



PRESS RELEASE

ACOTEL GROUP: interim report for three months ended 30 September 2018

Consolidated results for 9M 2018:

- **Revenue €8.3 million (€14 million in 9M 2017)**
- **Negative EBITDA €4.3 million (negative €4.8 million in 9M 2017)**
- **Negative EBIT €4.9 million (negative €6.1 million in 9M 2017)**
- **Loss for period €4.8 million (loss of €1.2 million in 9M 2017)**

Consolidated results for Q3 2018:

- **Revenue €2.9 million (€4.6 million in Q3 2017)**
- **Negative EBITDA €1.1 million (negative €1.1 million in Q3 2017)**
- **Negative EBIT €1.3 million (negative €1.5 million in Q3 2017)**
- **Loss for period €1.3 million (loss of €1.2 million in Q3 2017)**

Net funds total €5.1 million (€2.3 million at 30 June 2018, €4.8 million at 31 December 2017).

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 2018.

Significant events during the third quarter

The rights issue approved by the General Meeting of Acotel Group SpA's shareholders on 26 June 2018 was completed in the third quarter of 2018.

On 4 July 2018, the Company's Board of Directors exercised the authority granted to it by the above General Meeting, establishing that, among other things, the total value of the rights issue was to be €3,702,217.50. On 8 August 2018, the issue was fully subscribed and paid up.

Full subscription of the rights issue is an important part of the commercial relaunch of the Group. At their meeting on 9 August, the Board of Directors approved the Business Plan for the period 2018-2022 prepared by management (the "Plan"). The Plan, prepared on the basis of projections formulated by the business partners in agreements signed in early 2018, indicates that the Group will above all develop along three clearly identifiable lines of business:

- Bucksense - Programmatic Advertising;
- Acotel Net - Internet of Things (IoT);
- Acotel Net - Enterprise Security.

As regards other activities, the Plan envisages a gradual withdrawal from those considered no longer profitable (Interactive: VAS and Mobile Services) and prudently does not take into account others (remote health and care solutions), whilst awaiting the completion of ongoing trials and the signature of contracts with customers with whom talks are in progress.

With regard to the Acotel Net - Internet of Things (IoT) business, in April 2018, Acotel signed two contracts with Vodafone and Live Protection (a Linkem group company) for the commercialisation of both enterprise and retail solutions. Under these agreements:

- supply of the devices that, by the end of this year, will begin to be used to provide energy & building management services in Unicredit bank branches was completed in the third quarter of 2018;



- in the same period, Acotel completed testing of the hubs for the Live Protection platform, for which initial orders to be fulfilled by the end of the current year have already been received. The agreement aims to launch innovative Smart Home services in the Italian market, focusing on security, control and automation solutions for the so-called "smart home".

Results for 9M 2018

The Acotel Group generated revenue of approximately €8.3 million in the first nine months of 2018, down 41% on the €14 million of the same period of 2017. This reflects reduced turnover at the Acotel Interactive (down 69%) and Acotel Net (down 27%) business areas.

56% of revenue was generated by the Bucksense business area, 28% by the Acotel Interactive business area and the remaining 16% by the Acotel Net business area.

In the **Bucksense** business area, revenue amounts to €4.7 million. 41% of this revenue was generated in Europe, 38% in North America, 12% in the Middle East and the remainder in other geographical areas.

In the **Acotel Interactive** business area, Digital Entertainment services generated revenue of approximately €1.5 million, whilst Mobile Service revenue amounts to around €0.8 million.

Revenue generated by the **Acotel Net** business area totals €1.3 million, with €0.9 million generated by the Energy-IoT segment and €0.4 million by the Security Systems segment.

The geographical revenue breakdown shows that 33% of revenue was generated in Italy, 21% in North America, 19% in other European countries, 14% in Latin America and the remaining 13% in other countries.

Net funds amount to €5.1 million at 30 September 2018, an increase on the €2.3 million of 30 June 2018 and the €4.8 million of 31 December 2017. This reflects the fact that the rights issue approved by the General Meeting of Acotel Group SpA's shareholders on 26 June 2018 was fully subscribed and paid up, and that the resulting proceeds were sufficient to fully cover the losses for the period incurred by Group companies.

Results for Q3 2018

The Acotel Group's revenue for the third quarter, amounting to €2.9 million, is down 36% on the €4.6 million of the third quarter of 2017.

The gross operating loss (negative EBITDA) of €1.1 million is broadly in line with the loss for the same period of the previous year, essentially due reductions in service and staff costs in the reporting period.

Declaration by the manager responsible for financial reporting

The manager responsible for the Group's financial reporting, Andrea Severini, 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 30 September 2018 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, 14 November 2018

Note: the condensed income statement and statement of financial position included in the interim report for the three months ended 30 September 2018 approved by the Board of Directors are attached.

For further information contact:

<p>Acotel Group Davide Carnevale Investor Relations Tel. +39 06 61141000 e-mail: investor.relator@acotel.com</p>
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Reclassified consolidated income statement

(€000)

	Q3			9M		
	2018	2017	Increase/ (Decrease)	2018	2017	Increase/ (Decrease)
Revenue	2,931	4,613	(1,682)	8,313	14,008	(5,695)
Other income	407	385	22	1,302	1,001	301
Total	3,338	4,998	(1,660)	9,615	15,009	(5,394)
Change in work in progress, semi-finished and finished goods	(21)	111	(132)	(16)	27	(43)
Raw materials, semi-finished and finished goods	(83)	(117)	34	(205)	(256)	51
External services	(2,466)	(3,851)	1,385	(7,262)	(11,649)	4,387
Rentals and leases	(251)	(274)	23	(774)	(863)	89
Staff costs	(1,677)	(2,095)	418	(5,839)	(7,297)	1,458
Internal capitalised costs	157	284	(127)	510	845	(335)
Other costs	(94)	(112)	18	(282)	(583)	301
Gross operating profit/(loss) (EBITDA)	(1,097)	(1,056)	(41)	(4,253)	(4,767)	514
Amortisation and depreciation	(208)	(434)	226	(578)	(1,313)	735
Impairment losses/reversals of impairment losses on non-current assets	(24)	-	(24)	(34)	-	(34)
Operating profit/(loss) (EBIT)	(1,329)	(1,490)	161	(4,865)	(6,080)	1,215
Net finance income/(costs)	(15)	(44)	29	15	26	(11)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(1,344)	(1,534)	190	(4,850)	(6,054)	1,204
Taxation	2	44	(42)	(17)	(45)	28
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	(1,342)	(1,490)	148	(4,867)	(6,099)	1,232
Profit/(Loss) from assets held for sale and discontinued operations	-	253	(253)	87	4,885	(4,798)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	(1,342)	(1,237)	(105)	(4,780)	(1,214)	(3,566)
Earnings per share	(0.27)	(0.30)		(0.97)	(0.30)	
Diluted earnings per share	(0.27)	(0.30)		(0.97)	(0.30)	



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Reclassified consolidated statement of financial position

<i>(€000)</i>	30 September 2018	31 December 2017	Increase/ (Decrease)
Non-current assets:			
Property, plant and equipment	1,925	2,340	(415)
Intangible assets	1,202	1,127	75
Other assets	714	705	9
TOTAL NON-CURRENT ASSETS	3,841	4,172	(331)
Net current liabilities:			
Inventories	411	217	194
Trade receivables	2,102	2,983	(881)
Other current assets	1,162	904	258
Trade payables	(4,752)	(3,323)	(1,429)
Other current liabilities	(2,017)	(1,968)	(49)
TOTAL NET CURRENT LIABILITIES	(3,094)	(1,187)	(1,907)
TOTAL ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS LESS RELATED LIABILITIES	(1,013)	(1,015)	2
PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS	(3,873)	(3,870)	(3)
NON-CURRENT PROVISIONS	(74)	(95)	21
NET INVESTED CAPITAL	(4,213)	(1,995)	(2,218)
Equity:			
Share capital	1,298	1,084	214
Reserves and retained earnings/(accumulated losses)	4,340	8,265	(3,925)
Profit/(Loss) for the period	(4,780)	(6,544)	1,764
TOTAL EQUITY	858	2,805	(1,947)
MEDIUM/LONG-TERM DEBT	288	271	17
Net cash and cash equivalents:			
Current financial assets	(362)	(1,482)	1,120
Cash and cash equivalents	(5,106)	(3,695)	(1,411)
Cash and cash equivalents held for sale and included in discontinued operations	(1)	(4)	3
Current financial liabilities	110	110	-
	(5,359)	(5,071)	(288)
NET FUNDS	(5,071)	(4,800)	(271)
TOTAL EQUITY AND NET FUNDS	(4,213)	(1,995)	(2,218)



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Analysis of consolidated net funds

(€000)

	30 September 2018	30 June 2018	31 December 2017
A. Cash and cash equivalents	5,107	2,246	3,699
B. Assets held for trading	362	418	1,482
C. Liquidity (A + B)	5,469	2,664	5,181
D. Current bank borrowings	(110)	(110)	(110)
E. Current financial liabilities (D)	(110)	(110)	(110)
F. Non-current bank borrowings	(288)	(282)	(271)
G. Non-current debt (F)	(288)	(282)	(271)
H. Net funds (C+E+G)	5,071	2,272	4,800