PRESS RELEASE

ACOTEL GROUP: Board approves interim report for Q1 2018, the proposal for initial capital increase of up to €3.8 million and calls an Extraordinary General Meeting

Consolidated results:

- **Revenue €2.8 million (€4.9 million in Q1 2017)**
- **Negative EBITDA €1.6 million (negative €2.1 million in Q1 2017)**
- **Negative EBIT €1.8 million (negative €2.6 million in Q1 2017)**
- **Net loss €1.8 million (a profit of €2.8 million for Q1 2017)**

Net funds €3 million (€4.8 million at 31 December 2017).

Today's meeting of the Board of Directors of *Acotel Group SpA* has approved the interim report for the three months ended 31 March 2018.

Significant events during the first quarter

During the first quarter of 2018, the Acotel Group concluded a number of major agreements relating to the provision of Programmatic Advertising (**Bucksense**) and Energy & Building Management (**Acotel Net**) services and took steps to cut its fixed costs in the short to medium term.

In the **Bucksense** business area, the Group concluded an agreement with an industrial partner which, from the second quarter of 2018, should generate a growing volume of business with customers in geographical areas in which the Group is currently not present, in exchange for the progressive acquisition of a minority interest in the subsidiary, Bucksense Inc..

In the **Acotel Net** business area, the Group has been awarded a contract to supply an energy monitoring system for 800 offices of a major banking group, in partnership with a leading international telecommunications company.

At the end of the first quarter of 2018, Acotel and Vodafone Italia entered into a partnership agreement for the marketing of IoT-based Energy & Building Management solutions. The partnership will last for 3 years and regards the study and design of solutions to meet the needs of B2B and B2B2C customers in the SOHO, SME and Corporate segments, focusing above all on utilities. The Energy & Building Management service will be offered by Acotel Net through its proprietary platform and devices produced and sold by the subsidiary.

A strategic partnership has also been entered into with Live Protection S.r.l. - owned by Linkem S.p.A. - an Italian company that provides Smart Home services through a network of over 2,000 installers and 3,000 sales outlets around the country. The company serves more than 600,000 residential customers. The agreement aims to launch innovative Smart Home products and services in the Italian market, as early as the second half of this year, focusing on IoT-based security, control and automation solutions.

In the same period, the Group has proceeded with a number of initiatives designed to cut its operating costs. In this regard, *Acotel Group SpA* and its subsidiary, *AEM Acotel Engineering and Manufacturing SpA*, have applied to the Ministry of Labour and Welfare for permission to introduce solidarity contracts in accordance with and for the purposes of art. 21, paragraph 1.c of Legislative Decree 148/2015 and in compliance with the provisions of art. 21, paragraph 5 of

the same decree. The contract has been applied, on the basis of an average 20% reduction, from March 2018.
At the date of preparation of the interim report, *AEM SpA*'s application has been accepted, whilst a response to the Parent Company's application is still awaited.

Based on the terms of the above agreements and, though to a lesser extent, on the expected outcomes of tenders that Group companies are preparing to bid for, the Group has drawn up an initial version of its Business Plan for the period 2018-2022. The Plan sets out details of the plan to turn around the Group's operations, focusing on the development of its Programmatic Advertising, Retail IOT, Energy & Building Management and Enterprise Security solutions and a progressive natural decline in its Interactive activities. The above Plan is being looked at by the new Board of Directors elected by the AGM of 24 April 2018.

The Board of Directors of Acotel Group SpA has today voted to call a General Meeting of shareholders ("EGM") for 26 June 2018, in first call, and, if necessary, in second call, for 27 June 2018. The EGM will be asked to vote on an a proposed rights issue pursuant to article 2441 of the Italian Civil Code, to be carried out in one or more tranches and for an amount of up to €3,800,000 (three million, eight hundred), inclusive of the share premium. The transaction will take place via the issue of up to 825,000 shares ranking pari passu with those already in issue. The EGM will also be asked to grant the Board of Directors full authority to determine the terms, procedures and all other conditions applicable to the issue, including the number of shares to be issued and the issue price.

As already announced on 20 March 2018, the shareholders, CLAMA Srl and MACLA Srl, who jointly own approximately 57.4% of Acotel Group SpA, have expressed their willingness to vote in favour of, and subscribe for their share of, a potential capital increase of up to a total of €5 million, should the Company's Board of Directors deem it necessary in order to raise fresh capital needed in order to ensure the Group is able to continue as a going concern, and to restore levels of turnover and earnings sufficient to organically return the Group to profitability and financial stability over the medium term.

The above fundraising will provide the Group with the financial resources to complete the transformation of its business model, from a model based on the provision of valued added mobile services to one based on the offer of Programmatic Advertising and Internet of Things (IOT) solutions, two of the most promising internet trends.

Further information on the above transaction, including the issue price and the offer period, will be made available in due course.

Results for Q1 2018

Compared with the results for the same period of 2017, the Acotel Group's results for the first quarter of 2018 show a reduction in revenue, due primarily to the downturn in revenue generated by Interactive services, an improvement in earnings from continuing operations and a deterioration in the loss attributable to owners of the Parent, reflecting the profit from discontinued operations recognised in the income statement for the first quarter of 2017 (€5,273 thousand). This profit was the result of the agreement between *Acotel Group SpA* and *Intesa Sanpaolo SpA* resolving the dispute between the two companies.

The Acotel Group reports consolidated revenue of approximately €2.8 million for the period, down 43% on the €4.9 million of the same period of the previous year. This essentially reflects reduced turnover at the **Acotel Interactive** business area in Latin America, Italy and India.

50% of revenue was generated by the Bucksense business area, 35% by the Acotel Interactive business area and 15% by the Acotel Net business area.

In the **Bucksense** business area, revenue from programmatic advertising services amounts to approximately €1.4 million (€1.6 million in the first quarter of 2017). 35% of this revenue was generated in North America, 35% in Europe, 15% in the Middle East, 12% in Asia and the remainder in other geographical areas.

In the **Acotel Interactive** business area, Digital Entertainment services generated revenue of approximately €0.7 million (€1.9 million in the first quarter of 2017), whilst Mobile Service revenue amounts to around €0.3 million (€0.8 million in the same period of 2017).

Revenue generated by the **Acotel Net** business area totals approximately €0.4 million (€0.5 million in the first quarter of 2017). €0.3 million was generated by the Energy segment and €0.1 million by the Security Systems segment.

The geographical revenue breakdown shows that 31% of revenue was generated in Italy, 19% in Latin America, 18% in North America, 17% in other European countries and the remaining 15% in other geographical areas.

In terms of earnings, the Group reports a consolidated gross operating loss (negative EBITDA) of approximately €1.6 million (a loss of €2.1 million in the same period of 2017). After amortisation and depreciation (€0.2 million), the Group reports an operating loss (negative EBIT) of €1.8 million (a loss of €2.6 million for the same period of 2017).
After net finance costs (€0.1 million) and estimated tax income for the period (€0.1 million), the profit attributable to owners of the Parent for the period amounts to approximately €1.8 million (a profit of €2.8 million for the same period of 2017).

Net funds at 31 March 2018 amount to approximately €3 million, down from the €4.8 million of 31 December 2017. This reflects the losses incurred by Group companies during the period.

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 three months ended 31 March 2018 will be made available to the public for inspection at the Company's registered office, within the deadline indicated in article 2.2.3, paragraph 3 of the Regulations for Markets organised and managed by Borsa Italiana SpA. 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, 15 May 2018

Note: the condensed income statement and statement of financial position and the analysis of net funds included in the interim report for the thee months ended 31 March 2017 approved by the Board of Directors are attached.

For further information contact:

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Reclassified consolidated income statement

(€000)	Q1 2018	Q1 2017	Increase/ (Decrease)
Revenue	2,783	4,897	(2,114)
Other income	445	280	165
Total revenue	**3,228**	**5,177**	**(1,949)**
Change in work in progress, semi-finished and finished goods	-	3	(3)
Raw materials	(26)	(79)	53
External services	(2,558)	(4,219)	1,661
Rentals and leases	(264)	(277)	13
Staff costs	(2,114)	(2,668)	554
Internal capitalised costs	181	276	(95)
Other costs	(92)	(330)	238
Gross operating profit/(loss) (EBITDA)	**(1,645)**	**(2,117)**	**472**
Amortisation and depreciation	(166)	(433)	267
Operating profit/(loss) (EBIT)	**(1,811)**	**(2,550)**	**739**
Net finance income/(costs)	(125)	192	(317)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**(1,936)**	**(2,358)**	**422**
Taxation	116	(70)	186
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**(1,820)**	**(2,428)**	**608**
Profit/(Loss) from assets held for sale and discontinued operations	(1)	5,273	(5,274)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**(1,821)**	**2,845**	**(4,666)**
Earnings per share	(0.44)	0.69	
Diluted earnings per share	(0.44)	0.69	

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Reclassified consolidated statement of financial position

(€000)	31 March 2018	31 December 2017	Increase/ (Decrease)
Non-current assets:			
Property, plant and equipment	2,237	2,340	(103)
Intangible assets	1,143	1,127	16
Other assets	699	705	(6)
TOTAL NON-CURRENT ASSETS	**4,079**	**4,172**	**(93)**
Net current assets/(liabilities):			
Inventories	304	217	87
Trade receivables	2,172	2,983	(811)
Other current assets	1,305	904	401
Trade payables	(3,398)	(3,323)	(75)
Other current liabilites	(1,953)	(1,968)	15
TOTAL NET CURRENT ASSETS/(LIABILITIES)	**(1,570)**	**(1,187)**	**(383)**
TOTAL ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS LESS RELATED LIABILITIES	**(1,014)**	**(1,015)**	**1**
PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS	**(3,823)**	**(3,870)**	**47**
NON-CURRENT PROVISIONS	**(76)**	**(95)**	**19**
NET INVESTED CAPITAL	**(2,404)**	**(1,995)**	**(409)**
Equity:			
Share capital	1,084	1,084	-
Reserves and retained earnings/(accumulated losses)	1,342	8,265	(6,923)
Profit/(Loss) for the period	(1,821)	(6,544)	4,723
TOTAL EQUITY	**605**	**2,805**	**(2,200)**
MEDIUM/LONG-TERM DEBT	**277**	**271**	**6**
Net cash and cash equivalents:			
Current financial assets	(516)	(1,482)	966
Cash and cash equivalents	(2,878)	(3,695)	817
Cash and cash equivalents held for sale and included in discontinued operations	(2)	(4)	2
Current financial liabilities	110	110	-
	(3,286)	**(5,071)**	**1,785**
NET FUNDS	**(3,009)**	**(4,800)**	**1,791**
TOTAL EQUITY AND NET FUNDS	**(2,404)**	**(1,995)**	**(409)**

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Analysis of consolidated net funds

(€000)

	31 March 2018	31 December 2017	Increase/ (Decrease)
A. Cash and cash equivalents	2,880	3,699	(819)
B. Assets held for trading	516	1,482	(966)
C. Liquidity (A + B)	**3,396**	**5,181**	**(1,785)**
D. Current bank borrowings	(110)	(110)	-
E. Current financial liabilities (D)	**(110)**	**(110)**	**-**
F. Non-current bank borrowings	(277)	(271)	(6)
G. Non-current debt (F)	**(277)**	**(271)**	**(6)**
H. Net funds (C+E+G)	**3,009**	**4,800**	**(1,791)**