



# CONSOLIDATED INTERIM REPORT OF THE DADA GROUP AT 30 SEPTEMBER 2016

(PREPARED IN ACCORDANCE WITH IAS/IFRS INTERNATIONAL ACCOUNTING STANDARDS)

Registered office: Viale della Giovine Italia, 17 - Florence  
Share capital Euro 2,835,611.73 fully paid-in  
Florence Company Register no. FI017 - 68727 - REA 467460  
Tax ID/VAT no. 04628270482



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## CORPORATE OFFICERS

The current Officers of Dada S.p.A. were elected by the AGM held on 28 April 2015 for the 2015-2017 three-year period. At the date of approval of this document, the Board of Directors of the Company was composed as follows:

### BOARD OF DIRECTORS

Karim Beshara <sup>1</sup>	Chairman
Claudio Corbetta <sup>2</sup>	CEO
Lorenzo Lepri <sup>3</sup>	General Manager
Sophie Sursock	Director
Ragy Gamaleldin Mahmoud Soliman Elfaham	Director
Philip Tohme	Director
Maurizio Mongardi <sup>6</sup>	Director
Sofia Maroudia <sup>4, 5, 6, 7</sup>	Director
Barbara Adami Lami <sup>4, 5, 6, 7, 12</sup>	Director
Carolina Gianardi <sup>4, 5, 7, 8, 11</sup>	Director
Cristiano Esclapon <sup>7</sup>	Director
Youssef Bassem <sup>13</sup>	Director
Fadi Antaki <sup>13</sup>	Director

<sup>1</sup> Appointed Director of the Company by the AGM held on 28 April 2015 and, on the same date, Chairman of the Board of Directors.

<sup>2</sup> Appointed Chief Executive Officer and General Manager of the Company during the meeting of the Board of Directors held on 13 May 2015.

<sup>3</sup> Appointed General Manager and CFO of the Company during the meeting of the Board of Directors held on 13 May 2015.

<sup>4</sup> Appointed member of the Control and Risk Committee during the meeting of the Board of Directors held on 13 May 2015.

<sup>5</sup> Appointed member of the Committee for Related Party Transactions during the meeting of the Board of Directors held on 13 May 2015.

<sup>6</sup> Appointed member of the Compensation and Nominations Committee during the meeting of the Board of Directors held on 13 May 2015.

<sup>7</sup> Independent director pursuant to art. 148, par. 3, of Legislative Decree n. 58/1998.

<sup>8</sup> Member and Chairman of the Supervisory Body pursuant to Legislative Decree 231/2001.

<sup>9</sup> Appointed Standing Auditor by the AGM held on 28 April 2015.

<sup>10</sup> Appointed Alternate Auditor by the AGM held on 28 April 2015.

<sup>11</sup> Appointed Chairman of the Control and Risk Committee and of the Committee for Related Party Transactions during the meeting of the Board of Directors held on 13 May 2015.

<sup>12</sup> Appointed Chairman of the Compensation and Nominations Committee during the meeting of the Board of Directors held on 13 May 2015.

<sup>13</sup> Directors co-opted during the meeting of the Board of Directors held on 11 November 2015, following the resignation of Khaled Bishara and Antonio Converti on 8 September 2015, and confirmed by the AGM held on 28 April 2016.

### BOARD OF STATUTORY AUDITORS

Massimo Scarpelli <sup>9</sup>	Chairman
Maria Stefania Sala <sup>9</sup>	Standing Auditor
Massimo Foschi <sup>9</sup>	Standing Auditor
Elisabetta Claudia De Lorenzi <sup>10</sup>	Alternate Auditor
Manfredi Bufalini <sup>10</sup>	Alternate Auditor

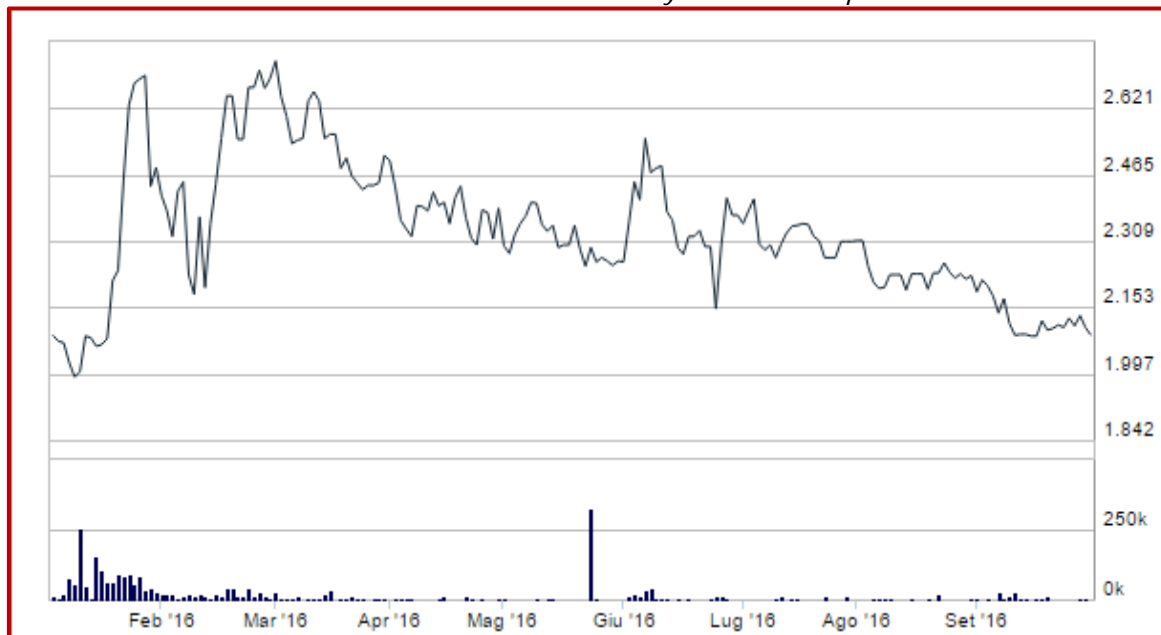
### EXTERNAL AUDITORS

KPMG S.p.A.

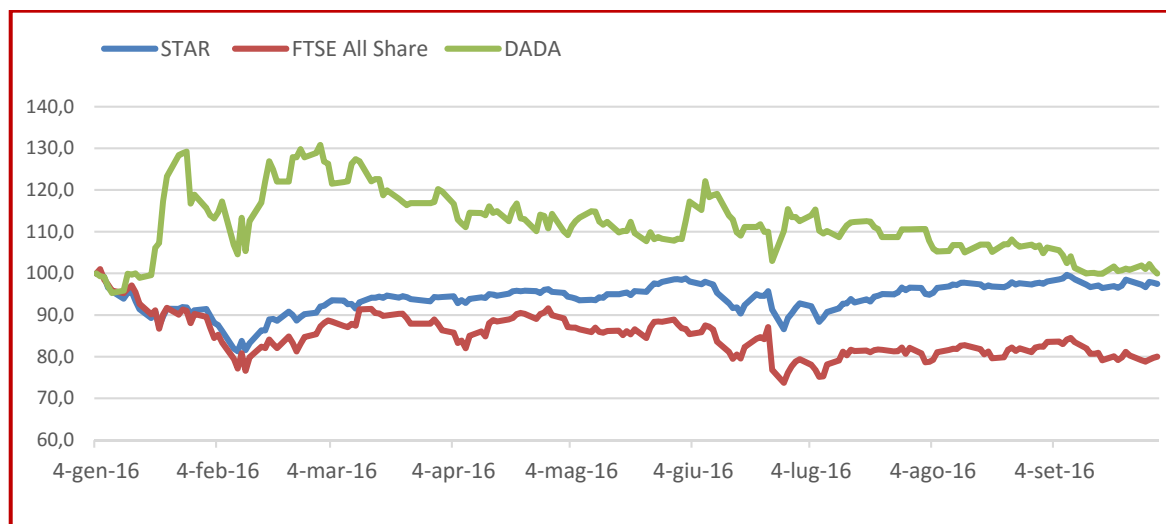
## DADA STOCK MARKET PERFORMANCE

In 9M16, the Dada share's absolute performance came basically to breakeven, closing at €2.09 on 30 September 2016, largely in line with the closure on 04 January 2016, while its relative performance in the reporting period stood at +2.5% versus the FTSE STAR index and at +20% versus the FTSE All Share index.

Price and Volume Trend of Dada Share from 04 January 2016 to 30 September 2016



Dada Share Vs FTSE Star and FTSE Italia All Share indexes from 04 January 2016 to 30 September 2016



**FINANCIAL RESEARCH - COVERAGE:** The Dada share is currently covered by Banca IMI, which also acts as Specialist.

9M16 figures

## DADA Stock at 30 SEPTEMBER 2016

MARKET	STAR SEGMENT – MTA
MAX	€ 2.79 (26 January 2016)
MIN	€ 1.92 (11 January 2016)
LAST PRICE	€ 2.09
NOSH	n.16.7 mln
MKT CAP	€ 34.8 mln
AVERAGE DAILY VOLUMES (nosh)	15,731
TOAL VOLUME YTD (nosh)	3.0 mln

## SHAREHOLDERS

Data as of 30 Sep. 2016

Other Shareholders < 5%  
25.54%

ARUBA SPA  
5.03%

ORASCOM TMT  
INVESTMENTS  
69.43%\*



\*Through its wholly-owned subs. Libero Acquisition S.à.r.l.

## DADA GROUP FINANCIAL HIGHLIGHTS

### Consolidated Income Statement (9 months)

(€mn)	30/09/2016	30/09/2015	Total difference	% difference
Revenue	47.7	46.7	1.1	2%
EBITDA*	8.2	8.5	-0.3	-3%
Depreciation and amortization	-4.7	-5.1	0.4	-8%
Non-recurring charges and other impairment	-0.3	-0.4	0.1	-19%
EBIT	3.2	3.0	0.2	6%
Group profit/(loss) net of non-recurring income	0.2	0.1**	0.1	103%
Non-recurring income	0.0	2.2**	-2.2	n.m.
Group net profit/(loss)	0.2	2.3	-2.1	-92%

\* Gross of impairment losses and other non-recurring items

\*\*income from the transfer of the ProAdv BU to 4W MarketPlace S.r.l.

## Consolidated Income Statement (3 months)

(€mn)	3Q16	3Q15	Total difference	% difference
Revenue	14.9	14.8	0.1	1%
EBITDA*	2.2	2.4	-0.2	-8%
Depreciation and amortization	-1.5	-1.7	0.2	-12%
Non-recurring charges and other impairment	-0.1	0.0	-0.1	146%
EBIT	0.6	0.7	-0.1	-8%
Group profit/(loss) net of non-recurring income	-0.3	-0.2	0.0	-14%
Group net profit/(loss)	-0.3	-0.2	0.0	-14%

\* Gross of impairment losses and other non-recurring items

## Consolidated Statement of Financial Position at 30 September 2016

(€mn)	30/09/2016	31/12/2015	Total difference	% difference
Fixed assets	95.3	99.7	-4.4	-4%
Net Working Capital	-12.2	-11.5	-0.7	-6%
Net Capital Employed	82.1	87.2	-5.2	-6%
Equity	52.7	59.3	-6.6	-11%
Current Net Financial Position	-7.8	-7.5	-0.3	-4%
Total Net Financial Position	-29.4	-27.9	-1.5	-5%
Number of employees	444	398	46.0	12%



## DIRECTORS' REPORT

### INTRODUCTION

The Consolidated Interim Report at 30 September 2016 has been prepared in accordance with International Accounting Standard 34 (IAS 34) on Interim Financial Reporting and, therefore, does not contain all the information required in the Full Year Financial Statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2015. It satisfies the provisions of Issuer Regulations n. 11971 of 14 May 1999, as subsequently amended.

Mention should be made that on 23 March 2015, Dada S.p.A. sold the entire share capital of Moqu Adv S.r.l. to Italiaonline S.p.A. As a result of this agreement, the Performance Advertising segment had required the application of IFRS 5 "Non-current assets held for sale and discontinued operations".

Furthermore, on 30 June 2015, the Dada Group completed the transfer of the ProAdv BU to 4W MarketPlace S.r.l., acquiring 25% of the transferee's share capital.

On 8 July 2015, through its subsidiary Register.it S.p.A., Dada completed the acquisition of 100% of the share capital of Etinet S.r.l., a company that provides digital communication services to SMEs. The investment is fully consolidated in the Dada Group's financial statements as from 1 July 2015. Conversely, 1H15 had no financial benefit from this company.

Finally, on 6 July 2016, through its subsidiary Register.it S.p.A., Dada S.p.A. acquired 100% of Sfera Networks S.r.l., specialized in Virtual Hosting and Network & Private Cloud services. The investment is fully consolidated as from 1 July 2016; as a result, 2015 had no financial benefit from this company.

All the following comments and analysis on income statement and cash flow figures in this Interim Report stem from the abovementioned new Group structure.

### DADA GROUP PROFILE

Dada S.p.A. - listed in the STAR segment of the Milan Stock Exchange - is at the head of a Group that is a European leader in digital services for the online presence and visibility of SMEs.

In the prior year, Dada successfully completed the focusing process on the core business of services for the online presence of SMEs, also redefining the corporate scope with the disposal of the Advertising BU and the acquisition of Etinet S.r.l., a company that provides web and mobile services for digital communication to SMEs. Additionally, in July 2016, Dada acquired Sfera Networks S.r.l., a leading Italian IT player specialized in managed and cloud services. Today the Dada Group is organized around a single business unit falling under the "Domain and Hosting" division.

As explained further below in this Interim Report, in 9M16 the Dada Group further strengthened its position among the top European players in the business of services tailored to SMEs for domain name registration, hosting, for the creation, management and visibility of web and e-commerce sites and for online brand protection. The Dada Group also continued to expand its product portfolio and broaden the customer base, strengthening its position in

all its geographies of operation: in Italy, UK, Ireland, Spain, France, Portugal and Holland, where it operates respectively through its brands Register.it, Etinet and Sfera, Namesco.uk.co and Simply Hosting & Servers (former PoundHost), Register365, Nominalia and Amen.

## Alternative performance indicators

This Interim Report provides the following economic and financial indicators (in addition to those generally used) which are used by the management of the Dada Group to monitor and assess the Dada Group's operating performance, but as they are not recognized accounting measures under IFRS should not be considered alternative performance indicators for the Dada Group. As the composition of EBITDA and of other alternative performance indicators is not governed by the relevant accounting standards, the Dada Group's method of calculating it may differ from that used by others and may therefore make comparisons unreliable.

Below is a summary of how the Dada Group calculates EBITDA.

**Pre-tax profit (gross of the net gains/(losses) pertaining to assets held for sale)**

+ Financial charges

- Financial income

+/- Gains/losses from equity investments in associates

**EBIT**

+ Restructuring costs

+ Amortization, depreciation and impairment losses on fixed assets

+/- Atypical charges/income

+ Impairment losses on trade receivables

**EBITDA - Operating profit before amortization, depreciation, impairment losses, atypical charges/income and impairment losses on receivables**

*Net working capital:* the difference between current assets and liabilities, i.e. those due within one year of the balance sheet date. Within this item, deferred tax assets are split into current and non-current portions according to the amount expected to be recovered with the following year's profit;

*Net capital employed:* fixed assets plus net working capital, less non-financial liabilities (provision for employee termination indemnities and provision for risks and charges);

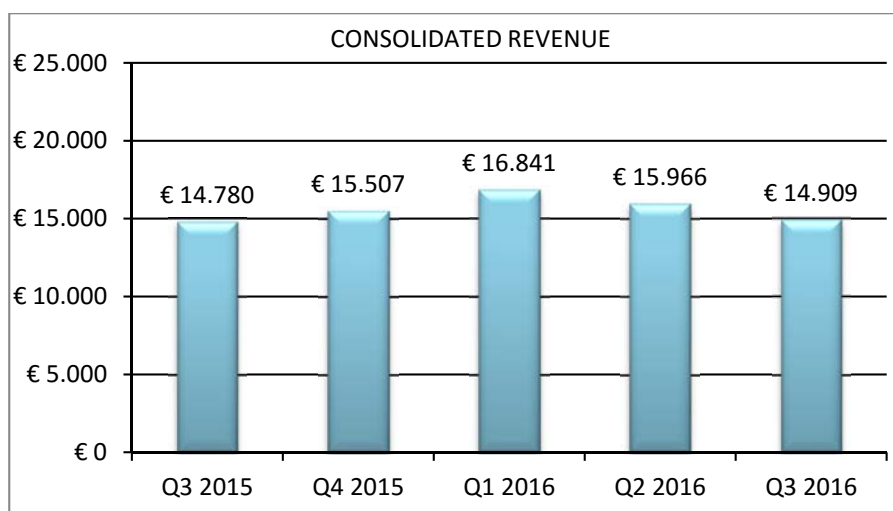
*Current net financial position:* cash and cash equivalents, current financial assets and current financial liabilities;

*Total net financial position:* current net financial position and all financial receivables and payables due beyond one year.

## PERFORMANCE REVIEW

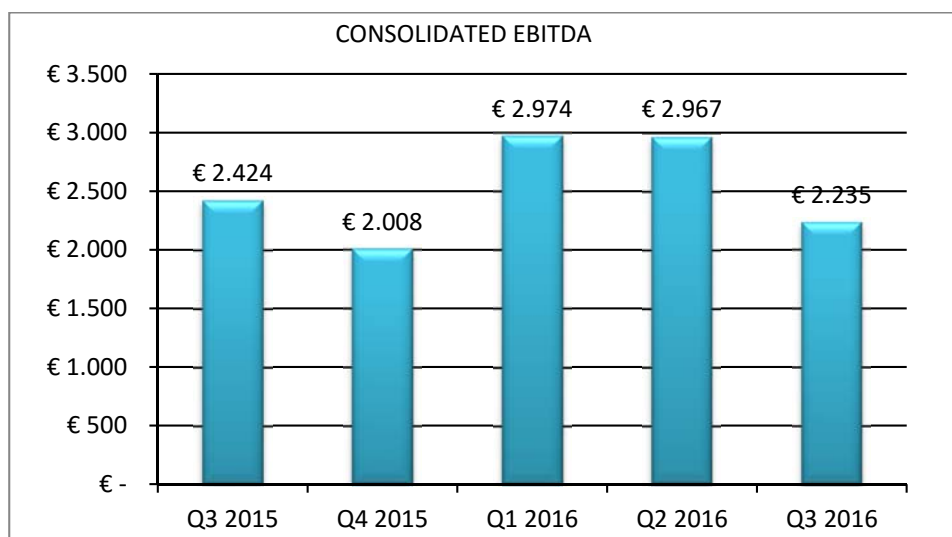
The Dada Group closed 9M16 achieving consolidated revenue of €47.7 million, up by 2% versus €46.7 million in 9M15. Net of the exchange rate effect and on a like-for-like basis, growth would amount to 6%.

The following graph shows the trend in consolidated revenue of the Dada Group over the last 5 quarters:



Consolidated EBITDA (gross of impairment losses and other non-recurring items) came to a positive €8.2 million in 9M16, with a 17% margin on revenue, dropping slightly versus the figure in 9M15 (€8.5 million and 18% margin), despite the significant operating investments made to expand the customer base and the negative impact from the devaluation of the British Pound against the Euro.

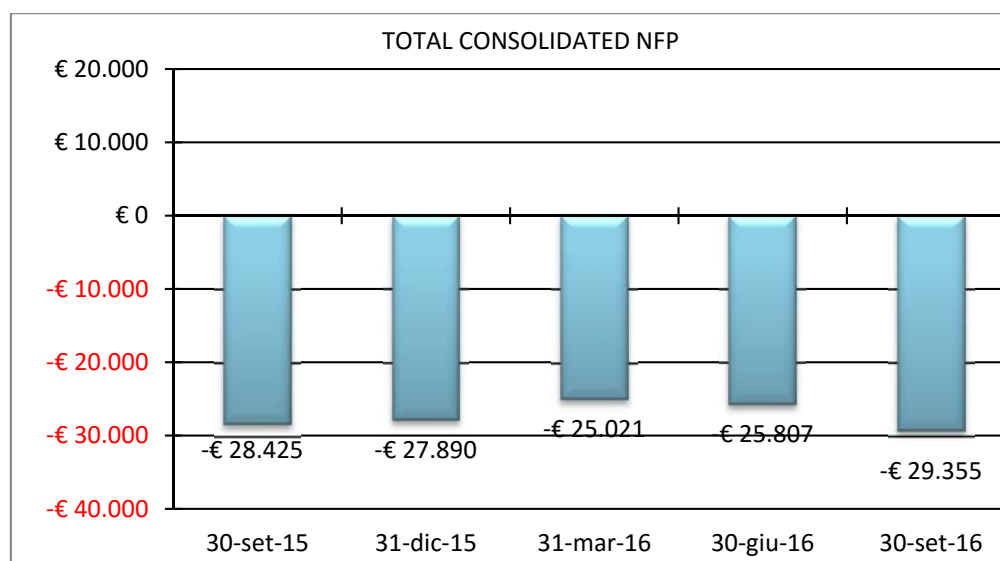
The following graph shows the trend in the EBITDA of the Dada Group over the last 5 quarters:



The total net consolidated financial position of the Dada Group at 30 September 2016, which includes funding to be repaid within and beyond one year, came to -€29.4 million, increasing by approximately €1.2 million versus -€27.9 million at 31 December 2015. The figure reflects the positive cash flows generated by Group operating activities and the investment of approximately €3.2 million to acquire Sfera Networks S.r.l.. The trend of the composition of

the current and non-current portion of the Group's NFP in 9M16 was also affected by the repayment of the main medium/long-term loans falling due on 30 June 2016.

The following graph shows the trend in the consolidated net financial position over the last 5 quarters:



## Results

The following tables show the Dada Group's key results in 9M16 versus 9M15:

EUR/000	30-Sept.-16 9 months		30-Sept.-15 9 months		DIFFERENCE	
	Amount	% of	Amount	% of	Absolute	%
Net revenue	47,716	100%	46,660	100%	1,055	2%
Chg. in inventories, finished and semi-finished products, work in progress & inc. in own wk. capitalized	1,660	3%	1,689	4%	-29	-2%
Service costs and other operating expenses	-26,575	-56%	-26,484	-57%	-92	0%
Payroll costs	-14,624	-31%	-13,407	-29%	-1,217	9%
<b>EBITDA</b>	<b>8,177</b>	<b>17%</b>	<b>8,458</b>	<b>18%</b>	<b>-282</b>	<b>-3%</b>
Depreciation and amortization	-4,679	-10%	-5,071	-11%	392	-8%
Non-recurring income/(charges)	-149	0%	-146	0%	-4	-2%
Impairment losses and other provisions	-134	0%	-205	0%	71	-35%
<b>EBIT</b>	<b>3,215</b>	<b>7%</b>	<b>3,036</b>	<b>7%</b>	<b>178</b>	<b>6%</b>

In 9M16, the Dada Group achieved **consolidated revenue** of €47.7 million, up by 2% versus €46.7 million achieved in 9M15. The revenue performance reflects the adverse trend of the appreciation of the Euro against the British Pound, which accounted for approximately €1.7 million versus 9M15, as well as the following changes in the business scope:

- the disposal of the ProAdv BU as from 1 July 2015, which had contributed €1.2 million to revenue in 1H15;
- the consolidation of the results of Etinet S.r.l. as from 1 July 2015, which contributed €0.7 million to revenue in 1H16;
- the consolidation of the results of Sfera Networks S.r.l. as from 1 July 2016, which contributed €0.5 million to revenue in 3Q16.

**Net of these effects**, consolidated revenue would have grown by 6% versus 3Q15.

In 9M16, the Dada Group strengthened its position as one of the top European players in services dedicated to the **digitization** and **online presence** and **visibility** of European SMEs, and significantly increased its customer base and expanded its product portfolio with new **tailor-made services**.

Dada currently operates in **7 European countries** through highly-established brands such as **Register.it (Italy)**, **Nominalia (Spain)**, **Amen (France, Portugal and Holland)**, **Simply Hosting & Server - former Poundhost - Namesco.uk.co** and **Register365 (UK and Ireland)**, which hold **leadership positions** in their markets of operation, including in **Italy and the UK**, where the Group ranks as **second** and **fourth player**, respectively.

In the reporting period, as in 2015, the European market of services for the online presence of SMEs was marked by **growing competition** in customer acquisition. **Industry players are merging** in order to expand their market share, grow revenue, and complement their product portfolio with **higher value-added services**. Furthermore, it should be noted that the market of services for the online presence and visibility of SMEs in **Europe**, specifically in Dada's geographies of operation, offers **significant leeway for growth**, especially if one considers that about 30%<sup>1</sup> of European SMEs have no website/home page, and over 50% - up to 70% in Italy - have a website lacking advanced features such as e-commerce.

Against this backdrop, Dada's positioning has achieved a strong organic growth, **topping the 600,000 mark in customers served**, with an 11% YoY increase in the customer base. A result accomplished thanks to the success of the strategies implemented to **attract new customers**, which grew by approximately 45% in the first nine months versus 9M15, and to the solid **ability to retain existing customers**, with a **monthly churn** steady at <1.2%, despite the recent expansion and diversification of the customer base.

The positive trend of the customer base - a **key asset to create value for the Company** - was achieved through: i) effective **marketing strategies** based on initial offering campaigns, ii) **upgrading** in customer support and consulting services provided by **local Customer Care desks**,

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<sup>1</sup> Source: European Commission - 2015 figures

today fully internalized in all countries, and iii) ongoing innovation of the product portfolio with new added-value services.

On the services front, in the reporting period the Dada Group reported an over 30% growth YoY in registered domains, with an overall stock of 1.9 million domain names managed, increasing by approximately 6% from the start of the year. The growth in domain name registrations, in most of the Group's geographies, especially in Italy, UK and Spain, outperformed the market, allowing the Dada Brands to increase their market share (calculated on new registrations), which was above 20% in Italy.<sup>2</sup>

At 30 September 2016, the Dada Group has over 1.8 million email accounts and over 650,000 websites hosted on its servers. In 9M16, Dada also strengthened its position in the web building business, offering a range of ever-increasing quality solutions for the development, management and visibility of web, mobile and e-commerce sites tailored to SMEs, thanks also to the contribution of Etinet S.r.l. acquired in July 2015 and now fully integrated in the Group's organization.

In the reporting period, Dada also strengthened its position in custom services for online brand protection (OBP), as well as in virtual and dedicated server solutions. Specifically, the latter solutions, relying mainly on the proprietary datacenter, grew in 9M16 by over 30% on the Italian market; today growing strategic focus is placed on these solutions, given the high potential of the European market.

On the product innovation front, all efforts are still geared on developing the portfolio of solutions to offer growing levels of performance, security and reliability. Strong growth was witnessed by tailor-made solutions, designed to provide a one-stop-shop experience to SMEs, which are assisted in the implementation of custom digital projects for online and mobile presence and business.

The latest, most significant releases and development projects underway include:

- For **Domains**: the launch of generic top-level domains (new gTLDs) such as: .BARCELONA, .PROMO, .INSURANCE, .GAME, .CARS, .AUTOS, .BOATS, .YACHTS, .VIP, .GROUP, .PET, .SHOP; as well as the implementation of new channels for online brand protection services
- A noteworthy feature for **Email** services is the release of advanced WebMail in France and Portugal
- The ongoing developments on **Website & Hosting** services, which witness the launch of the "Build me a website" service in the UK, as well as a new website builder with an editor to build mobile-friendly websites

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<sup>2</sup> Figure based on new ccTLD .it registrations in 9M16, company processing using Registro.it figures

- Managed Websites include, in particular, an innovative service in the UK to design logos, complementing the solutions for website creation and the development of online communication projects
- As for the suite of Server services, the past few months have seen the completion of the re-branding of PoundHost, the brand entirely dedicated to Server solutions, and the launch of "Simply Servers & Hosting", which complements the offering with Private Cloud solutions based on proprietary network infrastructure
- Regarding IT Managed services, in July Dada, through its subsidiary Register.it, acquired Sfera Networks, specialized in IT managed services dedicated to SMEs, with the aim of consolidating its position in virtual hosting, network & private cloud services. Following the integration process successfully launched in July, Sfera will become the Group's spearhead in the provision of managed services.

Looking at the geographical breakdown of the Dada Group's consolidated revenue, foreign-based activities contributed 55% in 9M16, basically in line with the amount contributed in 9M15 (56%). This confirms the significant weight of international business in the overall development of the Group.

In 9M16, consolidated EBITDA of the Dada Group, gross of impairment losses and other non-recurring items, came to a positive €8.2 million (17% margin on consolidated revenue), dropping by 3% versus €8.5 million in 9M15 (18% margin). The EBITDA performance, as for consolidated revenue, reflects the adverse trend of the appreciation of the Euro against the British Pound, which accounted for approximately €0.4 million versus 9M15, as well as the following changes in the business scope:

- the disposal of the ProAdv BU as from 1 July 2015, which had contributed €35 thousand to the results in 1H15;
- the consolidation of the results of Etnet S.r.l. as from 1 July 2015, which contributed €0.2 million to the results in 1H16;
- the consolidation of the results of Sfera Networks S.r.l. as from 1 July 2016, which contributed €0.2 million to the results in 3Q16.

Looking at each line of the income statement:

- service costs were in line with 9M15, representing 56% of revenue from 57%. Specifically, mention should be made of the benefits arising from the full operation of the new Datacenter in the UK and from the gradual disposal of the French datacenters (with a total reduction of €0.4 million, or 15% less than in 9M15), and the reduction in outsourcing costs of customer care and phone support services in Italy and in other countries (approximately €0.3 million, or 27% less than in 9M15).

Additionally, as mentioned in the Half-Year Financial Report at 30 June 2016, product margins reflect initial offering sales strategies, which are based on promotional offers over a specific time period and tend to squeeze average revenue (ARPU) in the short term, though implying direct costs basically proportional to the increase in volumes, since the full contribution to revenue is made in the event the customer renews the service, which is generally at full price;

- labour costs in 9M16 amounted to €14.6 million, up by 9% versus €13.4 million in 9M15. The trend of this aggregate is ascribable to the increase in staff (444 units at 30 September 2016 versus 376 at 30 September 2015), due partly to the consolidation of Sfera Networks S.r.l. and

partly to the insourcing of customer care and phone support services in Italy and in other countries in 2015. The increase in customer facing resources reflects both the situation of partial understaffing that had marked 9M15, and the need to ensure high quality standards in the provision of services, given the recent strong expansion of the customer base;

- "Change in inventories and increase in own work capitalized", amounting in 9M16 to €1.7 million, or approximately 3% of consolidated revenue (basically in line with 9M15), consists of expenses incurred for the development of the proprietary platforms needed to launch and manage the services provided by the Dada Group.

In 9M16, the Dada Group achieved a positive EBIT of €3.2 million (7% of consolidated revenue), up by +6% versus €3 million achieved in 9M15 (7% margin).

The improvement in EBIT is due largely to the following elements:

- consolidated depreciation and amortization in 9M16 amounted to €4.7 million, accounting for 10% of revenue, down by 8% versus 9M15 (€5.1 million). Consolidated depreciation and amortization at 30 September 2016 was composed as follows: €2.6 million for tangible assets (€2.8 million at 30 September 2015) and €2.1 million for intangible assets (€2.3 million in 9M15). The reduction in depreciation and amortization in the reporting period is mainly ascribable to the implementation of the investments made in prior years to support the internal development of the proprietary platforms, with the resulting reduction of this type of investment in intangible assets over the past two years.
- impairment losses, provisions and other non-recurring income/charges amounted to €0.3 million in 9M16, dropping (19%) versus €0.4 million in 9M15, and mainly included the impairment of trade receivables and severance related to the efficiency of the organizational structure.

In 9M16, the Dada Group's consolidated net profit came to a positive €0.2 million versus a positive €2.3 million in 9M15, benefiting last year from the revaluation gain following the transfer of the ProAdv BU to 4W.

Mention should be made that overall **Financial Activities** (the difference between financial income and charges, and forex movements) of the Dada Group in 9M16 came to -€2.3 million (-€2 million from financial charges and -€0.3 million from the negative effect of forex) versus -€1.9 million in 9M15 (-€2.1 million from financial charges and +€0.2 million from the positive effect of forex).

The trend of this aggregate was impacted by the effects of forex fluctuations, especially those regarding the Euro/British Pound exchange rate.

In the reporting period, in fact, the British Pound depreciated by 17% against the Euro versus the exchange rate at 31 December 2015, while it had appreciated by 5% in 9M15. These changes also affected debit items, including intercompany ones, denominated in Euro coming from the Group's UK subsidiaries, with a negative effect felt mainly in 1Q16.

Mention should be made that the financial effects of these exchange rate movements were partly mitigated, where possible, by non-speculative hedging of currency risks made by the Group in the reporting period as well.

The trend in spreads and rates charged on outstanding medium-term loans improved versus 9M15. Loans and short-term transactions also saw a general decline in spreads and an improvement in conditions applied by banks to the Dada Group.

Consequently, overall financial charges, net of exchange losses, improved and amounted to €2 million (including bank commissions on credit card payments of €0.8 million) in 9M16 versus €2.1 million (same commissions on credit card payments) in 9M15, down by an overall 5%.



There was no financial income worthy to report in 9M16, while 2015 had benefitted from the revaluation gain of €2.2 million following the transfer of the ProAdv BU to 4W MarketPlace.

The measurement at equity of the 25% investment in 4W MarketPlace had no significant effect in 9M16.

The overall tax burden of the Dada Group in 9M16 came to €0.7 million, basically in line with 9M15.

Current tax amounted to €0.6 million versus €0.5 million in 9M15, while deferred tax impacted negatively in both 9M16 and 9M15 by €0.1 million and €0.2 million respectively.

Specifically, current tax refers mainly to the tax burden on some foreign-based companies with positive pre-tax income, while IRAP paid by Italian companies in 9M16 amounted to €0.2 million.

The reduction in deferred tax assets in the reporting period is explained partly by the use of receivables from prior-year pre-paid tax calculated on the temporary differences, and partly by the use of such receivables to cover IRES taxable income of the current period.

The assessment of the recoverability of tax losses was made, with a positive outcome, in the preparation of the annual consolidated financial statements in 2015, updated in light of the figures recorded in the first half of 2016.

Mention should be made that the Dada Group has accrued total tax losses of €38.9 million (on €17.4 million of which deferred tax assets were calculated), referring for the most part to the Italian companies, which may be carried forward indefinitely under the current laws for an amount equal to 80% of taxable income for each financial year.

In this regard, as from the financial statements at 31 December 2015, deferred tax assets have been recalculated following the change in the IRES tax rate, which falls from 27.5% to 24% starting from 2017 as set out in the 2016 Stability Law. Accordingly, the assessment of deferred tax assets has been revised, determined on tax losses carried forward indefinitely, based on the analysis of expected future taxable income.

This Interim Report does not include Profit/(loss) from discontinued operations; in the quarterly report at 30 September 2015, the figure had amounted to -€0.3 million and included income statement figures referring to the Performance Advertising division (as well as the costs incurred to carry out the transaction), sold to Italiaonline in March 2015, with financial effects from 28 February.

The income statement at 30 September 2016, as in the prior year, does not include any non-controlling interests.

## PERFORMANCE BY BUSINESS SEGMENT

For operational purposes, as from 1Q15, the Dada Group has been organized in a single business segment falling under Domain & Hosting services. This is due to the fact that the current product lines related to the core business and corporate activities are completely integrated with each other; as a result, they no longer qualify as separate business segments under IFRS 8. Further information is also found in Note 3 in this Interim Report.

## Financial position

The following table shows the total Net Financial Position of the Dada Group at 30 September 2016 versus the position at 31 December 2015:

NET FINANCIAL POSITION				
EUR/000	30-Sept.- 16	31-Dec.- 15	DIFFERENCE	
			Absolute	%
Cash on hand	7	14	-6	-45%
Bank and post office deposits	3,241	2,192	1,048	48%
<b>Liquidity</b>	<b>3,248</b>	<b>2,206</b>	<b>1,042</b>	<b>47%</b>
Escrow deposits	823	1,500	-677	-45%
Other receivables	16	-	16	-
Other financial receivables	839	1,500	-661	-44%
<b>Total financial assets</b>	<b>4,087</b>	<b>3,706</b>	<b>381</b>	<b>10%</b>
Current credit lines and account overdrafts with banks	-278	-857	579	-68%
Current bank borrowings	-11,254	-10,181	-1,073	11%
Other current financial payables	-150	-90	-60	67%
Current portion of derivatives	-88	-87	-1	1%
<b>Current debt</b>	<b>-11,769</b>	<b>-11,214</b>	<b>-555</b>	<b>5%</b>
Non-current bank borrowings	-20,429	-20,332	-97	-
Other non-current financial payables	-1,150	-	-1,150	-
Non-current portion of derivatives	-95	-51	-44	100%
<b>Non-current debt</b>	<b>-21,674</b>	<b>-20,382</b>	<b>-1,291</b>	<b>6%</b>
<b>Total financial liabilities</b>	<b>-33,443</b>	<b>-31,596</b>	<b>-1,846</b>	<b>6%</b>
<b>Total net financial position</b>	<b>-29,356</b>	<b>-27,890</b>	<b>-1,466</b>	<b>5%</b>

At 30 September 2016, the Dada Group's total consolidated net financial position, which includes all short and medium/long-term funding and loans, came to **-€29.4 million** versus -€27.9 million at 31 December 2015.

The current net financial position at 30 September 2016 came to -€7.8 million versus -€7.5 million at 31 December 2015.

The trend and composition of NFP in the reporting period is mainly ascribable to:

- the positive cash flows from operations generated by the Dada Group in the reporting period (€8.4 million before outlays for tax and financial items), which resulted in an increase in liquidity and a reduction in the use of short-term credit facilities;
- investing outlays, which included not only the usual purchase of tangible and intangible assets, but also the payment of €3.3 million for the acquisition of Sfera in July. Information on the acquisition is found further below;

- the repayment on 30 June 2016 of the first instalment of the main medium/long-term loans held by the Group for a total of €2.4 million. Likewise, in 3Q16, the Dada Group was granted two new medium-term loans for a total of €4 million, one specifically meant to finance the acquisition of Sfera.

Mention should be made that the renegotiations made in 2015 had allowed the Group to achieve the following main results: a) to improve the pricing of the loans in terms of spreads charged; b) to extend the duration of overall debt; c) to align the cash flows of the Group more to the instalment payments of principal;

Information on the main features of the loans held by the Group are found in the notes to the Interim Report.

“Current portion of derivatives” refers to the financial payable relating to the mark-to-market measurement of the IRS hedging the outstanding mortgage loans at 30 September 2016.

In 9M16, non-recurring cash flows amounted basically to zero, a result, on the one hand, of the positive financial recovery of €0.2 million for excess payments made to INPS in previous years and, on the other, of the negative impact of financial outflows for the resolution of disputes and legal settlements defined in the reporting period.

For further details on the items that marked cash flows on a cash and cash equivalents level, reference should be made to the Cash Flow Statement included in this Interim Report and to the relevant notes. Finally, regarding reconciliation between cash flow of the total consolidated net financial position with cash flow shown in the consolidated financial report, reference should be made to Note 18 in this Interim Report. The following points provide detailed information on the main aggregates in the net financial position.

### Investing activities

In 9M16, total outlays for investing activities of the Dada Group came to -€5.4 million versus a total cash flow of -€0.7 million in 9M15. The difference is explained, on the one hand, by the acquisition of Sfera Networks S.r.l. in July 2016, which had a negative impact of -€1.9 million on cash and cash equivalents, including the contribution of the acquiree’s cash (the difference on the €3.3 million for the total cost of the transaction was charged to financial payables) and, on the other, by the disposal of the Moqu companies in 2015, which had a positive impact of €4.6 million on a cash and cash equivalents level.

Regarding investments (in terms of the increase in own work capitalized, not in cash flows):

- investments in intangible assets in 9M16 amounted to €1.8 million, basically in line with 9M15, referring mainly (as in 2015) to costs for the development of the proprietary processes and platforms needed to provide Domain & Hosting services. Investments in software and other intangible assets also accounted for the rest;

- investments in tangible assets amounted to €2.7 million, in line with 9M15. Investments in property, plant and equipment in the period under review, as in 9M15, referred mainly to the purchase of network servers and new systems, and to other electronic equipment needed for the provision of Domain & Hosting services. Investments in furniture and fittings and in other tangible assets are to be considered non-significant.

## Financing activities

The consolidated cash flow statement at 30 September 2016 came to -€0.2 million (€6.4 million at 30 September 2015) relating to "net difference in cash flow from financing activities". The trend is basically the result of the combined effect of:

a) the positive contribution of €4.2 million of new loans taken out in 9M16, €2.5 million of which granted for the acquisition of Sfera, other non-current amortizing loans of €1.5 million, and the rest for new leases concluded by the UK subsidiaries;

b) the negative flow of -€4 million attributable to the reclassification from the non-current to the current portion of the instalments falling due within 12 months of the amortizing loans. In this regard, in the reporting period, the first instalments of amortizing loans amounting to €3.2 million were also paid. This last outflow has no effect on the cash flow statement, since the current portion of the loans is already included in "cash and cash equivalents";

c) end-of-period exchange adjustments of -€0.1 million for loans expressed in currencies other than the Euro, namely the loans taken out by the UK subsidiary Namesco Ltd.

For further details on these transactions, reference should be made to Note 13 in this Interim Report.

The previously mentioned IRS differential had a minor impact.

The foregoing effects impact solely on "cash, cash equivalents and current bank borrowings", but are clearly neutral on the "total Net Financial Position".

The reconciliation between cash flow of the net financial position and the change in cash and cash equivalents is shown in Note 18.

## Net Working Capital

The Dada Group's Net Working Capital at 30 September 2016 was -€12.2 million versus -€11.5 million at 31 December 2015 and -€10.7 million at 30 September 2015.

In this regard, the change in the scope of consolidation following the acquisition of Sfera had a negative impact of €0.2 million on NWC.

It should be noted that the dynamics of net working capital over the four quarters of a year are linked to Group operations, which generally report a larger portion of revenue from services provided in the first quarter of the year versus the following quarters; part of this revenue is recognized during the entire year as deferred income on a pro-rata basis. This situation reflects on net working capital in terms of deferred income included in other payables.

Looking at the single items forming the NWC, trade receivables at 30 September 2016 amounted to €4.4 million, up versus €3.5 million at 31 December 2015, including certain Domain & Hosting services that have deferred collection conditions. Trade payables amounted to €6.8 million, in line with those at 31 December 2015.

Other current liabilities include deferred income of approximately €13.9 million resulting, as mentioned, from certain services that are recognized in a period different from when cash is received; these will not entail future financial outlays, but rather the recognition of future revenue in the income statement. Deferred income at 31 December 2015 amounted to €12.9 million versus €12.7 million at 30 September 2015.

Other receivables and payables mostly include tax transactions (including deferred tax), INPS and dealings with authorities. The relevant information is found in the notes.

Other items included in net capital employed include other consolidated liabilities due beyond one year, which mainly comprise termination indemnities and provisions for risks and charges, amounting respectively to €0.8 million (versus €0.6 million at 31.12.2015) and €0.3 million (versus €0.4 million at 31.12.2015).

The Dada Group's Equity amounted to €52.7 million at 30 September 2016 versus €59.3 million at 31 December 2015. The decrease is ascribable to the positive contribution of profit for the period of €190 thousand, to the negative effect of the translation of financial statements of consolidated companies denominated in GBP of -€6.9 million, and the rest to other changes.

## Group employees

The number of Dada Group employees, split up by geographical area, at 30 September 2016 and at 31 December 2015, is shown in the table below:

	Italy		Abroad		Total	
	30/09/2016	31/12/2015	30/09/2016	31/12/2015	30/09/2016	31/12/2015
Employees	247	220	197	178	444	398

The Dada Group's headcount at 30 September 2016 totaled 444 employees versus 398 at 31 December 2015. The trend of this aggregate is ascribable to the increase in staff, as a result of the consolidation of Etinet S.r.l., to the insourcing of customer care and phone support services (as previously explained) in Italy and in other countries, which took place in 2015, in order to support the significant expansion of the customer base, and to the change in the scope of consolidation following the acquisition of Sfera Networks S.r.l..

## SIGNIFICANT EVENTS IN 9M16

The events which had the most significant impact on the Dada Group in 9M16 are described below:

On 28 April 2016, the Annual General Meeting of Shareholders of Dada S.p.A. met and resolved on:

- (i) the approval of the Separate Financial Statements of Dada S.p.A. for the year ended 31 December 2015, as proposed by the Board of Directors at the meeting held on 14 March 2016. The Shareholders resolved to carry forward the loss for the year of €1,575,094.94;
- (ii) the confirmation, as Directors of the Company, of Youssef Mohamed Salah Abdelsalam Bassem and of Fadi Zefer Boulos Antaki, previously co-opted by the Board of Directors of Dada S.p.A. on 11 November 2015, following the resignation of Khaled Bishara and Antonio Converti on 8 September 2015;
- (iii) the approval of the Remuneration Report in accordance with art. 123-ter of Legislative Decree 58/98;
- (iv) the renewal of the authorization, after revoking the previous one granted on 28 April 2015, to purchase treasury shares for up to a maximum number of shares not

exceeding one tenth of the share capital and to sell shares for a period of up to 18 months from authorization. The purpose of this authorization is to give the Company a means of strategic and operational flexibility. It will be allowed, among other things, to dispose of any treasury shares acquired and to carry out transactions such as purchases/sales, swaps and assignments. Based on the Board's proposal, treasury shares may be purchased at a price which is not less than 20% or more than 10% of the official stock price registered on the trading day prior to each purchase. The shares are to be purchased according to the laws for markets organized and operated by Borsa Italiana S.p.A., as per the procedures established by the latter which prohibit the direct matching of bid prices with predetermined ask prices. The sale of treasury shares, rather, may be done at a price or valuation which is not less than 95% of the average stock price registered for a period of ninety trading days prior to the disposal or any previous binding offers made in this regard, in accordance with the law and the applicable accounting standards.

**On 6 July 2016** - Dada S.p.A. signed a binding agreement through its subsidiary Register.it S.p.A. for the acquisition of the business of Sfera Networks S.r.l.. The transaction is perfectly in line with the Dada Group's previously announced growth strategies, implemented also through acquisitions, which aim to complete the range of managed IT services dedicated to SMEs, which are continually growing in demand, and to expand the customer base, offering the whole suite of digital solutions.

In 2015, Sfera posted revenue of approximately €2 million, split up as follows: Virtual Hosting Services 41%, Network & Private Cloud 35%, Domains and Email 14%, other services 10%; adjusted EBITDA came to €0.620 million.

The purchase price for the acquisition of the entire share capital of the Newco, based at closing date on an adjusted positive Net Financial Position (cash) of the Newco of €275 thousand, ranges from a minimum of €3.3 million to a maximum of €3.7 million, subject to the financial performance achieved by the Newco over the three years after closing date.

The agreement includes the following terms of payment: €2 million settled at closing date, €0.3 million will be placed in escrow for the next 24 months to service the standard representations and warranties provided by the seller, and a final tranche ranging from a minimum of €1.0 million to a maximum of €1.4 million will be paid within 36 months from closing date, subject to the results achieved by the Newco.

**On 14 July 2016** - Dada S.p.A., through its subsidiary Register S.p.A., completed the acquisition of 100% of the share capital of Sfera and paid the first tranche of the price amounting to €2 million.

The transaction was financed through a medium-long term bank loan amounting to €2.5 million granted by ICCREA BancalImpresa. The 6-year loan has a 12-month grace period with a 3-month Euribor rate + 210 bps.

For further details, reference should be made to the press releases issued on the foregoing transactions.

## **SIGNIFICANT EVENTS AFTER 30 SEPTEMBER 2016**

There are no significant facts or events to report after 30 September 2016.

## OUTLOOK FOR THE YEAR

The business outlook for the current year confirms the forecasts that point to a “mid-single digit” organic growth of **business volumes**, while **operating results** are expected to grow in 4Q16 versus 4Q15, driven also by the sales and technology initiatives launched over the past months.

As mentioned in the Half-Year Financial Report at 30 June 2016, there is no indication at this time to suggest that the events related to Brexit may have a markedly adverse effect on the Group’s operations in the UK; in the short term, the financial results may likely continue to be affected by fluctuations in the Euro/British Pound exchange rate, given that, to date, business activities denominated in British Pounds account for about 30% of consolidated business.

Mention should also be made that the **operating and financial results** of Sfera Networks S.r.l. are consolidated as from July 2016. The company was acquired through the subsidiary Register.it S.p.A. last July, and in 3Q16 contributed €0.5 million to consolidated revenue and €0.2 million to EBITDA in 3Q16.

The **strategic growth lines** of the Dada Group remain valid and focused on **strengthening its position as a leading player at a European level in digitization and online presence and business services tailored to SMEs**.

Specifically, the Group’s strategic priorities seek to **further strengthen the market share** in the various **geographies of operation**, expanding the range of services in “we do it for you” mode and strengthening the **foothold in the cloud, and virtual & dedicated servers** segment, placing growing attention on the quality of **advice and consulting** services for European SMEs.

Organic revenue growth is expected to be achieved by acquiring a significant amount of **new customers**, building on the continuation of increasingly effective sales policies, and by further improving the retention rate, leveraging on **upselling strategies** (selling an increasing number of products to existing customers), and on the **increase in ARPU** (average revenue per user) of established customers.

**Profit-wise**, strategic priorities will be centered on the continued integration of the technology platforms and full implementation of the proprietary Datacenter, as well as on constant commitment to the optimization of other operating costs and overheads.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER  
2016**



## CONSOLIDATED FINANCIAL STATEMENTS

### DADA GROUP CONSOLIDATED INCOME STATEMENT AT 30 SEPTEMBER 2016

EUR/000	30 September 2016	30 September 2015
<b>Net revenue</b>	<b>47,716</b>	<b>46,660</b>
Chg. in inventories, raw materials, work in progress & inc. in own wk. capitalized	1,660	1,689
Service costs and other operating expenses	-26,509	-26,397
Payroll costs	-14,624	-13,407
Other operating revenue and income	16	22
Other operating expenses	-254	-268
Provisions and impairment losses	-112	-191
Depreciation and amortization	-4,679	-5,071
<b>EBIT</b>	<b>3,215</b>	<b>3,036</b>
Investment income	220	626
Financial charges	-2,523	-2,509
Other income/charges from financial assets and liabilities	-1	2,184
Share of profit/loss of companies valued at equity	-	3
<b>Comprehensive profit/(loss) before taxes</b>	<b>911</b>	<b>3,341</b>
Income taxes	-720	-717
<b>Comprehensive profit/(loss) from continuing operations</b>	<b>191</b>	<b>2,624</b>
Profit/(loss) from discontinued operations	-	-346
<b>Group net profit/(loss)</b>	<b>191</b>	<b>2,279</b>
Basic earnings/loss per share	0.011	0.137
Diluted earnings/loss per share	0.011	0.131

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 30 SEPTEMBER 2016**

EUR/000	30 September 2016	30 September 2015
<b>Net profit/(loss) for the period (A)</b>	<b>191</b>	<b>2,279</b>
<b>Other comprehensive profit/(loss) to be subsequently reclassified in profit/loss for the year (B):</b>	<b>-6,930</b>	<b>3,996</b>
Gains/(losses) on exchange rate derivatives (cash flow hedges)	-24	-1
Tax effect on other gains/(losses)	7	-
	-17	-1
Gains/(losses) from the translation of foreign currency financial statements	-6,913	3,996
<b>Other comprehensive profit/loss not to be subsequently reclassified in profit/(loss) for the year</b>	<b>-39</b>	<b>7</b>
Gains/(losses) from discounting of termination indemnities	-52	9
Tax effect on other gains/(losses)	12	-3
	-39	7
<b>Total comprehensive income/(loss) (A)+(B)</b>	<b>-6,779</b>	<b>6,281</b>
<i>Total comprehensive income/(loss) attributable to:</i>		
Shareholders of the parent company	-6,779	6,281
Non-controlling interests	-	-

## DADA GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2016

ASSETS	30 September 2016	31 December 2015
<i>Non-current assets</i>		
Goodwill	79,182	82,676
Intangible assets	5,391	5,799
Property, plant and equipment	8,349	8,878
Equity investments in non-consolidated subsidiaries, associates and other companies	2,198	2,198
Financial assets and other non-current receivables	335	194
Deferred tax assets	5,529	5,651
<b>Total non-current assets</b>	<b>100,983</b>	<b>105,395</b>
<i>Current assets</i>		
Inventories	16	11
Trade receivables	4,407	3,504
Tax and other receivables	4,657	4,486
Current financial receivables	673	1,500
Financial assets for derivative instruments	16	-
Cash on hand and banks	3,248	2,206
<b>Total current assets</b>	<b>13,017</b>	<b>11,707</b>
<b>TOTAL ASSETS</b>	<b>114,000</b>	<b>117,103</b>

## DADA GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2016

EQUITY AND LIABILITIES	30 September 2016	31 December 2015
<b>EQUITY AND LIABILITIES</b>		
<i>Capital and reserves</i>		
Share capital	2,836	2,836
Other equity instruments	412	269
Share premium reserve	33,098	33,098
Legal reserve	950	950
Other reserves	10,182	17,152
Retained earnings/losses carried forward	5,030	3,696
Net profit/(loss)	191	1,333
<b>Total equity, Group share</b>	<b>52,699</b>	<b>59,335</b>
<b>Non-controlling interests</b>	-	-
<b>Total equity</b>	<b>52,699</b>	<b>59,335</b>
<i>Non-current liabilities</i>		
Financial payables (due beyond one year)	21,579	20,332
Provision for risks and charges	264	392
Provision for termination indemnities	804	667
Non-current financial liabilities from derivatives	95	51
<b>Total non-current liabilities</b>	<b>22,742</b>	<b>21,441</b>
<i>Current liabilities</i>		
Trade payables	6,823	6,758
Other payables	17,943	16,334
Taxes payable	2,025	2,020
Financial liabilities for derivative instruments	88	87
Financial payables (due within one year)	11,682	11,128
<b>Total current liabilities</b>	<b>38,559</b>	<b>36,327</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>114,000</b>	<b>117,103</b>

## DADA GROUP CONSOLIDATED CASH FLOW STATEMENT AT 30 SEPTEMBER 2016

EUR/000	30 September 2016	30 September 2015
<b>Operating activities</b>		
<b>Net profit/(loss) for the period</b>	<b>191</b>	<b>2,279</b>
<i>Adjustments for:</i>		
Income from trading	-220	-626
Financial charges	2,523	2,509
Income taxes	720	717
Gains/losses	-9	5
Gains from disposal of investments/business units	0	-2,184
Valuation of associates at equity	0	-3
Depreciation	2,540	2,798
Amortization	2,138	2,273
Granting of stock options	143	153
Other provisions and impairment losses	135	205
Increases/(decreases) in provisions	-143	-70
Profit/(loss) from asset disposals/assets held for sale	0	346
<b>Cash flow from operating activities before changes in working capital</b>	<b>8,019</b>	<b>8,401</b>
(Increase)/decrease in inventories	-4	10
(Increase)/decrease in receivables	-530	-697
Increase/(decrease) in payables	869	364
<b>Cash flow from operating activities</b>	<b>8,354</b>	<b>8,078</b>
Income taxes paid	-529	-261
Interest (paid)/received	-1,674	-1,987
<b>Net cash flow from operating activities</b>	<b>6,151</b>	<b>5,829</b>

**DADA GROUP CONSOLIDATED CASH FLOW STATEMENT AT 30 SEPTEMBER 2016**

EUR/000	30 September 2016	30 September 2015
<b>Investing activities</b>		
Sale of subsidiaries and associates	-	4,758
Financial effect of discontinued operations	-	-206
Acquisition of subsidiaries and associates	-2,000	-700
Financial effect of acquired operations	123	-10
Earn out on disposal of Moqu and acquisition of Etinet in 2015	910	-
Purchase of property, plant and equipment	-2,663	-2,663
Sale of fixed assets	-2	6
Other changes in fixed assets	2	-8
Purchase of intangible assets	-97	-139
Product development costs	-1,657	-1,699
<b>Net cash flow used in investing activities</b>	<b>-5,383</b>	<b>-661</b>
<b>Financing activities</b>		
Change in loans	97	6,351
Other changes	5	15
Change in financial receivables (escrow account for acquisition of Sfera)	-300	
<b>Net cash flow from/(used in) financing activities</b>	<b>-198</b>	<b>6,367</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>571</b>	<b>11,535</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>-8,831</b>	<b>-16,792</b>
<b>Cash and cash equivalents at end of period</b>	<b>-8,261</b>	<b>-5,257</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 30 SEPTEMBER 2016

Description	Attributed to the shareholders of the parent company										
	Share capital	Share prem. res.	Legal res.	Other reserves	Oth. Equity instr.	Cash flow hedge reserve	Res. Discou nt. term. inde.	Transl ation res.	Ret. Ear./ (loss es carried forward)	Net profit / (loss)	Total equity
Balance at 1 January 2016	2,836	33,098	950	19,215	269	-99	-70	-1,894	3,696	1,333	59,335
Allocation of 2015 profit									1,333	-1,333	0
Profit/(loss) for the period										191	191
Other comprehensive income/(loss)						-17	-39	-6,913			-6,970
<b>Total comprehensive income/(losses)</b>						-17	-39	-6,913		191	-6,779
Disposal of Moqu Group											0
Other equity instruments					143						143
<b>Balance at 30 September 2016</b>	<b>2,836</b>	<b>33,098</b>	<b>950</b>	<b>19,215</b>	<b>412</b>	<b>-116</b>	<b>-110</b>	<b>-8,807</b>	<b>5,030</b>	<b>191</b>	<b>52,699</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 30 SEPTEMBER 2015

Description	Attributed to the shareholders of the parent company										
	Share capital	Share prem. res.	Legal res.	Other reserves	Oth. Equity instr.	Cash flow hedge reserve	Res. Discou nt. term. inde.	Transl ation res.	Ret. Ear./ (loss es carried forward)	Net profit / (loss)	Total equity
Balance at 1 January 2015	2,836	33,098	950	14,045	89	-77	-77	-4,399	5,877	-2,192	50,150
Allocation of 2014 profit									-2,192	2,192	-
Profit/(loss) for the period										2,279	2,279
Other comprehensive income/(loss)						-14	7	2,241			2,234
<b>Total comprehensive income/(losses)</b>				-	-	-14	7	2,241	-	2,279	4,512
Disposal of Moqu Group				4,171	-6				6		4,171
Other equity instruments					153						153
<b>Balance at 30 September 2015</b>	<b>2,836</b>	<b>33,098</b>	<b>950</b>	<b>18,215</b>	<b>237</b>	<b>-91</b>	<b>-70</b>	<b>-2,158</b>	<b>3,690</b>	<b>2,279</b>	<b>58,986</b>

## EXPLANATORY NOTES

### 1. Company information

Dada S.p.A. is a joint-stock company incorporated in Italy and listed in the Florence Company Register, and an issuer of shares traded in the STAR segment of the MTA (screen-based market) run by the Milan Stock Exchange. Its registered office is specified on Page 1 of this Interim Report.

The Dada Group ([www.dada.eu](http://www.dada.eu)) is an international leader in domain services, hosting, and advanced online advertising solutions.

See the Directors' Report for further information.

### 2. Preparation criteria

The condensed interim financial statements have been prepared in accordance with the historical cost convention, with the exception of financial assets held for sale, measured at fair value.

These financial statements are expressed in euro (€) as this is the functional currency in which most of the Group's operations are conducted; data is shown in Euro/000 unless otherwise indicated. Since the amounts are rounded up to the nearest Euro, Euro thousand and Euro million, in some statements, the sum of the detail rows may differ from the amount shown in the total rows, as well as in the percentage changes versus the prior year.

They are comprised of the statement of financial position, income statement, statement of changes in equity, cash flow statement, and these notes.

Mention should be made that the disposal of the Performance Advertising segment had required, in the prior year, the application of IFRS 5 "Non-current assets held for sale and discontinued operations". The main effect of applying IFRS 5 was that all of the income statement items relating to the disposed companies had been grouped on the line "Profit/(loss) from discontinued operations".

The publication of this Report was authorized by the Board of Directors on 10 November 2016.

### Statement of compliance with IAS/IFRS

The Interim Report at 30 September 2016 has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and with the measures enacted for the implementation of art. 9 of Legislative Decree n. 38/2005. The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

These condensed interim financial statements have been prepared in summary form in accordance with IAS 34 and art. 154 *ter* of the Consolidated Finance Act (Legislative Decree n. 58/1998). Therefore, it does not include all of the information required of annual reports and should be read together with the consolidated financial statements for the year ended 31 December 2015.



The accounting standards adopted for the preparation of the interim financial statements at 30 September 2016 are the same as those used in the Group's annual financial statements for the year ended 31 December 2015, with the exception of the following new standards and interpretations applicable from 1 January 2016:

## Accounting standards, amendments and interpretations approved by the EU, effective in the following financial periods

To date, the European Commission has approved a number of standards and interpretations that are not compulsory yet, which will be adopted by the Company in the following financial periods.

More details on the main changes and their potential effects are found in the Half-Year Financial Report at 30 June 2016.

There are a number of standards or amendments to existing principles issued by IASB, or new interpretations of the International Financial Reporting Interpretations Committee (IFRIC) for which the revision and approval project is still under way. Specifically, reference is made to IFRS 16 "Leases", which includes significant amendments to the methods to account for leases in the financial statements of both lessors and lessees.

## Consolidation procedures

This condensed Interim Report includes the results of the Parent Company Dada S.p.A. and of its subsidiaries at 30 September 2016.

The financial results of subsidiaries acquired or sold during the year are included in the consolidated income statement from the actual acquisition date until the actual date of sale.

All significant transactions and the resulting balances between Group companies have been eliminated in the consolidation. Business combinations are recorded using the acquisition method.

Exchange differences between opening net equity translated at current exchange rates and historical exchange rates, as well as the difference between the net profit or loss expressed at average and current exchange rates, are allocated to "Other reserves" under equity.

The exchange rates used to translate the financial statements of consolidated companies into euro are shown below:

Currency	Exchange rate on 30.09.2016	Average exchange rate 9M16
US Dollar	1.1161	1.11617
British Pound	0.86103	0.80303

Currency	Exchange rate on 30.09.2015	Average exchange rate 9M15
US Dollar	1.1203	1.1153
British Pound	0.7385	0.72787

## Scope of consolidation

The scope of consolidation changed in 2015 following the disposal of Moqu Adv S.r.l. and Moqu Ireland Ltd to Italiaonline S.p.A. (with the application of IFRS 5), and the acquisition of a 25% minority interest in 4W MarketPlace S.r.l. following the transfer of the ProAdv BU to this company; as from 1 July 2015, Etinet S.r.l. is fully consolidated following the acquisition of 100% of its share capital in July 2015. To conclude, Sfera Networks S.r.l., held 100% by the Group, is fully consolidated as from 1 July 2016; more details on the transaction are found in the Directors' Report.

## MAIN RISKS AND UNCERTAINTIES

### Market risk

The Dada Group business is influenced by the global market conditions and the general economic conditions which can vary in the different markets where it does business; during a period of economic crisis, consumption may slow and this can have a negative effect on some of the services the Group provides.

The services market, in which the Dada Group operates, is highly competitive due to both the continuously, rapidly changing nature of innovation and product technology, and to the threat of new market competition. This may impact on prices charged to customers and on costs to promote services, and may also significantly affect the financial viability of certain businesses;. Such an environment calls for continuous investments in the services that are offered to customers and renewal of the offering in order to maintain a competitive positioning.

The industry in which the Dada Group operates, both in Italy and abroad, is strictly regulated with regard to personal privacy, consumer protection, and rules for commercial communications and for the TMT (Technology, Media & Telecommunications) business in general. Changes in the regulatory framework governing the Group's activity may therefore produce effects, impacting on the regulation of the reference market, also on business profitability.

Moreover, a number of Group companies could be involved in disputes or be affected by supervisory or regulatory decisions regarding the provision of services, although, to date, no material situations of this sort are believed to exist.

## Management of financial risks

### Financial risk

The Dada Group's international expansion, also through the acquisition of important operating companies in previous years, has increased its overall exposure to financial risks. Of growing significance are exchange risk, due also to the increase in foreign-currency revenue and the existence of supply contracts denominated in currencies other than the euro, interest rate risk, especially with the medium-term loans taken out to finance the previously mentioned acquisition of UK company Namesco Ltd, of Amen Group companies and of Poundhost, and liquidity risk in general, reflecting the potential changes in borrowing requirements.

In addition, some of the Group's loan agreements include requirements to satisfy various financial and corporate ratios that give lenders certain rights, including the right to call in the loan, in the event such covenants are breached. Following the renegotiation of loans in March 2015, explained in Note 19, previous covenants running from financial year 2015 have been redefined, based on half-year and/or annual figures. At 30 June 2016, these covenants were fully met.

Mention should be made that to hedge interest rate risk, five IRS contracts are in place with major banks at 30 September 2016; a 0.7775% IRS contract with an amortizing notional amount of €3.125 million at 30 September 2016; a 0.631% IRS contract with an amortizing notional amount of €3.125 million at 30 September 2016; a 0.200% IRS contract with an amortizing notional amount of €0.836 million at 30 September 2016; a 0.395% IRS contract with an amortizing notional amount of €4.429 million at 30 September 2016; a 0.265% IRS contract with an amortizing notional amount of €1.75 million at 30 September 2016; to conclude, a CAP floor with a 0.05% strike rate and a notional amount of €0.750 million. Taken together, these derivatives account for over 50% of the underlying loans, which are hedged to such extent against the rate risk. The fair value of these derivative instruments was recognized in the statement of financial position, with a balancing entry in an equity reserve in accordance with IAS 39 (cash flow hedges).

### Liquidity risk

Liquidity risk is managed by the Dada Group on a centralized basis. To optimize use of the Group's liquidity, the parent company Dada S.p.A. has a cash pooling agreement with its subsidiaries Register.it S.p.A., Fueps S.p.A. and Clarence S.r.l.. Register.it S.p.A. also has a cash pooling agreement with its wholly-owned subsidiaries. At 30 September 2016, the Dada Group had current and non-current bank credit lines (including leases, but excluding unsecured credit and exchange and interest rate derivatives) of €40.3 million, approximately €32.0 million of which drawn down (€39.4 million and €31.4 million, respectively, at 31 December 2015). Cash available amounts to €3.3 million (€3.7 million at 31 December 2015).

### Exchange risk

The Group's international expansion and scope of operations expose its results to fluctuations in exchange rates, especially EUR/GBP and EUR/USD. This exposure to exchange risk is the result of sales or purchases made in currencies other than the euro, and of company assets denominated in foreign currencies. Approximately 30% of the Group's sales are denominated in a currency other than the primary one (mainly in GBP), while about 40% of its service costs are denominated in foreign currency (mainly GBP and USD). In 9M16, as it did

previously, the Group engaged mainly in currency forwards in order to hedge its exchange rate risk, and some are still active at the date of this consolidated Interim Report.

Mention should be made of the referendum held on 23 June in the UK, which approved the withdrawal of the UK from the EU (Brexit). The event led to a further marked devaluation of the British Pound against other major foreign currencies, including the Euro. The event had repercussions on the translation of the UK companies' financial statements at 30 September 2016 for consolidation purposes of the Dada Group (the effects on key aggregates are shown in Results in the Directors' Report).

The event may bring even more adverse effects on the transactional flows denominated in GBP currency in the coming quarters of the current year. Further details are found in Note 4 on goodwill and impairment losses.

#### Credit risk

The Group's exposure to credit risk is related to trade and financial receivables. Following the disposal of the Moqu Group, the Dada Group's business is basically focused on the provision of professional services for domain registration, hosting and related services, which carry a more limited credit risk as fees are generally paid in advance. With regard to financial receivables, liquidity is invested mainly with banks of the highest standing.

In December 2014, a Dada Group company fully settled its dealings with Seat P.G., which gave effect to the composition with creditors procedure (blank option), closing past positions. At 30 September 2016, dealings with this party, which is the Group's only main client, with an exposure amounting to 3% of consolidated revenue in the twelve months, were classified as performing.

#### Price risk

The Group is not exposed to significant price volatility risk, outside of the considerations in the above market section.

For further details, reference should be made to the information provided in accordance with IFRS 7 attached to this Interim Report, appearing in the notes to the consolidated financial statements at 31 December 2015.

## **Risks associated with the contract for the disposal of the Dada.net BU (hereinafter referred to as "the Contract")**

In May 2011, Dada S.p.A. entered into a contract with Buongiorno S.p.A. for the disposal of Dada.net (for more details and definitions, see the 2011 financial statements of the Dada Group).

#### *Representations, warranties and penalties in the event of non-fulfillment*

The Group has given the buyer certain representations and warranties, typical of this kind of transaction, with respect to Dada.net, its wholly-owned subsidiaries, Giglio and Youlike. Should the buyer, Dada.net, its wholly-owned subsidiaries, Giglio and/or Youlike become liable for any out-of-period expenses, costs or charges due to non-fulfillment of the representations and warranties made by the seller, the seller will be required to indemnify and hold harmless the buyer for the amount of such liabilities, provided that the total sum of the individual losses

exceeding a given minimum amount exceeds an established threshold, for a total maximum penalty of €7,125,000. The duration of the guarantees depends on the type of guarantee involved and in certain instances coincides with the statute of limitations relative to the dispute in question.

With regard to the rights and obligations set out in the contract, mention should be made that in April 2013, Dada S.p.A. received a claim for compensation from the buyer under the sale contract. Such claim arises from a complaint filed by Receita Federal do Brasil referring to certain alleged anomalies found in a tax audit which had started in March 2011, against Dada Brasil Servicos de Tecnologia Ltda ("RFB"), relating to the 2008 tax return for a total disputed amount of 13.4 million Brazilian Reais (approximately €3.7 million). The Company, under the sale contract and in conjunction with the buyer, has established defense against such claim and has reserved the right to rebut the claim for compensation filed by the buyer, having provided evidence of the start of the RFB dispute in the disclosure schedules of the sale contract. Based on the preliminary technical-legal indications received, the current dispute with the Brazilian tax authorities may most likely extend in time.

Based also on IAS 37 related to contingent liabilities and taking into account the recent date of commencement of the dispute, as well as the preliminary analysis conducted, the Company deems it unnecessary to date to set up any case reserves, except for a reserve set up solely for legal fees for defense against such claim.

In May 2013, Dada S.p.A. received three other claims from the buyer under the sale contract. The claims involve: an investigation conducted by the Attorney General of the State of Minnesota on the potential violation, in the provision of client services, of State laws by Dada Entertainment LLC, sold to the Buongiorno Group; the start of a preliminary audit by NYC tax authorities on Dada Entertainment LLC; and a claim involving a transaction entered into on a case allegedly within the scope of the contractual guarantees (quantified in \$100,000).

Based also on IAS 37 related to contingent liabilities, given the early stages of the assessments made by the foregoing authorities, as well as the preliminary analysis conducted so far, the Company deems it unnecessary to date to set up any case reserves. Mention should be made that the contract for the sale of the Dada.net Group provides for excess of €300,000 in favour of the seller.

#### *Risks associated with the contract for the disposal of Moqu S.r.l.*

##### *Representations, warranties and penalties in the event of non-fulfillment*

The seller has given the buyer certain representations and warranties, typical of this kind of transaction, with respect to the disposed company and its wholly-owned subsidiaries, the duration of which varies according to the type of deposits given.

Should the buyer become liable for any out-of-period expenses, costs or charges due to non-fulfillment of the representations and warranties given by the seller, the seller will be required to indemnify and hold harmless the buyer for the amount of such liabilities, provided that the total sum of the individual losses exceeding a given minimum amount exceeds an established threshold, for a total maximum amount of €1,000,000.

##### *Risks of the reduced scope of operations*

The sale of the disposed company has narrowed the scope of operations of the Issuer's group. Following the disposal, operations will be basically focused on the provision of professional services for domain registration, hosting and related services. Furthermore, for one year from

the disposal date, the Issuer's group will be bound by a non-compete obligation measured on the specific business performed by Moqu S.r.l.. Under the obligation, over such period of time, the seller may not carry out Performance Advertising activities, meaning the management of online advertising through a business model based on acquisition and monetization of web traffic through specific partnerships with major search engines. Furthermore, it should be noted that the disposed company is active in extremely competitive business environments subject to recurring changes of policy by the dominant player, and in recent years, its results have suffered sharp declines.

## Risks associated with the contract for the transfer of the ProAdv BU to 4W MarketPlace S.r.l.

### *Representations, warranties and penalties in the event of non-fulfillment*

The transferor has given certain representations and warranties, typical of this kind of transaction, on the transferred business unit.

Should the transferor become liable for any out-of-period expenses, costs or charges due to non-fulfillment of the representations and warranties given by the transferee, the transferor will be required to indemnify and hold harmless the transferee for the amount of such liabilities, with different time limits in the indemnification obligation and provided the total sum of the individual losses exceeding a given minimum amount exceeds an established threshold, for a total maximum amount of €2,184,498, which is the appraised value of the transfer of the ProAdv BU.

## Risks to which the Parent Company Dada S.p.A. is exposed

The Parent Company is essentially exposed to the same risks and uncertainties affecting the entire Dada Group.

## Seasonal trends

The Dada Group's main operations are not affected by seasonal trends that could influence results for the period, except as outlined in the section on Net Working Capital.

## 3. Segment reporting pursuant to IFRS 8

For operational purposes, the Dada Group is structured by business segment. Since 1Q15, the Group has been organized in a single Business Unit (**Domain & Hosting**).

This effect is a result of the reorganization following the disposal of the Moqu Group (which headed up the Performance Advertising business). Accordingly, the remaining product lines (domain and hosting) and corporate activities (managed by the Parent Dada S.p.A.) are so completely integrated with each other that they no longer qualify as separate business segments under IFRS 8.

Notes on the main items in the following tables are shown in the Directors' Report in the Results section.

“Domain and Hosting” activities focus on self-provisioning professional services, which include:

- Domain name registration - digital solutions for online identity
- Hosting services
- Website creation
- E-commerce services
- Certified e-mail and e-mail services
- Advertising services

The Domain and Hosting Division heads up Register.it S.p.A. and this company's Italian and foreign (direct and indirect) subsidiaries: Nominalia SA, Amen Netherland B.V., Amenworld-Servicos Internet LDA, Agence des Medias Numeriques SAS, Namesco Ltd, Namesco Inc., Namesco Ireland Ltd, Poundhost Internet Ltd, Simply Virtual Servers Limited, Simply Transit Limited, Etinet S.r.l. and Sfera Networks S.r.l..

### Income statement by business segment at 30 September 2016

30 September 2016 (9 months)			
Segment reporting	Total continuing operations	Total discontinued operations	Total consolidated
Revenue - Italy	21,350		21,350
Revenue - abroad	26,366		26,366
<b>Net revenue</b>	<b>47,716</b>	-	<b>47,716</b>
Increase in own work capitalized	1,660		1,660
Service costs	-26,575		-26,575
Payroll costs	-14,624		-14,624
<b>Segment EBITDA</b>	<b>8,177</b>	-	<b>8,177</b>
Depreciation, amortization and impairment of fixed assets	-4,679		-4,679
Impairment, provisions and non-recurring income/charges	-284		-284
<b>EBIT</b>	<b>3,215</b>	-	<b>3,215</b>
Net financial charges	-2,303		-2,303
Other income/charges from financial assets and liabilities	-1		-1
Share of profit/loss of companies valued at equity	0		0
<b>Profit/(loss) before taxes</b>	<b>911</b>	-	<b>911</b>
Income taxes	-720		-720
<b>Group &amp; non-controlling interests profit/(loss)</b>	<b>191</b>	-	<b>191</b>
Non-controlling interests	-		-
Profit/(loss) from discontinued operations	-	-	-
<b>Group net profit/(loss)</b>	<b>191</b>	-	<b>191</b>

## Income statement by business segment at 30 September 2015

30 September 2015 (9 months)			
Segment reporting	Total continuing operations	Total discontinued operations	Total consolidated
Revenue - Italy	20,406		20,406
Revenue - abroad	26,254		26,254
<b>Net revenue</b>	<b>46,660</b>	-	<b>46,660</b>
Increase in own work capitalized	1,689		1,689
Service costs	-26,484		-26,484
Payroll costs	-13,407		-13,407
<b>Segment EBITDA</b>	<b>8,458</b>	-	<b>8,458</b>
Depreciation, amortization and impairment of fixed assets	-5,071		-5,071
Impairment, provisions and non-recurring income/charges	-351		-351
<b>EBIT</b>	<b>3,036</b>	-	<b>3,036</b>
Net financial charges	-1,883		-1,883
Other income/charges from financial assets and liabilities	2,184		2,184
Share of profit/loss of companies valued at equity	3		3
<b>Profit/(loss) before taxes</b>	<b>3,341</b>	-	<b>3,341</b>
Income taxes	-717		-717
<b>Group &amp; non-controlling interests profit/(loss)</b>	<b>2,624</b>	-	<b>2,624</b>
Non-controlling interests	-		-
Profit/(loss) from discontinued operations	-	-346	-346
<b>Group net profit/(loss)</b>	<b>2,624</b>	<b>-346</b>	<b>2,279</b>

## Geographical breakdown of Dada Group revenue

Description	30/09/2016 (9 months)		30/09/2015 (9 months)	
	Amount	% of total	Amount	% of total
Revenue - Italy	21,350	45%	20,406	44%
Revenue - abroad	26,366	55%	26,254	56%
<b>Total</b>	<b>47,716</b>		<b>46,660</b>	



## 5. Related party transactions

Transactions carried out with related parties fall within the Company's ordinary operations and are settled at arm's length. They are similar to those described in the notes to the consolidated financial statements for the year ended 31 December 2015, to which reference is made. Related-party transactions are governed by a specific procedure approved by Dada S.p.A.'s Board of Directors. For further information, reference should be made to the section on significant events in 9M16.

## 6. Non-recurring income and charges

In 9M16, non-recurring charges amounted to €0.1 million (basically in line with 9M15) and refer to the costs for the optimization of the Group structure and to those for the acquisition of Sfera Networks.

## 7. Share of profit/(loss) of associates

The minor share of profit/(loss) of associates at 30 September 2016 had no effects on the income statement, while the item had a positive effect of €3 thousand on the income statement in 9M15.

## 8. Other property, plant and equipment

Investments in property, plant and equipment in 9M16 amounted to €2.7 million, in line with 9M15, and consisted almost exclusively of the purchase of network servers and the installation of new systems to expand the server farm, and to networking and storage systems mainly for the Register.it subsidiaries and for Namesco and Poundhost in the UK. The applicable depreciation rate of the investments is between 20% and 33%, whereas the Datacenter setup fee is amortized over 10 years.

Furniture and fittings includes expenses incurred mainly in prior years for the new premises of the Dada Group's Italian and foreign companies. No significant increases were reported during the first nine months of the year. Here the main depreciation rate is 12%.

## 9. Intangible assets

Increases in intangible assets in 9M16 amounted to approximately €1.8 million, basically in line with the investments made in 9M15.

Investments in intangible assets refer mainly to product development costs, specifically to the capitalization of internal expenses incurred by the Group to develop new products and services for the provision of domain and hosting services.

Specifically, these activities in 9M16 focused on the gradual implementation of the new suite of Microsoft products, the cPanel platform, dedicated servers, development of new shared hosting and the Dada store.

The recognition of intangible assets is based on the future profitability calculated in accordance with the applicable international accounting standards.

Their recognition is supported by a careful evaluation of the future economic benefits of these services.

Amortization is made mainly on a straight-line basis over five years, which represents the estimated useful life of these projects.

## 10. Equity investments, financial assets and deferred tax assets

### Equity investments in associates

Equity investments in associates, recognized in the amount of €2.2 million, include the recognition as from 2015 of the amount corresponding to the 25% interest acquired in the share capital of 4W MarketPlace, following the transfer of the ProAdv BU to 4W. For further information on the transfer, reference should be made to the financial statements for the year ended 31 December 2015.

There were no significant changes in the reporting period versus the situation at 31 December 2015.

The following table shows the list of equity investments in associates:

Name	Registered office	Share capital*	Currency	% of share capital
4W MarketPlace S.r.l.	Fisciano (SA)	22,436	Euro	25%

\* following the share capital increase made concurrent to the transfer of the ProAdv BU

### Financial assets

Other financial assets, recognized in the amount of €0.3 million, mainly include security deposits issued by the Group to various service providers, as well as the medium/long-term escrow deposit for the acquisition of Sfera Networks.

### Deferred tax assets

Deferred tax assets are recognized in this Interim Report in the amount of €5.5 million (versus €5.7 million at 31 December 2015), and are the result of tax determined on tax losses expected to be recovered in the short to medium term, and of temporary differences between statutory and tax regulations. Tax losses that can be carried forward to subsequent years amount to €38.9 million. These can be fully carried forward indefinitely and are 80% recoverable in each financial year (under the new Italian law).

Specifically, the tax losses on which deferred tax assets were calculated amount to €17.4 million.

For the sake of prudence, deferred tax assets have been recognized in proportion to the income the company is likely to achieve. In this regard, as from the 2015 financial statements, deferred tax assets have been recalculated following the change in the IRES tax rate, which falls from 27.5% to 24% starting from 2017 as set out in the 2016 Stability Law. The Company has accordingly revised the assessment of deferred tax assets, determined on tax losses carried forward indefinitely, based on the analysis of expected future taxable income.

Utilizations relate to the recovery of the temporary differences in respect of the tax charge for the period, and to the use of the maximum coverage of up to 80% of taxable income generated by the Italian companies participating in the tax consolidation scheme in 9M16.

Exchange differences arose from the translation into Euro of the deferred tax assets of the UK companies, which were recognized in British Pounds in their separate financial statements.

## 11. Trade receivables

Consolidated trade receivables at 30 September 2016 amounted to €4.4 million, net of the provision for doubtful accounts, increasing by 26% versus €3.5 million at 31 December 2015.

The average turnover on trade receivables is 30 days (measured as the ratio of receivables outstanding at the financial statements date and total turnover of the Group), and varies from one product to the next. There are no trade receivables due beyond one year that would require an assessment of financial loss.

The Company estimates that the carrying value of trade and other receivables approximates their fair value.

The provision, which amounted to €3.3 million at 30 September 2016, was deemed sufficient to cover potential losses on trade receivables.

## 12. Cash and cash equivalents and net debt

Description	Balance at 30/09/16	Balance at 31/12/15	Change	% change
Bank and post office deposits	3,241	2,192	1,048	48%
Cash and valuables on hand	7	14	-6	-45%
<i>Cash on hand and banks</i>	<i>3,248</i>	<i>2,206</i>	<i>1,042</i>	<i>47%</i>
<i>Other financial receivables</i>	<i>673</i>	<i>1,500</i>	<i>-827</i>	<i>-55%</i>
<b>Total</b>	<b>3,921</b>	<b>3,706</b>	<b>1,257</b>	<b>34%</b>

Total liquidity, which comprises liquidity at major banks, cash on hand and other current financial receivables, amounted to €3.9 million at 30 September 2016 versus €3.7 million at 31 December 2015. Other current financial receivables include €0.5 million of escrow deposits related to the long-term loan taken out with Unicredit in 2015, under which 10% of the loan was to be left deposited, as well as €0.2 million related to the escrow deposit for the acquisition of Sfera Networks. The reduction in the item is explained by the cash-in of the variable portion of €1 million from the disposal of Moqu.

Details on this aggregate are found in the Directors' Report.

The table below shows loans and borrowings and their movements between 31 December 2015 and 30 September 2016:

Description	Balance at 31/12/15	Increases	Decreases	Other changes	Balance at 30/09/16
<b>PAYABLES</b>					
Banks - non-current	20,332	4,164	-3,973	-93	20,430
Other non-current financial payables	-	1,150	-	-	1,150
<b>Financial payables (due beyond one year)</b>	<b>20,332</b>	<b>5,314</b>	<b>-3,973</b>	<b>-93</b>	<b>21,580</b>
Banks - current	10,181	5,517	-4,311	-133	11,254
Account overdrafts	857	1	-580	-	278
Other payables	90	150	-90	-	150
<b>Financial payables (due within one year)</b>	<b>11,128</b>	<b>5,668</b>	<b>-4,981</b>	<b>-133</b>	<b>11,682</b>
<b>Grand total</b>	<b>31,460</b>	<b>10,982</b>	<b>-8,954</b>	<b>-226</b>	<b>33,262</b>

The Dada Group's non-current loan agreements are mainly those taken out to finance the acquisitions made over the last few years, and the investment in the new Datacenter of Namesco Ltd.

*Description of loans held by the Dada Group at 30 September 2016:*

- Register.it S.p.A.:  
 Loan agreement initially of €16 million, with residual debt to date of €14.2 million. Loan maturity 31 December 2019, half-yearly equal instalments (first seven) of €1.8 million, and a final instalment of €3.2 million, interest rate 6-month Euribor (provided higher than 0) plus a spread of 3.50%. To partly hedge the interest rate risk, three IRS contracts are in place with a 0.7775%, 0.631% and 0.200% rate, with the same half-yearly maturities of the loan and an amortizing notional amount of 50% of the outstanding loan.  
 Loan agreement initially of €5 million, with residual debt to date of €4.4 million. Loan maturity 31 December 2019, half-yearly equal instalments (first seven) of €0.6 million, and a final instalment of €1 million, interest rate 6-month Euribor (provided higher than 0) plus a spread of 3.50%. To fully hedge the interest rate risk, one IRS contract is in place with a 0.395% rate, with the same half-yearly maturities and an amortizing notional amount of the loan.  
 Loan agreement of €3.5 million, final maturity 30 September 2019, repayment through 12 quarterly equal instalments of €0.3 million. The interest rate is the 3-month Euribor plus a spread of 2.70%. The loan is also secured with a guarantee by SACE on 35% of the amount

funded. To partly hedge the interest rate risk, one IRS contract is in place with a 0.265% rate, with the same half-yearly maturities and an amortizing notional amount of 50% of the loan.

Two further loans were granted in 3Q16:

Loan agreement of €1.5 million, final maturity 25 July 2021, 19 quarterly instalments of €77 thousand with 6-month grace period, interest rate 3-month Euribor plus a spread of 2.2%;

Loan agreement of €2.5 million for the acquisition of Sfera, final maturity 30 June 2022, 20 quarterly instalments of €125 thousand with 15-month grace period, interest rate 3-month Euribor plus a spread of 2.1%.

These are all medium/long-term unsecured loans (except for the loan relating to the acquisition of Sfera) that provide for the customary covenant clauses tied to EBITDA, NFP and interest expense. These obligations were fully met at the close of the previous annual and half-year financial statements. Dada S.p.A. has also issued, in favour of the beneficiaries of these loans, an independent first-demand guarantee for the lenders.

- Dada S.p.A.:

Two short-term loans are in place: one (Hot - Money) of €2 million with a duration of 60 days and a 1-month Euribor interest rate plus a spread of 3.9%; the other of €2 million taken out with a major bank on 29 September, with a duration of 30 days, renewable, plus a spread of 3.25%;

Dada S.p.A. has account overdrafts with major banks which amount to €1.5 million, with interest charged at a 1-month Euribor rate, plus different spreads for each lender ranging from a minimum of 2.8% to a maximum of 6%.

- Namesco Ltd:

Three loan agreements are in place with the same major bank, with a residual balance of approximately £0.45 million (approximately €0.5 million) at 30 September 2016, taken out and granted in three tranches. The interest rate charged is the Bank's Sterling Base Rate plus a spread of 3%.

A fourth loan agreement (credit facility) is in place with a different bank, with a residual balance of €0.2 million (approximately £0.1 million) at 30 September 2016. Maturity is on 30 April 2018;

Several leases are also in place, with a residual balance of €0.1 million (approximately £0.1 million) at 30 September 2016. Maturity is on 30 April 2018.

- Poundhost:

Finance leases are in place, with a residual balance at 30 September 2016 of €0.6 million (£0.5 million). These will be fully repaid on various maturity dates starting from 2016 and by July 2019.

For further information on Group liquidity and debt in 9M16, see the analysis contained in the Directors' Report and the details appearing in the statement of cash flows.

### 13. Provisions for payroll, risks and charges

At 30 September 2016, the provision for termination indemnities (or TFR, *trattamento di fine rapporto*) amounted to €0.8 million (versus €0.7 million at 31 December 2015), and covers the liability accrued to employees, in accordance with the current law and the collective employment contract.

At 30 September 2016, the provision for risks and charges amounted to €0.3 million, decreasing versus €0.4 million at 31 December 2015, due to utilizations made in the first 9 months of the year. The provision for risks and charges referred entirely to charges from business/legal disputes.

### 14. Trade payables

“Trade payables” comprises the amounts regarding trade-related purchases and other types of costs for services directly linked to the Group’s business. Trade payables at 30 September 2016 amounted to €6.8 million, in line with the figure at 31 December 2015.

The Company estimates that the carrying value of trade and other payables approximates their fair value.

### 15. Other payables and liabilities

Taxes payable, amounting to €2 million, are in line with the figure at 31 December 2015, and include withholding tax on salaries and consultants’ pay for the month of September and income taxes pertaining to the period. The latter consist mainly of IRAP (regional tax) for the Group’s Italian companies and of local taxes for subsidiaries abroad.

“Other payables”, amounting to €17.9 million (€16.3 million at 31 December 2015), mainly comprises:

- bonus salaries due to employees (*tredicesima* and *quattordicesima*), pay in lieu of holiday and other amounts payable, and bonuses to employees in the reporting period;
- €0.3 million in social security payments due;
- deferred income of €13.9 million (€12.9 million at 31 December 2015), originating from the accrual accounting of contract revenue on domain and hosting, and other resale services pertaining to future periods after these interim financial statements.

The Company estimates that the carrying value of other payables and liabilities approximates their fair value.

## 16. Non-current assets of relevance to the cash flow statement

The table below shows movements in non-current tangible and intangible assets from 31 December 2015 to 30 September 2016:

Description	31/12/15	Increases	Decreases	Entry in the Group	Exchange diff.	Amortiz.	30/09/16
Goodwill	82,676	3,510	-	-	-7,004	-	79,182
<b>Total goodwill</b>	<b>82,676</b>	<b>3,510</b>	<b>-</b>	<b>-</b>	<b>-7,004</b>	<b>-</b>	<b>79,182</b>
Product/service development costs	5,367	1,657	-	-	-36	-1,935	5,053
Concessions, licenses, brands	56	10	-	12	-	-57	22
Other	376	87	-	-	-	-146	316
<b>Total intangible assets</b>	<b>5,799</b>	<b>1,754</b>	<b>-</b>	<b>12</b>	<b>-36</b>	<b>-2,138</b>	<b>5,391</b>
<b>Total</b>	<b>88,475</b>	<b>5,264</b>	<b>-</b>	<b>12</b>	<b>-7,041</b>	<b>-2,138</b>	<b>84,573</b>

Description	31/12/15	Increases	Decreases	Entry in the Group	Exchange diff.	Amortiz.	30/09/16
Plant and EDP machines	8,425	2,667	2	39	-725	-2,449	7,959
Furniture and fittings	170	1	-	-	-5	-48	118
Other	283	40	-	7	-15	-43	271
<b>Total</b>	<b>8,878</b>	<b>2,709</b>	<b>2</b>	<b>46</b>	<b>-745</b>	<b>-2,540</b>	<b>8,349</b>

Regarding goodwill:

The increase is explained by the acquisition of Sfera Networks S.r.l.; for more information, see the Directors' Report.

The increase in "exchange differences" relating to goodwill is explained by exchange differences on goodwill expressed in other currencies, in particular for the UK company Namesco Ltd. (in British Pounds), offset by the translation reserve recognized under consolidated equity reserves.

In this regard, at the end of this quarter, an assessment was made to verify the absence of substantial differences between the quarterly forecasts used in the 2015 impairment test and the actual results achieved. For further details, reference should be made to the consolidated financial statements at 31 December 2015 and to the Half-Year Financial Report at 30 June 2016.

With regard to the main increases in non-current tangible and intangible assets, reference should be made to the above section relating to increases in property, plant and equipment and intangible assets (Notes 8 and 9, respectively).

Mention should be made that cash used in investing activities amounted to -€5.4 million and refers to: the cash-in of €1 million from the earn-out of the Moqu Group; the payment of -€0.1 million for the earn-out of Etinet S.r.l.; the outlays of €2 million for the acquisition of Sfera Networks S.r.l.; -€0.1 million for the financial effects of acquired assets; investments made in 9M16 for a total of €4.4 million (€1.8 million in intangible assets and €2.6 million in property, plant and equipment), excluding purchases over the period not resulting in changes in cash flows, increased by investments made in the prior year but paid during the period under review.

## 17. Changes in equity reserves

At 30 September 2016, Dada S.p.A.'s share capital was comprised of no. 16,680,069 ordinary shares with a par value of €0.17 each, for a total of €2,836 thousand. There were no increases in 9M16.

Movements in equity items in 3Q16 are found in the statements on page 31.

Here is a description of the main equity reserves together with their changes:

Legal reserve: this is a profit reserve built through allocation of net profit for the year from the approved separate financial statements. It can only be used in the amount exceeding one fifth of the share capital. At 30 September 2016, it had a balance of roughly €1 million, unchanged versus 31 December 2015.

Share premium reserve: this is a capital reserve generated by contributions from shareholders. There is no specific limit on its use, once the legal reserve has reached one fifth of the share capital. At 30 September 2016, it had a balance of €33.1 million. There were no increases in 9M16.

Other equity instruments: this item includes payroll costs accrued from the stock option plans issued by the Group. At 30 September 2016, it had a balance of €412 thousand versus €269 thousand at 31 December 2015. Movements in the year refer to the portion of the Stock Option Plan recognized in the income statement and amounting to €143 thousand.

Other reserves:

- *FTA reserve*: built for the first-time adoption of IFRS, at 30 September 2016, it had a negative balance of -€6.2 million.
- *Extraordinary reserve* of €19.1 million, unchanged in 1Q16.
- *Cash flow hedge reserve*, net of tax effects, it shows a negative balance of -€127 thousand at 30 September 2016, with a net change of -€28 thousand versus 31 December 2015.
- *Termination indemnity discounting reserve*, net of tax effects, it shows a balance of €110 thousand at 30 September 2016 versus €70 thousand at 31 December 2015.
- *Translation reserve*, containing the differences arising from the translation of subsidiaries' individual financial statements prepared in currencies other than the Euro, with a negative balance at 30 September 2016 of -€8.8 million (versus a negative balance of -€1.9 million at 31 December 2015). Movements in 9M16, totaling roughly €6.9 million,



arose from the translation of the financial statements and goodwill of the subsidiaries Poundhost and Namesco.

- *Other reserves* amount to €6.3 million at 30 September 2016, and include the reserves generated by the deconsolidation of the Dada.net Group, and €4.2 million from the disposal of the Moqu Group in 2015. The disposal was classified as a "business combination of entities under common control", since both Dada S.p.A. and Italiaonline S.p.A. are controlled by Orascom TMT Investments S.à r.l. through the subsidiary Libero Acquisitions S.à r.l.. In compliance, therefore, with Preliminary Guidance no. 1 issued by Assirevi on IFRS (also known as OPI 1), the difference between the transaction price, which includes the adjusted NFP, and the pre-existing value of the assets under disposal must not be recognized in the income statement, but as an adjustment to the consolidated equity reserves of the Dada Group. There were no changes versus the prior year.

## 18. Net change in financial payables and other financial assets in the cash flow statement

The following table reconciles the change in consolidated net financial position with the change in cash and cash equivalents:

(Euro/000)	30/09/2016	31/12/2015
<b>Change in net financial position</b>	<b>-1,466</b>	<b>5,683</b>
Increase in medium/long-term loans	4,164	14,673
Repayment of medium/long-term loans	-3,973	-11,029
Other changes in medium/long-term loans	-93	14
Payables for the acquisition of Sfera	1,300	-
Earn out MOQU and Etinet	910	-
Change in financial receivables	-300	-
Change in non-cash derivatives	29	30
<b>Change in cash and cash equivalents</b>	<b>571</b>	<b>9,371</b>

Current account overdrafts, in accordance with the relevant accounting standards, are counted as part of the change in cash and cash equivalents, which also include the current portions of non-current loans. Reconciliation, as well as the changes in the loans mentioned in Note 12, also involves the extraordinary transactions completed (including financially) in the current year. These transactions offer a different picture of NFP at a cash and cash equivalents level.

The prior year was marked by the renegotiation of medium/long-term loans shown in the table above as repayments and increases.

Other changes include the exchange rate effects on loans denominated in GBP in both periods.

## 19. Commitments

Commitments at 30 September 2016 amounted to €4.5 million versus €3.3 million at 31 December 2015.

### *Increases:*

The main increases regarded:

A guarantee of €0.4 million issued by Monte dei Paschi di Siena in favour of the new owners of the property hosting the Florence HQ;

A limited omnibus guarantee of €0.2 million issued in favour of Banca Unicredit to secure Etinet account overdrafts;

A guarantee of €1 million granted by Monte dei Paschi di Siena on the instalment amount of the acquisition of Sfera.

### *Decreases:*

The main decreases regarded:

Termination of the previous guarantee issued in favour of the owners of the property hosting the Florence HQ;

A currency adjustment of approximately -€0.1 million of the Monte dei Paschi guarantee in favour of HSBC issued for £1 million (€1.2 million); release of the guarantee in favour of the former owners of the Florence offices, following transfer of the ownership of the property, which amounted to €0.3 million;

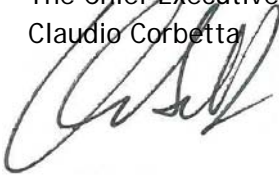
### *Other changes:*

Other changes include the net effects of the exchange adjustments of the guarantees issued in currencies other than the Euro.

There are no potential commitments that are not recorded in the statement of financial position.

Florence, 10 November 2016

For the Board of Directors  
The Chief Executive Officer  
Claudio Corbetta



Statement by the Manager responsible for preparing the Company's Financial Reports

Pursuant to art. 154 *bis* (2) of the Consolidated Finance Act (*Testo Unico della Finanza* or TUF), it is hereby declared that the financial information contained in this Interim Report corresponds to the Company's records, ledgers and accounting entries.

Financial Reporting Manager  
Federico Bronzi



## ANNEX 1

## RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 30 SEPTEMBER 2016

EUR/000	30-Sept. -16		30-Sept. -15		DIFFERENCE	
	9 months		9 months		Absolute	%
	Amount	% of	Amount	% of		
Net revenue	47,716	100%	46,660	100%	1,055	2%
Chg. in inventories, finished and semi-finished products, work in progress & inc. in own wk. capitalized	1,660	3%	1,689	4%	-29	-2%
Service costs and other operating expenses	-26,575	-56%	-26,484	-57%	-92	-
Payroll costs	-14,624	-31%	-13,407	-29%	-1,217	9%
<b>EBITDA</b>	<b>8,177</b>	<b>17%</b>	<b>8,458</b>	<b>18%</b>	<b>-282</b>	<b>-3%</b>
Depreciation and amortization	-4,679	-10%	-5,071	-11%	392	-8%
Non-recurring income/(charges)	-149	0%	-146	-	-4	2%
Impairment losses and other provisions	-134	0%	-205	-	71	-35%
<b>EBIT</b>	<b>3,215</b>	<b>7%</b>	<b>3,036</b>	<b>7%</b>	<b>178</b>	<b>6%</b>
Financial income	220	-	626	1%	-406	-65%
Financial charges	-2,523	-5%	-2,509	-5%	-14	1%
Other income/charges from financial assets and liabilities	-1	-	2,184	5%	-2,185	-100%
Share of profit/loss of companies valued at equity	-	-	3	-	-	-
<b>Comprehensive profit/(loss) before taxes</b>	<b>911</b>	<b>2%</b>	<b>3,341</b>	<b>7%</b>	<b>-2,430</b>	<b>-73%</b>
Income taxes	-720	-2%	-717	-2%	-3	0%
<b>Comprehensive profit/(loss) from continuing operations</b>	<b>191</b>	<b>0%</b>	<b>2,624</b>	<b>6%</b>	<b>-2,433</b>	<b>-93%</b>
Profit/(loss) from discontinuing and discontinued operations	-	-	-346	-1%	346	-100%
<b>Group net profit/(loss)</b>	<b>191</b>	<b>0%</b>	<b>2,279</b>	<b>5%</b>	<b>-2,088</b>	<b>-92%</b>

## ANNEX 2

## RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 30 SEPTEMBER 2016

EUR/000	3Q16		3Q15		DIFFERENCE	
	Amount	% of	Amount	% of	Absolute	%
<b>Net revenue</b>	<b>14,908</b>	<b>100%</b>	<b>14,780</b>	<b>100%</b>	<b>128</b>	<b>1%</b>
Chg. in inventories, finished and semi-finished products, work in progress & inc. in own wk. capitalized	469	3%	479	3%	-10	-2%
Service costs and other operating expenses	-8,368	-56%	-8,236	-56%	-132	2%
Payroll costs	-4,774	-32%	-4,599	-31%	-174	4%
<b>EBITDA</b>	<b>2,235</b>	<b>15%</b>	<b>2,424</b>	<b>16%</b>	<b>-189</b>	<b>-8%</b>
Depreciation and amortization	-1,497	-10%	-1,692	-11%	196	-12%
Non-recurring income/(charges)	-126	-1%	-5	-	-120	2262%
Impairment losses and other provisions	15	0%	-40	-	55	-138%
<b>EBIT</b>	<b>628</b>	<b>4%</b>	<b>686</b>	<b>5%</b>	<b>-58</b>	<b>-8%</b>
Financial income	14	0%	53	0%	-39	-74%
Financial charges	-740	-5%	-815	-6%	75	-9%
Share of profit/loss of companies valued at equity	-	0%	3	0%	-3	-100%
<b>Comprehensive profit/(loss) before taxes</b>	<b>-98</b>	<b>-1%</b>	<b>-72</b>	<b>0%</b>	<b>-26</b>	<b>37%</b>
Income taxes	-159	-1%	-154	-1%	-5	3%
<b>Comprehensive profit/(loss) from continuing operations</b>	<b>-257</b>	<b>-2%</b>	<b>-226</b>	<b>-2%</b>	<b>-31</b>	<b>14%</b>
Profit/(loss) from discontinuing and discontinued operations	-	-	-	-	-	-
<b>Group net profit/(loss)</b>	<b>-257</b>	<b>-2%</b>	<b>-226</b>	<b>-2%</b>	<b>-31</b>	<b>14%</b>

## ANNEX 3

## DADA GROUP NET WORKING CAPITAL AND NET FINANCIAL POSITION AT 30 SEPTEMBER 2016

EUR/000	30-Sept.-16	31-Dec.-15	DIFFERENCE	
			Absolute	%
<b>Fixed assets</b>	<b>95,304</b>	<b>99,745</b>	<b>-4,441</b>	<b>-4%</b>
Current operating assets	14,609	13,652	957	7%
Current operating liabilities	-26,790	-25,113	-1,678	7%
<b>Net working capital</b>	<b>-12,182</b>	<b>-11,461</b>	<b>-721</b>	<b>6%</b>
Provision for termination indemnities	-804	-667	-137	21%
Provision for risks and charges	-264	-392	128	-33%
<b>Net capital employed</b>	<b>82,055</b>	<b>87,225</b>	<b>-5,170</b>	<b>-6%</b>
Non-current financial receivables	150	-	150	-
Medium/long-term financial payables and long-term derivatives	-21,674	-20,382	-1,291	-6%
<b>Equity</b>	<b>-52,699</b>	<b>-59,335</b>	<b>6,635</b>	<b>-11%</b>
Current bank debt	-11,532	-11,038	-494	4%
Current financial receivables and derivatives	689	1,500	-811	-54%
Current financial payables and derivatives	-238	-177	-61	34%
Cash and cash equivalents	3,248	2,206	1,042	47%
<b>Current net financial position</b>	<b>-7,832</b>	<b>-7,508</b>	<b>-324</b>	<b>-4%</b>
<b>Total net financial position</b>	<b>-29,355</b>	<b>-27,890</b>	<b>-1,465</b>	<b>-5%</b>

## ANNEX 4

## Dada Group scope of consolidation at 30 September 2016

Name	Registered Office	Currency	Share capital	Company held by	% held	Consolidation period
Dada S.p.A. (Parent)	Florence	Euro	2,835,612	Parent		Jan.-Sept. 2016
Agence des Medias Numerique Sas	Paris	Euro	37,000	Register.it S.p.A.	100	Jan.-Sept. 2016
Amen Nederland B.V.	Amsterdam	Euro	18,000	Register.it S.p.A.	100	Jan.-Sept. 2016
Amenworld Servicios internet	Lisbon	Euro	10,000	Register.it S.p.A.	100	Jan.-Sept. 2016
Clarence S.r.l.	Florence	Euro	21,000	Dada S.p.A.	100	Jan.-Sept. 2016
Fueps S.p.A.	Florence	Euro	10,000	Dada S.p.A.	100	Jan.-Sept. 2016
Namesco Inc.	New York	USD	1,000	Namesco Ltd.	100	Jan.-Sept. 2016
Namesco Ltd.	Worcester	GBP	100	Register.it S.p.A.	100	Jan.-Sept. 2016
Namesco Ireland Ltd	Dublin	Euro	1	Namesco Ltd.	100	Jan.-Sept. 2016
Nominalia Internet S.L.	Barcelona	Euro	3,000	Register.it S.p.A.	100	Jan.-Sept. 2016
Poundhost Internet Ltd	Worcester	GBP	200	Namesco Ltd.	100	Jan.-Sept. 2016
Register.it S.p.A.	Florence	Euro	8,401,460	Dada S.p.A.	100	Jan.-Sept. 2016
Simply Virtual Servers Limited	Worcester	GBP	2	Namesco Ltd.	100	Jan.-Sept. 2016
Simply Transit Limited	Worcester	GBP	2	Namesco Ltd.	100	Jan.-Sept. 2016
4W MarketPlace S.r.l.*	Fisciano (SA)	Euro	22,436	Register.it S.p.A.	25	Jan.-Sept. 2016
Etinet S.r.l.	Savigliano (CN)	Euro	22,000	Register.it S.p.A.	100	Jan.-Sept. 2016
Sfera Networks S.r.l.	Bergamo	Euro	50,000	Register.it S.p.A.	100	July-Sept. 2016

\*Consolidated at equity.