PRESS RELEASE
ACOTEL GROUP: interim report for three months ended 30 September 2017

Consolidated results for 9M 2017:

- **Revenue €14 million (€16.9 million in 9M 2016)**
- **Negative EBITDA €4.8 million (negative €4.2 million in 9M 2016)**
- **Negative EBIT €6.1 million (negative €5.1 million in 9M 2016)**
- **Loss for period €1.2 million (loss of €8.2 million in 9M 2016)**

Consolidated results for Q3 2017:

- **Revenue €4.6 million (€5.2 million in Q3 2016)**
- **Negative EBITDA €1.1 million (negative €0.6 million in Q3 2016)**
- **Negative EBIT €1.5 million (negative €0.9 million in Q3 2016)**
- **Loss for period €1.2 million (loss of €1.3 million in Q3 2016)**

Net funds total €6.7 million (€9.6 million at 30 June 2017, €8 million at 31 December 2016).

Today's meeting of the Board of Directors of Acotel Group SpA has approved the Group's interim report for the three months ended 30 September 2017.

Significant events during the third quarter

In August 2017, Acotel Group SpA and Enghouse Systems Limited signed a settlement agreement, bringing to an end a dispute between the two companies lasting over three years since the sale of Jinny Software. 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 after the sale and of Acotel's other contractual obligations. The remaining amount in the escrow account, totalling €500 thousand, was released to Acotel Group SpA.

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 supply of a part of the equipment purchased was completed during the quarter just ended, whilst supply of the monitoring services, using Acotel's Energy & Building Management platform, will begin once the above equipment has been installed.

Finally, at the end of September, in accordance with agreements covering the sale of the 100% interest in the subsidiary, Noverca Srl, completed at the end of the previous year, Acotel Group SpA's right to receive an earnout of €246 thousand from Telecom Italia SpA, subject to the Noverca Platform meeting stated levels of performance, was confirmed. The earnout payable, amounting to €246 thousand, has been included in discontinued operations in the income statement for the three months ended 30 September 2017, in application of IFRS 5.

Results for 9M 2017

The Acotel Group generated revenue of approximately €14 million in the first nine months of 2017, down 17% on the €16.9 million of the same period of 2016. This reflects reduced turnover at the Acotel Interactive business area, 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.

In terms of business area, 53% of revenue was generated by the Acotel Interactive business area (€7.4 million), 34% by the Bucksense business area (€4.8 million) and the remaining 13% by the Acotel Net business area (€1.8 million).

In the **Acotel Interactive** business area, Digital Entertainment services generated revenue of approximately €5.4 million, down 53% on the €11.3 million of the first nine months of 2016, whilst Mobile Service revenue amounts to €2 million, down 35% on the €3.1 million of the same period of 2016.

In the **Bucksense** business area, revenue amounts to €4.8 million, marking a significant improvement compared with the €0.8 million of the same period of the previous year. 53% of this revenue was generated in North America, 24% in Europe, 19% in Asia and the remainder in other geographical areas.

Revenue generated by the **Acotel Net** business area totals €1.4 million, up 33% on the €1.1 million of the first nine months of the previous year, whilst the Security Systems segment generated revenue of €0.4 million, down 28% on the €0.6 million of the same period of 2016.

The geographical revenue breakdown shows that 28% of revenue was generated in Latin America, 28% in Italy, 12% in India and the remaining 14% in other countries.

In terms of earnings, the Group reports a consolidated gross operating loss (negative EBITDA) of approximately €4.8 million (a loss of €4.2 million in the same period of 2016). After amortisation and depreciation (€1.3 million), the Group reports an operating loss (negative EBIT) of €6.1 million, compared with a loss of €5.1 million for the same period of 2016.
After the profit from assets held for sale and discontinued operations (€4.9 million), the loss attributable to owners of the Parent for the period amounts to €1.2 million (a loss of €8.2 million for the first nine months of 2016).

Net funds at 30 September 2017 amount to €6.7 million, down from the €9.6 million of 30 June 2017 and the €8 million of 31 December 2016. This reflects the financial impact of the losses incurred by the Group's subsidiaries and the settlement agreement between Acotel Group SpA and Enghouse Systems Limited, bringing to an end the dispute that arose following the sale of the subsidiary, Jinny Software Ltd., as described above. The figure at 30 September 2017, if compared with the figure for the previous year, has benefitted from the agreement entered into in the first quarter of 2017 by Acotel Group SpA and Intesa Sanpaolo SpA. This has had a positive impact of approximately €5.1 million on the Group's liquidity, as described in the previous half-year and quarterly reports, to which reference should be made.

Results for Q3 2017

The Acotel Group's revenue for the third quarter, amounting to €4.6 million, is down 12% on the €5.2 million of the third quarter of 2016.

Compared with a gross operating loss (negative EBITDA) of €0.6 million for the third quarter of 2016, the Group reports a gross operating loss (negative EBITDA) of €1.1 million for the third quarter just ended. After amortisation and depreciation, the operating loss (negative EBIT) amounts to €1.5 million (a loss of €0.9 million in the same period of 2016).

After the profit from assets held for sale and discontinued operations (€0.3 million), the loss attributable to owners of the Parent for the period amounts to €1.2 million, compared with a loss of €1.3 million for the third quarter of 2016.

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 nine months ended 30 September 2017 will be filed, within the deadline indicated in article 2.2.3, paragraph 3 of the Regulations for Markets organised and managed by Borsa Italiana SpA, at the Company's registered office and will be available to anyone requesting a copy thereof. 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, 13 November 2017

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

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Reclassified consolidated income statement

(€000)	Q3			9M		
	2017	**2016**	**Increase/ (Decrease)**	**2017**	**2016**	**Increase/ (Decrease)**
Revenue	4,613	5,248	(635)	14,008	16,917	(2,909)
Other income	385	21	364	1,001	65	936
Total	**4,998**	**5,269**	**(271)**	**15,009**	**16,982**	**(1,973)**
Change in work in progress, semi-finished and finished goods	111	(56)	167	27	(100)	127
Raw materials, semi-finished and finished goods	(117)	(41)	(76)	(256)	(175)	(81)
External services	(3,851)	(3,895)	44	(11,649)	(13,554)	1,905
Rentals and leases	(274)	(248)	(26)	(863)	(734)	(129)
Staff costs	(2,095)	(1,998)	(97)	(7,297)	(7,420)	123
Internal capitalised costs	284	518	(234)	845	1,255	(410)
Other costs	(112)	(139)	27	(583)	(421)	(162)
Gross operating profit/(loss) (EBITDA)	**(1,056)**	**(590)**	**(466)**	**(4,767)**	**(4,167)**	**(600)**
Amortisation and depreciation	(434)	(332)	(102)	(1,313)	(896)	(417)
Operating profit/(loss) (EBIT)	**(1,490)**	**(922)**	**(568)**	**(6,080)**	**(5,063)**	**(1,017)**
Net finance income/(costs)	(44)	102	(146)	26	313	(287)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**(1,534)**	**(820)**	**(714)**	**(6,054)**	**(4,750)**	**(1,304)**
Taxation	44	(182)	226	(45)	(2,355)	2,310
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**(1,490)**	**(1,002)**	**(488)**	**(6,099)**	**(7,105)**	**1,006**
Profit/(Loss) from assets held for sale and discontinued operations	253	(296)	549	4,885	(1,122)	6,007
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	**(1,237)**	**(1,298)**	**61**	**(1,214)**	**(8,227)**	**7,013**
Earnings per share	(0.30)	(0.32)		(0.30)	(2.00)	
Diluted earnings per share	(0.30)	(0.32)		(0.30)	(2.00)	

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Reclassified consolidated statement of financial position

(€000)	30 September 2017	31 December 2016	Increase/ (Decrease)
Non-current assets:			
Property, plant and equipment	4,243	5,014	(771)
Intangible assets	2,210	2,332	(122)
Other assets	1,117	1,381	(264)
TOTAL NON-CURRENT ASSETS	**7,570**	**8,727**	**(1,157)**
Net current assets:			
Inventories	595	461	134
Trade receivables	2,876	3,813	(937)
Other current assets	1,415	1,144	271
Trade payables	(3,311)	(3,369)	58
Other current liabilites	(2,104)	(2,978)	874
TOTAL NET CURRENT ASSETS	**(529)**	**(929)**	**400**
TOTAL ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS LESS RELATED LIABILITIES	**(1,021)**	**(1,107)**	**86**
PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS	**(3,658)**	**(3,638)**	**(20)**
NON-CURRENT PROVISIONS	**(157)**	**(160)**	**3**
NET INVESTED CAPITAL	**2,205**	**2,893**	**(688)**
Equity:			
Share capital	1,084	1,084	-
Reserves and retained earnings/(accumulated losses)	9,021	15,337	(6,316)
Profit/(Loss) for the period	(1,214)	(5,479)	4,265
TOTAL EQUITY	**8,891**	**10,942**	**(2,051)**
MEDIUM/LONG-TERM DEBT	**374**	**-**	**374**
Net cash and cash equivalents:			
Current financial assets	(2,298)	(4,505)	2,207
Cash and cash equivalents	(4,866)	(9,810)	4,944
Cash and cash equivalents held for sale and included in discontinued operations	(6)	(121)	115
Current financial liabilities	110	-	110
Current financial liabilities held for sale and included in discontinued operations	-	6,387	(6,387)
	(7,060)	**(8,049)**	**989**
NET FUNDS	**(6,686)**	**(8,049)**	**1,363**
TOTAL EQUITY AND NET FUNDS	**2,205**	**2,893**	**(688)**

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Analysis of consolidated net funds

(€000)

	30 September 2017	30 June 2017	31 December 2016
A. Cash and cash equivalents	4,872	6,306	9,931
B. Assets held for trading	2,298	2,188	2,905
C. Liquidity (A + B)	**7,170**	**8,494**	**12,836**
D. Other current financial receivables	-	1,600	1,600
E. Current financial assets (D)	**-**	**1,600**	**1,600**
F. Current bank borrowings	(110)	(110)	(6,387)
G. Current financial liabilities (F)	**(110)**	**(110)**	**(6,387)**
H. Non-current bank borrowings	(374)	(367)	-
I. Non-current debt (H)	**(374)**	**(367)**	**-**
L. Net funds (C+E+G+I)	**6,686**	**9,617**	**8,049**