with those of the acquirer (*Acotel Group SpA*) from the accounting period prior to the merger. As a result, to ensure an appropriate basis for comparison, amounts for the year ended 31 December 2015 have been represented to take into account the impact of the merger of *Acotel SpA* with and into *Acotel Group SpA*.



The **Acotel Interactive** business generated revenue of €3,432 thousand, down on the €7,149 thousand of 2015 pro-forma, primarily due to a general slowdown in the market for Digital Entertainment and Mobile Services.

Acotel Net's revenue of €567 thousand (€92 thousand in 2015 pro-forma) regards the *myEnergy* service offered by *ENI* to its SOHO and Small Business customers in collaboration with Acotel. This service is provided to *ENI* by a temporary horizontal consortium of companies, whose members are *Acotel Group SpA* and its subsidiary, *AEM Acotel Engineering and Manufacturing SpA*, with interest in the consortium of 87% and 13%, respectively.

The Company reports a gross operating loss (negative EBITDA) of €2,771 thousand, marking deterioration with respect to 2015, as a result of the decline in revenue during the year.

The operating loss (negative EBIT) amounts to €4,676 thousand, compared with a loss of €7,195 thousand in 2015 pro-forma. This figure was significantly impacted by the impairment loss of €1,836 thousand on the carrying amount of the investment in *AEM Acotel Engineering and Manufacturing SpA*.

After the profit and loss on investments, net finance income, income tax expense for the year and the loss from discontinued operations (*Noverca Srl*), the loss for 2016 amounts to €10,982 thousand.

The profit on investments, totalling €2,753 thousand, includes €2,238 thousand relating to the dividend paid by *Acotel do Brasil Ltda* in 2016 and a reduction of €515 thousand in provisions made to cover future charges that the Company may incur following completion of the process of liquidating *Noverca Italia Srl (in liquidation)*.

The loss on investments, totalling €3,377 thousand, regards the cost of covering the losses incurred by *AEM Acotel Engineering and Manufacturing SpA* (€2,065 thousand) and *Noverca Srl* (€1,312 thousand).

Events after 31 December 2016

In February 2017, *Acotel Group SpA* and *Flycell Italia Srl* signed an agreement with *Telecom Italia SpA* for the provision of services using Decade 4 premium-rate numbers assigned to *Telecom Italia SpA* and aimed at customers of TIM and those of other mobile operators.

In the same month, *Acotel SpA* extended its agreement with *Telecom Italia SpA* covering the supply of *ScripTIM* branded services.

These agreements will both be in effect from 1 January 2017 until 31 December 2018.

In February 2017, *Bucksense* presented the latest three SaaS (Software-as-a-Service) releases for its programmatic advertising services (Micro Bidding, Full Video Viewability and Planning Tool) at the Mobile World Congress in Barcelona.

These services enable marketers and media buyers to put together tailor-made bids aimed at different target markets within the same advertising campaign, to run cross-device video campaigns on mobiles and desktops, with their own or external ad servers and in all the available formats, and to better assess eCPM (the effective cost per mille) during both the pre-campaign planning phase and during the campaign itself.



Outlook

The Business Plan for 2017-2021 approved by the Directors of *Acotel Group SpA* aims to return the Group to profit over the medium term. Under the Plan, the Group will pursue both revenue and earnings growth in its new Energy and Advertising businesses and return its traditional Interactive business to profit. In particular:

- in addition to continuing with the development of products and services for managing the consumption of electricity, water and gas, the **Acotel Net** business area will work on concluding ongoing talks with a number of major commercial partners, on achieving further growth in sales to existing customers and on expanding both its product range and the Group's presence in the vast IoT (Internet of Things) market;
- the **Bucksense** business area expects to see further strong growth in its customer base and in the revenue generated by its programmatic advertising services;
- finally, business area, we expect to see further growth in the customer base in India, a country in which the Group sees great potential.

Disclosures required by art. 114 of Legislative Decree 58/98

The following disclosures are provided by Acotel Group SpA in accordance with the request from the CONSOB dated 8 July 2016:

- a) The Company's and the Acotel Group's net funds, separately showing the short- and medium/long-term components

Acotel Group SpA		<i>(€000)</i>
		31 December 2016
A. Cash and cash equivalents		4,986
B. Assets held for trading		751
C. Liquidity (A + B)		5,737
D. Current financial receivables due from related parties		1,535
E. Other current financial receivables		1,600
F. Current financial assets (D + E)		3,135
G. Current financial liabilities due to related parties		(2,032)
H. Current net debt (G)		(2,032)
I. Non-current net debt		-
L. Net funds (C+F+H+I)		6,840

Acotel Group

(€000)

	31 December 2016
A. Cash and cash equivalents	9,931
B. Assets held for trading	2,905
C. Liquidity (A + B)	12,836
D. Other current financial receivables	1,600
E. Current financial assets (D)	1,600
F. Current bank borrowings	(6,387)
G. Current financial liabilities (F)	(6,387)
H. Non-current net debt	-
I. Net funds (C+E+G+H)	8,049

- b) The Company's and the Group's past due payables, broken down by type (financial, trade, tax, social security and staff-related), and the related recovery initiatives undertaken by creditors (reminders, injunctions, interruptions to supply, etc.).

At 31 December 2016, there are no past due payables of a financial, tax, social security or staff-related nature.

Past due trade payables are minor in nature and there have been no recovery initiatives undertaken by creditors.

- c) Key changes in relations with related parties since the last annual or interim half-year report approved in accordance with art. 154-ter of the Consolidated Finance Act.

There has not been any material change, at 31 December 2016, in the Company's or the Group's relations with related parties compared with the Interim Report for the six months ended 30 June 2016 approved by the Board of Directors on 27 September 2016.

All related party transactions entered into by Acotel Group SpA and Group companies, including intercompany transactions, are conducted in the ordinary course of business and on an arm's length basis. There are no atypical and/or unusual transactions to report, or any transactions potentially giving rise to a conflict of interest.

- d) Any failure to comply with covenants, negative pledges or any other provisions applicable to the Acotel Group's borrowings, entailing limits on the use of the Group's financial resources, indicating the updated degree of compliance with such provisions.

None of the outstanding borrowings at 31 December 2016 are subject to such provisions.



Declaration by the manager responsible for financial reporting

The manager responsible for the Group's financial reporting, Luca De Rita, hereby declares, pursuant to article 154-*bis*, paragraph 2, of Legislative Decree 58/1998 (the Consolidated Law on Finance), that the information in this press release is consistent with the underlying accounting records.

Note: the reclassified consolidated and separate income statements, statements of financial position, statements of cash flows and analyses of net funds are attached. The data in these statements is currently being audited.

For further information contact:

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Rome, 14 March 2017



ACOTEL GROUP
Reclassified consolidated income statement (*)

<i>(€000)</i>	2016	2015	Increase/ (Decrease)
Revenue	22,199	35,755	(13,556)
Other income	250	197	53
Total revenue	22,449	35,952	(13,503)
Gross operating profit/(loss)	(5,862)	(6,681)	819
Amortisation and depreciation	(1,284)	(858)	(426)
Goodwill impairment	(294)	-	(294)
Impairment losses/reversal of impairment losses on non-current assets	(2)	(284)	282
Operating profit/(loss)	(7,442)	(7,823)	381
Net finance income/(costs)	524	671	(147)
PROFIT/(LOSS) BEFORE TAX	(6,918)	(7,152)	234
Taxation	(2,515)	(1,846)	(669)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	(9,433)	(8,998)	(435)
Profit/(Loss) from assets held for sale and discontinued operations	3,954	(1,673)	5,627
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	(5,479)	(10,671)	5,192
Earnings per share	(1.33)	(2.59)	
Diluted earnings per share	(1.33)	(2.59)	

(*): As required by IFRS 5, amounts for 2015 have been reclassified.



ACOTEL GROUP
Reclassified consolidated statement of financial position

(€000)	31 December 2016	31 December 2015	Increase/ (Decrease)
Non-current assets:			
Property, plant and equipment	5,014	5,281	(267)
Intangible assets	2,332	2,027	305
Other assets	1,381	2,590	(1,209)
TOTAL NON-CURRENT ASSETS	8,727	9,898	(1,171)
Net current assets:			
Inventories	461	585	(124)
Trade receivables	3,813	5,554	(1,741)
Other current assets	1,144	2,036	(892)
Trade payables	(3,369)	(6,778)	3,409
Other current liabilities	(2,978)	(4,120)	1,142
TOTAL NET CURRENT ASSETS	(929)	(2,723)	1,794
TOTAL ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS LESS RELATED LIABILITIES	(1,107)	(538)	(569)
PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS	(3,638)	(3,590)	(48)
NON-CURRENT PROVISIONS	(160)	(240)	80
NET INVESTED CAPITAL	2,893	2,807	86
Equity:			
Share capital	1,084	1,084	-
Reserves and retained earnings/(accumulated losses)	15,337	24,000	(8,663)
Profit/(Loss) for the year	(5,479)	(10,671)	5,192
Non-controlling interests	-	30	(30)
TOTAL EQUITY	10,942	14,443	(3,501)
Net cash and cash equivalents:			
Current financial assets	(4,505)	(11,034)	6,529
Cash and cash equivalents	(9,810)	(6,172)	(3,638)
Cash and cash equivalents held for sale and included in discontinued operations	(121)	(395)	274
Current financial liabilities held for sale and included in discontinued operations	6,387	5,965	422
	(8,049)	(11,636)	3,587
NET FUNDS	(8,049)	(11,636)	3,587
TOTAL EQUITY AND NET FUNDS	2,893	2,807	86



ACOTEL GROUP
Consolidated statement of cash flows (*)

(€000)

	2016	2015
A. NET CASH AND CASH EQUIVALENTS AND CURRENT FINANCIAL ASSETS AT BEGINNING OF YEAR	11,636	23,064
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	(5,533)	(10,451)
Cash flows from operating activities after changes in working capital	(5,683)	(7,255)
Profit/(Loss) from continuing operations	(9,433)	(8,998)
Profit/(Loss) from discontinued operations	3,954	(1,673)
Loss on sale of assets	(5,054)	2,073
Amortisation and depreciation	1,284	858
Goodwill impairment	294	-
Impairment losses/reversal of impairment losses on non-current assets	2	284
Impairment of assets	(20)	44
Net change in provisions for staff termination benefits	357	548
Net change in current tax liabilities	6	(40)
Net change in deferred tax liabilities	1,526	1,291
Net change in provisions	-	213
Currency translation differences	1,401	(1,855)
(Increase) / Decrease in receivables	2,418	7,940
(Increase) / Decrease in inventories	124	(149)
Increase / (Decrease) in payables	(2,962)	(8,188)
Cash from (for) operating activities of discontinued operations	570	(2,799)
C. CASH FLOWS FROM (FOR) INVESTING ACTIVITIES	1,946	(977)
(Purchases)/disposals of fixed assets:		
- Intangible assets	(1,429)	(1,389)
- Property, plant and equipment	32	537
- Financial assets	(397)	38
Proceeds from sale of assets, less cash and costs to sell	3,740	(48)
Cash from (for) investing activities of discontinued operations	-	(115)
D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES	-	-
E. CASH FLOW FOR THE YEAR (B+C+D)	(3,587)	(11,428)
F. NET CASH AND CASH EQUIVALENTS AND CURRENT FINANCIAL ASSETS AT END OF YEAR (A+E)	8,050	11,636
of which: net cash and cash equivalents and current financial assets included in assets and liabilities held for sale and discontinued operations	(6,266)	(5,570)
G. NET CASH AND CASH EQUIVALENTS AND CURRENT FINANCIAL ASSETS AT END OF YEAR (A+E) PRESENTED IN FINANCIAL STATEMENTS	14,315	17,206

(*): As required by IFRS 5, amounts for 2015 have been reclassified.



ACOTEL GROUP
Analysis of consolidated net funds

(€000)

	31 December 2016	31 December 2015	Increase/ (Decrease)
A. Cash and cash equivalents	9,931	6,567	3,364
B. Assets held for trading	2,905	9,434	(6,529)
C. Liquidity (A + B)	12,836	16,001	(3,165)
D. Other current financial receivables	1,600	1,600	-
E. Current financial assets (D)	1,600	1,600	-
F. Current bank borrowings	(6,387)	(5,965)	(422)
G. Current financial liabilities (F)	(6,387)	(5,965)	(422)
H. Net funds (C+E+G)	8,049	11,636	(3,587)



ACOTEL GROUP SpA
Reclassified income statement

(€)	2016	2015 pro-forma (*)	Increase/ (Decrease)
Revenue	4,011,290	7,253,430	(3,242,140)
Other income	2,625,856	3,041,652	(415,796)
Total	6,637,146	10,295,082	(3,657,936)
Gross operating profit/(loss) (EBITDA)	(2,771,180)	(1,641,517)	(1,129,663)
Amortisation and depreciation	(68,487)	(79,631)	11,144
Impairment losses/reversal of impairment losses on non-current assets	(1,836,035)	(5,474,150)	3,638,115
Operating profit/(loss) (EBIT)	(4,675,702)	(7,195,298)	2,519,596
Profit on investments	2,752,982	-	2,752,982
Loss on investments	(3,377,409)	(4,090,188)	712,779
Net finance income/(costs)	226,221	304,290	(78,069)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(5,073,908)	(10,981,196)	5,907,288
Taxation	(1,654,582)	(1,032,347)	(622,235)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	(6,728,490)	(12,013,543)	5,285,053
Profit/(Loss) from discontinued operations	(4,253,462)	(1,765,471)	(2,487,991)
PROFIT/(LOSS) FOR THE YEAR	(10,981,952)	(13,779,014)	2,797,062

(*): preliminary guidance from Assirevi (OPI 2 R) requires presentation of the revenue, costs, assets and liabilities of the acquiree (Acotel SpA) together with those of the acquirer (Acotel Group SpA) from the accounting period prior to the merger. As a result, to ensure an appropriate basis for comparison, amounts for the year ended 31 December 2015 have been represented to take into account the impact of the merger of Acotel SpA with and into Acotel Group SpA.



ACOTEL GROUP SpA
Reclassified statement of financial position

(€)	31 December 2016	31 December 2015 pro-forma	(*) Increase/ (Decrease)
Non-current assets			
Property, plant and equipment	221.443	224.938	(3.495)
Intangible assets	57.287	40.442	16.845
Non-current financial assets	18.488.003	28.978.795	(10.490.792)
Other assets	685.436	1.868.575	(1.183.139)
TOTAL NON-CURRENT ASSETS	19.452.169	31.112.750	(11.660.581)
Net current assets			
Trade receivables	763.790	916.595	(152.805)
Other current assets	2.598.700	2.976.714	(378.014)
Trade payables	(1.069.779)	(1.380.344)	310.565
Other current liabilities	(11.652.505)	(13.450.845)	1.798.340
TOTAL NET CURRENT ASSETS	(9.359.794)	(10.937.880)	1.578.086
PROVISIONS FOR STAFF TERMINATION BENEFITS	(2.284.383)	(1.708.515)	(575.868)
NON-CURRENT PROVISIONS	(349.506)	(357.106)	7.600
NET INVESTED CAPITAL	7.458.486	18.109.249	(10.650.763)
Equity:			
Share capital	1.084.200	1.084.200	-
Reserves and retained earnings/ (accumulated losses)	24.196.098	37.771.663	(13.575.565)
Profit/(Loss) for the year	(10.981.952)	(13.779.014)	2.797.062
Non-controlling interests	-	224.730	(224.730)
TOTAL EQUITY	14.298.346	25.301.579	(11.003.233)
Net cash and cash equivalents:			
Current financial assets	(2.351.066)	(6.295.420)	3.944.354
Cash and cash equivalents	(4.986.168)	(1.744.390)	(3.241.778)
Current financial receivables	(1.534.474)	(1.174.602)	(359.872)
Current borrowings	2.031.848	2.022.082	9.766
	(6.839.860)	(7.192.330)	352.470
NET FUNDS	(6.839.860)	(7.192.330)	352.470
TOTAL EQUITY AND NET FUNDS	7.458.486	18.109.249	(10.650.763)

(*): preliminary guidance from Assirevi (OPI 2 R) requires presentation of the revenue, costs, assets and liabilities of the acquiree (Acotel SpA) together with those of the acquirer (Acotel Group SpA) from the accounting period prior to the merger. As a result, to ensure an appropriate basis for comparison, amounts for the year ended 31 December 2015 have been represented to take into account the impact of the merger of Acotel SpA with and into Acotel Group SpA.



ACOTEL GROUP SpA
Statement of cash flows

(€)

	2016	2015
A. NET CASH AND CASH EQUIVALENTS AND CURRENT FINANCIAL ASSETS AT BEGINNING OF YEAR	4.842.316	6.710.157
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	(6.588.656)	(2.441.812)
Cash flows from operating activities after changes in working capital	(3.040.008)	(1.053.268)
Profit/(Loss) for the year	(10.981.952)	(13.779.014)
Profit/(Loss) from discontinued operations	4.253.462	1.765.471
Amortisation and depreciation	68.487	69.950
Dividends received	(2.238.403)	-
Cost of covering losses incurred by Noverca Italia Srl	-	18.841
Cost of covering losses incurred by Noverca Srl	505.027	1.569.449
Cost of covering losses incurred by AEM SpA	2.010.476	1.639.093
Profit on investment in Noverca Italia	(514.579)	-
Impairment of investment in AEM SpA	1.836.035	-
Impairment of investment in Acotel SpA	-	1.641.487
Impairment of investment in Acotel Interactive Inc.	-	4.580.000
Net change in provisions for staff termination benefits	356.722	96.323
Net change in provisions	-	329.153
Net change in deferred tax liabilities	1.664.717	1.015.979
(Increase) / Decrease in receivables	(356.249)	(1.383.902)
- due from related parties	(430.393)	(1.703.468)
- other	74.144	319.566
Increase / (Decrease) in payables	(12.805.188)	(4.642)
- due to related parties	(11.929.046)	145.091
- other	(876.142)	(149.733)
Impact on working capital of elimination of amounts due to or from Acotel SpA	9.612.789	-
C. CASH FLOW FROM (FOR) INVESTING ACTIVITIES	6.970.315	4.241.017
(Purchases)/disposals of fixed assets:		
- Intangible assets	(20.558)	(35.018)
- Property, plant and equipment	(61.279)	(108.787)
- Financial assets	4.813.749	4.384.822
- related parties	4.805.279	4.384.719
- verso altri	8.470	103
Dividends collected	2.238.403	-
D. CASH FLOW FROM (FOR) FINANCING ACTIVITIES	(1.084.235)	(3.667.046)
Net loans received	9.766	12.032
- from related parties	9.766	12.032
Net loans provided	(1.094.001)	(3.679.078)
- to related parties	(1.094.001)	(3.679.078)
E. CASH FLOW FOR THE YEAR (B+C+D)	(702.576)	(1.867.841)
Merger contribution	3.197.494	-
F. NET CASH AND CASH EQUIVALENTS AND CURRENT FINANCIAL ASSETS AT END OF YEAR (A+E)	7.337.234	4.842.316



ACOTEL GROUP SpA
Analysis of net funds

(€)

	31 December 2016	31 December 2015 pro-forma	Increase/ (Decrease)
A. Cash and cash equivalents	4,986,168	1,744,390	3,241,778
B. Assets held for trading	751,066	4,695,420	(3,944,354)
C. Liquidity (A + B)	5,737,234	6,439,810	(702,576)
D. Current financial receivables due from related parties	1,534,474	1,174,602	359,872
E. Other current financial receivables	1,600,000	1,600,000	-
F. Current financial receivables (D+E)	3,134,474	2,774,602	359,872
G. Current borrowings from related parties	(2,031,848)	(2,022,082)	(9,766)
H. Current net debt (G)	(2,031,848)	(2,022,082)	(9,766)
I. Net funds (C + F + H)	6,839,860	7,192,330	(352,470)
- receivable from related parties	(497,374)	(847,480)	350,106
- receivable from others	7,337,234	8,039,810	(702,576)