PRESS RELEASE
ACOTEL GROUP: Board approves interim report for H1 2017

- **Revenue €9.4 million (€11.7 million in H1 2016)**
- **Negative EBITDA €3.7 million (negative €3.6 million in H1 2016)**
- **Negative EBIT €4.6 million (negative €4.1 million in H1 2016)**
- **Profit for period €0.02 million (loss of €6.9 million for H1 2016)**

Net funds total approximately €9.6 million.

The Group's financial results for the first half of the current year show how the initiatives undertaken in the various areas of business have yet to translate into an improvement in its operating performance.

The consolidated profit of approximately €23 thousand for the six months ended 30 June 2017 breaks down as follows:

(a) ACOTEL INTERACTIVE business area:	(€1,967) thousand
(b) ACOTEL NET business area:	(€1,741) thousand
(c) BUCKSENSE business area:	(€913) thousand
(d) Taxation and adjustments:	€13 thousand
(e) Net effect of "discontinued operations":	€4,631 thousand
Profit for period:	**€23 thousand**

The Group is thus continuing to experience operational difficulties across all its businesses, in terms of its ability to generate both revenue and earnings, which are down on the previous first half. This primarily reflects a further deterioration in the performance of its traditional activities (Acotel Interactive) and the ongoing losses incurred by the new businesses, with particular reference to those linked to the development of energy monitoring and IoT services, following management's decision to strategically reposition the Group.

In view of this situation and having every confidence in the potential to turn around the Group's performance, the Board of Directors appointed Maurizio Tucci as Chief Executive Officer of Acotel Group SpA on 7 September 2017, thereby expanding on the expertise already present within the Group. The aim of the appointment of the new CEO, who was chosen on the basis of his background and experience in senior management at leading Italian and international companies, is to both boost sales in the sectors in which the Group is already present, and to assist in assessing new opportunities in adjacent sectors, such as facility management and cyber security.
At the same time, the new CEO, who has been given wide-ranging responsibility for running the Company and the Group of which it is the holding company, may decide to take extraordinary initiatives designed to acquire additional market share and to attract the fresh capital needed in order to achieve the Group's strategic goals, which however have yet to be formalised in a new business plan.

Decisions regarding the Group's future development can, however, be taken within the context provided by a number of positive signs that the Directors have identified during the first half of 2017. These regard:

- the results achieved by the programmatic advertising business (Bucksense), which has seen significant growth in turnover from the €265 thousand of the first half of 2016 to €3,057 thousand in the first half recently ended, accompanied by a reduction in negative

EBITDA, which amounts to €510 thousand for the first six months of the current year, compared with the €1,428 thousand of the same period of 2016;
- the almost total elimination of financial debt, thanks to settlement of the earlier dispute with Intesa Sanpaolo resulting from the failure of the mobile operator, Noverca;
- the fact that the Group managed to substantially break even which, even though this was due to extraordinary items, means that there has been no impact on equity;
- the absence of past due payables of a financial, tax, social security or staff-related nature;
- the settlement reached with Enghouse Systems, which has resolved the disputes arising from the sale of the investee, Jinny Software Ltd., in 2014 and which, as things stand, has removed the threat of further legal and/or tax disputes that may have resulted in financial liabilities that the Group might not have been able to meet.

The Board of Directors has prepared the condensed consolidated interim financial statements for 2017 on a going concern basis, after taking into account the above situation and their judgement regarding the availability of additional financial resources sufficient to enable the Group to continue operating as a going concern for a period in excess of twelve months after the reporting date for the interim report. This conclusion was reached despite the presence of unavoidable uncertainties regarding the Group's future operating performance and financial position.

Significant events during the first half

During the first half of 2017, the Group focused on the sale of its energy management and programmatic advertising products and services, as well as its Interactive services.

In the same period, Acotel Group SpA concluded an agreement with Intesa Sanpaolo SpA that has resulted in a settlement of the dispute between the two companies relating to the lack of success of the virtual mobile operator, Noverca. The transaction, more fully described in the press release issued on 21 March when the agreement was signed, has resulted in a gain of €5,169 thousand after legal expenses, recognised in profit or loss from discontinued operations in the income statement for the six months ended 30 June 2017, in application of IFRS 5.

In the **Acotel Net** business area, in addition to continuing with the development of products and services for managing the consumption of electricity, water and gas, and continuing talks with a number of major commercial partners, a series of activities were conducted during the period, of which the main were as follows:
- the Group began supplying its My Energy Meter (MEM) solution to the household customers of Iren Mercato SpA, a company that supplies, trades and sells electricity, gas and heat. Approximately 2,000 devices were delivered to the energy company's customers during the first half just ended;
- the supply of energy management service to around 400 branch offices of a major insurance company, located throughout Italy, began;
- the partnership with ENI continued, with the supply of approximately 3,300 MEMs to ENI's SOHO and Small Business customers;
- the supply of energy management services to around 8,000 post offices operated by Poste Italiane SpA continued.

In the area of programmatic advertising, **Bucksense** offered its customers performance-based advertising campaigns with highly detailed KPIs and new formats enabling them to achieve their objectives, such as rewarded video ads, which are proving a great success among

publishers and advertisers, fraud prevention systems, following the release of a proprietary solution, and use of the Data Management Platform (DMP) for performance-based campaigns after earlier use primarily in branded campaigns.
Bucksense increased its customer base during the first half thanks to a proprietary technology developed entirely in Italy and a media buying support group in Madrid, which follows and manages customers.

In the **Acotel Interactive** business area, during the first half of 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.
Acotel Group SpA also 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.

Results for H1 2017

Compared with the results for the same period of 2016, the Acotel Group's results for the first half of 2017 show a reduction in revenue, a decline in pre-tax earnings from continuing operations and an improvement in net profit for the period, reflecting lower tax expense and the profit from discontinued operations.

The Group generated revenue of €9.4 million in the first six months of the year, down 19% on the €11.7 million for the first half of 2016. The reduction reflects lower turnover in the Acotel Interactive business area (down 50%), which was hit by a downturn in the Italian and South American markets and commercial problems that are having a negative impact on revenue in the Indian market.

55% of revenue was generated by the Acotel Interactive business area, 32% by the Bucksense business area and 13% by the Acotel Net business area.

In the **Acotel Interactive** business area, Digital Entertainment services generated revenue of approximately €3.6 million, down on the €8.3 million of the first half of 2016, whilst Mobile Service revenue amounts to around €1.6 million, down on the €2 million of the same period of 2016.

In the **Bucksense** business area, revenue amounts to €3.1 million, marking a significant improvement compared with the €0.3 million of the same period of the previous year. 66% of this revenue was generated in North America, 17% in Asia, 14% in Europe and the remainder in other geographical areas.

Revenue generated by the **Acotel Net** business area totals €1.2 million, slightly up on the €1.1 million of the same period of 2017. €0.9 million was generated by the Energy segment and €0.3 million by the Security Systems segment.

The geographical revenue breakdown shows that 28% of revenue was generated in Italy, 27% in Latin America, 21% in North America, 14% in India and the remaining 10% in other geographical areas.

In terms of earnings, the Group reports a consolidated gross operating loss (negative EBITDA) of approximately €3.7 million (€3.6 million in the same period of 2016). After amortisation and

depreciation (€0.9 million), the Group reports an operating loss (negative EBIT) of €4.6 million, compared with a loss of €4.1 million for the same period of 2016.
After net finance income (€0.1 million), estimated tax expense for the period (€0.1 million) and the profit from assets held for sale and discontinued operations (€4.6 million), reflecting the results generated by the above agreements between Acotel Group SpA and Intesa Sanpaolo SpA and Enghouse Systems Limited, the profit attributable to owners of the Parent for the first half of 2017 amounts to approximately €23 thousand (a loss of €6.9 million for the first half of 2016).

Net funds at 30 June 2017 amount to approximately €9.6 million, up 19% compared with the €8 million of 31 December 2016, reflecting the above agreement with Intesa Sanpaolo SpA.

Events after 30 June 2017

In August 2017, Acotel Group SpA and Enghouse Systems Limited signed a settlement agreement that brought to an end the dispute that arose following the sale of the investee, Jinny Software Ltd.. The agreement envisages the release, and payment to Enghouse Systems, of €1,100 thousand from the portion of the sale price (€1,600 thousand) held in an escrow account as a guarantee of the administrative and accounting due diligence process that the purchaser had reserved the right to conduct, as well as fulfilment of Acotel's other contractual obligations agreed at the time of the sale, in 2014, of the 100% interest in the subsidiary, Jinny Software, and all its subsidiaries. The remaining amount in the escrow account, totalling €500 thousand, was released to Acotel Group SpA.
Given the above, as noted in the interim report for the six months ended 30 June 2017, the Group has recognised a loss from discontinued operations of €538 thousand in the consolidated income statement, as required by IFRS 5.

In the same month, Iren SpA commissioned the Group to provide an energy monitoring system to be installed in a number of its offices. The related hardware will be supplied by the end of 2017, whilst supply of the monitoring services, using Acotel's Energy & Building Management platform, will begin once the hardware has been installed.

Outlook

The Group's strategy in the immediate future will aim to boost sales in the sectors in which the Group is already present, and to assist in assessing new opportunities in adjacent sectors, such as facility management and cyber security. The Group also plans to assess opportunities for extraordinary initiatives designed to acquire additional market share and to attract the fresh capital needed in order to achieve its strategic goals, which are to be formalised in a new business plan, currently in preparation.

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.

Availability of company documents

The interim report for the six months ended 30 June 2017 will be available to the public, within the deadline established by art. 154-*ter* of Legislative Decree 58/1998 (the Consolidated Law on Finance), at the Company's registered office. A copy of the document will also be available in the authorised storage mechanism managed by 1info and on the Company's website at www.acotel.com.

Rome, 27 September 2017

Note: the condensed income statement and statement of financial position included in the interim report for the six months ended 30 June 2017 approved today by the Board of Directors are attached.

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ACOTEL GROUP
Reclassified consolidated income statement

(€000)	H1 2017	H1 2016	Increase/ (Decrease)
Revenue	9,395	11,669	(2,274)
Other income	616	44	572
Total revenue	**10,011**	**11,713**	**(1,702)**
Gross operating profit/(loss) (EBITDA)	**(3,710)**	**(3,577)**	**(133)**
Amortisation and depreciation	(879)	(564)	(315)
Operating profit/(loss) (EBIT)	**(4,589)**	**(4,141)**	**(448)**
Net finance income/(costs)	70	211	(141)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**(4,519)**	**(3,930)**	**(589)**
Taxation	(89)	(2,173)	2,084
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**(4,608)**	**(6,103)**	**1,495**
Profit/(Loss) from assets held for sale and discontinued operations	4,631	(826)	5,457
ATTRIBUTABLE TO OWNERS OF THE PARENT	**23**	**(6,929)**	**6,952**
Earnings per share	0.01	(1.68)	
Diluted earnings per share	0.01	(1.68)	

ACOTEL GROUP
Reclassified consolidated statement of financial position

(€000)	30 June 2017	31 December 2016	Increase/ (Decrease)
Non-current assets:			
Property, plant and equipment	4,360	5,014	(654)
Intangible assets	2,252	2,332	(80)
Other assets	1,127	1,381	(254)
TOTAL NON-CURRENT ASSETS	**7,739**	**8,727**	**(988)**
Net current assets:			
Inventories	476	461	15
Trade receivables	2,955	3,813	(858)
Other current assets	958	1,144	(186)
Trade payables	(3,190)	(3,369)	179
Other current liabilites	(3,568)	(2,978)	(590)
TOTAL NET CURRENT ASSETS	**(2,369)**	**(929)**	**(1,440)**
TOTAL ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS LESS RELATED LIABILITIES	**(1,031)**	**(1,107)**	**76**
PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS	**(3,695)**	**(3,638)**	**(57)**
NON-CURRENT PROVISIONS	**(141)**	**(160)**	**19**
NET INVESTED CAPITAL	**503**	**2,893**	**(2,390)**
Equity:			
Share capital	1,084	1,084	-
Reserves and retained earnings/(accumulated losses)	9,013	15,337	(6,324)
Profit/(Loss) for the period	23	(5,479)	5,502
TOTAL EQUITY	**10,120**	**10,942**	**(822)**
MEDIUM/LONG-TERM DEBT	**367**	**-**	**367**
Net cash and cash equivalents:			
Current financial assets	(3,788)	(4,505)	717
Cash and cash equivalents	(6,297)	(9,810)	3,513
Cash and cash equivalents held for sale and included in discontinued operations	(9)	(121)	112
Current financial liabilities	110	-	110
Current financial liabilities held for sale and included in discontinued operations	-	6,387	(6,387)
	(9,984)	**(8,049)**	**(1,935)**
NET FUNDS	**(9,617)**	**(8,049)**	**(1,568)**
TOTAL EQUITY AND NET FUNDS	**503**	**2,893**	**(2,390)**

ACOTEL GROUP
Consolidated statement of cash flows

(€000)	**H1 2017**	**H1 2016**
A. NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**14,315**	**11,636**
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	**1,858**	**(2,685)**
Cash flows from operating activities after changes in working capital	**1,265**	**(2,536)**
Profit/(Loss) for the period from continuing operations	(4,608)	(6,103)
Profit/(Loss) for the period from discontinued operations	4,631	(826)
Amortisation and depreciation for continuing operations	879	564
Amortisation and depreciation for discontinued operations	-	443
Net change in staff termination benefits	57	781
Net change in deferred tax liabilities	17	1,497
Net change in provisions	771	-
Currency translation differences	(482)	1,108
(Increase) / Decrease in receivables	1,044	1,999
(Increase) / Decrease in inventories	(15)	92
Increase / (Decrease) in payables	(360)	(175)
Cash flows from (for) operating activities attributable to discontinued operations	(76)	(2,065)
C. CASH FLOWS FROM (FOR) INVESTING ACTIVITIES	**(383)**	**(965)**
(Purchases)/disposals of fixed assets:		
- Intangible assets	(543)	(748)
- Property, plant and equipment	(58)	(44)
- Financial assets	218	27
Cash flows from (for) investing activities attributable to discontinued operations	-	(200)
D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES	**(5,696)**	**(373)**
Increase / (Decrease) in medium/long-term debt	367	-
Increase / (Decrease) in short-term debt	110	-
Other changes in equity	93	(373)
Cash flows from (for) financing activities attributable to discontinued operations	(6,266)	-
E. CASH FLOW FOR THE PERIOD (B+C+D)	**(4,221)**	**(4,023)**
F. NET CASH AND CASH EQUIVALENTS AND NET CURRENT FINANCIAL ASSETS AT END OF PERIOD (A+E)	**10,094**	**7,613**
of which: cash and cash equivalents and net current assets included in assets and liabilities held for sale and discontinued operations	9	(6,127)
G. NET CASH AND CASH EQUIVALENTS AND NET CURRENT FINANCIAL ASSETS AT END OF PERIOD (A+E) AS REPORTED IN FINANCIAL STATEMENTS	**10,085**	**13,740**

ACOTEL GROUP
Analysis of consolidated net funds

(€000)

	30 June 2017	31 December 2016	Increase/ (Decrease)
A. Cash and cash equivalents	6,306	9,931	(3,625)
B. Assets held for trading	2,188	2,905	(717)
C. Liquidity (A + B)	**8,494**	**12,836**	**(4,342)**
D. Other current financial receivables	1,600	1,600	-
E. Current financial assets (D)	**1,600**	**1,600**	**-**
F. Current bank borrowings	(110)	(6,387)	6,277
G. Current financial liabilities (F)	**(110)**	**(6,387)**	**6,277**
H. Non-current bank borrowings	(367)	-	(367)
I. Non-current debt (H)	**(367)**	**-**	**(367)**
L. Net funds (C+E+G+I)	**9,617**	**8,049**	**1,568**