ANNUAL FINANCIAL REPORT OF THE DADA GROUP AT 31 DECEMBER 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 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 [1]	Chairman
Claudio Corbetta [2]	CEO
Lorenzo Lepri [3]	General Manager
Sophie Sursock	Director
Ragy Gamaleldin Mahmoud Soliman Elfaham	Director
Philip Tohme	Director
Maurizio Mongardi [6]	Director
Sofia Maroudia [4, 5, 6, 7]	Director
Barbara Adami Lami [4, 5, 6, 7, 10]	Director
Carolina Gianardi [4, 5, 7, 8, 9]	Director
Cristiano Esclapon [7]	Director
Youssef Bassem [11]	Director
Fadi Antaki [11]	Director

[1] Appointed Director of the Company by the AGM held on 28 April 2015 and, on the same date, Chairman of the Board of Directors.

[2] Appointed Chief Executive Officer and General Manager of the Company during the meeting of the Board of Directors held on 13 May 2015.

[3] Appointed General Manager and CFO of the Company during the meeting of the Board of Directors held on 13 May 2015.

[4] Appointed member of the Control and Risk Committee during the meeting of the Board of Directors held on 13 May 2015.

[5] Appointed member of the Committee for Related Party Transactions during the meeting of the Board of Directors held on 13 May 2015.

[6] Appointed member of the Compensation and Nominations Committee during the meeting of the Board of Directors held on 13 May 2015.

[7] Independent director pursuant to art. 148, par. 3, of Legislative Decree n. 58/1998.

[8] Director and Chairman of the Supervisory Body pursuant to Legislative Decree 231/2001.

[9] 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.

[10] Appointed Chairman of the Compensation and Nominations Committee during the meeting of the Board of Directors held on 13 May 2015.

[11] 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 [12]	Chairman Board of Statutory Auditors
Maria Stefania Sala [12]	Standing Auditor
Massimo Foschi [12]	Standing Auditor
Elisabetta Claudia De Lorenzi [13]	Alternate Auditor
Manfredi Bufalini [13]	Alternate Auditor

[12] Standing Auditor appointed during the AGM held on 28 April 2015.

[13] Alternate Auditor appointed during the AGM held on 28 April 2015.

EXTERNAL AUDITORS

KPMG S.p.A.

LETTER TO SHAREHOLDERS

Dear Shareholders,

Claudio Corbetta
CEO
Dada S.p.A

Lorenzo Lepri
General Manager and CFO
Dada S.p.A.

2016 was a landmark year for the Dada Group, a year in which it accomplished remarkable targets and achieved impressive results in a persistently challenging market environment.

After successfully completing the reorganization of Group activities in the prior year, most of our efforts in 2016 focused on developing the core business of Domain and Hosting (D&H) at a European level, with particular regard to digital services for the online presence and visibility of SMEs, where Dada has greatly strengthened its position in all the main geographies of operation. The Dada Group brands are currently among the top 3 players in the following countries: Italy (Register.it), ranking second, UK (Namesco.co.uk), Portugal (Amen.pt) and Ireland (Register365); the Group also boasts a solid foothold in Spain (Nominalia) and France (Amen.fr).

The growth strategies adopted from the final months of 2015 on marketing investments and product and platform development have allowed us to achieve positive business-financial results, to increase our market shares, and to help our brands penetrate all the main markets, despite the persisting highly challenging environment.

On the one hand, in fact, the international D&H market was marked by fierce competition, especially in the acquisition processes of new customers. Most of the top international players reported weaker organic growth and pursued development through intensive M&A activities, speeding up the combination process witnessed for some years now in the industry.

On the other, on the financial markets front, the international political and economic events (see Brexit) rocked the currency markets, impacting significantly on the movements of the EUR/GBP exchange rate, affecting our consolidated results following the translation of the financial statements in foreign currency, and despite the improved results in local currency in the UK versus the prior year.

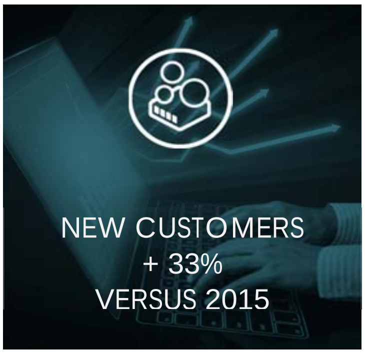
Against this backdrop, Dada reported a significant growth in key business metrics; the customer base increased by 13% versus 2015, while new customers acquired in the year grew by over 30% versus the prior year. Additionally, despite the development and diversification of the customer base, the retention rate remained high, with a monthly churn (defection rate) of existing customers below 1.5%, in line with the market's best performers.

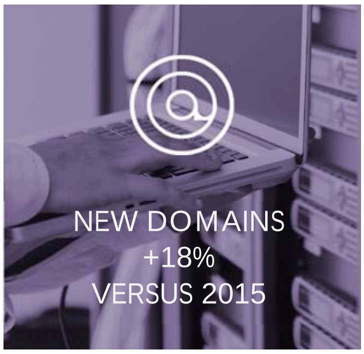
On the domains front too, the total stock of domains under management at 31 December 2016, approximately 1.9 million, grew by 6% YoY versus the growth of approximately 2%[1] by Dada's European markets of operation.

In 2016, we also reported an 18% growth YoY in new domain name registrations. The growth in most of the Group's geographies outperformed the market, allowing the Dada brands to increase their market share (calculated on new registrations), which was above 20% in Italy versus 17% in 2015.[2]

[1] Figures based on the stock of ccTLDs in Dada countries of operation: UK, Italy, France, Spain, Portugal and Ireland; the figures come from the official registries of ccTLDs.

2 Figure based on new ccTLD .it registrations in 2016, company processing using Registro.it figures





In 2016, 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, we also strengthened the presence in custom services for online brand protection (OBP), as well as in virtual and dedicated server solutions; specifically, these services in 2016 grew by over 40% on the Italian market.

Additionally, in 2016 we continued to invest in expanding our customer base, through digital marketing campaigns, and in strengthening our customer support desks. Today, the Group operates four fully internalized local customer desks (in Italy, Spain, Portugal and UK), dedicated to assisting customers in using its traditional products, and to supporting offline sales channels and offering consultancy services for higher added value products, with continually improving customer satisfaction indices (NPS[3]*). Optimized marketing investments also allowed us in 2016 to reduce the COA (average cost of acquisition for each customer).*

In July, through our subsidiary Register.it S.p.A., we acquired 100% of Sfera Networks S.r.l., a leading Italian digital player, specialized in virtual hosting, network & private cloud services to SMEs. The acquisition was made to strengthen our position in IT Managed Services, allowing us to better meet the increasingly growing demand for tailor-made digital services, and to expand our web service portfolio with highly synergistic products for SMEs.

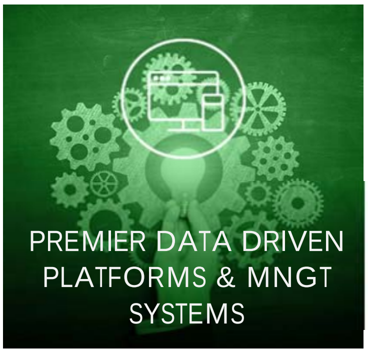
The European market of Server and Cloud solutions maintains a high growth potential; in 2016, the segment grew by 16% YoY worldwide[4]; our Group is currently placing increased focus on these solutions to strengthen its competitive position in the segment.

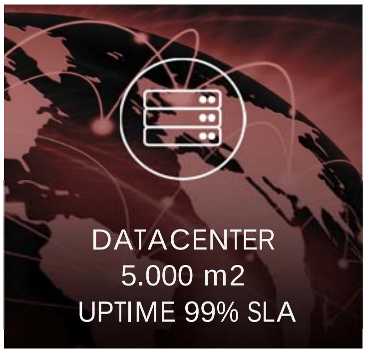
To conclude, in December we signed a new pool loan agreement with Banca Intesa, Unicredit and Banca MPS for a total of €22 million with a spread reduced to 250 bps. The agreement will reduce debt costs significantly and provide greater financial flexibility to support our future growth plans.

Looking at the financial results, revenue at 31 December 2016 amounted to €63.7 million, up by +2.5% YoY, +6% at constant exchange rates and on a like-for-like basis. EBITDA amounted to €10.7 million, up by 1.9% YoY, +2.7% at constant exchange rates and on a like-for-like basis, with a 17% margin on revenue. Regarding EBITDA, mention should be made of the sharp increase witnessed in 4Q16 (+24% YoY), despite the negative effects of the EUR/GBP exchange rate, the result mainly of the renewal dynamics of new customers acquired in the year, which impacted positively on average revenue per unit (ARPU), and of the virtuous contribution of the newly-acquired Sfera. EBIT came to €4.0 million, up by 26% versus 2015. The net profit for the year came to a positive €0.2 million versus €1.6 million in the prior year, which, however, had benefited from the €1.8 million in non-recurring financial income from the transfer of Simply to 4W net of the loss from discontinued operations; net of these non-recurring events, the item would have come to -€0.2 million. The NFP came to -€29.5 million at 31 December 2016 (-€27.9 million at 31 December 2015). The figure reflects the positive cash flows generated by Group operating activities and the investment of approximately €3.3 million to acquire Sfera.

3 NPS: Net Promote Score

4 Source: Netcraft report Nov 2016





In short, 2016 was a good year, thanks also to the efforts of all our highly skilled staff, who helped us accomplish our goals and lay the foundations for further future development of our Group, to the benefit of all the stakeholders.

In 2016, our business and financial results, as well as the efforts made by Investor Relations, reflected in the positive performance of Dada shares, listed on the MTA market of the Milan Stock Exchange (STAR segment). The Dada share, in fact, starting from January 2016 throughout the year, outperformed on average the main indices of the Italian Stock Exchange (FTSE Italia All Share, FTSE Italia Star), with a number of impressive trading sessions in the first and fourth quarter of the year, which allowed it to achieve an absolute positive performance of +40% YoY at 30 December 2016.

In 2017, despite a highly challenging backdrop, we seek to maintain a mid single-digit growth in revenue, on a like-for-like basis and at constant exchange rates, along with an increase in operating profit, based on the scale effects of growing business volumes and on the renewal dynamics of new customers acquired in 2016, which should further drive, as in the last quarter of 2016, the growth of future profitability in 2017.

For the Board of Directors

Claudio Corbetta and Lorenzo Lepri

DADA ON THE STOCK MARKET

The ordinary shares of Dada S.p.A. (Code ISIN IT0001455473) have been listed since 2000 on the Mercato Telematico Italiano – MTA (screen-based market), organized and managed by Borsa Italiana S.p.A., and are part of the STAR segment.

The Dada share is included in the stock market indices **FTSE Italia All-Share**, **FTSE All Share Capped**, **FTSE Italia STAR**, **FTSE Italia Small CAP**, and **FTSE Italia Tecnologia**.

In 2016, the average price of the Dada share was €2.3, the maximum was €3.2 and the minimum €1.92; on 30 December 2016, the final trading day of the year, the official closing price of the share was €3.1 (market capitalization of €51 million, Enterprise Value of €80.6 million).

Share and stock market indicators at 30 December 2016

DADA SHARE FIGURES		2016
Price Official Closure at 30 December 2016	€	3.07
Average Price[5]	€	2.29
Maximum Price	€	3.20 (30 December 2016)
Minimum Price	€	1.92 (11 January 2016)
Average daily volume (no. of shares traded)	no.	20,142
Average daily volume in Euro[6]	€	50,652
Total volumes 2016 (no. of shares traded)	no.	5.2 million
Number of Ordinary Shares issued at 31 December 2016	no.	16,680,069
Market Capitalization at 31 December 2016	€	51.1 million

Source Borsa Italiana

DADA SHARE PERFORMANCE

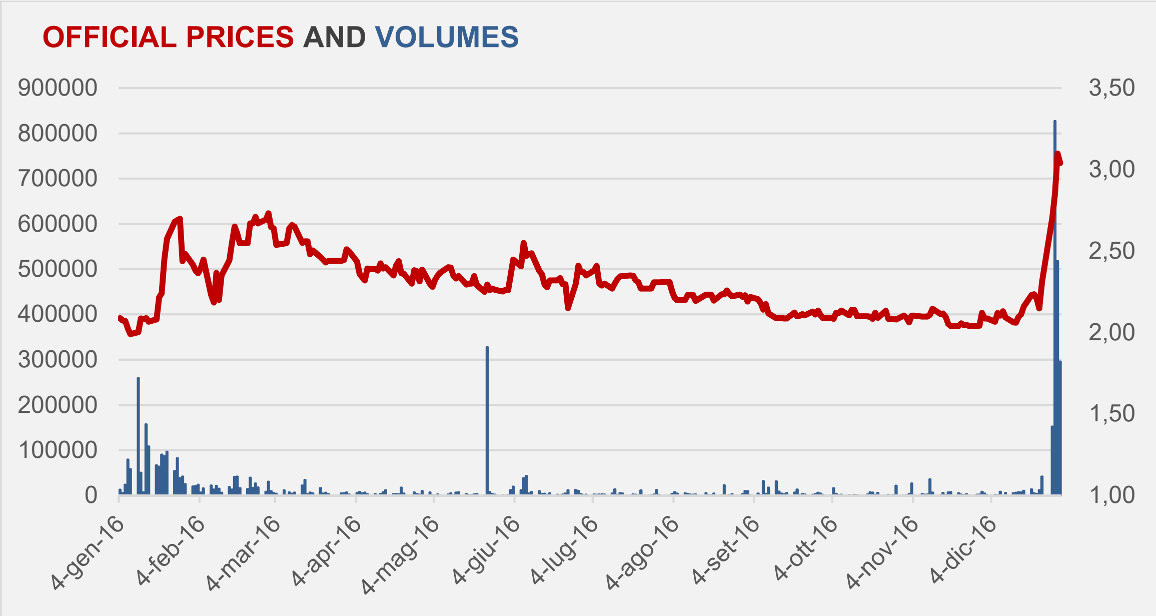
In 2016, the Dada share reported an **absolute positive performance** of **+44%**, based on the official prices at 30 December 2015 (€2.1) and at 30 December 2016 (€3.01). The share also reported a **positive relative performance** of **+40%** versus the **FTSE Italia STAR** index and of **+51%** versus the **FTSE Italia All-Share**; in the reporting period, the two indices reported, respectively, an increase by +4.1% and a decrease by -9.9%.

Regarding trading volumes, **5.3 million** Dada shares were traded in 2016, and the average **daily trading value** stood at approximately **€50,600**[2]. Trading volumes were quite brisk in the first and fourth quarters of the year, while in the third quarter, prices and trading volumes were hit by the international economic and political uncertainties (such as Brexit), which affected the national and international financial markets.

[5] Average price calculated on the average official prices recorded at the close of trading days in 2016

[6] Average daily volumes in Euro, calculated on the official prices recorded at the close of trading days in 2016

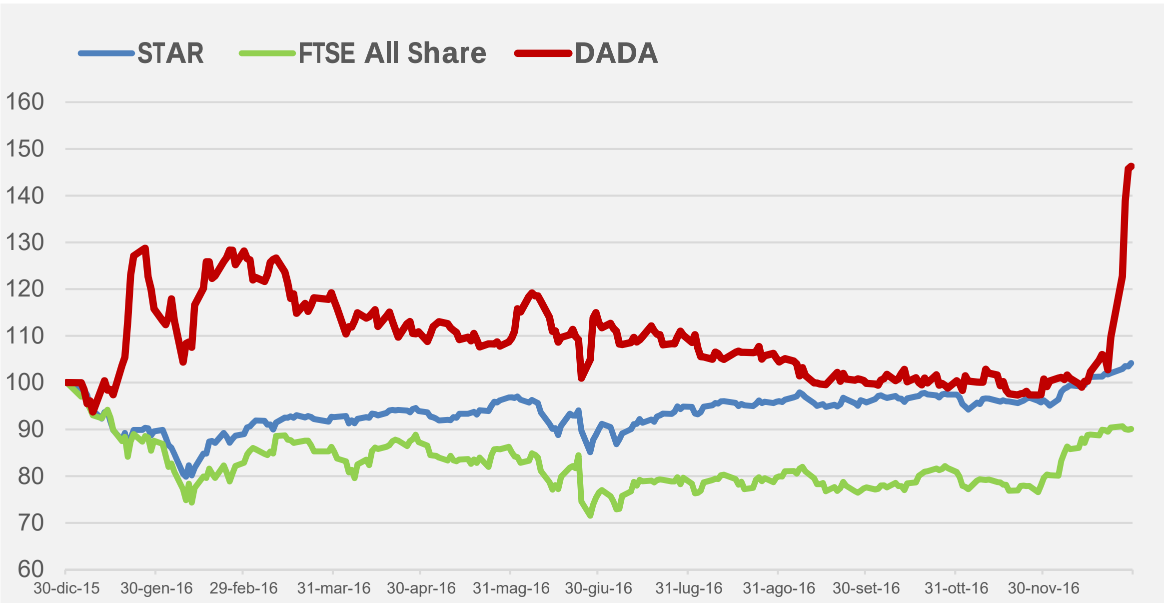
DADA SHARE PERFORMANCE - PRICES AND VOLUMES - 2016



Source Borsa Italiana

DADA SHARE PERFORMANCE VERSUS MAIN STOCK EXCHANGE INDICES - 2016

(Dada Reference Price, base at 30 December 2015 = 100)



Source Borsa Italiana

FINANCIAL RESEARCH - COVERAGE: The Dada share is currently covered by **Banca IMI**, which also acts as Specialist, with Rating Buy and Target Price at €3.8 per share at 14 December 2016.

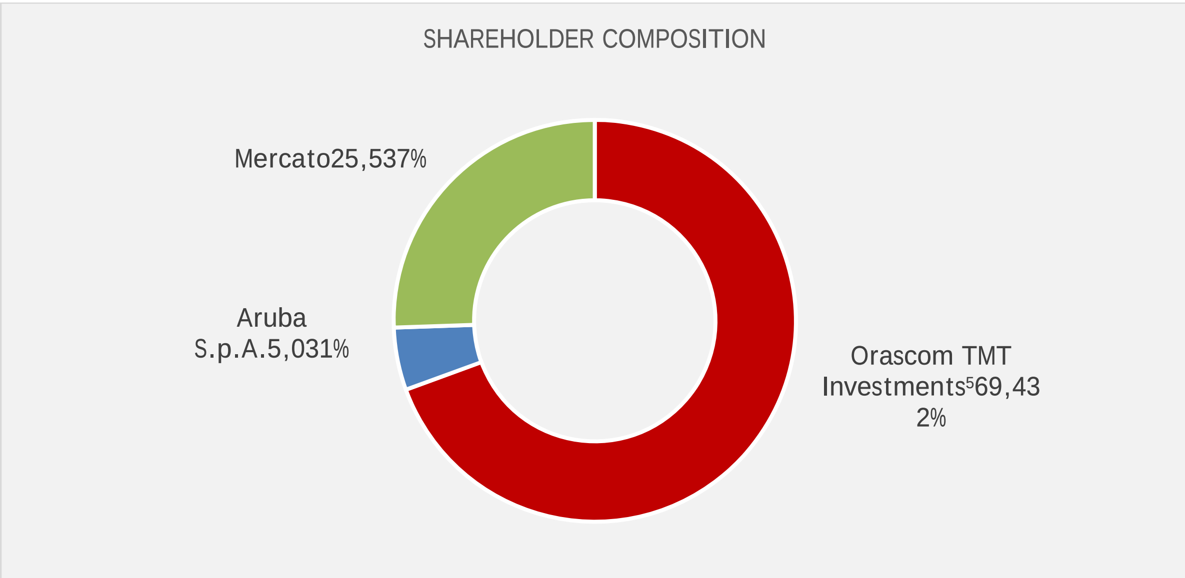
SHAREHOLDER STRUCTURE

At 31 December 2016, the issued share capital amounted to €2,835,611.73, equal to 16,680,069 issued ordinary shares with a par value of €0.17.

As at the same date, to the best knowledge of the Company, based on communications received pursuant to art. 120 of the TUF, the shareholder composition sees the following significant shareholdings above the 5% threshold.

SHAREHOLDER	NO. OF SHARES	% OF SHARE CAPITAL
Orascom TMT Investments[7]	11,581,325	69.432%
Aruba S.p.A.	839,178	5.031%
Market	4,259,566	25.537%

Source Consob



[7] Through the subsidiary Libero Acquisition SARL

INVESTOR RELATIONS

Dada Group Investor Relations strives to keep an open and continuing dialogue with the financial market. Communication with the **financial community** aims to ensure an **information flow** that is **comprehensive, transparent, timely, continuous and effective**, using and innovating the traditional channels of engagement, in compliance with the rules of Consob and Borsa Italiana.

In 2016, the Dada Group continued to engage in intensive IR activities, developing and **enhancing** the content and **engagement processes with the financial community** by: i) introducing conference calls following publication of period results, ii) participating in various national and international financial conferences and road shows, iii) engaging continually with financial analysts and corporate brokers, iv) and renewing the content of its Equity Story by also launching the new version of the IR website

based on current best market practices. The website dedicated to Investors is a key tool for providing the financial community with effective and timely information on the Group's strategies, business development, financial results, and major events with investors.

HIGHLIGHTS OF DADA GROUP CONSOLIDATED INCOME STATEMENT

(€mn)	12 months 31/12/2016	12 months 31/12/2015	Total difference	% difference
Revenue	**63.7**	**62.2**	1.5	2%
EBITDA*	**10.7**	**10.5**	0.2	2%
Depreciation and amortization	**-6.3**	**-6.9**	0.5	-8%
Non-recurring charges and other impairment	**-0.3**	**-0.4**	0.1	-22%
EBIT	**4.0**	**3.2**	0.8	26%
Profit/(loss) from discontinued operations	**0.0**	**-0.3**	0.3	100%
Profit/(loss) net of non-recurring income**	**0.2**	**-0.9**	1.0	121%
Group net profit/(loss)	**0.2**	**1.3**	-1.2	-87%

(€mn)	4Q16	4Q15	Total difference	% difference
Revenue	**16.0**	**15.5**	0.5	3%
EBITDA*	**2.5**	**2.0**	0.5	24%
Depreciation and amortization	**-1.7**	**-1.8**	0.1	-8%
Non-recurring charges and other impairment	**-0.1**	**-0.1**	0.0	-34%
EBIT	**0.8**	**0.1**	0.6	514%
Profit/(loss) from discontinued operations	**0.0**	**0.0**	0.0	100%
Profit/(loss) net of non-recurring income**	**0.0**	**-0.9**	0.9	99%
Group net profit/(loss)	**0.0**	**-0.9**	0.9	99%

* Gross of impairment losses and other non-recurring items
** income from the transfer of the ProAdv/Simply BU to 4W MarketPlace S.r.l.

HIGHLIGHTS OF CONSOLIDATED BALANCE SHEET AND FINANCIAL POSITION AT 31 DECEMBER 2016

(€mn)	31/12/2016	31/12/2015	Total difference	% difference
Fixed assets	**95.6**	99.7	-4.1	-4%
Net Working Capital	**-12.2**	-11.5	-0.7	-6%
Net Capital Employed	**82.4**	87.2	-4.8	-5%
Equity	**52.9**	59.3	-6.4	-11%
Cash and cash equivalents	**-1.0**	-8.8	7.8	89%
Total Net Financial Position	**-29.5**	-27.9	-1.6	-6%
Cash flow from operating activities of cash and cash equivalents *	**7.8**	7.4	0.4	5%
Total cash flow of cash and cash equivalents	**7.8**	8.0	-0.1	-1%
Number of employees	**445**	398	47.0	12%

* including taxes and financial charges paid

HIGHLIGHTS OF INCOME STATEMENT AND FINANCIAL POSITION OF PARENT COMPANY DADA S.P.A.

Dada S.p.A. Income Statement (12 months)

(€mn)	31/12/2016	31/12/2015	Total difference	% difference
Revenue	**4.5**	4.6	-0.2	-4%
EBITDA	**-0.6**	-0.4	-0.2	54%
Depreciation and amortization	**-0.2**	-0.3	0.1	-30%
EBIT	**-0.8**	-0.7	-0.1	22%
Net profit/(loss) for the year	**-0.9**	-1.6	0.7	-46%

Dada S.p.A. Balance Sheet and Financial Position at 31 December 2015

(€mn)	31/12/2016	31/12/2015	Total difference	% difference
Net Working Capital	**22.3**	20.6	1.8	9%
Net Capital Employed	**52.4**	50.6	1.8	4%
Equity	**57.7**	58.3	-0.6	-1%
Current Net Financial Position	**7.5**	7.7	-0.2	-2%

DIRECTORS' REPORT

INTRODUCTION

The Draft Consolidated Financial Statements at 31 December 2016 have been prepared in accordance with IAS/IFRS issued by IASB and approved by the European Union, in accordance with Issuer Regulations no. 11971 issued by Consob on 14 May 1999, as amended. Additionally, the Consolidated Financial Statements have been drafted in accordance with the accounting standards in force at the time they were prepared.

The Draft Consolidated Financial Statements at 31 December 2016 were approved at the meeting of the Board of Directors of the Parent Company Dada S.p.A. on 15 March 2017, thus authorizing publication in accordance with law.

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.

<u>All the following comments and analysis on income statement and cash flow figures in these consolidated financial statements stem from the abovementioned new Group structure.</u>

DADA GROUP PROFILE

Dada S.p.A. - listed on the STAR segment of the MTA managed by Borsa Italiana - is a leading European player in the Domain and Hosting market (D&H), specifically, in digital services for the online presence, visibility and business development of SMEs.

The Dada Group operates on the European market with a suite of products covering the entire value chain of the D&H segment: domain name registration and management, email solutions, shared hosting, services for the development and management of web and e-commerce sites, online brand protection (OBP), virtual and dedicated server solutions, network & private cloud and IT Managed services.

Also in view of the strong growth prospects of Server and Cloud solutions on the European market, the Group is currently placing increased focus on this segment. In this regard, in

July 2016, Dada acquired 100% of Sfera Networks, a leading Italian digital player, specialized in virtual hosting, network & private cloud services to SMEs, in order to strengthen the Group's position in providing tailor-made digital services.

Today, the Dada Group is basically organized around a single business unit falling under the "Domain and Hosting" division. In addition to the online presence and visibility services offered to SMEs, Sfera will gradually hold in the division a central role in the development of server & cloud solutions and of IT Managed services.

The Dada Group currently operates in Italy, UK, Ireland, Spain, France, Portugal and Holland, respectively through its main brands **Register.it** and **Etinet**, **Namesco.co.uk** and **Simply Hosting & Server**, **Register365**, **Nominalia** and **Amen**.

ALTERNATIVE PERFORMANCE INDICATORS

These consolidated financial statements provide 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. As they are not recognized accounting measures under IFRS, they should not be considered alternative performance indicators for the Dada Group. As the composition of EBITDA and other alternative performance indicators is not governed by the relevant accounting standards, the Dada Group's calculation method may differ from the one used by others and may therefore make comparisons unreliable.

Below is a summary of how EBITDA is calculated:

Profit before taxes (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 - EBIT 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. In this item, deferred tax assets are split up 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.

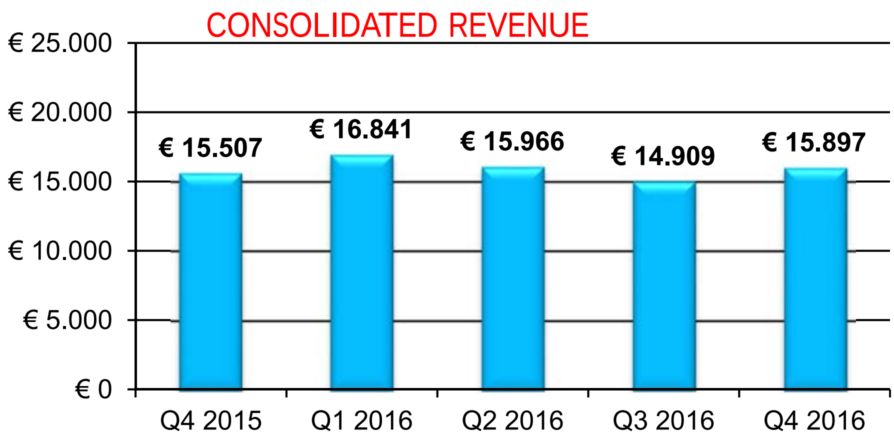
PERFORMANCE REVIEW

The **Dada Group closed 2016 achieving consolidated revenue of €63.7 million**, up by 2% versus €62.2 million in 2015. Net of exchange rate effects (which affected the translation of revenue denominated in British Pounds) and on a like-for-like basis, revenue would have grown by 6%.

Dada S.p.A., the parent company, closed 2016 achieving revenue of €4.5 million, basically in line with the €4.6 million reported in 2015.

Mention should be made that the parent company focuses activities mainly on providing centralized corporate (administration, legal, control, HR) and IT services to all of the Group companies; additionally, it provides a number of administrative, HR and management services to Moqu (sold in 2015 to IOL) and to 4W MarketPlace for activities contributed in the prior year.

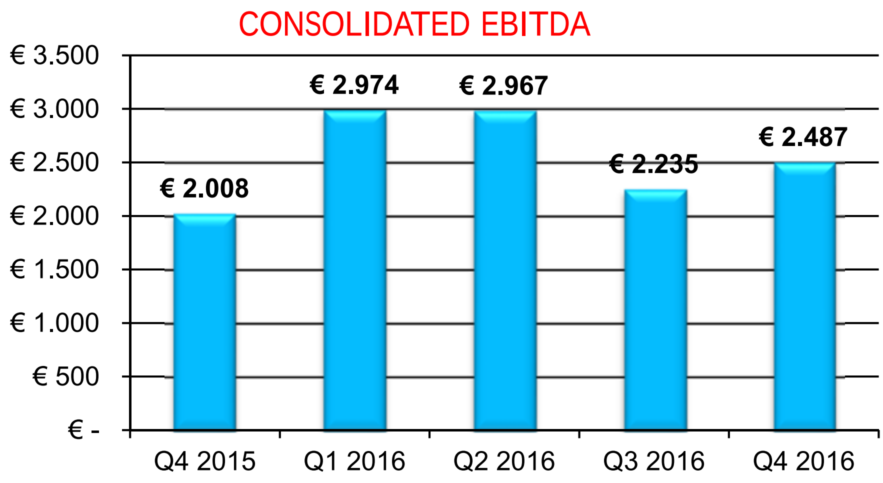
The following graph shows the trend in **consolidated revenue of the Dada Group** over the last 5 quarters:



Consolidated EBITDA achieved by the Dada Group in 2016 (gross of impairment losses and other non-recurring items) **came to €10.7 million**, accounting for approximately 17% of revenue and **up by 2%** versus €10.5 million in 2015 (approximately 17% margin).

In 4Q16 alone, consolidated EBITDA achieved by the Dada Group came to €2.5 million, **up by 24%** versus €2 million in 4Q15.

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

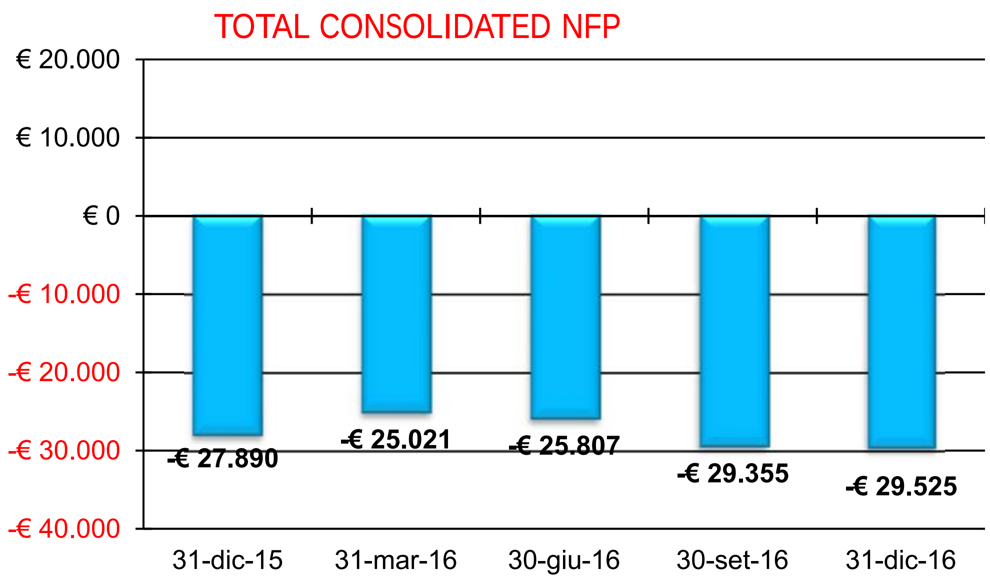


The total net financial position at 31 December 2016, which includes cash and cash equivalents, financial receivables, and funding to be repaid within and beyond one year, **came to -€29.5 million**, increasing by €1.6 million versus -€27.9 million at 31 December 2015.

The figure reflects the positive cash flows generated by operating activities, as well as the investments made in the year, such as the investment of approximately €3.3 million to acquire Sfera Networks.

The trend and composition of the current and non-current portion of the Net Financial Position was also affected by the rescheduling of a number of loans, as explained more in detail in the paragraph containing the analysis of the Financial position and in the consolidated cash flow statement.

The following graph shows the trend in the consolidated Net Financial Position over the last 5 quarters:



Results

The following tables show the key results of the **Dada Group** in 2016 (full year and quarterly) versus 2015:

EUR/000	31-Dec.-16 12 months		31-Dec.-15 12 months		DIFFERENCE	
	Amount	% of	Amount	% of	Absolute	%
Net revenue	**63,703**	**100%**	**62,167**	**100%**	**1,536**	**2%**
Chg. in inventories, finished and semi-finished products, work in progress & inc. in own wk. capitalized	2,233	4%	2,269	4%	-36	-2%
Service costs and other operating expenses	-35,423	-56%	-35,732	-57%	309	-1%
Payroll costs	-19,849	-31%	-18,238	-29%	-1,612	9%
EBITDA	**10,663**	**17%**	**10,466**	**17%**	**197**	**2%**
Depreciation and amortization	-6,338	-10%	-6,866	-11%	528	-8%
Non-recurring income/(charges)	-169	0%	-203	0%	34	-17%
Depreciation of fixed assets	0	0%	0	0%	0	-
Impairment losses and other provisions	-173	0%	-235	0%	63	-27%
EBIT	**3,984**	**6%**	**3,162**	**5%**	**822**	**26%**

EUR/000	4Q16		4Q15		DIFFERENCE	
	Amount	% of	Amount	% of	Absolute	%
Net revenue	**15,987**	**100%**	**15,507**	**100%**	**480**	**3%**
Chg. in inventories & inc. in own wk. capitalized	573	4%	580	4%	-7	-1%
Service costs and other operating expenses	-8,848	-55%	-9,249	-60%	401	-4%
Payroll costs	-5,226	-33%	-4,830	-31%	-395	8%
EBITDA	**2,487**	**16%**	**2,008**	**13%**	**479**	**24%**
Depreciation and amortization	-1,659	-10%	-1,795	-12%	136	-8%
Non-recurring income/(charges)	-20	0%	-58	0%	38	-66%
Depreciation of fixed assets	0	0%	0	0%	0	-
Impairment losses and other provisions	-38	0%	-30	0%	-8	28%
EBIT	**769**	**5%**	**125**	**1%**	**644**	**514%**

In 2016, the Dada Group achieved **consolidated revenue** of €63.7 million, up by 2% versus €62.2 million in 2015. The revenue performance is explained by the adverse trend of the appreciation of the Euro against the British Pound, which accounted for approximately €2.8 million versus 2015, and by the following changes in the business scope:

- the disposal of ProAdv/Simply, the online advertising product, 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 €1.1 million to revenue in 2H16.

Net of these effects, consolidated revenue would have grown by 6% versus the prior year.

In 2016, the Dada Group strengthened its position in the European market of services for the **online presence, visibility and business development of SMEs**, reporting a **strong expansion of its customer base**, and **adding new tailor-made services to its suite of products**, such as **website building**, and high added value **IT managed solutions**.

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

The **growth strategies** adopted from the final months of 2015 on marketing investments, initial offering campaigns and product development, contributed in 2016 to **expanding the customer base**, to **increasing market shares** in the main geographies, and to **consolidating operating profit**, despite the continued **highly challenging** environment.

The **international D&H market** was, in fact, marked by **fierce competition**, especially in the acquisition of new customers. Most of the top international players reported weaker organic growth and sought to increase business through intensive M&A activities, speeding up the combination process witnessed for some years now in the industry.

On the financial markets front, the international economic and political events (see Brexit) rocked the currency markets, impacting significantly on the movements of the British Pound, affecting Dada's consolidated results following the translation of financial statements in foreign currency, and despite the improved results of the Group in the UK.

Against this challenging backdrop, **Dada** reported a **strong growth** in key **business metrics**; the **customer base**, now at **630,000**, increased by **+13%** versus 2015, while **new customers** grew by over **+30%** versus the prior year. Additionally, despite the development and diversification of customers served, the **retention rate** remained **high**, with a monthly churn (defection rate) of existing customers below 1.5%.

On the **domains** front, the stock of domains managed at 31 December 2016, approximately **1.9 million**, grew by **+6%** YoY versus the overall growth of approximately 2%[8] by Dada's European markets of operation.

In 2016, **new domain name registrations** increased by **+18%** YoY; the growth in most of the Group's geographies **outperformed the market**, allowing the Dada brands to **increase** their

[8] Figures based on the stock of ccTLDs in Dada countries of operation: UK, Italy, France, Spain, Portugal and Ireland; the figures come from the official registries of ccTLDs.

market share (calculated on new registrations), which was above **20%** in **Italy** versus 17% in 2015[9].

In 2016, 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, the Group also **strengthened** its presence 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 2016 by over **40%** on the **Italian** market.

In 2016, Dada continued to **invest** in **expanding** the **customer base**, through **digital marketing** campaigns, and in strengthening the **customer support** desks. Today, the Group operates **four fully internalized local customer desks** (in Italy, Spain, Portugal and UK), dedicated not only to **assisting customers** in using its traditional products, but also to **supporting offline sales channels** and offering **consultancy services for higher added value** products, with **continually improving customer satisfaction indices** (NPS[10]*). Optimized marketing investments also allowed the Group in 2016 to reduce the COA (average cost of acquisition for each customer).*

In July, through the subsidiary Register.it S.p.A., **Dada acquired** 100% of **Sfera Networks** S.r.l., a **leading Italian digital player**, specialized in **virtual hosting**, **network & private cloud** services to SMEs. The acquisition was made to **strengthen its position** in IT Managed Services, allowing Dada to better meet the increasingly growing demand for tailor-made digital services, and to expand its web service portfolio for SMEs with highly synergistic products.

Mention should be made in this regard that the **European market of Server and Cloud solutions** maintains **a high growth potential**; in 2016, the segment grew by **+16%** YoY worldwide[11]; **Dada** is placing increased focus on these solutions to strengthen its competitive **position** in the field.

On the product and platform 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 of new solutions and development projects underway include:

- For **<u>Domains</u>:** 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 **<u>Email</u>** services is the release of **advanced WebMail** in France and Portugal

9 Figure based on new ccTLD .it registrations in 2016, company processing using Registro.it figures

10 NPS: Net Promote Score

11 Source: Netcraft report Nov 2016

- 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**

- **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

- In 2016, the Dada Group, through Register.it, filed an **accreditation application** with the Digital Identity Agency (AGID) as **Identity Provider** of the **SPID** (**Public System for Digital Identity**) **in Italy**; in this regard, in September Register.it was awarded the ISO 270001 certification

- In early 2017, **Dada** joined the group of **European leaders in cloud computing infrastructure services**, whose Cloud services comply with the Data Protection Code of Conduct of CISPE (Cloud Infrastructure Services Providers in Europe). The purpose of the CISPE Code of Conduct is to help cloud customers understand whether their infrastructure provider is adopting appropriate data protection standards, in accordance with the current European Directive on Data Protection and with the general data protection rules (GDPR), which will come into force in May 2018.

Looking at the **geographical breakdown** of the Dada Group's **consolidated revenue**, foreign-based operations contributed 54% to overall business in 2016, dropping slightly versus the percentage reported in 2015 (56%), as a result of the depreciation of the British Pound against the Euro, which impacted negatively on the translation into Euro of revenue from UK companies.

In 2016, **consolidated EBITDA** of the Dada Group, gross of impairment losses and other non-recurring items, came to a positive €10.7 million (approximately 17% margin on consolidated revenue).

The aggregate grew by 2% versus €10.5 million in 2015 (approximately 17% 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 €0.6 million versus 2015, as well as the following changes in the business scope:

- the disposal of ProAdv/Simply, the online advertising product, as from 1 July 2015, which had contributed €35 thousand to the results in 1H15;
- the consolidation of the results of Etinet 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 €0.3 million to the results in 2H16.

Looking at each line of the income statement:

- service costs in 2016 amounted to €35.4 million, down by 1% versus €35.7 million in 2015, 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 disposal of the French datacenters (with a total reduction of €0.6 million, or 15% less than in 2015), and the reduction in outsourcing costs of customer care and phone support services in Italy and in other countries (over €0.3 million, or 28% less than in 2015);

- payroll costs in 2016 amounted to €19.8 million, up by 9% versus €18.2 million in 2015, representing 31% of revenue from 29%. The trend of this item is mainly ascribable to the increase in staff (445 units at 31 December 2016 versus 398 at end 2015), due to the consolidation of Sfera Networks S.r.l. and to the insourcing of customer care and phone support services in Italy and in other countries in 2016, an increase aimed at supporting both the expansion of the customer base and high customer service levels;

"Change in inventories and increase in own work capitalized", amounting in 2016 to €2.2 million, or 3.5% of consolidated revenue (3.6% in 2015), consists of the portion of payroll costs incurred in the development of solutions and proprietary platforms needed to launch and manage the services provided by the Dada Group.

Additionally, as mentioned in the interim report at 30 September 2016, product margins, especially in the first half of the year, were affected by the **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. In 4Q16, the trend of the first renewals of the abovementioned initial offering sales strategies propelled EBITDA, which grew by 24% YoY in the last quarter.

In 2016, the Dada Group achieved a positive EBIT of €4 million (6% of consolidated revenue), up by +26% versus €3.2 million achieved in 2015 (5% margin).

The improvement achieved by this item, in addition to the abovementioned comments on the EBITDA performance, is explained by the following factors:

- In 2016, amortization and depreciation amounted to €6.3 million (10% on consolidated revenue), €2.9 million of which for intangible assets and €3.4 million for tangible assets. In 2015, instead, consolidated amortization and depreciation had impacted for a total of €6.9 million (11% of revenue), €3.1 million of which for intangible assets and €3.7 million for tangible assets. The item, therefore, decreased in absolute terms by €0.5 million, or approximately 8%, of which 6% attributable to intangible assets and 9% to tangible assets. The downward trend of this cost item is explained mainly by the implementation of the heavy investments made in prior years to support the internal development of the proprietary platforms needed to provide Group services (intangible assets), with the benefits felt over the past two years.
  The decrease in the depreciation of property, plant and equipment, instead, benefited also from the appreciation of the Euro against the British Pound for an amount of approximately €0.3 million from the translation of the financial statements of the UK subsidiaries; net of the above, total amortization and depreciation would have dropped by 4%.

Further details on investments made by the Dada Group over the period and on the breakdown of amortization and depreciation are also found in the paragraph on the Financial position and in the notes to the consolidated financial statements.

- Impairment losses, provisions and other non-recurring income/charges in 2016 amounted to €0.34 million versus €0.44 million in 2015, dropping by approximately €0.1 million (-22%). The item consists of:
  - Provisions of €0.1 million, resulting from the combined effect of the impairment of trade receivables and loss on receivables of €0.19 million, and of the positive release to the income statement of a portion of the provisions for risks and charges (€0.05 million) made in prior years, though later reported at lower-than-forecast levels. Impairment losses decreased slightly versus those in the prior year.
  - Non-recurring charges of €0.2 million, €0.1 million of which refers to severance for leave payment, to non-recurring costs for certain extraordinary transactions such as the acquisition of Sfera Networks S.r.l. for €40 thousand, and for the remaining part to the effects of the settlement of a case with INPS. In the prior year, non-recurring charges had likewise amounted to €0.2 million, for the most part referring to the costs incurred in the reorganization of the Group (acquisition of Etinet S.r.l. and transfer of the ProAdv/Simply BU to 4W MarketPlace S.r.l.).

In 2016, as in 2015, no impairment of goodwill recorded in the financial statements was reported following the impairment tests carried out at year end, under IAS 36.

Consolidated financial activities of the Dada Group - the difference between financial income and charges, including the income statement effects of forex movements - came to -€2.8 million in 2016, -€2.6 million of which from net financial charges (€1.1 million of which from credit card fees) and -€0.2 million from exchange rate loss versus the prior year's -€2.5 million (-€2.8 million of which from net financial charges, which includes €1 million from credit cards and +0.3 million from exchange rate gains).

The trend of this item was negatively impacted by foreign currency movements (squeezed mainly in the first half of the year), especially those regarding the EUR/GBP exchange rate.

In 2016, the British Pound depreciated sharply against the Euro; the rate, in fact, moved from 0.734 GBP/EUR at 31 December 2015 to 0.856 at 31 December 2016, an approximately 17% change in favour of the Euro, affecting debit items, including intercompany ones, expressed in Euro received from and sent to the Group's UK subsidiaries. In the prior year, the British Pound had, instead, appreciated by over 5%.

As a result of the downward trend of the Pound against the Euro, the net exchange gains in 2015, mainly from end-of-period adjustments of outstanding trade accounts of €0.3 million expressed in foreign currency (+€0.5 million from gains and -€0.2 million from losses) turned into a net negative difference of -€0.2 million in 2016 (-€0.5 million from losses and +€0.3 million from gains), with an overall differential of €0.5 million between the two periods.

The financial effects of these exchange rate movements are partly mitigated by non-speculative hedging of currency risks put in place by the Dada Group also in the reporting period. This policy is based mainly on plain vanilla derivatives, used in particular from 2Q16. In 4Q16 alone, forex produced a positive result of €0.1 million.

The dynamics of spreads and rates charged on average by banks on the different types of loans held by the Dada Group all improved in 2016 versus 2015 and in 4Q16 versus 4Q15, thanks also to the positive outcome of a number of renegotiations of long-term loans made in the prior year, the benefits of which were fully felt in 2016.

Furthermore, the new loan agreements signed at the end of 2Q16 and in 3Q16 (taken out also to acquire Sfera) brought a sharp reduction in spreads. Lastly, short-term financial transactions also saw a generally slight decline in the conditions applied by lenders.

In this regard, in December 2016 the Group reached an agreement on a significant renegotiation of the non-current portion of debt; no significant financial effects were felt in the reporting period, as the agreement will start to produce benefits in terms of a reduction in financial charges from 2017.

Further details are found in the section on the Financial position and in the notes to the consolidated financial statements.

As a result of the above, overall financial charges, net of forex, improved and amounted to €2.6 million in 2016 versus €2.8 million in 2015 (down by 7%), and refer to:

- interest expense on medium/long-term bank loans granted to finance the acquisitions made in prior years of €1.02 million versus €1.15 million in 2015 (improving by 11%);
- interest owed on bank overdrafts and on other types of current loans (hot money and the like) for a total of €20 thousand, improving sharply versus €0.1 million in 2015. Bank commissions amounted to €0.4 million, in line with the prior year; credit card fees were up from €1.1 million to €1.2 million in 2016, due to the higher business volumes of the Group;
- differentials on interest rate hedging derivatives (IRS and CAP commissions), amounting to €0.49 million, were basically in line with the figure in 2015.

There was no financial income worthy to report in 2016 (further to the exchange gains), while 2015 had reported investment income of €2.2 million (with operating, but not financial benefits) from the transfer of the ProAdv/Simply BU to 4W MarketPlace (with a 25% investment acquired in the share capital of 4W).

The measurement at equity of the investment in 4W MarketPlace S.r.l. had no significant effect on the Group's income statement in 2016, even if this company achieved a positive result. In the prior year, a revaluation of €13 thousand had been made, equal to the share of net profit of the Dada Group.

Looking at consolidated tax, the overall tax burden of the Dada Group in 2016 came to €1 million, down versus €1.2 million reported in 2015.

In this regard, it should be noted that tax for the year recognized in the consolidated income statement, with respect to consolidated profit before taxes, was affected also by the positive taxable income achieved by certain Italian and foreign-based companies of the Dada Group, which do not benefit from tax losses.

Breaking down the tax burden in 2016, current taxes amounted to -€0.8 million, up versus -€0.4 million in 2015, while deferred tax assets came to -€0.2 million, improving versus -€0.8 million in the prior year.

Current taxes increased in 2016, due mainly to the Group's improved business performance, and are composed of:

- IRAP on Italian companies, which amounted to €0.2 million, up versus €0.1 million accounted for in the prior year (both years benefited from the deduction of part of the payroll costs). The tax burden of Italian companies was also impacted by IRES for the amount of €0.1 million on recently acquired Group companies, which could not be included yet in the tax consolidation scheme, and by 20% of taxable income of the companies included in the national tax consolidation scheme, which cannot be offset yet against prior tax losses (IRES had not accrued in the prior year);

- income taxes of other Group companies, especially the UK subsidiaries, which achieved a total positive taxable income of €0.43 million (in line with €0.41 million in the prior year);

- prior-years' taxes, related to the different tax burden recognized in 2015 versus the final amount shown in the tax returns, came to -€0.05 million in 2016 versus the positive €0.1 million in 2015.

Looking at deferred taxes, the overall downtrend of deferred tax assets paid in 2016 is explained partly by the reversal of prior-years' assessments on deferred tax assets, calculated on the temporary differences between statutory and tax regulations, which amounted to €0.1 million, and partly by the use of such receivables to cover IRES taxable income of the current year for a number of Italian companies, amounting to €0.1 million. Deferred tax assets are calculated on the tax losses borne by the Dada Group for the portion believed to be coverable in future years.

Recoverability estimates on tax losses were analyzed (in particular those on which deferred tax assets are calculated), with a positive outcome, in preparing the 2016 annual consolidated financial statements, taking also into account the income statement performance achieved by the Group versus the 2017 budget, and the potential to generate future positive taxable income.

The assessment was also based on the fact that, as previously seen in the first half of 2016, the Italian companies achieve a positive taxable income also at year end, thus contributing to the Group tax consolidation scheme such as to allow them to make use of prior tax losses.

Regarding deferred taxes again, mention should be made that the Dada Group has accrued total tax losses of €39 million, 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.

Tax losses on which deferred tax assets have been calculated amounted to €17.3 million, representing less than 45% of total tax losses carried forward.

In this regard, as from the financial statements at 31 December 2015, deferred tax assets had 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 Group had accordingly revised the assessment of deferred tax assets, determined on tax losses carried forward indefinitely, based on the analysis of expected future taxable income. The calculation had had a significant tax impact in the prior year of €0.4 million, whereas in the current year, the impact is basically lower, and refers to the adjustment of the portion deemed recoverable at year end 2015, and recognized in the financial statements of the prior year at the 27.5% rate.

In 2016, the Dada Group's consolidated net profit came to a positive €0.2 million versus a positive €1.3 million in 2015, when it had benefited positively from the fair value measurement upon acquisition of the associate 4W MarketPlace following transfer from Register.it of the ProAdv/Simply BU to 4W MarketPlace for the amount of €2.2 million, and negatively for the amount of €0.34 million from the loss from discontinued operations.

These annual financial statements do not include Profit/(loss) from discontinued operations, while in 2015, the figure had amounted to -€0.3 million and included income statement figures referring to Moqu (as well as the costs incurred to carry out the transaction), sold to Italiaonline in March 2015, with financial effects from 28 February.

This annual income statement, as in the prior year, does not include any non-controlling interests.

Performance by business segment

For operational purposes, since 31 March 2015 (but with financial effects recognized as from 28 February 2015), the Dada Group has been organized in a single business segment gravitating around Domain & Hosting services.

This effect is a result of the reorganization following the disposal of Moqu as explained in the introduction. Accordingly, the current product lines related to the core business of domains and hosting and corporate activities are integrated in such a way as to no longer qualify as separate business segments under IFRS 8. Further information is also found in Note 4 in these financial statements.

Main results by segment

As mentioned earlier, the Dada Group is currently organized around the "Domain and Hosting" business segment; the relevant income statement figures for 2016 and 2015 are analyzed in the notes (Note 4) to the Consolidated Financial Statements.

Geographical breakdown of consolidated revenue

Dada is a multinational player, well positioned to successfully compete in a number of major European markets, such as the UK and Ireland, Spain, France, Portugal and Holland.

The following tables show the breakdown of Italian and international Group consolidated revenue in 2016 versus 2015:

Description	31/12/2016 (12 months)		31/12/2015 (12 months)	
	Amount	% of total	Amount	% of total
Revenue - Italy	29,006	46%	27,159	44%
Revenue - abroad	34,697	54%	35,008	56%
Total	**63,703**		**62,167**	

International business in 2016 confirmed its importance for the development of the Group, despite the less effective contribution of foreign-based operations to the growth of consolidated revenue, due mainly to the negative effects of the depreciation of the British Pound against the Euro following Brexit.

Financial position

The following table shows the total net financial position of the Dada Group at 31 December 2016 versus the figure at 31 December 2015:

	NET FINANCIAL POSITION				
	EUR/000	31-Dec.-16	31-Dec.-15	DIFFERENCE	
				Absolute	%
A	Cash on hand	18	14	5	34%
B	Bank and post office deposits	4,799	2,192	2,606	119%
C	Liquidity (A+B)	4,817	2,206	2,611	118%
D	Deposits and other non-current receivables	150	500	-350	-70%
E	Deposits and other current receivables	150	1,000	-850	-85%
F	Current portion of derivatives	1	-	1	-
G	Financial receivables (D + E + F)	301	1,500	-1,200	-80%
H	*Total Financial Assets (C+G)*	*5,118*	*3,706*	*1,411*	*38%*
I	Current credit lines and account overdrafts with banks	-	-857	857	-100%
L	Due to banks for short-term loans	-5,800	-10,181	4,380	-43%
M	Other current financial payables	-150	-90	-60	67%
N	Current portion of derivatives	-69	-87	18	-21%
O	Current debt (I+L+M+N)	-6,019	-11,214	5,195	-46%
P	Due to banks for long-term loans	-27,312	-20,332	-6,980	34%
Q	Other non-current financial payables	-1,150	-	-1,150	-
R	Non-current portion of derivatives	-162	-51	-111	100%
S	Non-current debt (P+Q+R)	-28,623	-20,382	-8,241	40%
T	*Total Financial Liabilities (O+S)*	*-34,642*	*-31,596*	*-3,046*	*10%*
U	**Cash and cash equivalents (C+I+L)**	**-984**	**-8,831**	**7,848**	**89%**
V	**Total net financial position (H+T)**	**-29,525**	**-27,890**	**-1,635**	**-6%**

The total consolidated net financial position at 31 December 2016, which includes short and medium/long-term funding and loans, and bank deposits, came to -€29.5 million versus -€27.9 million at 31 December 2015, with a net cash outflow of €1.6 million.

"Cash and cash equivalents", which takes account, under IAS, of financial positions formed of short-term items only, came, instead, to -€1 million at 31 December 2016 versus -€8.8 million at 31 December 2015.

The trend and composition of net debt in 2016 was affected in particular by the following elements (for more details, reference should be made to the consolidated cash flow statement and to the notes):

- positive cash flows from operating activities of €11.0 million in 2016 (before outlays for tax and interest) versus €10.7 million in 2015 resulted in an increase in liquidity, therefore in a reduction in the use of short-term credit facilities. The improvement is ascribable to the abovementioned increase in Dada Group's operating profit, and only to a minor extent to the positive change in net working capital;
- Investment outlays for tangible and intangible assets in the reporting period amounted to €6.2 million versus €6.3 million in prior years. In addition to these investments, mention should also be made of the acquisition of Sfera Networks S.r.l. for the amount of €3.2 million, €2 million of which paid at 31 December 2016 (details of the acquisition are found below); conversely, the prior year had benefited, on the one hand, from the disposal of Moqu S.r.l., which had produced a net cash increase of €5 million (plus €1 million in earn out collected in 2016 but recorded in the NFP in 2015) and, on the other, from the outlay of €0.8 million for the acquisition of Etinet S.r.l.;
- The cash flow from loans currently held by the Group, marked in 2016 by the: a) repayment on 30 June 2016 of the instalment of the loan with Banca Intesa and Unicredit; b) two new medium-term loans taken out (one for the acquisition of Sfera) for a total of €4 million; c) renegotiation of the loan with Banca Intesa/Unicredit as explained below.

On 21 December 2016, the Dada Group, through its subsidiary Register.it S.p.A., signed a medium/long-term cash pool loan agreement with certain banks coordinated by Banca IMI: Banca Intesa Sanpaolo S.p.A., UniCredit S.p.A. and Banca Monte dei Paschi di Siena S.p.A. ("Banking Pool") for a total of €22.0 million. Specifically, the Banking Pool contributed to the Loan as follows: Banca Intesa Sanpaolo €13.0 million, Unicredit €5.0 million, and Banca Monte dei Paschi di Siena €4.0 million.

The renegotiation is intended to achieve the following main targets/results:

- repay the medium/long-term loans earlier, of which Banca Intesa Sanpaolo for the amount of €14.2 million and UniCredit for the amount of €4.4 million;
- reduce current bank exposure in favour of non-current committed lines, by also extending the term of the overall debt;
- finance growth projects of the Dada Group;
- improve the pricing of the loans in terms of spreads charged;
- align the cash flows of the Group more to the instalment payments of principal.

Further details on debt rescheduling and on the effects on the financial structure are also found in the paragraph on financing activities and in the notes to the consolidated financial statements.

"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 31 December 2016. Specifically, in 2016 new IRS contracts were entered into and are related to the new structure of the mentioned pool loan agreement; these contracts provide for an overall coverage of at least 50% of the risk of fluctuations on the base rate. The Group equally undertook to sign an IRS contract - formalized at the end of this year - to hedge the new loan granted by Cariparma on 30 September 2015.

In 2016, cash flows from non-recurring activities amounted to -€0.2 million, consisting, on the one hand, of the financial recovery of +€0.2 million for excess payments made to INPS in prior years and, on the other, of the negative impact of non-recurring outflows mainly for severance costs for employees, charges for disputes settled in the reporting period, and costs for the acquisition of Sfera Networks. Non-recurring cash flows had been much higher in the prior year, amounting to -€0.7 million, most of which related to the disposal of the Moqu BU and to the costs for the acquisition of Etinet.

The following table shows a summary of cash flow movements in 2016 relating to cash and cash equivalents versus those in 2015. For further details on the composition of cash flows, reference should be made to the Cash Flow Statement included in the consolidated statements and to the relevant notes:

EUR/000	31/12/2016	31/12/2015
Cash flow from operating activities	10,953	10,665
Cash flow from taxes and interest paid	-3,169	-3,281
Cash flow from investing activities	-7,417	-2,561
Cash flow from financing activities	7,480	3,138
Net cash flow (cash and cash equivalents)	**7,848**	**7,961**

Regarding reconciliation between the change in the total consolidated net financial position, which came to -€1.6 million in 2016 (versus +€5.7 million in 2015), and the change in “cash and cash equivalents", which came to +7.8 million in 2016 (versus +€8 million in 2015), reference should be made to the relevant table and to Note 24 to these consolidated financial statements. The following table briefly reconciles the two items:

Description	**31/12/2016**	**31/12/2015**
Change in net financial position	-1,635	5,683
Change in loans	6,981	3,658
Other financial changes	2,502	-1,380
Change in cash and cash equivalents	**7,848**	**7,961**

The following points provide detailed information on the trend of the assets and liabilities amounts that marked cash flows, specifically, those regarding investing activities, financing activities and net working capital; for cash flow from operating activities, reference should be made, instead, to the abovementioned EBITDA trend in 1H16.

Investing activities, tangible and intangible assets

In 2016 the Dada Group made investments in tangible and intangible assets for a total of €6.2 million, in addition to goodwill of €3.5 million for the acquisition of Sfera Networks, bringing the increase in fixed assets in the year to €9.7 million (7.1 million of which from the financial effects in terms of cash flow, which also benefited from the cash-in of the variable portion of the price for the disposal of Moqu). The figure increased by 34% versus the prior year, when total investments had amounted to €7.3 million, €0.8 million of which for the acquisition of Etinet (the financial effects amounted to €7.1 million, disregarding the benefits from the disposal of Moqu; net of the disposal, the financial effects came to €2.6 million).

The following table shows a summary of the investments made by the Dada Group (in terms of the increase in own work capitalized) in property, plant and equipment and in intangible assets in 2016 and 2015:

INVESTMENTS

Description	31-Dec.-16	31-Dec.-15	DIFFERENCE	
			Absolute	%
Plant and EDP machines	3,770	3,909	-139	-4%
Furniture and fittings	2	21	-20	-92%
Other	42	33	9	25%
Total investments in tangible assets	**3,814**	**3,963**	-150	-4%
Product/service development costs	2,234	2,368	-134	-6%
Concessions, licenses, brands	11	108	-97	-89%
Other	143	54	89	164%
Total investments in intangible assets	**2,388**	**2,531**	-143	-6%
Total investments	**6,202**	**6,494**	-293	-5%
Goodwill from the acquisition of Sfera Networks	3,510	778	2,732	351%
Total increase in fixed assets	**9,712**	**7,272**	2,440	34%

Main investing activities in 2016:

- *Investments in tangible assets* in 2016 amounted to €3.8 million, accounting for approximately 61% (versus 55% in 2015) of total investments made by the Dada Group; excluding increases in goodwill, the percentage drops to 39%, considering the acquisition of Sfera Networks S.r.l.. Investments decreased slightly (€150 thousand in absolute terms, or -4%) versus €4 million invested in the prior year and following the completion of the investment in the Datacenter in the UK, which, alone, had amounted to £0.9 million (approximately €1.3 million).

Investments in tangible assets in the year referred almost exclusively to the purchase of systems and network servers (€3.8 million versus €3.9 million in the prior year). The item also includes hardware for dedicated server customers and new systems and other electronic equipment needed for the provision of Domain & Hosting services. By contrast, no noticeable investments were made in furniture and fittings and in other tangible assets (€43 thousand versus €54 thousand in the prior year).

- *Investments in intangible assets* in 2016 amounted to €2.4 million (4% of consolidated revenue and 39% of total investments in the year), dropping slightly in absolute terms and as a percentage versus 2015 (-6%), when investments had amounted to €2.5 million (39% of total investments in the year).

  Mention should also be made of the increase in goodwill of €3.5 million following the acquisition of the 100% equity investment in Sfera, while in the prior year, the increase in goodwill had amounted to €0.8 million following the acquisition of Etinet.

  In 2016, with regard to intangible assets, a portion of investments was equally made in the internal development of products and processes, which dropped slightly versus the prior year. These developments amounted to approximately €2.2 million, accounting for approximately 94% of investments in intangible assets made in the year (38% considering the increase in goodwill), and for about one fourth of total investments made by the Group in the year.

  Internal development expenses regarded all the implementation operations carried out by in-house staff for the development of the solutions and proprietary platforms needed to provide D&H services with a long-term useful life.

  In this regard, in 2016 these internal development expenses were attributable to software and platforms required for the provision and operation of services, the main investments of which refer to: Hosting cPanel, dedicated servers, SPID, Email Provisioning, Site Lock and so forth. The decrease versus the prior year is mainly attributable to the completion and full implementation of major projects launched in prior years and concluded in 2016, and to the gradual definition and conclusion of the projects for the implementation and integration of proprietary technology platforms, to the benefit of the various Group companies.

  Increases in licenses and brands amounted to €11 thousand (down versus €0.1 million in the prior year), related to the purchase of new extensions for the management and provision of domain registration services.

  "Other", amounting to €0.1 million, refers mainly to the purchase of third-party software needed for the provision of business services and implementation on management systems.

Financing activities

The Dada Group's Cash Flow Statement at 31 December 2016 came to a positive €7.2 million (a positive €3.1 million in 2015), relating to "net difference in cash flow from financing activities"; the trend of this item in the year is explained by the following elements:

- the negative effect of -€0.7 million from the Cariparma loan initially of €3.5 million as the difference between the first installment paid (€0.3 million) and the portion reclassified within 12 months (-€1.1 million), while the repayment of €0.7 million for a further loan with Cariparma previously classified as short term in 2015 had no effect on this item;
- the net positive effect of €4.8 million from the redefinition of medium/long-term lines made on 21 December 2016, which saw the full repayment of the residual loans with Banca Intesa and Unicredit totaling €18.6 million (effects beyond one year amounting to €16.2 million), as well as the granting of the mentioned pool loan of €22 million (€1 million of which repayable within 12 months and €21 million beyond one year);
- the positive contribution of €3.4 million as the portion beyond the year relating to three new loans taken out: a) amortizing loan of €1 million within 12 months granted by Cariparma (fully within the year, hence with no benefits for this financial item); long-term loan of €2.5 million (€2.25 million of which beyond 12 months) granted by ICCREA for the acquisition of Sfera; c) long-term loan of €1.5 million granted by Banca Sella (€1.2 million of which within 12 months);
- the overall net negative effect of €0.1 million from the new finance leases of €0.5 million taken out (considering the portion due beyond one year alone) and from the repayment of €0.6 million for loans and leases taken out in prior years;
- the negative effect of €0.5 million from the loan granted by Unicredit in March 2015 and placed in an escrow account until 31 December 2016;
- other negative changes - €0.1 million – from currency adjustments of loans denominated in foreign currency (mainly those taken out by the UK subsidiary Namesco UK).

In the prior year, financing activities had shown a positive figure of €3.1 million, the result of €3.6 million referring to the short and medium/long-term reclassification of the loans taken out by the Dada Group (in particular the loan granted by Banca Intesa), and -€0.5 million for repayments in the year of other borrowings such as leases and loans taken out by foreign companies.

Mention should be made that these differences impact solely on "cash, cash equivalents and current bank borrowings", which is used to build the cash flow statement appearing in the consolidated financial statements, but are neutral on the "total Net Financial Position" explained in the Directors' Report as alternative performance indicator, as it includes all non-current financing sources.

The breakdown of non-current assets, net working capital and net capital employed of the Dada Group at 31 December 2016 versus 31 December 2015 is shown below:

EUR/000*	31-Dec.-16	31-Dec.-15	DIFFERENCE	
			Absolute	%
Intangible assets	84,625	88,475	-3,850	-4%
Property, plant and equipment	8,615	8,878	-262	-3%
Non-current financial assets	2,382	2,392	-9	0%
Fixed assets	**95,623**	**99,745**	**-4,122**	**-4%**
Inventories	29	11	18	160%
Trade receivables	4,187	3,504	683	20%
Tax and other receivables	10,752	10,136	616	6%
Current operating assets	**14,969**	**13,652**	**1,317**	**10%**
Trade payables	-6,788	-6,758	-29	0%
Other payables	-18,182	-16,334	-1,848	11%
Taxes payable	-2,169	-2,020	-149	7%
Current operating liabilities	**-27,139**	**-25,113**	**-2,027**	**8%**
Net working capital	**-12,170**	**-11,461**	**-709**	**6%**
Provision for termination indemnities	-789	-667	-122	18%
Provision for risks and charges	-229	-392	163	-42%
Other payables due beyond one year	0	0	0	
Other consolidated liabilities	**-1,018**	**-1,059**	**41**	**-4%**
Net capital employed	**82,435**	**87,225**	**-4,790**	**-5%**

*The other figures of the reclassified statement of financial position are shown in the table on page 94

Net working capital

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

Mention should be made that the change in the scope of consolidation following the acquisition of Sfera Networks S.r.l. had a negative impact of €0.3 million on this item.

Furthermore, it should be noted that the dynamics of net working capital over the four quarters of the year are linked to the trend of Group operations, which generally report a larger portion of revenue from services provided in the first quarter of the year versus the following quarters (the NWC at 31 March 2016, in fact, showed a more negative figure of over €1 million); a large portion of revenue is recognized over 12 months as deferred income on a pro-rata basis. This trend reflects on the item in deferred income classified under other liabilities in the table above.

The NWC trend in the current year, compared to the trend at the close of the prior year, was affected by the abovementioned changes in the consolidation area, as well as by the growth in business volumes achieved by the Group in the reporting period. The two transactions completed in 2015 - the transfer of the ProAdv BU to 4W and the acquisition of Etinet - had not had a significant impact on this item.

Looking at the composition of the single assets and liabilities items forming the Net Working Capital, trade receivables at 31 December 2016 amounted to €4.2 million (including the effects of the acquisition of Sfera), up by 20% versus €3.5 million at 31 December 2015, arising from certain Domain & Hosting services with deferred collection conditions. The percentage of trade receivables on consolidated revenue remains low, however, at 7% in 2016 versus 6% in 2015, therefore indicating a rather high trade receivables turnover ratio, thanks also to the fact that a large part of the services is paid in advance (by credit card).

Conversely, trade payables amounted to €6.8 million, in line with those at 31 December 2015.

Other current liabilities include deferred income of approximately €14.1 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 €13.9 million at 30 September 2016.

Other receivables and payables mostly include tax transactions (including deferred tax), social security transactions and those related with dealings with authorities.

The composition of these items, and the other tax receivables and payables, are explained in detail in the notes to the consolidated financial statements.

Other items of **net capital employed** consist of consolidated liabilities due beyond one year and include termination indemnities and provisions for risks and charges. In the prior year, they consisted, to a minor extent, also of "other liabilities", made up of instalments due beyond one year regarding a minor tax dispute.

Termination indemnities increased by €0.1 million, mainly for the consolidation of Sfera Networks. This payable varies over time (in addition clearly to decreases for advances and outgoing staff) based on revaluations made during the year and on actuarial assessments required by international accounting standards.

The provision for risks and charges decreased in 2016, dropping from €0.4 million at end 2015 to €0.2 million at 31 December 2016, owing to disputes settled during the year and to the partly positive release to the income statement of part of the provision deemed no longer necessary. The balance at 31 December 2016 includes assessments for outlays from all the legal disputes expected to be settled in the medium term. There was no increase reported in the provisions in 2016, while provisions were re-allocated among various Group companies at a consolidated level. For further details on the composition of the provision for risks and charges, reference should be made to the specific paragraphs in the notes to the consolidated financial statements.

In prior years, this item had been largely impacted by the effects of assets and liabilities disposed of as part of the extraordinary disposal of significant investments in subsidiaries.

The Dada Group's **Equity** amounted to €52.9 million at 31 December 2016 versus €59.3 million at 31 December 2015. The decrease is largely ascribable to the positive contribution of profit for the period, to the negative effect of the translation of financial statements of foreign consolidated companies denominated in GBP of -€6.7 million (the decrease has no effects on the income statement and is due mainly to the translation of goodwill in Namesco and Poundhost), and the rest to other changes.

Group employees

Group employees and geographical breakdown

The Dada Group's headcount at 31 December 2016 totaled 445 employees and is split up as follows:

Segment	31/12/2016	31/12/2015	Difference
D&H	406	360	46
Corporate	39	38	1
Total	**445**	**398**	**47**
Managers	9	7	**2**

The geographical breakdown of employees is shown below (at 31 December 2016 and 2015):

	Italy		Abroad		TOTAL	
Segment	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
D&H	221	193	185	167	406	360
Corporate	29	27	10	11	39	38
Total	**250**	**220**	**195**	**178**	**445**	**398**

Changes in the organizational structure

As early as 2014, the EU organizational sales structure evolved according specifically to the strategic decision to operationally combine sales activities in France and Holland with the organizational structures in Spain and Portugal, achieving greater efficiency and, consequently, further cost optimization.

Concurrently, additional boost was given to sales activities in Italy, increasing focus on and resources to the sales and customer assistance teams.

A thorough analysis was also carried out of roles, responsibilities and organizational requirements, aimed at enhancing the finest resources and skills. This led to an adjustment in the organizational structure and to an improvement in productivity.

Information on environmental policy and safety

Environmental policy

The objectives of the Dada Group's environmental policy are:

- to optimize the use of source of energy and natural resources by improving the technologies used in the Group's offices and spaces;
- to increase environmental awareness including through the use of specific in-house initiatives;
- to implement sustainable purchasing policies.

Waste

The Group companies provide services which produce a limited quantity of waste managed as follows:

Paper	Separate collection
Toner	Given to a specialized firm for disposal
Obsolete hardware	Given to a specialized firm for disposal
Non separated waste mixed with urban waste	Collected in communal containers

Water

The Group companies consume a limited amount of water for sanitary needs and personal hygiene.

Energy

The Dada Group pays careful attention to energy consumption. With regard to electricity, low consumption lighting systems, which still comply with regulations lighting requirements, have been installed at all the Dada Group company offices.

Safety

The Group's policy with regard to safety in the workplace is focused on continuous improvement and dedicating the utmost attention to this issue.

All the Group's businesses are involved in and dedicated to office work.

Dada constantly complies with applicable norms and regulations, including with those related to safety, has all the statutory figures in place, updates its Risk Assessment Report and keeps addendums constantly in order to reflect any organizational and technical changes that have taken place.

The Group's Integrated Workplace Safety Management System – based on the SGLS UNI-INAIL model - is part of the Group's overall Management System.

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 also subject to regulations on, *inter alia*, personal privacy, consumer protection, commercial communications and the TMT (Technology, Media & Telecommunications) business in general. These regulations, especially on a European level, are becoming increasingly stringent for our markets of operation. 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 prior 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 December 2016 explained in Note 19, previous covenants running from financial year 2016 have been redefined, based on consolidated half-year figures. At 31 December 2016, these covenants were fully met.

Mention should be made that to hedge interest rate risk, the following IRS contracts are in place at 31 December 2016:

- a 0.857% Interest Rate Swap with Intesa Sanpaolo taken out on 28 December 2016, with maturity on 22 March 2022 and initial notional amount of €6.5 million and an amortizing notional amount for the following years, which fully settles three previous IRS respectively at 0.7775%, 0.631% and 0.200% with the same bank and with an amortizing notional amount.
- a 1.000% Interest Rate Swap with Banca Unicredit taken out on 28 December 2016, with maturity on 22 March 2022 and initial notional amount of €2.5 million and an amortizing notional amount for the following years, which fully settles the previous IRS at 0.395% with the same bank and with an amortizing notional amount.
- a 0.265% Interest Rate Swap with Banca Cariparma S.p.A. taken out on 29 September 2015, with maturity on 30 September 2019 and residual notional amount of €1.6 million and an amortizing notional amount for the following years.
- a CAP floor with Banca Sella with a 0.05% strike rate taken out on 21 July 2016, with a residual notional amount of €0.678 million and an amortizing notional amount for the following years.

Taken together, these derivatives account for approximately 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, being hedges, 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 31 December 2016, the Dada Group had current and non-current credit bank credit lines (including leases, but excluding unsecured credit and exchange and interest rate derivatives) of €39.5 million, approximately €31.4 million of which drawn down (€36.1 million and €29.6 million, respectively, at 31 December 2015). Cash available amounts to €5.1 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 34% of its service costs are expressed in foreign currency (mainly GBP and USD). In 1H16, as it did previously, the Group engaged mainly in currency forwards in order to hedge its exchange rate risk.

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 31 December 2016 for consolidation purposes of the Dada Group (the effects on key items are shown in the Results section in the Directors' Report).

The event may bring even more adverse effects on the transactional flows denominated in GBP currency in the coming quarters. 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.

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 Report, appearing in the notes to the consolidated financial statements at 31 December 2016.

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 €3.9 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., completed on 23 March 2015

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 associated with the contract for the transfer of the ProAdv/Simply 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.

RELATED PARTY TRANSACTIONS

For further information on related party transactions, reference should be made to Note 26 of the specific explanatory notes.

SIGNIFICANT EVENTS IN 2016

The events which had the most significant impact on the Dada Group in 2016 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 the 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. Treasury shares may, instead, be sold 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.it 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 BancaImpresa. 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.

On 21 December 2016, Dada S.p.A., through its subsidiary Register.it S.p.A., signed a medium/long-term cash pool loan agreement with the banks coordinated by Banca IMI: Banca Intesa Sanpaolo S.p.A., UniCredit S.p.A. and Banca Monte dei Paschi di Siena S.p.A. ("Banking Pool") for a total of €22.0 million. Specifically, the Banking Pool contributed to the Loan as follows: Intesa San Paolo €13 million, Monte dei Paschi di Siena €4 million and Unicredit €5 million.

The loan is unsecured with a term of 5 years and 3 months, and is based on a warrant to grant credit issued by Dada to Register.it. The prepayment plan envisages payment of principal in 10 half-yearly instalments, the first falling due on 30 September 2017; the first two instalments will be paid for an amount equal to approximately Euro 1 million each, while the final balloon payment will amount to 25% of the Loan.

The rate charged is the Euribor 6M + 250 bps, with a 100 bps reduction on the spread for medium/long-term loans repaid earlier.

SIGNIFICANT EVENTS AFTER YEAR END

The main events that took place after 31 December 2016 are described below:

On 24 January 2017, Dada S.p.A.'s Board of Directors executed the Shareholders' resolution of 18 January 2017, relating to the 2017-2019 share-based incentive plan, for a maximum of 950,000 shares intended for the executives and managers of Dada S.p.A. and/or its Subsidiaries.

For further details, reference should be made to the paragraph on Stock Options.

On 9 March 2017, Dada S.p.A. announced it had received a notice from Libero Acquisition S.a.r.l., the controlling shareholder, informing the Company that it was considering the possible sale of its equity investment in the Company, representing to date approximately 69.432% of the share capital, requesting the Company to cooperate under the possible procedure.

BUSINESS OUTLOOK

The **2016 results** are basically **in line** with the guidance set out for the year, as explained for the Interim Report at 30 September, which had forecast a **mid-single digit organic growth in revenue** in the year, and an **increase** in **operating profit** starting from the fourth quarter.

The future **strategic growth lines** of the Group aim **to strengthen its position in the European D&H market** as a **leading player** in online presence, visibility and business development services tailored to SMEs. Specifically, the strategic priorities seek to **increase the market share** in **Dada's various geographies of operation**, maintaining a **standard** of **excellence** in service levels and **product reliability**, and broadening the range of services in "we do it for you" mode.

Dada also aims to **increase** the recognition of its **brands** as providers of **Cloud, Virtual & Dedicated Servers** and **IT Managed services**, developing the market share in the **IaaS segment**.

Revenue growth is expected to be achieved thanks not only to the acquisition of **new customers**, continuing marketing investments, but also by maintaining a **high retention** of **existing customers**. In 2017, in fact, growth is expected to be sustained by the **upselling strategies** (selling an increasing number of products to existing customers) and, as partly witnessed in 4Q16, by **renewals**, specifically those of **new customers acquired** in 2016, to the benefit also of future **operating profit**.

On the **profitability** front, the strategic guidelines envisage a further improvement in **operating efficiency** through the **integration of the platforms** and maximum exploitation of the **proprietary Datacenter**, now fully operational.

Based on market trends and on the outlined strategic directions, and in the absence of unforeseeable events at this time, an **average annual "mid-single digit" revenue growth** (on a like-for-like basis and at constant exchange rates) for the coming year is to be reasonably expected, as well as an **expansion of operating profit**, leveraging on the **increase** in **average revenue per unit** (ARPU) from acquired customers, and on the gradual benefits coming from the **economies of scale typical of the business model**, along with a **constant, watchful eye on overhead costs**.

As for growth-through-acquisition strategies, the Group remains vigilant in considering any opportunities to acquire small and medium-sized businesses, especially in its geographies, that can help develop business, increase market shares, or strengthen the Dada product portfolio and skills.

STOCK OPTION PLANS

Here are the details of the two stock option plans in place today:

2014-2016 STOCK OPTION PLAN

On 28 April 2014, the General Meeting of Dada approved, pursuant to art. 114 *bis* of Legislative Decree no. 58 of 24 February 1998, the share-based incentive plan for 2014-2016 (the "2014-2016 Incentive Plan" or the "Plan"), proposed by the Board of Directors and intended for Dada Group employees, in particular, for executives and/or managers of Dada S.p.A. and/or Subsidiaries, and aimed at an even greater involvement of the beneficiaries in the future economic and strategic growth of the Dada Group, excluding option rights, pursuant to art. 2441, par. 8 of the Italian Civil Code, and authorizing the Board of Directors of the Company to execute the plan for a maximum nominal amount of €127,500.00 through issue of a maximum of 750,000 ordinary shares for a par value of €0.17 each.

On 4 August 2014, the Board of Directors of Dada S.p.A., exercising the powers it was granted, gave effect to the 2014-2016 share-based incentive plan (the "Plan") intended for employees of the Dada Group, in particular, for executives and/or managers of Dada S.p.A. and/or its Subsidiaries. All the details and the regulations of the Plan are explained in the information document, prepared pursuant to art. 84 *bis* of Regulation 11971/99, and are available at www.dada.eu.

The Board, upon proposal of the Company's Compensation Committee, approved the Regulations of the Plan and assigned a maximum of n. 705,000 options on the same amount of Dada ordinary shares at a subscription price of €3.596 per share, equal to the average official prices of Dada S.p.A. ordinary shares recorded at the close of each Italian Stock Exchange trading session during the period between the Option assignment date and the same day of the previous sixth calendar month.

The Board also determined that the exercise of the vested options is, inter alia, conditional upon achieving a Performance Condition, i.e. that the beneficiaries have successfully passed the variable incentive system (in the form of MBO) for 2016, and have successfully passed at least one of the MBOs for 2014 and/or 2015, in the terms described more in detail in the Regulations, and that it may generally take place during predetermined exercise periods, following approval by the General Meeting of the Company's financial statements for the year ending 31 December 2016 (therefore, these financial statements), but no later than 19 December 2019, with certain exceptions specified in the Regulations of the Plan.

The Board, therefore, approved a share capital increase against payment in separate issues for a maximum nominal amount of €119,850 to service the Plan, excluding option rights, pursuant to art. 2441, par. 8 of the Italian Civil Code.

2017-2019 STOCK OPTION PLAN

At its meeting on 14 December 2016, the Board of Directors of Dada S.p.A., upon proposal of the Compensation and Nominations Committee, resolved on the approval, pursuant to art. 114 bis of Legislative Decree no. 58 of 24 February 1998, of a proposed share-based incentive plan for 2017-2019 (the "2017-2019 Incentive Plan" or the "Plan"), intended for Dada Group employees, in particular for executives and/or managers and, in any case, for employees of Dada S.p.A. and/or Subsidiaries, aimed at an even greater involvement of the beneficiaries in the future economic and strategic growth of the Dada Group.

On 18 January 2017, the Plan was submitted to the General Meeting of Dada S.p.A., which approved it, authorizing the Board of Directors of the Company to execute the Plan and therefore increase the share capital, excluding option rights, pursuant to par. 8, art. 2441 of the Italian Civil Code, for a maximum amount of €950,000.00, through issue of a maximum of 950,000 ordinary shares for a par value of €0.17 each to service the Plan.

On 24 January 2017, the Board of Directors of Dada S.p.A., exercising the powers it was granted, gave effect to the 2017-2019 share-based incentive plan (the "Plan") intended for employees of the Dada Group, in particular, for executives and/or managers of Dada S.p.A. and/or its Subsidiaries. All the details and the regulations of the Plan are explained in the information document, prepared pursuant to art. 84 *bis* of Regulation 11971/99, and are available at www.dada.eu.

The Board, upon proposal of the Company's Compensation and Nominations Committee, approved the Regulations of the Plan and assigned a maximum of no. 950,000 options on the same amount of Dada ordinary shares at a subscription price of €2.248 per share, equal, as the previous Plan, to the average official prices of Dada S.p.A. ordinary shares recorded at the close of each Italian Stock Exchange trading session during the period between the Option assignment date and the same day of the previous sixth calendar month.

The Board also determined that the exercise of the vested options be, *inter alia*, with certain exceptions specified in the Regulations of the Plan, conditional upon achieving a Performance Condition, i.e., the achievement by the Dada Group of a cumulative revenue and EBITDA target in 2017-2019, as set by the Board in its meeting on 24 January 2017, based on the three-year plan of the Dada Group and in the terms described more in detail in the Regulations, and may generally take place during predetermined exercise periods, following approval by the General Meeting of the Company's financial statements for the year ending 31 December 2019, but no later than 19 December 2023, with certain exceptions specified in the Regulations of the Plan.

The Board, therefore, approved a share capital increase against payment in separate issues for a maximum nominal amount of €161,500 to service the Plan, excluding option rights, pursuant to art. 2441, par. 8 of the Italian Civil Code.

The following tables show the movements in the Stock Option Plans:

	2016 Number of shares	Subscription price	Market price	2015 Number of shares	Average exercise price	Market price
(1) Unexercised options at 1/1	615,000	3.596	-	705,000	3.596	-
(2) New options granted*	-	-	-	- -	- -	
(3) Options exercised in the period	-	-	-	-		
(4) Options expiring in the period	-	-	-	90.000-	-	-
(5) Unexercised options at 31/12/2016	**615,000**	**-**	**-**	**-**	**-**	**-**

The options have a residual average life of 2 years.

* On 12 December 2016, a resolution was passed on the approval of the 2017-2019 Stock Option Plan, later submitted to the Shareholders' Meeting on 18 January 2017, see above.

PURCHASE OF TREASURY SHARES

Reference should be made to the Directors' Report accompanying the separate financial statements of Dada S.p.A.

Investments held directly or indirectly by Directors, Statutory Auditors and by the General Manager

Name	Company	Number of shares held at 31.12.2016	Number of shares held at 31.12.2015
Claudio Corbetta	Dada S.p.A.	35,000	20.000-
Lorenzo Lepri	Dada S.p.A.	15,000	12.000-

In 2016, CEO Claudio Corbetta announced he had purchased:
on 22/03/2016, no. 2,727 shares at an average price of €2.45 per share
on 23/03/2016, no. 1,485 shares at an average price of €2.41 per share
on 30/03/2016, no. 2,788 shares at an average price of €2.46 per share
on 24/06/2016, no. 3,000 shares at an average price of €2.10 per share
on 28/07/2016, no. 5,000 shares at an average price of €2.33 per share
for a total of no. 15,000 shares

In 2016, General Manager Lorenzo Lepri announced he had purchased:

on 28/09/2016, no. 3,000 shares at an average price of €2.13 per share

Options granted to Directors during the year

As explained above, in 2016 no options were granted to Directors. As indicated in the paragraph on stock option plans, on 24 January 2017, Lorenzo Lepri and Claudio Corbetta were granted no. 250,000 options each at a subscription price of Euro 2.248.

Beneficiary	Position held	Number of granted options	Subscription price
Claudio Corbetta	CEO	-	-
Lorenzo Lepri	General Manager	-	-

Florence, 15 March 2017

For the Board of Directors
The Chief Executive Officer
Claudio Corbetta

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

INTRODUCTION

This Report on corporate governance and ownership structure (the "Report"), drawn up pursuant to Art. 123-bis of Legislative Decree no. 58 dated 24 February 1998, as subsequently amended and supplemented ("TUF"), and to Art. 89-bis of the Regulations approved by Consob through resolution no. 11971 dated 14 May 1999, as subsequently amended and supplemented (the "Issuer Regulations"), was approved by the Board of Directors of Dada S.p.A. ("Dada" or the "Company") on 15 March 2017. This Report refers to financial year 2016, and includes information that is current to the date of approval thereof.

The Report aims to provide a general and comprehensive overview of the ownership structure and corporate governance system adopted by Dada, in accordance with the requirements of the Corporate Governance Code for Listed Companies (the "Code"), in the version updated in July 2015 and available on Borsa Italiana's website (www.borsaitaliana.it//comitato-corporate-governance/codice/2015 clean.pdf). The adoption of the Code is voluntary and not compulsory, and contains a suitable corporate organizational model for correctly managing the Company, business risks and potential conflicts of interest that might arise between directors and shareholders and between majority and minority shareholders. This model is therefore in line with the principles of best international practice.

The following Report will provide a description of the corporate governance system adopted by the Company, indicating which of the recommendations have been applied and how, and providing suitable information on the reasons why some of the recommendations have not been applied or have been only partly applied.

General information on the Company (mission, values, social responsibility/sustainability) appears on the Company's website (www.dada.eu).

For further details on compensation, see the Compensation Report approved by the Board on 15 March 2017 and published together with this Report.

PART 1. OWNERSHIP STRUCTURE

INTRODUCTION

Pursuant to the requirements of Art. 123-bis, par. 1 of Legislative Decree n. 58/1998, this Part contains information on the Ownership Structures of Dada, and provides appropriate references to information and documents available on or through the Company's website (www.dada.eu).

1.1. Share capital structure

The subscribed and paid-in share capital of Dada S.p.A. amounts to €2,835,611.73 divided into 16,680,069 ordinary shares with a par value of €0.17 each.

TABLE 1: OWNERSHIP STRUCTURE

SHARE CAPITAL STRUCTURE				
	No. of shares	Percentage of share capital	Listed (indicate markets) / unlisted	Rights and obligations
Ordinary shares	16,680,069	100%	Italian Stock Exchange (STAR segment)	Voting rights at ordinary and extraordinary general meetings of the Company
Multiple-vote shares	n/a	n/a	n/a	n/a
Restricted voting shares	n/a	n/a	n/a	n/a
Non-voting shares	n/a	n/a	n/a	n/a
Other	–	–	–	–

In accordance with the By-laws:

- The shares are indivisible and freely transferable. Every share carries the right to one vote. The shares are registered securities and, if fully paid and permitted by law, can be bearer securities. They may be converted from one type to another at the shareholder's expense. The Company can issue shares (in special classes) and financial instruments to employees of the Company or its subsidiaries in accordance with the provisions of Art. 2349 of the Italian Civil Code. If, for any reason, a share or rights to it belong to more than one person, the joint ownership rights shall be exercised by a common representative (Art. 7: "Shares");

- in addition to ordinary shares, that give shareholders equal rights, classes of shares may be created, in compliance with legal requirements, with different rights, including where the allocation of losses is concerned (Art. 8: "Class of shares");

- The Company is able to issue registered or bearer bonds, including convertible bonds in accordance with the law, and to determine conditions relating to their placement. The Company can also issue, in accordance with the law, financial instruments with or without voting rights (Art. 10: "Bonds and financial instruments").

At 31 December 2016, the share capital of Dada S.p.A. consists entirely of ordinary shares; there are, therefore, no other classes of shares nor any restrictions on the associated rights. The Company has not issued any bonds or any other financial instruments.

The information on the authority to increase share capital under Art. 2443 of the Italian Civil Code. is contained in the Stock Option Plans section of these financial statements at 31 December 2016, in the notices on the plans contained in the information documents prepared under art. 84-bis of the Consob Issuer Regulations, and in the Compensation Report prepared under art. 84-quater of the Issuer Regulations.

1.2. Restrictions on share transfer

Under Art. 7 of the By-laws, the shares of Dada S.p.A. are freely transferable.

To date, also in consideration of paragraph 1.5 below, the Company is not acquainted with the existence of any agreements regarding restrictions on share transfer.

1.3. Significant shareholdings

Based on the contents of the shareholders' register of Dada S.p.A. at 31 December 2016 and notices received under art. 120 of Legislative Decree 58/1998, up until such date, the shareholdings in excess of 5% of share capital were as follows:

SIGNIFICANT SHAREHOLDINGS			
Declarant	Direct shareholder	Percentage on ordinary share capital	Percentage on voting share capital
February Private Trust Company (Jersey Limited)	Libero Acquisition S.à.r.l.	69.43%	69.43%
Aruba S.p.A.	Aruba S.p.A.	5.03%	5.03%

It should be noted that Decree Law no. 91 of 2014 (Art. 20), converted by Law no. 116 dated 11 August 2014, effective from 9 February 2015, changed the threshold of significant shareholdings to be notified to Consob and to the public, and was raised from 2% to 5% if the issuer, such as the Company, is a SME (small and medium-sized company with listed shares), as set forth in Art. 1 of Legislative Decree 58/98.

Mention should be made that no notices were received after 31 December 2016.

1.4. Securities with special rights; Employee share ownership: method of exercising voting rights; Voting restrictions

No shares have been issued which confer special rights of control nor are there any employee share ownership schemes involving specific mechanisms for exercising voting rights. The Company's By-laws do not contain any restrictions on voting rights, nor were multiple-vote shares or loyalty shares issued.

1.5. Shareholder agreements

At 31 December 2016, the Company was not aware of any shareholder agreement falling within the scope of Art. 122 of Legislative Decree 98/1998.

1.6 Change of control clauses and statutory provisions on takeover bids

At the date of approval of this Report, there are no significant agreements to which Dada or its subsidiaries, as defined by Art. 93 of Legislative Decree 58/1998, are parties and which could become effective, be amended or cancelled following a change of control of Dada S.p.A., except for the following agreements, the details of which, further to certain key information listed below, are not disclosed owing to reasons of confidentiality and protection of the Issuer:

a) Medium/long-term loan agreement entered into by Register.it S.p.A. and Cariparma on 29 September 2015, initially for a total of €3,500,000, containing the change of control clause, under which the Bank may request the borrowing company to repay the amounts drawn down in advance and completely, and therefore recover all the amounts, should the shareholder Dada S.p.A. cease to hold, directly or indirectly, a 75% interest in Register.it S.p.A., and/or should Orascom TMT Investiments cease to hold, directly or indirectly, an interest of at least 51% in Dada S.p.A.'s share capital. Loan agreement signed by Dada S.p.A. and ICCREA BancaImpresa S.p.A. on 14 July 2016 for a total of €2,500,000 for the acquisition of Sfera S.r.l., containing a change of control clause in articles 6.4 and 12.17, whereby, in the event Orascom loses direct or indirect ownership of 51% of the share capital of Dada S.p.A., or the latter loses the direct or indirect ownership of 100% of the capital of Register.it S.p.A., this will trigger mandatory early repayment.

b) Loan agreement signed by the subsidiary Register.it and Banca Sella on 20 July 2016 initially for a total of €1,500,000, containing a clause whereby the Bank is entitled to terminate the contract if a change in the shareholding structure of Register.it occurs following departure of the previous shareholders, or entrance of new shareholders.

c) Long-term loan agreement signed on 22 December 2016 by the subsidiary Register.it and Banca IMI, Monte dei Paschi di Siena, Intesa Sanpaolo and Unicredit, for a maximum aggregate principal amount of €22,000,000, containing a change of control clause whereby if Orascom loses direct or indirect ownership of 51% of the share capital of Dada S.p.A., or the latter loses direct or indirect ownership of 100% of the capital of Register.it S.p.A., the Banks that are parties to the agreement, through the Agent Bank, will be entitled, on the first between, (i) the date on which any Group company becomes aware of the change of control, and (ii) the date on which any of the Financial Parties becomes aware of the Change of Control - to declare the loan immediately and automatically cancelled (pro rata or in full, depending on the case); consequently, the Beneficiary is required to partly or fully repay the Loan along with relevant interest and any other amounts due to the related Financial Parties under the Financial Documents (including any Breakage Costs) no later than 10 (ten) Business

Days from such statement, without prejudice, in any case, to the Final Maturity Date which can not be exceeded.

d) Agreement signed by Namesco Ltd. and Everest Computing Limited on the lease of the Datacenter in the UK, whereby Namesco Ltd may exercise its right of withdrawal from the agreement with an 18-month notice, by notifying the decision to Everest Computing Limited within three months from the first change of control event, as explained in the agreement involving Namesco Ltd.

All intercompany agreements entered into by Dada S.p.A. and its subsidiaries contain a change of control clause providing for the automatic termination of the agreement should Dada and its subsidiary no longer form part of the same group that currently has the Company as its parent.

Furthermore, the By-laws contain no provisions that derogate from the passivity rules referred to in Art. 104, paragraphs 1 and 1 bis of the TUF, or neutralization rules referred to in Art. 104-bis, paragraphs 2 and 3 of the TUF.

1.7 Authority to increase the share capital and authorization to purchase treasury shares

Under Art. 6 of the current By-laws "... Capital increases will be approved by the Board of Directors, based on specific authority granted by the extraordinary AGM, pursuant to Art. 2443 of the Italian Civil Code.

Under Art. 2441, par. 4 of the Italian Civil Code, the option right may be excluded up to the limit of 10% of the existing share capital, provided the conditions laid down in such legal provision be complied with”.

On 28 April 2014, the general meeting resolved to grant the Board of Directors, pursuant to Articles 2443 of the Italian Civil Code, for a maximum period of five years from the resolution date, the power to increase the share capital, against payment, by a maximum amount of € 127,500.00 (one hundred and twenty seven thousand five hundred and zero cents) by issuing, in one or more tranches in separate issues, pursuant to Art. 2439 of the Italian Civil Code, new ordinary shares with a par value of € 0.17 (zero point seventeen) each to service a stock option plan for the employees of Dada S.p.A. and/or its subsidiaries; on expiration of the deadline set for the subscription of the last tranche (no later than 28 April 2019), the capital is understood to be increased by an amount equal to the subscriptions received.

On 4 August 2014, the Board of Directors, by implementing the authorization granted by the extraordinary AGM held on 28 April 2014, resolved to increase the share capital by a maximum amount of € 119,850 (one hundred and nineteen thousand eight hundred and fifty), by issuing 705,000 (seven hundred and five thousand) ordinary shares with a par value of € 0.17 (zero point seventeen) each; the increase may be underwritten up to 19 December 2019 (included); there is no option right for this capital increase, pursuant to Art. 2441, par. 8 of the Italian Civil Code, given the resolutions previously adopted on the matter by the extraordinary AGM of the Company held on 28 April 2014; the capital increase was approved to service the stock option plan for the beneficiary employees (whose names are attached to the minutes of the meeting of the Board of Directors in question); the plan was implemented through the free granting to such beneficiaries of option rights to subscribe the ordinary shares with a par value of € 0.17 (zero point seventeen) each for the abovementioned capital increase of € 119,850; the capital increase is governed in accordance with the Regulations approved by the Board of Directors on 4 August 2014, where timing, conditions and subscription procedures were defined; the capital increase may be underwritten in separate issues, in accordance with Art. 2439, par. 2 of the Italian Civil Code; subsequent to the deadline set for such capital increase as indicated above, the share capital is understood to be increased by an amount equal to the subscriptions received up to that time. In accordance with the power-granting resolution, each amount of the subscription shall be paid in full at subscription, at par value and at a premium, with the explicit indication that no funding or other financial benefits and/or guarantees shall be granted for the subscription of the shares on which option rights have been exercised.

Subsequent to year-end 2016, on 18 January 2017, the Shareholders' Meeting resolved to authorize the Board of Directors, in accordance with art. 2443 of the Italian Civil Code, for a maximum period of five years from the date of the resolution, to increase the share capital by a maximum amount of €950,000 by issuing, in one or more tranches in separate issues, pursuant to art. 2439 of the Italian Civil Code, new ordinary shares with a par value of €0.17 each to service a stock option plan for the employees of Dada S.p.A. and/or its subsidiaries; on expiration of the deadline set for the subscription of the last tranche (no later than 28 April 2019), the capital is understood to be increased by an amount equal to the subscriptions received. On 24 January 2017, the Board of Directors, by implementing the authorization granted by the extraordinary Shareholders' Meeting held on 18 January 2017, resolved to increase the share capital by a maximum amount of €161,500 by issuing 950,000 ordinary shares with a par value of €0.17 each; this increase may be subscribed to until 19 December 2023 (included); there is no option right for this capital increase, pursuant to art. 2441, par. 8 of the Italian Civil Code, given the resolutions previously adopted on the matter by the extraordinary Shareholders' Meeting of the Company held on 18 January 2017; the capital increase was approved to service the stock option plan intended for beneficiary employees identified by the Board of Directors at its meeting on 24 January 2017; the plan was implemented through the free granting to such beneficiaries of option rights to subscribe the ordinary shares with a par value of €0.17 each for the abovementioned capital increase of €161,500; the capital increase is governed in accordance with the Regulations approved by the Board of Directors on 24 January 2017, where timing, conditions and subscription procedures were defined; the capital increase may be underwritten in separate issues, in accordance with art. 2439, par. 2 of the Italian Civil Code; subsequent to the deadline set for such capital increase as indicated above, the share capital is understood to be increased by an amount equal to the subscriptions received up to that time. In accordance with the power-granting resolution, each amount of the subscription shall be paid in full at subscription, at par value and at a premium, with the explicit indication that no funding or other financial benefits and/or guarantees shall be granted for the subscription of the shares on which option rights have been exercised.

The information on the authority to increase share capital under Art. 2443 of the Italian Civil Code. is contained in the Stock Option Plans section of these financial statements at 31 December 2016, in the notices on the plans contained in the information documents prepared under art. 84-bis of the Consob Issuer Regulations, and in the Compensation Report prepared under art. 84-quater of the Issuer Regulations.

The General Meeting on 28 April 2016 revoked the authorization of 28 April 2015 to purchase and sell treasury shares and renewed the authorization for the Board of Directors to buy, on one or more occasions, in full or in part, up to a maximum number of ordinary shares representing 10% of share capital, within 18 months from the date of the resolution at a price no more than 20% below and no more than 10% above the official quoted price on the trading day before each purchase and, in any case, for a total amount that could exceed the distributable reserves reported in the most recently approved financial statements or the amount of distributable profits; the same General Meeting also authorized the Board of Directors to use the treasury shares already held or acquired as a result of the new authorization, to undertake sales/purchases, exchanges, contributions etc., as well as, if needed, in order to create beneficial interests, including for the acquisition of equity investments.

Treasury shares already held or acquired under the new authorization may be disposed of within three years of the shareholders' resolution at a price, or valuation, no less than 95% of the average official price reported in the 30 trading days before the instructions to sell, or the official commitment to sell, if earlier. This authorization will expire on 11 October 2017.

No share buybacks were made from the date of the AGM to the present time; the Company, therefore, holds no treasury shares at 31 December 2016.

1.8 Direction and coordination

As required by Art. 37, paragraph 2 of the Consob Market Regulations, and as resolved by the Board of Directors of the Company at its meeting on 12 November 2013, on 12 March 2015, and on 14 March 2016, and confirmed, on the positive opinion of the Control and Risk Committee, by the meeting of the Board approving this Report, mention should be made that Dada S.p.A., to date, is not subject to the direction and coordination of the parent Libero Acquisition S.à r.l.. According to the Board, Libero Acquisition S.à.r.l. does not exercise either formally or de-facto any such influence over Dada. In this regard, the Board of Directors has deemed that Dada S.p.A. has its own organizational, operational, trading and financial autonomy, given also that it independently examines and approves its own transactions and strategic plans, as well as its own procedures and organizational, management and control models. In fact, Libero Acquisition S.à.r.l. issues no guidelines for the Company, nor does it provide it assistance or technical, administrative or financial coordination.

Finally, it should be noted that the information required under Art. 123-bis, paragraph 1, letter i) appears in the Compensation Report, pursuant to Art. 123-ter of the TUF, and that the information required under Art. 123-bis, par. 1, letter l) is found in this Report in the section on the Board of Directors.

PART 2. COMPLIANCE

On 9 November 2006, the Company approved an internal corporate governance code, which reflected the corporate governance rules adopted by Dada's Board of Directors and by its Board of Statutory Auditors in relation to the rules applying to the latter, in compliance with the Corporate Governance Code for Listed Companies as revised in March 2006.

In 2011 the Board of Directors implemented the provisions of Art. 7 of the Corporate Governance Code for Listed Companies, as amended by the Corporate Governance Committee during the meeting held on 3 March 2010 at Borsa Italiana, within the timeframe outlined in this Corporate Governance Report and in the Compensation Report provided by Art. 123-ter of the TUF.

Accordingly, in 2016 the Board of Directors of the Company adopted, within the timeframe outlined in this Corporate Governance Report and in the Compensation Report under Art. 123-ter of the TUF, the Corporate Governance Code for Listed Companies, as amended in July 2015. The Company continued to gradually adjust its corporate governance system to the relevant national and international best practices, to the Code recommendations and to the regulatory provisions gradually introduced, keeping the shareholders and the market informed on an annual basis.

It should be noted that a number of strategic subsidiaries of the Company, identified below in the paragraph on the role of the Board of Directors, are of foreign nationality, therefore subject to foreign laws which, however, do not greatly affect the corporate governance structure of the Company.

PART 3. CORPORATE GOVERNANCE

The corporate governance system adopted by the Company is a "traditional" one, based on the presence of a Board of Directors, a Board of Statutory Auditors, and the General Meeting. Role, composition and operations of these bodies are governed by the laws in force and by the By-laws (available on the Company's website www.dada.eu).

3. Board of Directors

3.1 Role of the Board of Directors

In accordance with the requirements of the Corporate Governance Code, the Company shall be governed by a Board of Directors that meets at regular intervals, and which organizes itself and operates in such a way as to ensure that its duties are conducted both effectively and efficiently.

The directors shall behave and pass resolutions autonomously and in full knowledge of the facts, in pursuit of the priority goal of creating value for the shareholders in a medium to long-term time frame.

The recommendations of the Corporate Governance Code are, therefore, reflected in the Company's corporate governance system which attributes a central role to the Board of Directors; in fact, Art. 22 par. 1 of Dada's By-laws establishes that "The governing body is invested with the widest powers for the Company's ordinary and extraordinary administration and can therefore carry out every action deemed necessary to implement and achieve the corporate purpose, with the sole exception of those operations that, under law or these By-laws, are the prerogative of the General Meeting", while Art. 20 (e) of the By-laws, in keeping with the internal corporate governance code, establishes that "The Board of Directors can delegate its powers to an Executive Committee and/or to one or more directors, determining limits on the power delegated. The powers specified in Art. 2381 of the Italian Civil Code cannot be delegated, nor those forbidden by current legislation. The Executive Committee and the Executive Directors report to the Board of Directors at the earliest subsequent board meeting on transactions they have carried out with the greatest impact on the Company's balance sheet, income statement and cash flows.

In particular, they report on transactions involving potential conflicts of interests or on those of an atypical or unusual nature relative to the Company's ordinary operations. The same information must be provided to the Board of Statutory Auditors.

In addition to the powers that cannot be delegated by law, the following matters are the exclusive prerogative of the Board of Directors.

- the determination of general management strategy;

- the remuneration of directors appointed to carry out particular duties, and where the General Meeting has not already done so, the division of the overall compensation approved for directors between individual members of the Board of Directors and the Executive Committee;

- the formation of committees and commissions, determining their duties, responsibilities and rules of procedure, including with the purpose of shaping the corporate governance model to that established by the Corporate Governance Code;

- the approval of transactions with a significant impact on the Company's balance sheet, income statement and cash flows, with particular reference to related party transactions.

The governing body can also appoint general managers, determining their duties and powers, and can also grant powers of attorney for individual deeds or categories of deed".

Lastly, Art. 22 par. 2 of the By-laws makes the governing body responsible, under Art. 2365 of the Italian Civil Code, except where otherwise provided by Art. 2420-ter and Art. 2443 of the Italian Civil Code, for resolutions concerning:

a) mergers in cases specified in Art. 2505 and Art. 2505-bis of the Italian Civil Code, including for spin-offs under Art. 2506-ter of the Italian Civil Code;

b) opening or closure of branch offices;

c) reduction of share capital following shareholder withdrawal;

d) revision of the By-laws to comply with new regulatory provisions;

e) transfer of the company's registered office elsewhere within Italy.

The Board of Directors is the body entrusted to examine and approve the Company's strategic, operational and financial plans and the corporate structure of the Group it heads, overseeing their implementation on a regular basis, and defining the Company's corporate governance system and the structure of the Group;

It should be noted that the Board of Directors is also tasked with defining the nature and level of corporate risks consistent with the Company's strategic targets, monitoring and assessing their consistency with the Company's business objectives, including in its assessments those risks that may be significant for the Company from a sustainability point of view in the medium to long term. Toward this end, mention should be made that the Board of Directors has made its assessments, starting from the current plan for the identification of risks and risk assessment, based on which these risks were assessed by the Board and by the other relevant bodies. The Board also evaluated the adequacy of the organizational, administration and accounting system of the Company and its subsidiaries having strategic importance, with particular regard to the internal control and risk management system;

In fact, it has approved the Group's structure and, during the meeting to approve this Report, has positively evaluated the organizational, administrative and general accounting structure of the Company and its strategic subsidiaries; the administrative structure has been examined in various ways, including through the activities of the Control and Risk Committee, and is based on a system of procedures and controls, partly centralized with the Parent company's head office; it is also reported that Dada S.p.A. has a control and risk system reflected in a series of analyses and procedures appearing on the Company intranet.

As confirmed at the meeting to approve the present report, the Board defines strategic subsidiaries as every subsidiary under the law whose principal business is in the sectors of internet and communications and whose financial statements must be audited in accordance with the TUF, or every subsidiary defined as strategic by the company's Chairman by virtue of the size of its earnings, balance sheet or cash flows or other particular characteristics of its business. In 2016, the subsidiaries defined as strategic were Register.it Spa, Namesco Ltd, and Nominalia Internet SL.

The Board then resolved on the criteria to determine particularly significant transactions. Specifically, for the sake of clarifying the identification of significant transactions, while maintaining the limits to the powers granted to individual directors approved from time to time by the Board, on 12 February 2007 the Board of Directors approved the procedure, still in force today, for the completion and execution of significant related party transactions or transactions in which a director has an interest. The procedure identified significant transactions, therefore left to the responsibility of the Board, from a quantitative and qualitative point of view. Qualitatively, significant transactions are defined as all those transactions whose value exceed €3 million, while, qualitatively, and irrespective of amount, such definition includes the approval of the Company's strategic, business and financial plans and of the Group's corporate structure, spin-offs, mergers, acquisitions, disposals and contributions of equity investments, shares, companies, and business lines, the formation of joint ventures, the purchase of property and other fixed assets, the grant and receipt of material loans.

During its meetings, the Board has approved a corporate governance system in compliance with the foregoing principles and reflected in the current system of delegated powers and proxies.

With reference to significant transactions, related party transactions and conflicts of interest, the procedures already applied under the Corporate Governance Code for Listed Companies have been confirmed with approval of the specific procedures for completing and executing significant transactions, transactions with related parties or in which a director has an interest.

Consob has adopted, in Resolution no. 17221 of 12 March 2010, as later amended by Resolution no. 17389 of 23 June 2010, a set of "Regulations governing related party transactions" for issuers of listed shares (directly or through their subsidiaries), in order to reflect the rules aimed at ensuring the transparency and substantive and procedural fairness of such transactions. These regulations are structured around two key areas: rules governing public disclosure, including in relation to transactions independently conducted by subsidiaries, which came into force on 1 December 2010, and procedural rules governing the conduct of related party transactions, which came into force on 1 January 2011. Given these rules, the Board of Directors has adopted procedures, based on the Consob Regulations, governing related party transactions and in compliance with the adoption process envisaged by these regulations, procedures that can be found at webhttp://www.dada.eu/wpcontent/uploads/2016/05/ProceduraperladisciplinadellaOperazioniconPartiCorrelate.pdf. With regard to this adoption process, in its meeting on 20 October 2010 the Board of Directors voted to appoint Salvatore Amato, Danilo Vivarelli and Alessandro Foti, by virtue of their status as independent directors, as members of the committee required to express an opinion on the procedures for related party transactions, pursuant to and in accordance with Art. 4, par. 3 of the Consob Regulations. This committee met on 2 November 2010, in the presence of the Board of Statutory Auditors, and expressed a favourable opinion on the proposed procedures for related party transactions, which were then examined and approved by the Board of Directors in its meeting on 8 November 2010; as a result, the previous procedures for completing and executing significant transactions, transactions with related parties or in which a director has an interest have been partially amended and repealed, so that only the part relating to significant transactions or transactions in which a director has an interest still remain in force. These procedures also serve to guide the conduct of every subsidiary, to the extent applicable. More details about the new procedures can be found in the subsequent paragraph on "Directors' interests and related party transactions".

The Board has assessed the general operating trend taking into account, in particular, the information received from the delegated bodies. In fact, the Board of Directors of Dada has established that delegated bodies report at least every quarter on activities performed in the exercise of their respective powers; the Board of Directors, based on information provided by Management, then matches the results achieved with those planned.

The Board of Directors, at least once a year, makes an assessment on the operation of the Board, and has therefore confirmed with the approval of this Report, a positive evaluation concerning its size, composition and operation. The Board has completed the annual self-assessment of its size, composition and operation and that of its sub-committees.

It should be noted that the Board has performed its annual assessment without resorting to external consultants.

Toward this end, the Board used a questionnaire containing questions designed to assess the operation, size and composition of the Board and its committees, considering elements such as experience, including management experience, professional qualifications, gender of its members and length of service. At the end of the questionnaire, each Director included a short self-assessment.

The directors' answers to this questionnaire were then examined by the Compensation and Nominations Committee, which brought them to the attention of the Board at its meeting on 15 March 2017.

The Committee acknowledged that the directors' answers were largely positive and did not reveal any significant disparities with the Corporate Governance Code for Listed Companies. The Committee voiced no suggestion in this regard.

Pre-meeting information

Under guideline 1.C.5. of the Corporate Governance Code, the Board of Directors has established that all members of the Board of Directors be provided, with at least three days' notice before Board meetings, except in the event of necessity and urgency, with the relevant documentation and information - including through full and detailed notes on the items on the agenda - to allow them to express themselves on an informed basis about the matters being examined, in compliance with Art. 20 (b) of the By-laws. In particular cases where the necessary information can not be provided well in advance, the Chairman ensures that in-depth discussions are held during Board sessions. In any case, such time limit is generally complied with, often with a longer period of notice.

3.2. Appointment and replacement of directors

The By-laws, establish in Art. 19 that the Company shall be governed by a Board of Directors, comprising a minimum of 3 up to a maximum of 15 members appointed, including from non-shareholders, by the General Meeting which decides its size on each occasion.

Members of the Board of Directors remain in office for three years, with their mandate expiring on the date of the General Meeting that approves the financial statements for their last year in office, or for a period decided by the General Meeting in compliance with Art. 2383, par. 2 of the Italian Civil Code.

The directors must satisfy the requirements of current legal regulations and of the By-laws and are eligible for re-election. In addition, a certain number of directors, in any case not less than the legal minimum, must qualify as independent, as defined in art.. 148 par. 3 of Legislative Decree 58/1998. It should be noted that on 24 July 2012, the Board of Directors of the Company amended the By-laws to comply with Law 120 of 12 July 2011. These changes introduced the principle of gender equality on the boards of directors and statutory auditors of listed companies. Law 120 requires listed companies to reserve at least one third of the members of the above mentioned bodies, once effective, to the less represented gender. Toward this end, amendments were made to Articles 19, 25 and 31 of the current By-laws. The current composition of the Board of Directors takes account of the above.

The Board of Directors is appointed by the General Meeting on the basis of voting lists presented by shareholders who own at least 2.5% of subscribed share capital at the date of presenting the list or such lower percentage established by statutory and regulatory provisions. Each list must contain a number of candidates qualifying as independent, as defined in law, corresponding to at least the minimum required by applicable legislation.

The lists for the appointment of the Board of Directors may also be filed via fax or electronically by sending an e-mail to the Company’s certified e-mail address. If lists are submitted via fax or via certified e-mail, a copy of the filers’ valid identification must also be sent.

The By-laws do not require that in order to qualify as a director, candidates meet qualifications as independent other than those established for Statutory Auditors pursuant to Art. 148 TUF, and/or integrity and/or professional background, including with regard to the code of ethics prepared by companies managing regulated markets or sector associations.

Lists that contain three or more candidates must also include candidates of both genders, so that the less represented gender has a number of candidates corresponding at least to the minimum required by law (rounding any fractions up to the next whole number), such as to allow a composition of the Board of Directors in accordance with prevailing laws on gender equality.

The Company is not subject to other norms and regulations relating to the composition of the Board, with the exception of the rules set by Borsa Italiana regarding the STAR segment.

The lists of candidates for the office of director, accompanied by comprehensive information on the personal details and professional qualifications of the candidates, accompanied by any statements of their eligibility to qualify as independent directors in the sense of the Code, are filed at the Company's registered office at least 25 days before the date set for the General Meeting. The lists, accompanied by the candidates' details, are promptly published on the Company's website. The directors are elected as follows:

a) all the directors, based on the size of the Board established by the General Meeting, except for the minimum number reserved by law to the minority list, are taken from the list obtaining the majority of votes, in the sequential number order in which the candidates appear therein;

b) the minimum number of directors reserved by law to the minority list are elected, in sequential number order, from the list which obtained the second highest number of votes and which is not connected, either directly or indirectly, with the list in a) or with the shareholders who submitted or voted for the list in a).

For the above purposes, any lists which fail to obtain a percentage of votes equal to at least half of the percentage required to submit such lists, are not taken into account.

If only one list is presented, or no lists at all, or if the list voting mechanism does not ensure the election of the legal minimum number of directors under the By-laws, the General Meeting appoints the Board of Directors or additional members to make up its number in accordance with the legally required majority.

Under these procedures, should the composition of the Board of Directors fail to comply with:

- the laws governing gender equality, the candidate/s lacking such requirements and elected last in sequential number order in the list which obtained the highest number of votes, as referred to in letter a) above shall be replaced by the first candidate/s, based on the respective sequential order number, of the less represented gender unelected in the same list, or should this fail to suffice for any reason, from lists that have obtained the next highest number of votes, starting with the one referred to in letter b) above, and continuing with the following in decreasing order of number of votes obtained;

- the appointment of a number of directors who meet the independence requirements set out in art.. 148, par. 3 of Legislative Decree no. 58/1998, equal to the minimum amount required by law regarding the total number of directors, the candidate/s lacking such requirements elected last in sequential number order in the list which obtained the highest number of votes, as referred to in letter a) above, shall be replaced by the first candidate/s, based on the respective sequential order number, meeting such requirements unelected in the same list or, should this fail to suffice for any reason, from lists that have obtained the next highest number of votes, starting with the one referred to in letter b) above, and continuing with the following in decreasing order of number of votes obtained.

If, during the financial year, one or more directors should leave office, the By-laws allow the Board of Directors to replace them, under Art. 2386 of the Italian Civil Code, by adopting resolutions, approved by the Board of Statutory Auditors, as follows:

a) the Board of Directors replaces the outgoing director with someone from the same list, with this appointment confirmed by majority vote of the General Meeting;

b) if this list contains no unelected candidates, or candidates with the required qualifications, or if, for whatever reason it is not possible to proceed in accordance with a), the Board of Directors makes the replacement, which will be subsequently approved by the General Meeting, voting with the legally-required majority and without list voting.

The Board, at its Meeting to approve this Report, and in the performance of its duties, believes there are no critical situations to report to the shareholders regarding authorizations to non-compete restrictions set out in Art. 2390 of the Italian Civil Code.

Succession plans

In the meeting held on 11 December 2012, the Board had already not deemed it appropriate to adopt a succession plan for the two executive directors. The decision was confirmed in the reporting period, deeming such plan unnecessary, given the current structure and distribution of powers among the senior managers of the Company, which ensures an adequate presence even in the event one of the executive directors resigns.

3.3. Composition of the Board of Directors

The current Board of Directors of Dada S.p.A., composed as shown in the table at the end of this paragraph, was appointed on 28 April 2015, as the term of the Board of Directors originally appointed on 24 April 2012 had expired on such date. Specifically, at the AGM held on 28 April 2015, two lists were filed with the Company: one included 13 candidates for the position of Director in the persons of Karim Beshara, Claudio Corbetta, Lorenzo Lepri, Khaled Bishara, Antonio Converti, Maurizio Mongardi, Sophie Sursok, Philip Tohme, Ragy Soliman, Sofia Maroudia, Carolina Gianardi, Barbara Adami Lami, and Maria Grazia Filippini, submitted by shareholder Libero Acquisition S.à.r.l., holder of 11,581,325 Dada S.p.A. shares, or 69.43% of the ordinary share capital of the Company; the other, submitted by shareholders Simona Cima, Alessandra Massaini and Jacopo Marello, who together hold 454,650 shares, or 2.725% of the share capital, included a candidate for the position of Director of the Company in the person of Cristiano Esclapon. For both lists, all the documentation required by law, regulations and By-laws for each candidate was filed for the members of the Board of Directors. The first list received the favourable vote of 11,581,329 shares, or 88.560% of the shares represented at the AGM (69.43% of the share capital), while the other received the favorable vote of 1,494,650 shares, or 11.429% of the shares represented at the AGM (9% of the share capital).

The AGM held on 28 April 2015, as a result of the votes received, and as provided by the combined provisions of Art. 147 ter of the TUF and by Art. 19 of the By-laws, under which one of the members of the Board shall be elected from the minority list that received the highest number of votes and is not connected in any way, even indirectly, with the shareholders who submitted or voted for the list that received the highest number of votes, elected the following Board of Directors, comprising four directors who have declared their independence, pursuant to Art. 148, par. 3 of the TUF and to the Corporate Governance Code for Listed Companies: Karim Beshara (Chairman), Claudio Corbetta, Lorenzo Lepri, Khaled Bishara, Antonio Converti, Maurizio Mongardi, Sophie Sursok, Philip Tohme, Ragy Soliman, Sofia Maroudia (independent), Carolina Gianardi (independent), Barbara Adami Lami (independent), Cristiano Esclapon (independent). The AGM also appointed Karim Beshara as Chairman of the Board of Directors of the Company, with the favourable vote of all the shareholders attending the meeting, holders of 13,077,379 shares, and approved the exemption of the Directors from non-compete obligations, pursuant to and in accordance with Art. 2390 of the Italian Civil Code.

At its first meeting on 13 May 2015, the Board of Directors confirmed the same organizational structure and the signatory powers previously approved by the outgoing Board of Directors, and confirmed the Group’s senior managers Claudio Corbetta and Lorenzo Lepri as the only executive directors, pursuant to the Corporate Governance Code for Listed Companies.

On such date, Executive Director Claudio Corbetta was confirmed as General Manager and appointed Chief Executive Officer of the Company, and was granted full powers of representation over all the signatory areas, no area excluded, with the authority to represent the Company with single signature up to a maximum of € 1,000,000.00 (one million euro) per individual transaction, and with the authority to grant third parties power of attorney within the sphere of the powers granted while, with regard exclusively to power f2) (see description), with the authority to represent the Company with single signature up to a maximum of € 3,000,000.00 (three million euro) per individual transaction.

On the same date, Executive Director Lorenzo Lepri was confirmed General Manager and appointed Chief Financial Officer of the Company, and was granted full powers of representation over all the signatory areas, except for areas F), G) and H), with the authority to represent the Company with single signature up to a maximum of € 500,000.00 (five hundred thousand euro) per individual transaction over all the foregoing areas, and with a maximum of up to €1,000,000.00 (one million euro) referring exclusively to power C)8, with the authority to grant third parties power of attorney within the sphere of the powers granted. Claudio Corbetta and Lorenzo Lepri were confirmed as the only key management personnel of the Company, pursuant to Legislative Decree 58/98, and both were confirmed in the position of Director in charge of the internal control and risk management system: Lorenzo Lepri in charge of areas from A) to E) and I), and Claudio Corbetta in charge of areas from F) to H) and L).

On 8 September 2015, Directors Antonio Converti and Khaled Bishara resigned with immediate effect from the position of Directors of the Company.

On 25 September 2015, the Compensation and Nominations Committee considered the proposal formally submitted by shareholder Libero Acquisition S.à r.l. to the Chairman of the Company and to the Chairman of the Board of Statutory Auditors on the nomination of Youssef Bassem and Fadi Antaki as candidates to replace Directors Antonio Converti and Khaled Bishara. On that occasion, the Chairman of the Committee announced that on the list from where the two former directors had been drawn, there remained the only non-elected candidate, in the person of Maria Grazia Filippini. In this regard, the Chairman of the Committee added that, with a letter addressed to the Chairman of the Board of Directors and to the Chairman of the Board of Statutory Auditors, and in view of her candidacy following the resignations, Ms. Filippini had announced her current impossibility to accept the position of Director of Dada S.p.A. due to various personal reasons. The Chairman of the Committee pointed out that, given the above, the Board was free to elect new directors outside the lists. Accordingly, after reviewing the professional profiles and the background of the two candidates, the Committee gave a positive opinion, in its sphere of responsibility, on the candidacy of Youssef Bassem and Fadi Antaki as candidates to replace Directors Antonio Converti and Khaled Bichara.

On 11 November 2015, the Board of Directors of the Company, having assessed the proposal submitted by shareholder Libero Acquisition S.à.r.l. and the opinion of the Compensation and Nominations Committee, appointed by cooptation Fadi Antaki and Youssef Bassem as new Directors of Dada, whose term expired at the AGM approving the financial statements at 31 December 2015; on 28 April 2016, the Shareholders' Meeting confirmed the appointment of Directors Fadi Antaki and Youssef Bassem, until expiry of all the directors, namely with the approval of the financial statements for the year ending 31 December 2017.

In 2016, the Board of Directors held 6 meetings; at the date of preparing this document, the Board of Directors has held two meetings in 2017, while it plans to meet at least 4 times this year; the By-laws establish that the Board shall meet at least on a quarterly basis;

It should be noted that the percentage of attendance of each director at the meetings is shown in the table at the end of this paragraph.

The meetings of the Board of Directors held in 2016 lasted an average of approximately 1 hour and 30 minutes.

<u>Induction Programme</u>

It should be noted that, following the appointment of the new Board of Directors by the AGM held on 28 April 2015, for the purposes of an effective and informed fulfillment of each director's role, specifically, for those sitting on the various sub-committees, in-depth analysis was made on the general and specific information regarding the different business areas of the Company, for instance on the occasion of presentations sent by the delegated bodies to Directors and Statutory Auditors before Board meetings. Additionally, with particular regard to the committees, at meetings following their appointment, a review was made of the main activities carried out by previous committees and by the subjects who coordinate with the committees.

Again, with the committee members, the Management of the Company agreed on holding informal meetings aimed at introducing and/or analyzing several specific business issues, compliance, governance and the internal control and risk management system.

The Company, as per established practice and immediately after their appointment, provided each Director and Statutory Auditor with the corporate documents and procedures beneficial to the performance of their duties.

Maximum number of positions held in other companies

With regard to the maximum number of other appointments which each director of Dada S.p.A. may hold in companies listed on regulated markets or whose shares are listed on regulated markets (including overseas), or in financial, banking, insurance or other large companies, the Board has carefully evaluated the limits that are compatible with effectively performing the duty of director of the Issuer.

Further to this evaluation, it was decided to introduce a limit on the maximum number of other appointments that each director of Dada S.p.A. could hold in companies listed on regulated markets or whose shares are listed on regulated markets (including overseas), in financial, banking, insurance or other large companies, and which takes account of the role covered by the director and whether or not the companies involved are members of the Dada Group or otherwise. The limits introduced have not given rise to any problems or incompatibilities with the offices effectively held by directors of the Issuer.

Firstly, acceptance of any office by the Company directors implies their prior assessment of the possibility of dedicating the time required to diligently perform the important duties assigned to them and the resulting responsibilities, taking also into account the commitment to their own work and professional activities.

In detail, no executive director of Dada may hold any other executive director positions in other large companies (as listed above), but are permitted to hold up to seven appointments as non-executive director, including as independent director, or standing statutory auditor (or member of another supervisory body) of large companies.

Every Dada non-executive director is permitted to hold up to 5 executive directorships in other companies listed on regulated markets as specified above, and up to 12 non-executive directorships in large companies.

It must be noted however that the Board of Directors, on 11 December 2012, while taking into account guideline 1.C.3. of the Corporate Governance Code as amended in December

2011, requesting Directors to carefully assess the possibility of appropriately performing their duties in light of their participation in the Committees established under the Corporate Governance Code, decided to confirm the above mentioned calculation guideline.

A number of exceptions apply to these rules:

- appointments held within the Dada Group or in direct or indirect subsidiaries of Dada S.p.A. are not calculated;

- appointments held in parents, subsidiaries or companies under common control with the company are treated like a single appointment.

Lastly, it should be noted that these limits are not mandatory since the Board of Directors has reserved the right to make exceptions to such limits through adoption of a justified resolution.

In compliance with the requirements of Art. 1.C.2 of the Corporate Governance Code, the most significant positions held by members of the Board of Directors of Dada S.p.A. at 31 December 2016 (including therefore appointments in other listed companies and in financial, banking, insurance and other large companies) are listed below.

With the approval of this Report, and based on the statements received from the Directors, confirmation is made that the current composition of the Board complies with these general criteria.

Under application guideline 1.C.1. i) of the Corporate Governance Code, here are the professional profiles of the members of the Board of Directors throughout 2016, with length of service from their first appointment:

Karim Galal Guirgis Beshara: a graduate from the American University in Cairo (Bachelor of Arts in Business Administration), he co-founded Accelero Capital in January 2012. From June 2012 to September 2014, he served as CEO of Orascom Telecom Media&Technologies ("OTMT"). He joined OTMT in early 2012, following establishment of the company through the spin-off from Orascom Telecom Holding to define the growth strategy aimed at positioning OTMT as a leading player in innovative services and applications in the telecom field in the EMEA geography and beyond. Prior to that he was CEO of LINKdotNET, the major service provider in the Middle East, where he held senior positions in business development, sales, commercial activities, etc... Lastly, he oversaw the merger of Linkdotnet in Mobinil, leading mobile player in Egypt.
He was appointed member of the Board of Directors of Dada S.p.A. on 7 August 2013, and Chairman of the Company on 28 April 2015.

Claudio Corbetta: a graduate in mathematics, in 1994 started his professional career in the Strategic Services Division of Andersen Consulting (now Accenture). From 1998 to 2000, he worked at McKinsey&Company dealing with a number of projects in the banking and telecommunications fields. In 2000 he joined the Dada Group as SME Business Unit Director. In 2002 he was appointed to his current position of Chief Executive Officer of Register.it S.p.A.. In 2011 he was also appointed Chief Executive Officer of Dada S.p.A..
He was appointed member of the Board of Directors of Dada S.p.A. on 22/9/2011.

Lorenzo Lepri: a graduate in business administration from the Bocconi University, from 1996 to 2000 he worked with Mediobanca dealing with extraordinary finance transactions, and reached the position of deputy director of the Financial Department. In 2000 he joined the Dada Group, holding roles of increasing responsibility to reach his current position of General Manager and Chief Financial Officer.

He was appointed member of the Board of Directors of Dada S.p.A. on 11/4/2003.

Ragy Soliman graduated in law at the University of Cairo and obtained a Master in International Business Law at the London Metropolitan University. He co-founded Accelero Capital S.à r.l. in January 2012.

Prior to that, Ragy Soliman was Deputy Legal General Counsel of VimpelCom Ltd. (“VimpelCom”) and Legal General Counsel of Wind Telecom S.p.A. ("Wind Telecom"). Ragy Soliman played a key role in the merger of VimpelCom and Wind Telecom S.p.A. ("Wind Telecom"), worth a total of $25.7 billion, creating the world’s sixth largest operator in the telecommunications industry.

From 2003 to 2012, Ragy Soliman was Legal General Counsel of Orascom Telecom Holding S.A.E. ("OTH") and of Wind Telecom S.p.A.. During his tenure, Ragy Soliman coordinated the Group’s legal activities and sat on the boards of OTH and of numerous subsidiaries, whether operating or other.

Prior to that, Ragy Soliman worked in the top five UK law firms, as well as in the most renowned firms in Egypt.

He was appointed member of the Board of Directors of Dada S.p.A. on 28 April 2014.

Sophie Sursock: a graduate from the Paris Graduate School of Management, since November 2011 she has served as VP and Equity Holder at Accelero Capital. Prior to that, she was Corporate Finance Manager at Orascom Telecom (Weather Investments) and before that Senior M&A analyst with Deloitte Corporate Finance in Paris.

She was appointed member of the Board of Directors of Dada S.p.A. on 7 August 2013.

Maurizio Mongardi; Born in Imola (BO) on 29 March 1964, married, two children, resident in Milan. A graduate in Business Administration in 1989 from Università Commerciale "Luigi Bocconi" of Milan. On 1 January 2017, he was appointed Chief Operations Officer of ItaliaOnLine, the top Italian digital player, created from the merger of the portals Libero, Virgilio and Seat Pagine Gialle. He began his career at IPSOA - Business School in 1989 as a manager of business management training programs.

In 1992 he joined Sony Italia as Head of HR Selection, Training and Development. In 1995 he moved to Koln (Germany) at the European Headquarters of Sony as Compensation & Benefits Manager. Two years later, he returned to Italy as HR Director at Sony maintaining the policy oversight of Employee Benefits for the entire Sony Group in Europe.

In January 2000 he left Sony to join the Italian multinational Fila Sport (sports clothing and footwear), at the time part of HdP Group, where he served for 4 years as Vice President, Group HR & Organization.

In 2004, he joined the De’ Longhi Group where for two and a half years he was Group HR & Organization Director.

In 2006, he joined Wind Telecomunicazioni (initially Orascom Group then since 2011 part of the VimpelCom Group) as HR Director, where he worked for 6 years.

From 2012 to 2016, he was Group HR and Organization Director of RCS MediaGroup S.p.A., managing the Italian Operations area for a year.

He is currently board member of:

- Dada S.p.A.

Cristiano Esclapon: in 1986, Cristiano Esclapon began his professional career as a trader on Italian stock markets. In the mid-90s, he entered private banking, becoming an executive at Banca Euromobiliare in 1994, at Meryll Lynch International Bank in Milan in 1998, and then a partner at Banca Esperia. Building on his wealth of experience, in 2006 he became consultant to the Ferragamo family, and then to Whitesun SA. In 2013 he founded Club Italia Investimenti 2, which supports the funding of start-ups. He is currently also Chairman and shareholder of Siamosoci SA, board member and shareholder of Windows On Europe SpA, and board member and partner of Elba Assicurazioni SpA.

Member of the Board of Directors of Dada S.p.A. since 28 April 2015.

Carolina Gianardi: a graduate in Business Administration with honours in 1992 from the Bocconi University of Milan, she then attended a Master in Corporate Finance there.

In 2008, she was appointed Head of Individual and Business Clients of BancoPosta at Poste Italiane, before becoming Head of Customer Experience and Claims. She was subsequently Head of Presales and Specialist Sales in the Corporate and PA sales network. Carolina Gianardi boasts 20 years' experience in Retail Banking, Consumer Credit and Insurance, having worked for a number of General Electric Capital and Citibank companies.

Her experience on both Italian and foreign markets, specifically in southern Europe and the United States, focused on current accounts, targeted loans, personal loans, salary-backed loans, mortgages, insurance protection products, distributed through both direct and indirect channels.

Her activity has always focused on the development of different solutions for consumers and SMEs segments, including in the frame of commercial partnerships with leading banks and financial institutions, with different go-to-market strategies based on targets and channels.

During her professional career, she was also responsible for commercial networks and a number of P&Ls, and dealt with start-up projects.

Member of the Board of Directors of Dada S.p.A. since 28 April 2015.

Barbara Adami Lami: a graduate in letters with honours in 1987 from the Catholic University of Milan, and specialization in the Theory and Techniques of Communication.

She boasts over 30 years of experience in US multinationals and businesses, in the areas of consumer goods, Hi-Tech and Telecommunications. She has also gained significant experience in Corporate, HR, Marketing and Sales, holding positions in General Management, and as Chief Corporate Director and Chief HR Director, focusing on organizational change and SMEs restructuring. She was director in Italian and foreign listed companies, and in privately-held firms. She is currently Director and Senior Advisor of Copernico.

Member of the Board of Directors of Dada S.p.A. since 28 April 2015.

Sofia Maroudia: a graduate in political science in 1999 at Edinburgh and in law in 2001 at Cambridge.

In 2001, she worked in London for Goldman Sachs, where she managed relations between the bank and governments, and international organizations. In 2008, she moved to Italy, joining the Boston Consulting Group, where she dealt with strategic consulting for companies in the financial and consumer fields. In 2010, she turned to the non-profit world and joined ActionAid, as Head of High Value Partnerships, raising funds from companies, major donors, and institutions. Since September 2011, she has been Manager of the entire "Business" area of ActionAid through Campaigning and Projects, Marketing and Fundraising and Communications.

Member of the Board of Directors of Dada S.p.A. since 28 April 2015.

Philip Tohme: a graduate from the Virginia Polytechnic Institute & State University, he has a master's degree in electronic engineering. He boasts over 20 years' experience in the telecommunications industry in Italy, Holland, Lebanon, Romania, Egypt, Algeria, Russia and Ukraine.

Member of the Board of Directors of Dada S.p.A. since 28 April 2015.

Fadi Antaki: a graduate in Business Administration at the American University in Cairo. He started his career in 2001 at LINKdotNET, holding several positions to lead the LinkWireless division. In 2003, he joined Arpuplus as Business Development Manager. In 2006, he launched Mobizone Italy, a subsidiary of Arpuplus, and became General Manager of Arpuplus in 2009. Parallel to his role as General Manager of Arpuplus, in 2011 he joined OTVentures in Cairo as VP Commercial and then became CEO of OTVentures. In October 2015, he was appointed CEO of A15, which creates digital products and technology trademarks.

Member of the Board of Directors of Dada S.p.A. since 11 November 2015.

Bassem Salah Youssef: a graduate in economics in 1997 at the Cairo University, he then attended an MBA in Marketing Focus at the Maastricht University in Cairo.

He started his career in 1997 as researcher at A.M.E.R World Research Limited, a subsidiary of "Dun & Bradstreet International - UK". He then joined Allied Business Consultants, a consulting firm that was part of a consortium with KPMG Barents Group LLC, and Carana Corporation, where he managed several projects with USAID. In 2001 he joined the Corporate Strategy team in Mobinil, the main player in Egypt. In 2004 he was head of the budget and planning department for the launch of the Mobile operation in Iraq. In 2006, Bassem was appointed Marketing Planning Director of Orascom Telecom Holding, and was in charge of strategy, business planning and mobile and fixed operations throughout the Middle East, Africa, Europe and Asia. He was deeply involved in long-term plans, and in market activities in various regions. In November 2012 he joined Accelero Capital as Vice President Operations.

Member of the Board of Directors of Dada S.p.A. since 11 November 2015.

The delegated bodies report during Board meetings on the most important activities performed in relation to the powers delegated and on the most important activities undertaken by the Company and its subsidiaries in a timely matter, both periodically and in general when said meetings are held to approve targets, budgets and preliminary figures.

No director terminated office in 2016.

Board of Directors													Control and Risk Committee		Compensation Committee	
Position	Members	Year of birth	Date of first appointment	From	Until	List **	Exec.	Non-exec.	Indep. as per Code	Indep. as per TUF	Number of other positions ***	(*)	(*)	(**)	(*)	(**)
Chairman	Karim Beshara	1974	7 August 2013	28/04/2015	Approval of 2017 financial statements	M	.	X	-	-	-	3/6	n/a	n/a	n/a	n/a
CEO and General Manager	Claudio Corbetta	1972	22 September 2011	28/04/2015	Approval of 2017 financial statements	M	X	-	-	-	-	6/6	n/a	n/a	n/a	n/a

Director, General Manager and CFO	Lorenzo Lepri	1971	11 April 2003	28/04/2015	Approval of 2017 financial statements	M	X	-	-	-	-	6/6	n/a	n/a	n/a	n/a
Director	Ragy Soliman	1974	28 April 2014	28/04/2015	Approval of 2017 financial statements	M	-	X	-	-	-	4/6	n/a	n/a	n/a	n/a
Director	Carolina Gianardi	1968	28 April 2015	28/04/2015	Approval of 2017 financial statements	M	-	X	X	X	1	6/6	7/7	P	n/a	n/a
Director	Sofia Maroudia	1976	28 April 2015	28/04/2015	Approval of 2017 financial statements	M	-	X	X-	X-	-	5/6	7/7	M	5/5	M
Director	Barbara Adami Lami	1964	28 April 2015	28/04/2015	Approval of 2017 financial statements	M	-	X	X-	-X	-	6/6	7/7	M	5/5	P
Director	Sophie Sursock	1979	7 August 2013	28/04/2015	Approval of 2017 financial statements	M	-	X	-	-	-	6/6	n/a	n/a	n/a	n/a
Director	Philip Tohme	1967	28 April 2015	28/04/2015	Approval of 2017 financial statements	M	-	X	-	-	-	5/6	n/a	n/a	n/a	n/a
Director	Youssef Bassem	1973	11 November 2015	28/04/2016	Approval of 2017 financial statements	M	-	X	-	-	-	5/6	n/a	n/a	n/a	M
Director	Fadi Antaki	1975	11 November 2015	28/04/2016	Approval of 2017 financial statements	M	-	X	-	-	-	2/6	n/a	n/a	n/a	M
Director	Maurizio Mongardi	1964	11 April 2013	28/042/2015	Approval of 2017 financial statements	M	-	X	-	-	-	5/6	n/a	n/a	5/5	M
Director	Cristiano Esclapon	1964	28 April 2015	28/04/2015	Approval of 2017 financial statements	M	–	X	X	X	-	6/6	n/a	n/a	n/a	n/a
Indicate quorum required for the submission of lists at previous appointment: quorum as per law																
No. of meetings held in the reporting period: 6																

NOTES

* Date of first appointment of each director means the date on which each director was appointed for the first time (ever) in the Board of Directors of the Issuer.

** This column indicates M/m depending on whether the director was elected by the majority (M), minority (m) list or BoD (BoD) list.

*** This column indicates number of directorships or statutory auditor positions held in other companies listed on either national or foreign stock exchanges, including finance companies, banks and insurance companies, or of major companies In the Report on Corporate Governance, positions are shown in full.

(*) This column indicates the participation percentage of directors to the BoD and committee meetings (n. of times present/n. of meetings held during their term, for instance 6/8, 8/8, etc.)

(**) This column indicates the position of the board member in the Committee : “P”: President; “M”: Member.

4. Independent Directors

On 28 April 2015, following the appointment of the new Board of Directors as shown in the table above in paragraph 3.3, the members of the Board of Directors Carolina Gianardi, Sofia Maroudia, Carolina Gianardi, and Cristiano Esclapon, appearing in the lists for the appointment of the Board, stated their eligibility to qualify as independent directors, under the new version of the Corporate Governance Code, under Art. 148, par. 3 of Legislative Decree 58/1998, and under the regulations of the Italian Stock Exchange, which apply to the

Company; the Board of Directors, pursuant to principle 3.P.2. of the Code of Conduct, at its meeting on 14 May 2015, following their appointment at the AGM, positively assessed their qualification as independent directors, applying in this assessment all the criteria set out in the Code, therefore taking account of the above statements and the information available to the Company, while positively assessing the professional qualities and integrity of the Directors. Regarding the independence of directors who qualify as such, a series of analyses was made by the relevant internal functions of the Company which, to date, show no elements worthy to be mentioned to the Board Members. The Board disclosed the results of its assessments with a press release to the market.

The independent directors have undertaken to provide notice should independence requirements no longer be met.

The meeting of the Board of Directors approving this Report, following review by the Compensation and Nominations Committee, has confirmed the considerations on the existence of the independence requirements established by law, according to the parameters and criteria of the Code, with regard to Directors Carolina Gianardi, Sofia Maroudia, Carolina Gianardi, and Cristiano Esclapon. Moreover, the number and expertise of the current independent Directors is judged as appropriate by the Board of Directors, both in relation to the regulations of Borsa Italiana and in relation to the formation of committees in compliance with the Corporate Governance Code for Listed Companies for the purposes of assuring adequate independence of judgment.

The positive evaluation of directors' independence, in light of their statements under the corporate governance code and of information held by the Company, is confirmed with the approval of this Report by the Board.

The Board of Statutory Auditors verified that the assessment criteria and procedures adopted by the Board to evaluate the independence of its members were properly applied and reported the results in its report to the AGM.

Lead Independent Director

It should be noted that, since the conditions laid down in the Code on the appointment of a Lead Independent Director do not apply, as the Chairman of the Board is not the principal manager in charge of running the Company (CEO), nor does he hold a controlling interest in the Company, and since the number of independent directors is deemed appropriate, it was decided not to appoint a Lead Independent Director.

5. Chairman of the Board of Directors

According to the By-laws of Dada, the Chairman of the Board of Directors is the company's legal representative, calls General Meetings, which he/she chairs, verifying the proper convocation of such meetings and the procedures for voting. The Chairman also calls Board meetings and establishes the agenda, ensuring that all directors and statutory auditors receive in the time set and indicated in this Report (compatible with the need for confidentiality, and the urgency and nature of the resolutions) the documentation and information needed to be able to decide in an informed fashion.

If deemed appropriate, the Chairman of the Board of Directors, also on request of one or more directors, may request the chief executive officers, or managers and officers of the Company and those of the companies of the Group, according to their respective responsibilities, to attend the meetings of the Board to provide the appropriate and detailed explanations regarding the items on the agenda.

On 28 April 2015, the AGM appointed Director Karim Beshara as Chairman of the Company.

In keeping with the past, Karim Beshara did not receive any managing powers, did not take on any operational role or specific role in the development of corporate strategies in the Company, was not appointed CEO of the Company, and is not a controlling shareholder of the Company.

6. Managing Directors/Executive Directors

Claudio Corbetta was CEO throughout 2016.

On 28 April 2015, he was confirmed Director by the AGM, while on 13 May 2015, the Board of Directors confirmed his position as Chief Executive Officer of the Company, granting him full powers of representation over all the signatory areas, no area excluded, with the authority to represent the Company with single signature up to a maximum of € 1,000,000.00 (one million euro) per individual transaction, and with the authority to grant third parties power of attorney within the sphere of the powers granted while, with regard exclusively to power f2), with the authority to represent the Company with single signature up to a maximum of € 3,000,000.00 (three million euro) per individual transaction. He was also confirmed in his position as General Manager (CEO), as the interlocking directorate condition does not apply.

On 28 April 2015, Lorenzo Lepri was confirmed Director by the AGM, while on 13 May 2015, the Board of Directors confirmed his position as General Manager of the Company, granting him full powers of representation over the signatory areas, with the authority to represent the Company with single signature up to a maximum of € 500.000 (five hundred thousand), and with a spending limit increased to € 1,000,000 (one million) with regard solely to power C) 8 “Activities under Legislative Decree no. 81/08”, with the exception of areas F) “Sales and Marketing", G) “Production, Technical, Network and Software”, and H) “Community and Contracts and Contacts with the Public".

Disclosure to the Board The delegated bodies report to the Board on their activity at the first available meeting or at least every quarter.

7. Treatment of corporate information

The Chairman and Chief Executive Officer, together with the executive directors, ensure that corporate information is correctly managed; accordingly, the Board of Directors has implemented the recommendations of the Corporate Governance Code, and on 11 November 2006 adopted, in place of the previous procedures, new procedures to govern the internal management and external publication of "confidential information", and particularly "price-sensitive information", relating to Dada S.p.A., all its subsidiaries and/or financial instruments issued; the purpose of these procedures is to prevent non-compliance with legal obligations concerning public disclosure and market abuse and manipulation and to ensure that such information is managed internally in an adequate and confidential manner and is disclosed externally on a timely, complete and accurate basis; such procedures identify those persons entitled to handle confidential information and the criteria for its publication; these procedures were updated, mainly to reflect a number of organizational changes, at the Board meetings held on 2 December 2010, 12 December 2011, 30 July 2013 and 12 November 2014. These procedures also serve to guide the conduct of every subsidiary, to the extent applicable; in addition, the procedures are connected with procedures, also adopted by the Board to create, maintain and update a register of persons with access to price-sensitive information in accordance with Art. 115-bis of TUF and with Art. 152-bis et seq of the Issuer Regulations.

On 30 June 2016, the procedure for the management of privileged information, and the procedure for the creation, keeping and updating of the Insider Register were changed in order to incorporate the provisions of the European legislation on Market Abuse Regulation (EU Regulation no. 596/2014 and supplements thereto). Finally, on 10 November 2016, both aforementioned procedures were further specified for the same purposes in the currently enforceable text.

These procedures, published on the Company's Intranet, supplement and refer to the Organizational, Management and Control Model adopted by the Company under Legislative Decree no. 231/2001.

Internal dealing

On 16 March 2006, the Board of Directors of Dada S.p.A. adopted a Code of Conduct for transactions in Dada shares and related financial instruments, as subsequently amended on 11 May 2007 and on 12 December 2011 to comply with Art. 152-sexies et seq of the Consob Regulations adopted under Resolution no. 11971 and with the Regulations of the Markets Organized and Managed by Borsa Italiana S.p.A., which introduced "black-out periods", meaning periods in which Relevant Persons are forbidden from dealing in the company's shares, coinciding with the 30-day period preceding Board meetings called to approve annual, half-yearly and quarterly financial reports; this code replaced the previous one adopted by the Company.

On 30 June 2016, the Code was changed in order to incorporate the provisions of the European legislation on Market Abuse Regulation (EU Regulation no. 596/2014 and supplements thereto). Finally, on 10 November 2016, the Code was further specified for the same purposes in the currently enforceable text.

The Code governs the conduct that Relevant Persons must observe for transactions by themselves and persons closely related to them in Financial Instruments (as defined), also to allow Dada S.p.A. to discharge its reporting obligations to the market in accordance with the Issuer Regulations, and in accordance with the procedures and terms of the Code.

8. Board of Directors' sub-committees

The Corporate Governance Code states that the Board of Directors shall establish from among its members one or more committees to act in an advisory and consultative capacity, as specified in subsequent articles.

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The Committees are therefore created and operate in accordance with the principles and application guidelines of the Corporate Governance Code, as described below.
The Board of Directors has approved the rules of procedure for the two committees formed by the Board: the Compensation and Nominations Committee and the Control and Risk Committee.

9. Compensation and Nominations Committee

For more information on the operation of the Compensation and Nominations Committee regarding compensation in particular, reference should be made to the relevant parts of the Compensation Report published in accordance with Art. 123-ter of the TUF.

Regarding directors' compensation, reference should also be made to the above Compensation Report.

Mention should be made that the Board of Directors, in the meeting held on 24 April 2012 (on 11 December 2012 then on 19 March 2014), had confirmed the decision taken in 2006 not to establish a Nominations Committee, as recommended by Art. 5 of the Corporate Governance Code (Principle 5.P.1).

The reason for this deviation was that the Board was deemed to be formed of a high number of directors, and with a significant number of independent directors, pursuant to the Corporate Governance Code for Listed Companies, and was therefore in a position to ensure that the review and decision-making tasks performed by the Committee can be duly performed within the Board.

On 13 May 2015, the Board of Directors, upon proposal of the Chairman, and on the appointment of the new Board, taking into account the recurring recommendations of the Corporate Governance Code on the matter, decided to re-establish the Compensation Committee, complementing it with the functions provided for the Nominations Committee by the Corporate Governance Code for Listed Companies. Accordingly, the Committee changed its name to the Compensation and Nominations Committee.

Mention should be made that the Committee, under the Corporate Governance Code and in accordance with the most stringent regulations set out for the Compensation Committee, is composed of non-executive directors of the Company, at least the majority of them also Independent Directors as defined by the Corporate Governance Code, and that one of these Independent Directors must be named Chairman.

Additionally, pursuant to principle 6.P.3 of the Corporate Governance Code, at least one member of the Committee must have sufficient expertise and experience in finance or remuneration policies, as determined by the Board of Directors at the time of appointment.

The Committee is, in fact, composed of a majority of independent directors and is tasked with supporting, on the basis of an adequate review process, the evaluations and decisions to be made by the Board of Directors in relation to the size and composition of the Board, as well as to the remuneration of executive directors and executives with strategic responsibilities.

Specifically, the Nominations Committee: a) submits opinions to the Board of Directors on the Board’s composition and size, and puts forward recommendations on the professional figures whose presence on the Board is deemed appropriate, and on the items set out in Articles 1.C.3. and 1.C.4. of the Code; b) suggests nominations to the Board of Directors for the position of director in cases of co-optation, where independent directors are to be replaced.

The proceedings of the Compensation and Nominations Committee, composed of Sofia Maroudia (Independent Director) and Maurizio Mongardi, are coordinated by a Chairman in the person of Director Barbara Adami Lami, independent director; meetings are recorded. The Committee, in the performance of its duties, was enabled to access information and the Company offices. During the year, the Committee met 5 times and the meetings lasted an average of about 1 hour. Mention should be made that at the date of approval of this Report, 7 meetings were held, 5 of which in 2016, and 3 in 2016.

10. Control and Risk Committee

Composition

The Control and Risk Committee of Dada S.p.A., in accordance with the provisions of law and with the Corporate Governance Code, is composed of Directors Carolina Gianardi (Chairman), Sofia Maroudia and Barbara Adami Lami (all independent directors). The appointments were made by the meeting of the Board of Directors held on 13 May 2015. The meeting also assessed whether the two members of the Committee had a specific accounting, financial and/or risk management background; their experience was deemed appropriate by the Board at the time of their appointment.

The proceedings of the Control and Risk Committee are attended by the Chairman of the Board of Statutory Auditors or by other auditor appointed by the Chairman. The proceedings are generally attended by the other auditors.

Depending on the matters dealt with, either the Head of Internal Audit or members of other committees are invited to attend.

The proceedings of the Control and Risk Committee are coordinated by the Chairman, in the person of Director Carolina Gianardi; meetings are recorded. During the year, the Committee met 7 times and the meetings lasted an average of about 1 hour, with the active involvement of the members of the Committee. Mention should be made that at the date of approval of this Report, 8 meetings were held, 7 of which in 2016, and 1 in 2017.

Functions

The Control and Risk Committee, which basically has advisory and consultative functions, besides supporting and assisting the Board of Directors: a) evaluates, together with the Financial Reporting Manager, and after hearing the independent auditors and Board of Statutory Auditors, the correct application of the accounting principles adopted and, with regard to the Group, consistency with the principles applied for the preparation of the consolidated financial statements; b) voices opinions on specific aspects related to the identification of the main risks; c) reviews periodical reports, providing an evaluation of the internal control and risk management system, and those of particular relevance prepared by internal audit; d) monitors the independence, adequacy, efficiency and effectiveness of internal audit; e) may request internal audit to perform audits on specific operational areas providing at the same time notice to the Chairman of the Board of Statutory Auditors; f) reports to the Board, at least every six months, on the occasion of the approval of the annual and half-year financial report, on the activities carried out as well as on the adequacy of the internal control and risk management system; g) supports, on the basis of an appropriate review process, the assessments and decisions of the Board of Directors related to the management of risks arising from detrimental events the Board has become aware of.

In the performance of its functions, the Control and Risk Committee is empowered to access information and corporate functions required to perform its duties.

With regard to the above, the Committee continually verified the adequacy of the administrative-accounting procedures adopted by the Company and verified the adequacy of the Organizational Model pursuant to Decree 231/2001. The Committee, in order to comply with TUF, also ensured that privacy and IT security measures had been adopted.

At its first meeting held on 15 February 2016, the Control and Risk Committee examined a number of disclosures on the Group's internal audit activities, with special emphasis on a leading provider of part of the technology infrastructure and on specific HR and social security issues.

On 9 March 2016, it resolved to propose the Board of Directors to confirm Carlo Ravazzin for a year as the Head of Internal Audit; it submitted its opinion on the fixed remuneration of the latter, as well as on the proposal regarding the granting of the variable portion. Additionally, with regard to the annual self-assessment by the Board of Directors on size, composition and operation of the Board and its committees, a questionnaire was sent to all the Directors. The Committee took note of the results of the analysis of the questionnaires and resolved to submit a summary to the Board, in an anonymous and aggregate way, of the answers to the questionnaire received by the Directors with their comments, reporting on the recommendation emerging from the same, i.e. that the Chairmen of the various Committees write a report to the Board of Directors on activities carried out during periods of time that elapse between Board meetings, as envisaged by the Corporate Governance Code for Listed Companies.

The Committee then fully approved and acknowledged the report of the Head of Internal Audit on the activity performed in the second semester of 2015 and the 2016 audit plan, together with the positive assessment of the efficiency and adequacy of the control and risk system, properly managed and monitored, and resolved to submit the documentation to the approval of the subsequent meeting of the Board of Directors as the Committee's proposal.

The Committee also confirmed the proper application of the accounting standards and, with regard to the Group, their uniformity for the purposes of preparing the consolidated financial statements.

At its meetings on 28 April, 25 May and 27 June 2016, the Committee analyzed and worked on proposals to the Board regarding contributory and social security issues involving certain employees of the Group.

At its meeting on 25 July 2016, the Committee therefore resolved to approve the report of the Head of Internal Audit (and its annexes) on activities carried out in the first semester of 2016, to be submitted to and approved by the Board of Directors, together with its conclusions and the assessment of the adequacy of the internal control system, in order to identify, monitor and manage business risks, as well as the activities planned for the second semester of 2016.

At its meeting on 23 September 2016 (held jointly with that of the Compensation and Nominations Committee), the Committee reviewed the findings of part of the analysis carried out in order to examine the mapping and, more generally, the information and possible policies to adopt on the key people of the Dada Group.

Internal control and risk management system

The Corporate Governance Code sets out the internal control and risk management system formed of a set of rules, procedures and organizational structures aimed at identifying, measuring, managing and monitoring main risks.

This system is integrated in the more general organizational and corporate governance structures adopted by the Company, and takes due consideration of the reference models and best practices implemented on a national and international level.

The internal control and risk management system of the Company involves the following bodies, with a description of how this system is integrated in the organizational structure of the Dada Group.

The Board of Directors, with particular regard to the control and risk management system, with the opinion of the Control and Risk Committee:

a) sets, specifically at the meeting approving this Report, and on the approval of the audit plan for the current year, the guidelines of the internal control and risk management system, so that the main risks affecting the Issuer and its subsidiaries are properly identified and appropriately measured, managed and monitored, determining the degree of compatibility of such risks with corporate management policies that are aligned to the established strategic targets;

b) evaluates, at least on an annual basis, the adequacy of the internal control and risk management system taking into account the characteristics of the company and its risk profile, as well as its effectiveness;

c) approves, at least on an annual basis, the plan drafted by the person in charge of internal audit, with the opinion of the Board of Statutory Auditors and the director in charge of the control and risk management system;

d) describes, in the Corporate Governance Report, the main features of the internal control and risk management system, expressing an evaluation on its adequacy;

e) upon the opinion of the Board of Statutory Auditors, assesses the findings reported by the external auditor in the suggestions letter, if any, and in the report on the main issues resulting from the auditing.

The Board of Directors, upon proposal of the director in charge of the internal control and risk management system, subject to the favourable opinion of the Control and Risk Committee, and after hearing the Board of Statutory Auditors:

- appoints and revokes the person in charge of internal audit;

- ensures that such a person is provided with the adequate resources for the fulfilment of his/her responsibilities;

- defines the relevant remuneration consistently with company policies.

In compliance with the requirements of the Corporate Governance Code, the Board of Directors, assisted by the above mentioned Committee, has set out the guidelines of the internal control and risk management system and has made periodical assessments of the adequacy and operation of the system, also on the occasion of the review and approval of the half-year reports submitted by the Committee on activities performed.

The annual assessment on the adequacy, effectiveness and operation of the internal control system, and on adequacy of the organizational, administrative and accounting structure of the Company and its strategic subsidiaries, which is performed every six months, was renewed with a positive outcome in the meeting approving this Report, also with regard to the presentation by the Committee of the report on activities performed in the second semester of 2016, based on the observations and results of the activities performed by the Committee.

With regard to Art. 36 and Art. 39 of Consob Regulation 16191/2007 as amended (the "Market Regulations") concerning non-EU subsidiaries, the Company has preliminarily identified its subsidiaries incorporated and governed by law of nations outside the European Union ("Non-EU Companies"), which are considered to fall under the scope of the provisions of these articles, and excluded the existence of any such companies.

Directors in charge of the internal control and risk management system

Furthermore, during the meeting held on 22 February 2013, after hearing the Control and Risk Committee, in order to increase the effectiveness of the contribution of the director in charge of the formation and maintenance of an effective internal control and risk management system, reflecting the Company's current structure of powers, the Board deemed it appropriate, acknowledging an indication contained in the comments to the Corporate Governance Code, to appoint as directors in charge of the formation and maintenance of an effective internal control and risk management system both Claudio Corbetta and Lorenzo Lepri, each with specific regard to the risk areas related to their delegated powers mentioned earlier. More specifically, Lorenzo Lepri was the director in charge of the management of risks in the areas of a) market and investors relations; b) control, administration, finance and tax; d) procurement, resources, logistics and offices; e) legal affairs and disputes; i) mergers & acquisitions; strategic planning, while Claudio Corbetta was the director in charge of the management of risks in the areas of c) HR; f) sales and marketing; g) production, network and software; h) community, contracts and contacts with the public.

On 13 May 2015, their positions were confirmed in the same terms as described above.

It should be noted that for their own area of responsibility, each saw to identifying the main corporate risks, taking into account the characteristics of the activities performed by the Company and its subsidiaries, and had the risks periodically assessed by the Board. Both also implemented the guidelines set by the Board, seeing to the management and verification of the internal control system. Furthermore, they worked on adapting the system to the dynamics of the operating environment and to the legislative and regulatory framework. They are also empowered to ask Internal Audit to make assessments on specific operating areas and on compliance with internal rules and procedures in the performance of business operations.

They reported in a timely fashion to the Control and Risk Committee on the critical issues found in the performance of their duties or on those they were acquainted with, so that the Committee could take the appropriate measures.

Head of Internal Audit

In 2016, the Head of Internal Audit was Carlo Ravazzin. His position was confirmed at the meeting of the Control and Risk Committee held on 14 March 2016.

At the meeting held on 14 May 2016, the Board, once again based on the recommendation of the directors in charge of the formation and maintenance of an effective internal control and risk management system, on the favourable opinion of the Control and Risk Committee and after consulting the Board of Statutory Auditors, appointed Carlo Ravazzin as the Head of Internal Audit and determined his remuneration, which is split up into a fixed and variable portion, in accordance with company policies.

The Head of Internal Audit has no operative responsibilities and reports directly to the Board of Directors.

Internal Audit, in its entirety, is managed by an individual external to the Company (Mr. Ravazzin), who possesses the appropriate qualifications, namely, a high level of expertise, independence and organization.

The Head of Internal Audit: a) assessed, both on a continuous basis and in relation to specific needs and in conformity with international standards, the operation and appropriateness of the internal control and risk management system, through an audit plan approved by the Control and Risk Committee and by the Board of Directors, based on a structured process of analysis and prioritizing the main risks; b) had direct access to all the information deemed useful for carrying out his duties; c) prepared periodical reports containing adequate information on the activities performed, on the risk management process, on compliance with the plans set out for their mitigation, as well as an assessment on the adequacy of the internal control and risk management system, and sent them to the chairmen of the board of statutory auditors, the control and risk committee, to the Board of Directors and to the person in charge of the internal control and risk management system.

Details of the activities performed by the Head of Internal Audit are also found in the section on the Control and Risk Committee.

Organizational Model pursuant to Legislative Decree 231/2001

The Company and its strategic Italian subsidiaries have adopted an organizational, management and control model, pursuant to Legislative Decree 231/2001 (Regulations on the administrative liability of legal persons), published on the Company website, to which reference is made, http://www.dada.eu/governance/modello-231/.

External Auditors

At the AGM on 24 April 2012, the Board of Directors submitted the proposal received, according to law, from the Board of Statutory Auditors of the Company, on assigning external auditing tasks for the nine years from 2012 to 2020 to KPMG S.p.A., in light of the results of the comparative analysis of the offers received from three major audit firms, and considering, in particular, KPMG's specific skills and auditing experience in the field and in similar companies, and the requested fees also with regard to the necessary levels of expertise. In light of the above, the AGM resolved to assign the statutory audit tasks for the Dada financial statements and the consolidated financial statements, pursuant to Art. 14, par. 1 of Legislative Decree 39/2010, to KPMG for a period of nine years, from the financial statements ended at 31 December 2012 to those ending at 31 December 2020.

Manager responsible for preparing the Company's Financial Reports

Under Art. 24 of the By-laws, the Board of Directors appoints, with the prior obligatory approval of the Board of Statutory Auditors, the Financial Reporting Officer, pursuant to and in accordance with Art. 154-bis of Legislative Decree 58/98. The person appointed must have adequate accounting and financial expertise gained in senior management positions in reporting/accounting and/or finance and/or control functions within the Company and/or other public limited companies. The Board of Directors can establish the term of the appointment and may, again with the prior obligatory but non-binding opinion of the Board of Statutory Auditors, revoke the Financial Reporting Officer's appointment and nominate a replacement.

The Board of Directors, taking account of his expertise and experience, appointed as manager responsible for preparing the Company's financial reports, pursuant to and in accordance with Art. 154 bis of Legislative Decree 58/98, Federico Bronzi, Administrative Director of Dada S.p.A. since 2000. Mr. Bronzi meets all the requirements under the By-laws for such position, in that he has adequate expertise in the field of accounting and finance, gained in senior management positions in reporting/accounting and/or finance and/or control functions within the Company and/or other joint stock companies.

Supervisory and Control Body

The Head of Internal Audit and the Control and Risk Committee work with the Group's Supervisory and Control Body (abbreviation, OVC), set up under Legislative Decree 231/2001, also for the purposes of the application and verification of the procedures under Legislative Decree 231/2001, in order to adopt the most appropriate methods of prevention and control. In 2016, the OVC undertook on-going assessment and consequent updating of the organizational model.

. On 13 May 2015, the Board of Directors, following renewal of the Board of Directors by the AGM held on 28 April 2015, resolved to appoint the members of the OVC in the persons of Carolina Gianardi (Chairman and independent director of the Company), Maria Stefania Sala (Standing Auditor) and Carlo Ravazzin (Head of Internal Audit).

In 2016, the OVC focused on the on-going assessment of the 231/2001 model, on the verification of occupational safety activities, on the audit of the procedures provided for in model 231/2001, on the verification of the adequacy of existing protocols vis-à-vis the organizational changes that have taken place, and on analysis to verify Group database security against possible hacking attacks.

Coordination between the subjects involved in the internal control and risk management system

The main subjects involved in the internal control and risk management system are:

a) The Board of Directors, whose role is to provide guidance and regularly assess the system.

b) The Control and Risk Committee, whose role is to provide preliminary support to the Board of Directors in the Board's responsibilities regarding internal control and risk management.

c) The Head of Internal Audit, who reports directly to the Board of Directors and whose mission, in short, is to audit the operation and adequacy of the system.

d) The Manager responsible for preparing the Company's financial reports, appointed by the Board, with legal responsibilities and powers set out in the relevant internal regulations.

e) The Board of Statutory Auditors, which sits at the top of the oversight system.

f) The external auditors and the OVC with regard to the activities referred to in the specific paragraph.

It should be noted that the composition of a number of these bodies (the Board of Directors, Control and Risk Committee, OVC and the Board of Statutory Auditors share many members) and the many opportunities to meet and exchange views during the year produced fruitful results in terms of coordination as reflected in the Code.

11. Principal characteristics of risk management and internal control systems over the financial reporting process

11.1 Introduction

The Dada Group has adopted a system of procedures and processes such as to guarantee the reliability, accuracy, integrity and timeliness of its financial information as well as to allow correct operation of the internal control system in order to monitor and mitigate the risks relating to the financial reporting process to which the business is exposed. This system of processes and procedures has been drawn up and implemented by top management in compliance with the model established by the CO.SO Framework (Entity Level Assessment). The CO.SO Framework defines the internal control system as “that system of mechanisms, procedures and instruments designed to provide reasonable assurance regarding the achievement of business objectives”.

The definition and structuring of processes within the Dada Group has also taken account of its internal organization and developments within the regulatory environment. As far as definition activities are concerned, the focus has been on the ability to assess financial risk and to apply control risk self-assessment through: integrity and the code of conduct, importance of expertise, philosophy and operating style, grant of powers and responsibilities, as well as policies, processes and procedures implemented by Human Resources.

Accordingly, there are activities for ensuring that operating processes and procedures are constantly updated, and that there are suitable controls over the financial reporting process. Such activities are also designed to check that all components of the CO.SO Framework are correctly and constantly applied.

These components are as follows: control environment, risk assessment, control activities, information and communication, and monitoring.

Monitoring is also periodically carried out through internal communications, staff meetings, written expert opinions and a process which involves testing controls, agreeing remediation and action plans, and following up identified exceptions.

11.2 Principal characteristics

The system of accounting and administrative procedures implemented to assure the effectiveness of internal controls over financial reporting refers to and is applied by the parent Dada S.p.A. and all its direct and indirect subsidiaries.

The two important procedures in this regard are that of "closing and reporting" and of "consolidation", which clearly define: the accounting standards adopted (as updated for amendments), the Group's chart of accounts, the structure of the consolidated reporting packages, the identification and management of intragroup transactions and the consolidation process.

The parent company has provided the above documentation to all its subsidiaries and also checks that it is correctly and effectively applied.

For internal controls over financial reporting to operate effectively, companies must establish a process for identifying and managing financial risks. The Dada Group has once again referred to the CO.SO. Framework in this regard and has particularly identified the more important areas where risks of error (including fraud) may occur in the various types of financial reporting documents, in particular the annual, half-yearly and quarterly financial reports.

This process involves a number of stages:

a) Identification of financial reporting error risks, as well as the sources from which they might originate, with a particular focus on the more important processes and accounts for financial communication purposes;

b) Structuring of controls over business processes to prevent and manage the error risks identified above;

c) Performance of control and monitoring activities defined in the previous point. Tests on controls are carried out annually and relate to all the business and Group structures involved in these processes. When the above tests identify procedural deficiencies or potential areas for improvement, remediation plans are drawn up, followed by extension and repetition of the tests.

12. Directors' interests and related party transactions

Regarding this issue, the "Procedures for completing and executing significant transactions, related party transactions or in which a director has an interest" approved by the Board on 12 February 2007, already required that transactions by the Company, directly or through a subsidiary, with related parties or in which a director has a conflict of interest, should be conducted in compliance with the principles of transparency and substantive and procedural fairness, with reference to applicable legal provisions and particularly those of Art. 2391 and Art. 2391-bis of the Italian Civil Code, and related measures for implementation. In particular, the section of these procedures concerning related party transactions contained qualitative and quantitative criteria for identifying significant transactions, and required the Board to be fully informed about the terms and conditions of the transaction and about the related evaluation process; these procedures also called for independent experts or the Internal Control Committee to provide the Board with support in evaluating significant transactions. The procedures also require that, if a director has, on his/her own account or on account of third parties, a direct, or even potential or indirect interest in a specific transaction or matter presented for examination and approval by the Board of Directors, this director must promptly and fully inform the Board of Directors, as well as the Board of Statutory Auditors, as to the nature, terms, origin, and extent of this interest; this director must also leave the meeting during the related discussion, unless the Board decides otherwise in the particular circumstances and also in view of any to reach the required quorum.

As already described, Consob has adopted in Resolution no. 17221 dated 12 March 2010, as later amended by Resolution no. 17389 dated 23 June 2010, a set of "Regulations governing related party transactions" for issuers of listed shares (directly or through their subsidiaries), in order to reflect the new rules aimed at ensuring the transparency and substantive and procedural fairness of such transactions; accordingly, on 8 November 2010 the Company's Board of Directors approved a new procedure for related party transactions, which partially amended and repealed the previous procedures for concluding and executing significant transactions, related party transactions or in which a director has an interest, which still apply but only where significant transactions or transactions in which a director has an interest are concerned. This procedure is published on the Company's website, to which reference should be made for fuller details; in compliance with the Consob Regulations, the procedure classifies related party transactions in two main categories: "material transactions" and "less material transactions"; both types require the involvement of a committee comprised solely of unrelated independent directors, namely the three independent directors who already serve on the Company's Internal Control Committee. The procedure also contains replacement mechanisms if one or more of the directors on this committee should fail to qualify as unrelated with regard to any individual transaction.

The rules applying to material transactions demand a more rigorous procedure than those applying to less material transactions (for example, the committee of independent directors is involved in negotiations and its opinion is binding; the Board of Directors has sole responsibility for their approval and the Company must also publish an information memorandum in accordance with the guidelines contained in the Consob Regulations); the procedure applying to less material transactions is simpler (calling for a non-binding opinion by a committee of non-executive, unrelated directors, a majority of whom are independent).

In the event that the committee issues a negative opinion on a material transaction, the procedure contains no provision for a so-called "whitewash" mechanism, whereby the transaction could nonetheless be realized by the Board after receiving approval from a majority of unrelated shareholders in general meeting.

The definition of a related party has largely drawn from the Consob Regulations. As for the definition of transaction materiality, the procedure classifies a material related party transaction as one in which at least one of the materiality thresholds established by the Consob Regulations has a value of 5% or above. However, since Dada is a listed subsidiary of a listed parent, any transactions with its parent or its parent's related parties who are in turn also Dada's related parties, qualify as material when one of the Consob materiality thresholds exceeds 2.5% (rather than 5%).

"Less material transactions" are defined as those transactions other than material ones and other than immaterial ones, defined by the procedure as those worth less than €200,000 and to which the procedure does not apply; the procedures require less material transactions to be reported on a quarterly basis to the Board of Directors, the Board of Statutory Auditors and the Supervisory Board.

The procedure is not applicable to shareholder resolutions relating to compensation of the Board of Directors or to remuneration of directors holding particular offices forming part of overall directors’ compensation determined by the shareholders, or to shareholder resolutions relating to compensation of the Board of Statutory Auditors, excluded by Consob from the scope of its regulations.

Without prejudice to the disclosure requirements of TUF (Testo unico della Finanza), the procedure does not apply to:

- compensation packages based on financial instruments approved by the shareholders pursuant to Art. 114-bis of TUF and related implementation guidelines;
- resolutions, other than those referred to in the preceding point, relating to the remuneration of directors holding particular offices, as well as of key management personnel (as long as: the Company has adopted a compensation policy; the compensation policy has been determined by a committee comprised exclusively of non-executive directors, the majority of whom independent; a report describing the compensation policy has been approved by the shareholders; the remuneration granted is in line with the policy);
- ordinary transactions concluded in accordance with market equivalent or standard conditions;
- transactions with or between subsidiaries, including those under joint control, or with associate companies when the transaction does not correspond to a material interest, as defined in the Procedure, of the Company’s other related parties. For this purpose, a material interest of another related party exists when the party possesses, directly or indirectly, shares and/or financial instruments representing at least 20% of the capital or forms of remuneration linked to the results of the same company or its parent. The fact that the subsidiary or associate has one or more directors or key management personnel in common with the company and the subsidiary or associate does not constitute a significant interest.

Lastly, in the event of similar transactions that are related to one another and with certain categories of related parties, the Procedure allows the Company's Board of Directors to approve them using framework resolutions, effective for no more than one year, which are subject to the same procedural rules as material and less material transactions depending on the estimated maximum cumulative amount of the transactions covered by the framework resolution.

Statutory Auditors

The Corporate Governance Code recommends that statutory auditors act on an autonomous, independent basis, including in respect of the shareholders who elected them, and that the Issuer draw up measures to ensure the effective performance of the duties of the Board of Statutory Auditors.

<u>Appointment</u>

Art. 25 of the By-laws of Dada S.p.A. establishes that the Board of Statutory Auditors shall be appointed in ordinary general meeting and comprise three standing members, one of whom is the Chairman, and two alternate members; the members so appointed shall remain in office for three years and may be re-elected. The statutory auditors must satisfy the requirements established by law and relevant regulatory provisions, including with regard to the holding of multiple appointments. Anyone to whom disqualification or forfeiture, as defined in law, applies cannot be elected as a statutory auditor, and if elected, shall immediately lose office.

The By-laws also provide, in compliance with current statutory and regulatory provisions, that at least one statutory auditor is elected from the minority list, and that the Chairman of the Board of Statutory Auditors is appointed by the General Meeting from those statutory auditors elected on the minority list; the By-laws also place a limit on the number of other appointments a statutory auditor may hold as a statutory auditor or director.

The By-laws state that the lists must be filed at least 25 days before the General Meeting in first call and that lists can be presented only by shareholders who, alone or together with other shareholders, own at least 2.5% of the share capital with voting rights at ordinary general meetings on the date of presenting the list, or such lower percentage established by law or regulations.

The lists for the appointment of the Board of Statutory Auditors may also be filed via fax or via e- mail to the Company's certified e-mail address, in accordance with Art. 144-sexies of Consob Regulation 11971 of 14 May 1999. If lists are submitted via fax or via certified e-mail, a copy of the filers' valid identification must also be sent.

The statutory auditors are elected as follows:

a) 2 standing auditors and 1 alternate auditor are taken from the list which obtains the most votes during the General Meeting on the basis of the numerical order in which the candidates appear on the list which receives the most votes;

b) 1 standing auditor, who will also be appointed Chairman, and 1 alternate auditor from the second list which received the most votes during the General Meeting and which is in no way, even indirectly as per the law, connected with the shareholders who presented or voted for the list in letter a) above, on the basis of the numerical order in which the candidates appear on the list.

In order to appoint the statutory auditors referred to in letter b) above, in the event lists obtain the same number of votes, the list presented by shareholders holding the larger interest or, secondarily, the greatest number of shareholders, will prevail.

In the event two or more lists receive the highest and same number of votes, a run-off election will be held.

If only one list is presented, the General Meeting appoints all the candidates on that list to the Board of Statutory Auditors by majority vote of the share capital represented at the meeting.

If no lists are presented, the General Meeting appoints the Board of Statutory Auditors by majority vote of the share capital represented at the meeting.

If only one list is presented, the Chairman of the Board of Statutory Auditors is the first person on this list, while if no lists are presented, the General Meeting will appoint the Chairman.

Any statutory auditor to whom disqualification or forfeiture under the law applies will lose his/her office.

In the event a statutory auditor is substituted, the alternate auditor on the list to which the substituted auditor belonged will be appointed,

with the exception of the Chairman of the Board of Statutory Auditors who will always be selected from the minority list.

With regard to Art. 144-sexies, par. 8, of the Issuer Regulations, it should be noted that the By-laws do not provide for the possibility of drawing alternate auditors from the minority list to replace the minority member, further to the minimum required by Consob rules.

Composition and operation

The current Board of Statutory Auditors (and the Board of Directors) was appointed at the AGM on 28 April 2015. Two lists were filed, with the declarations that the candidates accept their nomination and certify under their own responsibility that there are no grounds for ineligibility and incompatibility, and that the requirements prescribed for the position by current legislation and the corporate By-laws do exist, including the independence requirements recommended by the Corporate Governance Code for Listed Companies.

The first list was submitted by shareholder Libero Acquisition S.à r.l., holder of 11,581,325 shares, or 69.43% of the share capital with the following candidates: Standing Auditors Maria Stefania Sala, Massimo Foschi, and Andrea Pirola, and Alternate Auditors: Elisabetta Claudia De Lorenzi and Aldo Bisioli.

A second list was jointly submitted by members Simona Cima, Alessandra Massaini and Jacopo Marello, who together hold a total of 454,650 shares, or 2.725% of the share capital; they also filed a declaration certifying the absence of any connection, even indirect, in accordance with current regulations, with the shareholders who submitted the previous list. This list contains the following nominations: Massimo Scarpelli as Standing Auditor and Manfredi Bufalini as Alternate Auditor.

The shareholders who voted for the list submitted by shareholder Libero Acquisition s.à.r.l. held 11,581,329 shares, or 88.560% of the share capital at the meeting, while the shareholders who voted against the first list voted for the list submitted by shareholders Simona Cima, Alessandra Massaini and Jacopo Marello, with 1,494,650 votes for, equal to 11.429% of the share capital at the meeting.

Accordingly, the AGM appointed the Board of Statutory Auditors for financial years 2015, 2016 and 2017 in the persons of: Massimo Scarpelli (Chairman); Maria Stefania Sala (Standing Auditor); Massimo Foschi (Standing Auditor) and Elisabetta Claudia De Lorenzi and Manfredi Bufalini (Alternate Auditors).

Professional background of the Standing Auditors:

Massimo Scarpelli: a graduate in economics with honours in 1984 from the University of Florence, and a Master in Tax Law in 1986 from the Bocconi University of Milan. Registered in the Public Accountants Roll of Florence, Auditor, registered in the Court-Appointed Experts Roll at the Court of Florence, Conciliator qualified in legal mediation, he is a public accountant for Studio Scarpelli e Pezzati and sole director of NET-CO S.r.l., specialized in integrated management consulting services.

Maria Stefania Sala: a graduate in business administration in 1992 from the Bocconi University of Milan, and a Master in Business Tax Law at Bocconi, where she successfully passed the state examination to qualify as Public Accountant in 1993. She started her career at Studio Legale Trifirò & Partners working until 1998, and in 1999 registered in the Auditors Roll. Since then, she has provided tax and corporate advisory and has served as an auditor in commercial and service companies.

Massimo Foschi: a graduate in business administration with honours in 1993 from the Bocconi University of Milan. Registered in the Public Accountants and Accounting Experts Roll of Milan since 1994, and in the Auditors Roll since 1999. Since 1995, he has worked at Studio Legale e Tributario Biscozzi Nobili, becoming a partner in 2001.

During the year, the Board of Statutory Auditors met 5 times and the meetings lasted an average of about 1 hour, with the active attendance of its members, as shown in the attached table. It should be noted that at the date of approval of this Report, the Board of Statutory Auditors held 6 meetings: 5 in 2016, and 1 in the current year.

The Board of Statutory Auditors, following its appointment, oversaw the independence of its members at the meeting on 11 March 2016 and verified that these requirements were still being met at the meeting on 15 March 2017, then informed the Board of Directors of the positive outcome of its assessments, which are disclosed by the Board of Directors to the market through this Report. In conducting this assessment, it applied all the criteria provided for in the Code on the independence of directors.

The Board of Statutory Auditors, in the performance of its duties, coordinated with the Control and Risk Committee, with Internal Audit, with the OVC, and with the external auditors. The Board of Statutory Auditors oversaw the independence of the external auditors, verifying that the law was being complied with regard to both the nature and the scope of any services, other than financial audit, provided to the Company by the same audit firm and entities belonging to its network.

TABLE 3: Board of Statutory Auditors

Board of Statutory Auditors									
Position	**Members**	**Year of birth**	**Date of first appointment ***	**From**	**Until**	**List****	**Independence as per Code**	**Participation in the meetings of the Board of Statutory Auditors *****	**Number of other positions *****
Chairman	Massimo Scarpelli	1960	28/04/2015	28/04/2015	Approval of 2017 financial statements	M	X	5/5	
Standing Auditor	Maria Stefania Sala	1967	11/04/2013	28/04/2015	Approval of 2017 financial statements	M	X	4/5	-
Standing Auditor	Massimo Foschi	1969	28/04/2015	28/04/2015	Approval of 2017 financial statements	M	X	4/5	2
Alternate Auditor	Elisabetta Claudia De Lorenzi	1979	28/04/2015	28/04/2015	Approval of 2017 financial statements	M	X	n/a	-
Alternate Auditor	Manfredi Bufalini	1966	28/04/2015	28/04/2015	Approval of 2017 financial statements	M	X	n/a	-
Statutory Auditors whose term of office expired in the reporting period									
Indicate quorum required for the submission of lists at previous appointment: quorum as per law									
No. of meetings held in the reporting period: 5									

NOTES

* Date of first appointment of each statutory auditor means the date on which each statutory auditor was appointed for the first time (ever) in the Board of Statutory Auditors of the Issuer.

** This column indicates M/m depending on whether the statutory auditor was elected by the majority (M) or minority (m) list.

*** This column indicates the participation percentage of statutory auditors to the BoA meetings (n. of times present/n. of meetings held during their term, for instance 6/8, 8/8, etc.).

**** This column indicates the number of positions as director or statutory auditor held by the person concerned, under Art. 148-bis of the TUF and the relevant implementing provisions of Consob's Issuer Regulations. The complete list of appointments is published by Consob on its website pursuant to art. 144-*quinquiesdecies* of the Issuer Regulations of Consob.

13. Relations with shareholders

The Board of Directors endeavours to ensure that relevant information about the Company as far as the shareholders are concerned is provided on a timely basis and is easy to access, so as to allow shareholders to exercise their rights in an informed manner.

For this purpose, the Company has created a separate, easily identifiable and accessible section on its website (www.dada.eu) in which, in accordance with the provisions of law and internal procedures for managing and communicating company information, important information concerning the Company is made available to shareholders, enabling them to exercise their rights in an informed fashion. for this purpose, shareholders are also acquainted with the procedures to participate in general meetings and exercise voting rights, and with documentation relating to items on the agenda, including candidate lists for the office of director or statutory auditor.

The Board has also identified an Investor Relations Function in the person of Chiara Locati, who manages relations with Shareholders.

14. General Meetings

Art. 9 of the Corporate Governance Code underlines the central role that general meetings must have in the life of a company, as a fundamental forum for corporate debate and relations between the shareholders and the Board of Directors.

With regard to the operating procedures of the AGM and its powers, reference should be made to the Company By-laws available in their current version on the Dada website (http://www.dada.eu/governance/statuto/). In order to facilitate shareholder participation at general meetings, the Board of Directors calls such meetings in locations easily reached both from the Company's headquarters and from the main station; in addition, general meetings are called for the early afternoon in order to facilitate participation by shareholders from outside the city.

General meetings are governed by a set of regulations approved by the shareholders for the first time in 2001, with the aim of ensuring an orderly and effective conduct of such meetings. The regulations, which are available at the Company's registered office and on the Company's corporate website www.dada.eu in the "Corporate Governance/Corporate Documents" section, govern the organization of general meetings, the right of shareholders to attend, powers of the Chairman to direct meetings and other issues relating to conduct of meetings.

The Company encourages and facilitates the widest possible shareholder participation at general meetings, and provides shareholders with information about the company, in compliance with rules governing price-sensitive information, that allows them to express their vote in general meetings.

Participation in general meetings is governed by current statutory and regulatory provisions in this area. In order to participate in general meetings, shareholders must file a specific communication at the Company's registered office, in accordance with the procedures established in the meeting's notice, that is issued by the intermediary appointed to hold the shareholder's shares. Without prejudice to the provisions concerning voting proxies in Legislative Decree 58/1998, shareholders eligible to participate in general meetings can be represented through a written proxy.

In accordance with the general meeting regulations, those persons who, by law or under the By-laws, are eligible to attend general meetings, must be identified at the entrance to the meeting by presenting a suitable identity document or other form of recognition and must present their admission ticket, in compliance with the procedures set out in the meeting's notice.

Company or group company employees may attend, as well as other persons whose presence the Chairman considers useful in relation to the matters to be discussed or the conduct of the meeting.

When presenting matters on the agenda or responding to questions, the Chairman may be assisted by some of the directors or statutory auditors or by other persons eligible to attend the meeting. The Chairman may change the order of discussion of the agenda relative to that in the meeting's notice and may decide to discuss items not on the agenda, unless requested otherwise by the shareholders.

The Chairman establishes the order of items on the agenda, directs and regulates the debate, giving the floor to shareholders who so request in accordance with the By-laws, to directors or statutory auditors or other persons eligible to attend the General Meeting.

Accordingly, the Chairman establishes how to request the floor and the order in which speakers can speak, ensuring that they have the opportunity to make a brief reply.

The Chairman ensures that the debate is conducted correctly and adopts every suitable measure to prevent the meeting from being disturbed.

All shareholders entitled to vote are eligible to speak on the matters being discussed in order to request clarifications and express their opinions. Shareholders who request the floor must speak exclusively on matters on the agenda. Anyone intending to speak must present a written request to the Chairman, indicating which item on the agenda their question addresses; such a request may be made from the time the Chairman has read out the agenda until when the Chairman declares discussion on the particular matter closed.

The Chairman can establish at the opening of debate, also in view of the contents of the agenda, a maximum duration for each intervention and response, which in any case may not exceed 15 minutes or 2 minutes respectively, in order to foster the widest shareholder participation in the discussion.

The Chairman will invite speakers and respondents to conclude if they exceed the maximum allotted time or if they address matters that are not pertinent to the agenda; the Chairman will cut short any shareholder who fails to respond to this request.

The Chairman can also request shareholders to leave the meeting for the duration of the debate, if, despite being called to order, they do not permit the General Meeting to be conducted in an orderly fashion.

If considered appropriate, the Chairman may justifiably adjourn the meeting for a brief period. Once all interventions, replies, and any responses to the replies are completed, the Chairman declares the discussion closed.

Voting at general meetings is conducted by open ballot. Before commencing the vote, the Chairman establishes the procedure for expressing, recording and counting the votes and can fix a time limit within which votes must be placed. At the end of voting, the votes are counted and the Chairman, including with the assistance of a secretary or notary, declares the results.

The provisions of the Italian Civil Code, specific laws and the Company's By-laws apply to all matters not covered by the General Meeting Regulations; in particular, under the By-laws, the Chairman shall adopt the most appropriate solutions for conducting the meeting properly.

In 2016, only one general meeting was held, attended by Directors Claudio Corbetta, Lorenzo Lepri, Carolina Gianardi and Barbara Adami Lami, and by the entire Board of Statutory Auditors, in the persons of Massimo Scarpelli (Chairman), Maria Stefania Sala (Standing Auditor) and Massimo Foschi (Standing Auditor).

It should be noted that in 2016, the Company learned of the following changes in its ownership: on 27 January 2016, Aruba S.p.A. announced it held 839,178 shares, or 5.03% of the share capital of the Company. After 31 December 2016 and until the approval of this Report, no further notices on ownership were received.

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The By-laws contain no specific provisions regarding the legal percentages currently regulating the use of shares nor with regard to the protection of minority shareholders. The By-laws contain no provisions based on which shareholders need to authorize specific actions taken by the directors.

In 2016, the Board, also by approving this report, decided that there was no need to propose to the General Meeting amendments to the By-laws relating to the percentages established to exercise shares and to the measures designed to protect minorities.

ANNEXES

DADA GROUP NET WORKING CAPITAL AND NET FINANCIAL POSITION AT 31 DECEMBER 2016

EUR/000	31-Dec.-16	31-Dec.-15	DIFFERENCE	
			Absolute	%
Fixed assets	**95,623**	**99,745**	**-4,122**	**-4%**
Current operating assets	14,969	13,652	1,317	10%
Current operating liabilities	-27,139	-25,113	-2,027	8%
Net working capital	**-12,170**	**-11,461**	**-709**	**6%**
Provision for termination indemnities	-789	-667	-122	18%
Provision for risks and charges	-229	-392	163	-42%
Other payables due beyond one year	0	0	0	
Net capital employed	**82,435**	**87,225**	**-4,790**	**-5%**
Non-current financial receivables	150		150	
Medium/long-term financial payables and long-term derivatives	-28,623	-20,382	-8,241	40%
Equity	**-52,910**	**-59,335**	**6,425**	**-11%**
Current bank debt	-5,801	-11,038	5,237	-47%
Current financial receivables and derivatives	151	1,500	-1,350	-90%
Current financial payables and derivatives	-219	-177	-42	24%
Cash and cash equivalents	4,817	2,206	2,611	118%
Current net financial position	**-1,052**	**-7,508**	**6,456**	**86%**
Total net financial position	**-29,525**	**-27,890**	**-1,635**	**-6%**

RECLASSIFIED CONSOLIDATED PROFIT/LOSS STATEMENT AT 31 DECEMBER 2016

EUR/000	31-Dec.-16 12 months		31-Dec.-15 12 months		DIFFERENCE	
	Amount	% of	Amount	% of	Absolute	%
Net revenue	**63,703**	**100%**	**62,167**	**100%**	**1,536**	**2%**
Chg. in inventories, finished and semi-finished products, work in progress & inc. in own wk. capitalized	2,233	4%	2,269	4%	-36	-2%
Service costs and other operating expenses	-35,423	-56%	-35,732	-57%	309	-1%
Payroll costs	-19,849	-31%	-18,238	-29%	-1,612	9%
EBITDA	**10,663**	**17%**	**10,466**	**17%**	**197**	**2%**
Depreciation and amortization	-6,338	-10%	-6,866	-11%	528	-8%
Non-recurring income/(charges)	-169	0%	-203	0%	34	-17%
Impairment losses and other provisions	-173	0%	-235	0%	63	-27%
EBIT	**3,984**	**6%**	**3,162**	**5%**	**822**	**26%**
Financial income	322	1%	538	1%	-217	-40%
Financial charges	-3,138	-5%	-3,022	-5%	-117	4%
Other income/(charges) from financial assets and liabilities	-1	0%	2,184	4%	-2,185	-100%
Share of profit/loss of companies valued at equity	0		13			0%
Comprehensive profit/(loss) before taxes	**1,167**	**2%**	**2,876**	**5%**	**-1,709**	**-59%**
Income taxes	-989	-2%	-1,196	-2%	207	-17%
Comprehensive profit/(loss) from continuing operations	**178**	**0%**	**1,680**	**3%**	**-1,502**	**-89%**
Profit/(loss) from discontinuing and discontinued operations	0	0%	-346	-1%	346	-100%
Group net profit/(loss)	**178**	**0%**	**1,333**	**2%**	**-1,156**	**-87%**

RECLASSIFIED CONSOLIDATED PROFIT/LOSS STATEMENT AT 31 DECEMBER 2016

EUR/000	4Q16		4Q15		DIFFERENCE	
	Amount	% of	Amount	% of	Absolute	%
Net revenue	**15,987**	**100%**	**15,507**	**100%**	**480**	**3%**
Chg. in inventories & inc. in own wk. capitalized	573	4%	580	4%	-7	-1%
Service costs and other operating expenses	-8,848	-55%	-9,249	-60%	401	-4%
Payroll costs	-5,226	-33%	-4,830	-31%	-395	8%
EBITDA	**2,487**	**16%**	**2,008**	**13%**	**479**	**24%**
Depreciation and amortization	-1,659	-10%	-1,795	-12%	136	-8%
Non-recurring income/(charges)	-20	0%	-58	0%	38	-66%
Impairment losses and other provisions	-38	0%	-30	0%	-8	28%
EBIT	**769**	**5%**	**125**	**1%**	**644**	**514%**
Financial income	102	1%	-88	-1%	189	-216%
Financial charges	-615	-4%	-512	-3%	-103	20%
Share of profit/loss of companies valued at equity	0	0%	10	0%	-10	-100%
Comprehensive profit/(loss) before taxes	**256**	**2%**	**-465**	**-3%**	**721**	**155%**
Income taxes	-269	-2%	-480	-3%	210	-44%
Comprehensive profit/(loss) from continuing operations	**-13**	**0%**	**-944**	**-6%**	**931**	**99%**
Profit/(loss) from discontinuing and discontinued operations	0	0%	-1	0%	1	-100%
Group net profit/(loss)	**-13**	**0%**	**-945**	**-6%**	**932**	**99%**

STATEMENTS AND EXPLANATORY NOTES TO THE DADA GROUP ANNUAL FINANCIAL REPORT AT 31 DECEMBER 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. 04628270482
REA 467460 - Tax ID/VAT no. 04628270482

DADA GROUP

CONSOLIDATED FINANCIAL STATEMENTS

DADA GROUP PROFIT/LOSS STATEMENT AT 31 DECEMBER 2016

EUR/000	Notes	31 December 2016	31 December 2015
Net revenue	4	**63,703**	**62,167**
Cost of raw materials and consumables		-	-
Chg. in inventories, work in progress & inc. in own wk. capitalized		2,233	2,269
Service costs and other operating expenses		-35,366	-35,590
Payroll costs	6.2	-19,849	-18,238
Other operating revenue and income		62	26
Other operating expenses	6.3	-323	-396
Provisions and impairment losses	6.4	-137	-211
Depreciation and amortization	6.5	-6,338	-6,866
Impairment of fixed assets	6.5	0	0
EBIT	**4**	**3,984**	**3,162**
Investment income	6.6	322	538
Financial charges	6.6	-3,138	-3,022
Other income/(charges) from financial assets and liabilities	6.9	-1	2,184
Share of profit/loss of companies valued at equity	6.10	0	13
Comprehensive profit/(loss) before taxes	**4**	**1,167**	**2,876**
Income taxes	7	-989	-1,196
Comprehensive profit/(loss) from continuing operations	**3**	**178**	**1,680**
Profit/(loss) from discontinuing and discontinued operations	**8**	-	-346
Non-controlling interests			
Group net profit/(loss)		**178**	**1,333**
Basic earnings/loss per share	9	0.011	0.080
Diluted earnings/loss per share	9	0.010	0.077

DADA GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME AT 31 DECEMBER 2016

EUR/000	31 December 2016	31 December 2015
Net profit/(loss) for the year (A)	**178**	**1,333**
	-6,765	**2,483**
Other comprehensive profit/(loss) to be subsequently reclassified in profit/loss for the year (B):		
Gains/(losses) on exchange rate derivatives (cash flow hedges)	-92	-30
Tax effect on other gains/(losses)	25	8
	-67	-22
Gains/(losses) from the translation of foreign currency financial statements	-6,698	2,505
	-21	**7**
Other comprehensive profit/loss not to be subsequently reclassified in profit/(loss) for the year		
Gains/(losses) from discounting of termination indemnities	-23	9
Tax effect on other gains/(losses)	2	-3
	-21	7
Total comprehensive income/(loss) (A)+(B)	**-6,608**	**3,823**
Total comprehensive income/(loss) attributable to:		
Shareholders of the parent company	-6,608	3,823
Non-controlling interests	-	-

DADA GROUP BALANCE SHEET AND FINANCIAL POSITION AT 31 DECEMBER 2016

ASSETS	Notes	31 December 2016	31 December 2015
Non-current assets			
Goodwill	09-10	79,411	82,676
Intangible assets	10	5,214	5,799
Property, plant and equipment	11	8,615	8,878
Equity investments in non-consolidated subsidiaries, associates and other companies	12	2,198	2,198
Financial assets and other non-current receivables	13	335	194
Deferred tax assets	13	5,467	5,651
Total non-current assets		**101,241**	**105,395**
Current assets			
Inventories	15	29	11
Trade receivables	16	4,187	3,504
Tax and other receivables	16	5,285	4,486
Current financial receivables	17	150	1,500
Financial assets for derivative instruments		1	-
Cash and cash equivalents	17	4,817	2,206
Total current assets		**14,469**	**11,707**
TOTAL ASSETS		**115,709**	**117,103**

DADA GROUP BALANCE SHEET AND FINANCIAL POSITION AT 31 DECEMBER 2016

EQUITY AND LIABILITIES	Notes	31 December 2016	31 December 2015
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		2,836	2,836
Other equity Instruments		461	269
Share premium reserve		33,098	33,098
Legal reserve		950	950
Other reserves		10,358	17,152
Retained earnings/losses carried forward		5,030	3,696
Net profit/(loss) for the year		178	1,333
Total equity, Group share	**18**	**52,910**	**59,335**
Non-controlling interests		-	-
Total equity		**52,910**	**59,335**
Non-current liabilities			
Financial payables (due beyond one year)	19	28,462	20,332
Provision for risks and charges	20	229	392
Employee benefits	21	789	667
Non-current financial liabilities from derivatives	22	162	51
Other payables due beyond one year	22	-	-
Total non-current liabilities		**29,641**	**21,441**
Current liabilities			
Trade payables	23	6,788	6,758
Other payables	23	18,182	16,334
Taxes payable	23	2,169	2,020
Financial liabilities for derivative instruments	19	69	87
Account overdrafts, loans and other financial payables (due within one year)	19	5,951	11,128
Total current liabilities		**33,158**	**36,327**
TOTAL EQUITY AND LIABILITIES		**115,709**	**117,103**

DADA GROUP CASH FLOW STATEMENT AT 31 DECEMBER 2016

EUR/000	31 DECEMBER 2016	31 DECEMBER 2015
Operating activities		
Net profit/(loss) for the year	**178**	**1,333**
Adjustments for:		
Income from trading	-322	-538
Financial charges	3,138	3,022
Income taxes	989	1,196
Gains/losses	-8	3
Gains from disposal of investments/business units	-	-2,184
Valuation of associates at equity	-	-13
Depreciation	3,388	3,741
Amortization	2,950	3,125
Granting of stock options	192	191
Other provisions and impairment losses	173	235
Increases/(decreases) in provisions	-175	-246
Profit/(loss) from asset disposals/assets held for sale	-	346
Cash flow from operating activities before changes in working capital	**10,503**	**10,212**
(Increase)/decrease in inventories	-17	4
(Increase)/decrease in receivables	-873	710
Increase/(decrease) in payables	1,339	-261
Change in working capital on assets held for sale		
Cash flow from operating activities	**10,953**	**10,665**
Income taxes paid	-616	-533
Interest (paid)/received	-2,553	-2,748
Change in tax and interest paid on assets held for sale		
Net cash flow from operating activities	**7,784**	**7,384**

DADA GROUP CASH FLOW STATEMENT AT 31 DECEMBER 2016

EUR/000	31 DECEMBER 2016	31 DECEMBER 2015
Investing activities		
Sale of subsidiaries and associates	-	4,758
Transfer of business units	-	-82
Financial effect of discontinued operations	-	-206
Acquisition of subsidiaries and associates	-2,000	-705
Financial effect of acquired operations	123	-10
Escrow account Sfera	-300	-
Earn out on disposal of Moqu in the prior year	1,000	-
Earn out from acquisition of Etinet in the prior year	-90	-
Purchase of property, plant and equipment	-3,763	-3,883
Sale of fixed assets	-	12
Other changes in fixed assets	3	-8
Purchase of intangible assets	-154	-163
Product development costs	-2,234	-2,273
Investing activities from assets held for sale		
Net cash flow used in investing activities	**-7,417**	**-2,561**
Financing activities		
Increase in medium/long-term loans	25,348	14,673
Repayment of medium/long-term loans	-18,306	-11,048
Other changes in medium/long-term loans	-62	14
Change in other financial receivables	500	-500
Net cash flow from/(used in) financing activities	**7,480**	**3,138**
Net increase/(decrease) in cash and cash equivalents	**7,848**	**7,961**
Cash and cash equivalents at beginning of period	**-8,831**	**-16,792**
Cash and cash equivalents at end of period	**-984**	**-8,831**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2016

	Attributed to the shareholders of the parent company										
Description	**Share capital**	**Share prem. res.**	**Leg. res.**	**Other reserves**	**Other equity instruments**	**Cash flow hedge reserve**	**Res. Discount. Term. indemn.**	**Translation reserve**	**Retained earnings/(losses carried forward)**	**Net profit/(loss) for the year**	**Tot. 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 year										178	**178**
Other comprehensive income/(loss)						-75	-21	-6,698			**-6,794**
Total comprehensive income/(losses)						**-75**	**-21**	**-6,698**		**178**	**-6,617**
Other equity instruments					192						**192**
Balance at 31 December 2016	**2,836**	**33,098**	**950**	**19,215**	**461**	**-174**	**-92**	**-8,592**	**5,030**	**178**	**52,910**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2015

	Attributed to the shareholders of the parent company										
Description	**Share capital**	**Share prem. res.**	**Leg. res.**	**Other reserves**	**Other equity instruments**	**Cash flow hedge reserve**	**Res. Discount. Term. indemn.**	**Translation reserve**	**Retained earnings/(losses carried forward)**	**Net profit/(loss) for the year**	**Tot. 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 year										1,333	**1,333**
Other comprehensive income/(loss)						-22	7	2,505			**2,490**
Total comprehensive income/(losses)						**-22**	**7**	**2,505**		**1,333**	**3,823**
Share capital increase											**0**
Disposal of Moqu Group				5,171	-11				11		**5,171**
Other equity instruments					191						191
Balance at 31 December 2015	**2,836**	**33,098**	**950**	**19,215**	**269**	**-99**	**-70**	**-1,894**	**3,696**	**1,333**	**59,335**

DADA GROUP PROFIT/LOSS STATEMENT AT 31 DECEMBER 2016 PURSUANT TO CONSOB RESOLUTION 15519 OF 27 JULY 2006

		31 December 2016		31 December 2015	
Net revenue	4		**63,703**		**62,167**
- of which: related parties	20	*2,120*		*1,679*	
Chg. in inventories & inc. in own wk. capitalized			2,233		2,269
Service costs and other operating expenses			-35,366		-35,590
- of which: related parties	20	*-1,137*		*-930*	
Payroll costs	6.2		-19,849		-18,238
- of which: related parties	20			*-988*	
Other operating revenue and income			62		26
- of which non-recurring charges					
- of which: related parties	20				
Other operating expenses	6.3		-323		-396
- of which non-recurring charges	5	*-169*		*-203*	
- of which: related parties	20			*-28*	
Provisions and impairment losses	6.4		-137		-211
- of which non-recurring charges					
Depreciation and amortization	6.5		-6,338		-6,866
EBIT	**4**		**3,984**		**3,162**
Investment income	6.6		322		538
- of which: related parties					
Financial charges	6.6		-3,138		-3,022
- of which: related parties					
Share of profit/(loss) of associates	6.10				13
Other income/(charges) from financial assets and liabilities	6.9		-1		2,184
- of which: non-recurring		*-1*		*2,184*	
Comprehensive profit/(loss) before taxes			**1,167**		**2,876**
Income taxes	7		-989		-1,196
Comprehensive profit/(loss) from continuing operations	**4**		**178**		**1,680**
Profit/(loss) from discontinuing and discontinued operations	8				-346
Group net profit/(loss)			**178**		**1,333**
Basic earnings/loss per share	9		0.011		0.080
Diluted earnings/loss per share	9		0.010		0.077

DADA GROUP BALANCE SHEET AND FINANCIAL POSITION AT 31 DECEMBER 2016 PURSUANT TO CONSOB RESOLUTION 15519 OF 27 JULY 2006

ASSETS				**31 December 2016**	**31 December 2015**
Non-current assets					
Goodwill	09-10			79,411	82,676
Intangible assets	10			5,214	5,799
Property, plant and equipment	11			8,615	8,878
Equity investments in non-consolidated subsidiaries, associates and other companies	12			2,198	2,198
Financial assets and other non-current receivables	13			335	194
Deferred tax assets	13			5,467	5,651
Total non-current assets				**101,241**	**105,395**
Current assets					
Inventories	15			29	11
Trade receivables	16			4,187	3,504
- of which: related parties	20	*455*	*837*		
Tax and other receivables	16			5,285	4,486
Current financial receivables	17			150	1,500
- of which: related parties	20	*0*	*1,000*		
Financial assets for derivative instruments				1	-
Cash and cash equivalents	17			4,817	2,206
Total current assets				**14,469**	**11,707**
TOTAL ASSETS				**115,709**	**117,103**

DADA GROUP BALANCE SHEET AND FINANCIAL POSITION AT 31 DECEMBER 2016 PURSUANT TO CONSOB RESOLUTION 15519 OF 27 JULY 2006

EQUITY AND LIABILITIES		**31 December 2016**		**31 December 2015**	
EQUITY AND LIABILITIES					
Share capital and reserves					
Share capital			2,836		2,836
Other equity instruments			461		269
- of which: related parties		*292*		*121*	
Share premium reserve			33,098		33,098
Legal reserve			950		950
Other reserves			10,358		17,152
Retained earnings/losses carried forward			5,030		3,696
Net profit/(loss) for the year			178		1,333
Total equity, Group share	**18**		**52,910**		**59,335**
Non-controlling interests					
Total equity			**52,910**		**59,335**
Non-current liabilities					
Bank loans (due beyond one year)	19		28,462		20,332
Provision for risks and charges	20		229		392
Employee benefits	21		789		667
Non-current financial liabilities from derivatives	22		162		51
Other payables due beyond one year	22				
Total non-current liabilities			**29,641**		**21,441**
Current liabilities					
Trade payables	23		6,788		6,758
- of which: related parties	20	*90*		*116*	
Other payables	23		18,182		16,334
- of which: related parties	20	*314*		*300*	
Taxes payable	23		2,169		2,020
Financial liabilities for derivative instruments	19		69		87
Bank overdrafts and financial payables (due within one year)	19		5,951		11,128
- of which: related parties					
Total current liabilities			**33,158**		**36,327**
TOTAL EQUITY AND LIABILITIES			**115,709**		**117,103**

ACCOUNTING POLICIES AND 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) managed by the Milan Stock Exchange. Its registered office is indicated on page one of these financial statements.

The Dada Group (www.dada.eu) is an international leader in professional online presence and visibility services.

See the Directors' Report for further information.

2. Going concern

In a persistently uncertain economic and financial environment, the Group reported a positive net profit of €0.2 million in 2016 (versus €1.3 million in the prior year, benefiting from the non-recurring income following the transfer of the ProAdv BU to 4W), an overall negative change in the net financial position of -€1.6 million, due, however, to the acquisition of the 100% equity investment in Sfera for €3.5 million, and a positive change in "cash and cash equivalents" of €8.8 million (due also to the restructuring of certain medium/long-term loans).

The Directors have approved the 2017 Budget. Actions have been identified to focus efforts on the more profitable businesses, as explained in the "Business Outlook" section of the Directors' Report. Based on the Directors' forecasts, such actions will allow the Group to maintain and strengthen economic balance and to gradually reduce financial debt starting from 2017.

Accordingly, the Directors, confident that such goals are reasonably achievable, and heartened by the results posted in the first months of 2017, have prepared the consolidated financial statements for the year ended 31 December 2016 on a going concern basis, without identifying any uncertainties.

3. Preparation criteria

Compliance with IFRS

The consolidated financial statements have 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 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).

The financial statements have been prepared in accordance with the historical cost convention, with the exception of financial assets held for sale and derivatives, which were measured at fair value. They 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.

The consolidated financial statements at and for the year ended 31 December 2016 were approved by the Board of Directors of the Parent Company on 15 March 2017, and therefore authorized for publication as provided for by law. The draft financial statements are submitted for approval to the Annual General Meeting convened on 20 April 2017 in first call.

Reporting formats

The consolidated financial statements are comprised of the Profit/Loss Statement, the Statement of Other Comprehensive Income, the Balance Sheet and Financial Position Statement, the Cash Flow Statement, the Statement of Changes in Equity, and these notes.

As required by applicable regulations, the full-year financial statements have been prepared in consolidated form and have been audited by KPMG S.p.A..

With regard to reporting formats:

- For the Profit/Loss Statement, the Group has opted for the dual format:

* Profit/Loss Statement covering only revenue and costs, classified by type;

* Statement of Other Comprehensive Income including gains and losses recognized directly in equity, net of the tax effects.

- In the balance sheet and financial position statement, current and non-current assets and current and non-current liabilities are shown separately, with two distinct items representing "Discontinued operations/assets held for sale" and "Liabilities relating to discontinued operations/assets held for sale";

- The cash flow statement is prepared using the indirect method; as required by IAS 7 it presents cash flows for the year from operating activities, from investing activities and from financing activities, with a separate indication of total cash flows from discontinued operations/assets held for sale. Total cash and cash equivalents during the period consists of the sum of "cash on hand and banks" and "bank overdrafts and financial payables (due within one year)" in the statement of financial position.

Mention should be made that the disposal of the Performance Advertising segment had required, for the prior year, the application of IFRS 5 “Non-current assets held for sale and discontinued operations". The main effect of applying IFRS 5 is that all of the income statement items relating to the disposed companies have been grouped on the line "Profit/(loss) from discontinued operations". The financial effects of this disposal run from 28 February 2015. By contrast, no effects were felt in 2016.

With reference to Consob Resolution 15519 of 27 July 2006 on reporting formats, special sections have been included to represent significant related party transactions, and the income statement includes separate lines to show any significant non-recurring transactions carried out during the ordinary course of business.

Consolidation procedures

The consolidated financial statements include the financial statements of the parent, Dada S.p.A., and those of its subsidiaries, at and for the year ended 31 December 2016, as approved by each company's Board of Directors. In accordance with the accounting standards followed, a company qualifies as a subsidiary if it is controlled by Dada S.p.A., meaning that Dada S.p.A. has the power to govern its financial and operating policies so as to obtain benefits from its activities.

The results of subsidiaries acquired or sold during the year are included in the consolidated income statement as from the effective date of acquisition or until the effective date of disposal.

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

Non-controlling interests, if any, in the net assets of consolidated subsidiaries are identified separately from Group equity,

and are determined based on the percentage held by non-controlling shareholders of the fair value of the assets and liabilities recognized on the date of the original combination and of changes in equity since that date

Subsequently, profit or loss is attributed to non-controlling interests according to their percent ownership, and losses are attributed to non-controlling interests even if this results in their having a deficit balance.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

If the parent loses control of a subsidiary, it:

- derecognizes the assets (including any goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests in the former subsidiary;
- derecognizes exchange gains and losses relating to the former subsidiary included in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained in the former subsidiary;
- recognizes any resulting difference as a gain or loss;
- reclassifies its share of amounts previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Changes in the scope of consolidation

The scope of consolidation had changed as follows:

- in the prior year, following the disposal of Moqu Adv S.r.l. and Moqu Ireland Ltd to Italiaonline S.p.A. (under IFRS 5), and the acquisition of a 25% minority interest in 4W MarketPlace S.r.l. following the transfer of the ProAdv BU to such 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. The company had contributed for 6 months in 2015 and for the entire year in 2016.

- In the current year, Sfera Networks S.r.l., held 100% by the Group, is fully consolidated as from 1 July 2016; further details on the structure of the transaction are found in the Directors' Report.

Dada Group scope of consolidation at 31 December 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.-Dec. 2016**
Agence des Medias Numerique Sas	Paris	Euro	37,000	Register.it S.p.A.	100	Jan.-Dec. 2016
Amen Nederland B.V.	Amsterdam	Euro	18,000	Register.it S.p.A.	100	Jan.-Dec. 2016
Amenworld Servicios internet	Lisbon	Euro	10,000	Register.it S.p.A.	100	Jan.-Dec. 2016
Clarence S.r.l.	Florence	Euro	21,000	Dada S.p.A.	100	Jan.-Dec. 2016
Fueps S.p.A.	Florence	Euro	10,000	Dada S.p.A.	100	Jan.-Dec. 2016
Namesco Inc.	New York	USD	1,000	Namesco Ltd.	100	Jan.-Dec. 2016
Namesco Ltd.	Worcester	GBP	100	Register.it S.p.A.	100	Jan.-Dec. 2016
Namesco Ireland Ltd	Dublin	Euro	1	Namesco Ltd.	100	Jan.-Dec. 2016
Nominalia Internet S.L.	Barcelona	Euro	3,000	Register.it S.p.A.	100	Jan.-Dec. 2016
Poundhost Internet Ltd	Worcester	GBP	200	Namesco Ltd.	100	Jan.-Dec. 2016
Register.it S.p.A.	Florence	Euro	8,401,460	Dada S.p.A.	100	Jan.-Dec. 2016
Simply Virtual Servers Limited	Worcester	GBP	2	Namesco Ltd.	100	Jan.-Dec. 2016
Simply Transit Limited	Worcester	GBP	2	Namesco Ltd.	100	Jan.-Dec. 2016
4W MarketPlace S.r.l.*	Fisciano (SA)	Euro	22,436	Register.it S.p.A.	25	Jan.-Dec. 2016
Etinet S.r.l.	Savigliano (CN)	Euro	22,000	Register.it S.p.A.	100	Jan.-Dec. 2016
Sfera Networks S.r.l.	Bergamo	Euro	50,000	Register.it S.p.A.	100	July-Dec. 2016

*Consolidated at equity.

Translation of foreign currency items

Transactions and balances

The consolidated financial statements are expressed in euro, which is the functional and presentation currency used by Dada S.p.A.

Each company defines its own functional currency, which is used to express all items in the separate financial statements. Transactions in foreign currency are initially recognized at the exchange rate in force (versus the functional currency) on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate in force at year end.

All exchange differences are recognized in profit or loss, except for those arising from foreign currency loans taken out to finance an investment in an overseas firm, which will be recognized in equity until the investment is sold and then reclassified to profit or loss. Deferred taxes pertaining to exchange differences on these loans are also taken directly to equity. Non-monetary items valued at historical cost in foreign currency are converted at the exchange rate ruling on the transaction date. Non-monetary items recognized at fair value in foreign currency are converted at the exchange rate ruling on the fair value measurement date.

Group companies

The separate financial statements of each Group company are prepared in the currency of the primary business environment in which it operates (functional currency). For purposes of the consolidated financial statements, the financial statements of each foreign entity are expressed in euro, which is the functional currency of the Group and the presentation currency of the consolidated financial statements.

All assets and liabilities of consolidated foreign companies that use a currency other than the euro are translated at the exchange rates in force at the close of the year (current rate method). Income and costs are translated at the average exchange rate for the year. Exchange gains and losses resulting from this method are recognized in equity until the investment is sold. In the consolidated statement of cash flows, average exchange rates have been used to translate the cash flows of foreign subsidiaries.

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.

When a foreign company is disposed of, the cumulative exchange differences recognized in equity that pertain to that particular company are transferred to profit or loss.

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

Currency	Exchange rate on 31.12.2016	Average exchange rate 2016
US Dollar	1.05410	1.10690
British Pound	0.85618	0.81948

Currency	Exchange rate on 31.12.2015	Average exchange rate 2015
US Dollar	1.0887	1.11020
British Pound	0.7340	0.72641

Summary of significant accounting policies

Business combinations and goodwill

Business combinations since 1 January 2009

Business combinations are accounted for using the purchase method.

The cost of an acquisition is the acquisition-date fair value of the consideration paid, plus the amount of any non-controlling interest held. For each business combination, the Group values any non-controlling interest in proportion to its share of the net identifiable assets of the company acquired. Acquisition costs are expensed.

When the Group acquires a business, it classifies the financial assets received and the liabilities assumed in accordance with the terms of the contract and the economic and other conditions in effect on the acquisition date.

If the business combination is achieved in stages, the Group re-measures the fair value of the interest previously held and recognizes any resulting gain or loss in the income statement.

Any contingent consideration is recognized at the acquisition-date fair value. A change in the fair value of contingent consideration classified as an asset or liability is recognized in accordance with IAS 39, in the profit/loss statement or in the statement of other comprehensive income. If the contingent consideration is classified as equity, it need not be re-measured until settlement of the contingency is reflected within equity.

Goodwill is initially measured at cost, i.e. the positive difference between the amount paid and the assets acquired net of liabilities assumed. If the consideration paid is less than the fair value of the net assets acquired, the difference is taken to the income statement.

After its initial recognition, goodwill is valued at cost net of accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the Group's cash generating units expected to benefit from the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of shall be included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill associated with the operation disposed of is measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations before 31 December 2008

Differences with respect to the policies stated above are as follows.

Business combinations that took place before 31 December 2008 were accounted for using the purchase method. Transaction costs directly attributable to the combination were treated as part of the purchase cost.

Business combinations achieved in stages were accounted for upon each separate acquisition. A new acquisition of shares had no effect on the previously recognized goodwill.

Contingent consideration was recognized if and only if the Group had a present obligation, the outlay was likely to be incurred, and the amount could be reliably estimated. Subsequent changes in the consideration affected goodwill.

Equity investments in associates

Investments in associates are valued using the equity method. An associate is a company over which the Group has significant influence that does not qualify as a subsidiary or a joint venture.

Under the equity method, an investment in an associate is recognized at cost plus post-acquisition changes in the Group's share of the associate's net assets. Goodwill pertaining to the associate is included in the carrying amount of the investment and is not amortized. After following the equity method, the Group determines whether it needs to recognize any additional impairment losses with reference to the Group's net investment in the associate. The income statement reflects the Group's share of the associate's profit or loss. If an associate makes adjustments in value and charges them to equity, the Group recognizes its share and represents it, if applicable, in the statement of changes in equity. Profits and losses arising from transactions between the Group and the associate are eliminated in proportion to the interest held.

Should the Group lose its significant influence over the associate, it shall recognize any remaining interest at fair value. Any difference between the carrying amount of the investment on the date significant influence is lost and the fair value of the remaining investment plus the consideration received is recognized in profit or loss.

Joint ventures

The Dada Group did not participate in joint ventures in 2016, 2015, 2014, and 2013.

Non-current assets held for sale

Non-current assets (or disposal groups) classified as held for sale are recognized at the lower of carrying amount and market value net of costs to sell.

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is expected to be recovered by way of sale rather than use in business operations.

This condition is only met when the sale is highly probable, the asset (or group of assets) is available for immediate sale in its current condition, and Management has committed to the sale, which should take place within twelve months of the classification as held for sale

Intangible assets

Intangible assets acquired separately are initially capitalized at cost, while those acquired through business combinations are capitalized at the acquisition-date fair value. Subsequently, intangible assets are carried at cost net of accumulated amortization and any impairment losses. Internally generated intangible assets, excluding development costs, are not capitalized and the expenditure is charged to the income statement the year it is incurred. The useful life of intangible assets is deemed to be finite. Intangible assets with finite useful lives are amortized over their useful life and tested for impairment any time there are indications of a possible loss in value. The period and method of amortization is reviewed at the end of each year, or more frequently if necessary. Changes in the estimated useful life or the manner in which the future economic benefits associated with the asset will be achieved by the Group are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Research and development costs

Research costs are charged to profit and loss as and when incurred. Development costs relating to an individual project are capitalized only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete the asset for use or sale, how the asset will generate future economic benefits, the availability of technical, financial or other resources to complete development, and the ability to reliably measure expenditure during the development process.

During the development phase, the asset undergoes impairment testing once a year. After initial recognition, development expenditure is measured at cost less accumulated amortization and any impairment losses. The asset starts to be amortized once development is completed and the asset is available for use. It is amortized over the estimated period in which the project will generate revenue for the Group. While the asset is not yet in use, it will undergo impairment testing once a year.

Other intangible assets

These are initially recognized at cost and amortized on a straight-line basis over their estimated useful life. Impairment losses may apply as a result of impairment testing (see below).

Gains or losses from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss at the time of the disposal.

Property, plant and equipment

Property, plant, machinery, equipment and other tangible assets are recognized at purchase or production cost, net of accumulated depreciation and any impairment losses. Cost includes related charges and a reasonable allocation of direct and indirect expenses. Repair and maintenance costs are recognized in profit or loss when incurred.

Fixed assets are depreciated on a straight-line basis over their estimated useful life, at the following average annual rates:

Plant and EDP machines: between 20% and 33%, whereas the Datacenter setup fee is amortized over 10 years.

Furniture and fittings: mainly 12%

Other: between 20% and 33%

A tangible asset is derecognized when it is sold or when no future economic benefits are expected from its use or disposal. Any losses or gains are recognized in the income statement the year the disposal takes place. Residual life, useful life and depreciation methods are reviewed each year and are revised if necessary at year-end.

Finance leases

Under finance lease contracts, all risks and benefits arising from ownership of assets are transferred to the Group. They are capitalized under property, plant and equipment from their effective date and at the fair value of the finance lease or, if lower, at the current value of the remaining lease instalments. Finance lease payments are proportionally allocated (based on the prepayment plan) between principal and interest in order to apply a constant interest rate on the remaining balance of the debt.

Capitalized leased assets are depreciated over the shorter period between estimated useful life of the asset itself and the duration of the lease, if there is no reasonable certainty that the Group will hold ownership of the asset at the end of the contract.

Operating lease instalments are recognized as costs in the income statement on a straight-line basis over the duration of the contract.

Financial charges

Financial charges directly attributable to the purchase, construction or production of an asset that takes a substantial amount of time to get ready for use must be capitalized as part of the asset's cost. All other financial charges are recognized as costs the year they are incurred. Financial charges are interest and other costs incurred by an entity in relation to loans received.

Impairment of non-financial assets

At every reporting date, the Group reviews the carrying value of its property, plant, equipment and intangible assets to determine if there are any indications of impairment. If so, the recoverable amount of the assets is estimated to determine any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives, including goodwill and equity investments, undergo impairment testing each year and whenever there are signs of possible impairment.

The recoverable amount is the higher of fair value less costs to sell and value in use. It is calculated for each individual asset, unless that asset generates cash flows that are not broadly independent of other assets or groups of assets. If the carrying amount of an asset is greater than its recoverable amount, it has suffered impairment and an impairment loss is recognized in profit or loss. In determining value in use, the estimated future cash flows are discounted to their current value using a rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When impairment is reversed, the asset or cash-generating unit is written back to the new estimate of recoverable amount (except in the case of goodwill), which may not exceed the net carrying amount that the asset would have had if the impairment loss had not been charged. The reversal of an impairment loss is taken immediately to the income statement.

Goodwill

Goodwill undergoes impairment testing once a year, or more frequently if circumstances indicate that there may have been a loss in value.

Impairment is determined by measuring the recoverable amount of the cash generating unit (or group of units) to which the goodwill pertains. If the recoverable amount of the cash generating unit is less than the carrying amount of goodwill, an impairment loss is charged. Impairment losses on goodwill cannot be reversed in subsequent years.

Inventories

Inventories are comprised of contract work in progress outstanding at the close of the year. The value of contracts is measured on a percent of completion basis.

Financial instruments

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39. At subsequent reporting dates, the financial assets that the Dada Group intends to and has the ability of holding to maturity (held-to-maturity investments) are measured at amortized cost using the effective interest rate method, net of write-downs to reflect impairment losses.

Financial assets other than those held to maturity are classified as held for trading or available for sale and are measured at each period end at fair value.

For this purpose, financial assets are split into four categories:

- Financial assets measured at fair value through profit and loss
- Held-to-maturity investments
- Loans and receivables
- Available-for-sale financial assets.
- There are only two categories of financial liability:
- Financial liabilities measured at fair value through profit and loss;
- Financial liabilities measured at amortized cost.

The Group determines the classification of its financial assets and liabilities upon initial recognition.

Financial instruments are recognized and derecognized using trade date accounting.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;

- the Group has transferred the right to receive cash flows from the asset or has a contractual obligation to pay them in full and without delay to a third party, and (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the underlying obligation is expired, canceled or discharged.

Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any differences between carrying values recognized in profit or loss.

Receivables

After initial recognition, receivables are measured at cost and are written down by way of the provision for doubtful accounts in the event of impairment.

An impairment provision is made when there is an objective indication (e.g. the likelihood of insolvency or significant financial problems for the debtor) that the company will not be able to recover all amounts due under the original terms of the invoice.

The provision for doubtful accounts reflects recovery estimates carried out for each position as well as the overall riskiness of receivables, taking account of guarantees and insurance coverage.

Current receivables are not discounted to present value because the effect is irrelevant; those with maturities of over one year that do not bear interest or bear interest at lower than market rates are discounted at market rates.

Cash and cash equivalents

This item comprises cash on hand, current bank accounts, deposits payable at sight, and other short-term, highly liquid investments that are readily convertible into cash and subject to an insignificant risk of changes in value.

Non-financial payables

These are stated at face value, deemed to reflect their settlement value.

Bank loans and financial payables

Interest-bearing bank loans and account overdrafts are recognized at the fair value of the amounts received, net of transaction costs, and are subsequently valued at amortized cost using the effective interest method.

Current payables are not discounted because the effect is irrelevant.

Derivative financial instruments

Derivatives are classified as hedge derivatives if the conditions for hedge accounting are met; otherwise, even if contracted in order to manage exposure to risk, they are recognized as "Financial assets held for trading."

In keeping with IAS 39, derivative financial instruments may be accounted for using the rules of hedge accounting only if the relationship between the derivative and the item being hedged is formally documented and the hedge is highly effective.

The effectiveness of hedging transactions is documented at the inception of the transaction and periodically thereafter, and is measured by comparing the fair value changes of the hedging instrument with those of the item hedged.

When derivatives hedge the risk of fair value changes in the instrument being hedged (fair value hedge), the derivatives are recognized at fair value and gains/losses are taken to profit or loss.

When derivatives hedge the risk of cash flow changes in the instrument being hedged (cash flow hedge), changes in the fair value of the derivatives are initially recognized in equity and subsequently in profit or loss, consistently with the economic effects of the hedged transaction. The fair value change attributable to the ineffective portion is taken immediately to profit or loss for the year. If the derivative is disposed of or no longer qualifies as an effective hedge against the risk for which it was originally arranged, or if the underlying transaction is no longer highly likely to take place, the portion of the cash flow hedge reserve relating to that derivative is immediately released to profit or loss.

Fair value changes in derivatives that do not qualify as hedges are recognized in profit or loss.

Regardless of classification, all derivatives are measured at fair value, using methods based on market data.

Equity instruments

Equity instruments issued by the Company are recognized in the amount received, net of direct issue costs.

Provisions for risks and charges

Provisions are recognized when the Company has a present obligation as a result of a past event and it is likely that the expense will be incurred. They are based on management's best estimate of the cost of fulfilling the obligation as of the reporting date, and are discounted to present value when the effect is significant.

Revenue recognition

Revenue is recognized to the extent the Group is likely to enjoy the economic benefits and the amount can be reliably determined. It is shown at the fair value of the consideration received, excluding discounts, rebates and taxes. The following criteria must be satisfied before revenue is recognized in profit or loss:

Sale of goods

Revenue is recognized when the company has transferred to the buyer all risks and rewards of ownership, which generally coincides with the shipping date.

Company revenue is generated mainly by the sale of services for:

- Domain name registration
- Web hosting
- E-mail and Certified E-mail
- E-commerce solutions
- Website creation
- Online brand protection.

Revenue is recognized to profit and loss when is probable that the economic benefits associated with the transaction will flow to the entity and the amount can be reliably determined. It is shown at the fair value of the consideration received, excluding discounts, rebates and taxes.

Revenue is recognized in profit and loss based on the following criteria:

- Revenue from domain registration, which is considered a one-time service, is recognized (together with the directly attributable costs) when domain registration has taken place and the property has been transferred. The service is considered concluded once the registration process has been completed.
- Revenue from the provision of other services that are time-related (web hosting, e-mail, certified e-mail, online brand protection provided for an agreed period of one or more years) is recognized on an accruals basis; the portion of income received upon entry of the agreement but pertaining to future periods is recognized as deferred income.
- E-commerce solutions are treated as one-time services.

The Company also provides clients, under a single, fixed-fee agreement, with a range of services that may include (i) the sale of one or more domains and/or (ii) specific amounts of hosting space and/or (iii) one or more e-mail accounts for a given period of time; in these cases, priority is normally given to the recognition of revenue from the sale of domains, which is considered the main element of the agreement; the revenue item relating to other time-related services is separately recognized where the item is considered significant based on management accounting surveys conducted by the Company.

Interest

Interest is recognized as financial income on an accruals basis, using the effective interest method (effective interest is the rate that exactly discounts estimated future cash receipts through the expected life of the asset to its net carrying amount).

Dividends

Dividends are recognized when the shareholders are entitled to receive payment.

Pension funds and other post-employment benefits

These funds and benefits are unfunded. The cost of benefits due under defined benefit plans is determined actuarially for each plan, using the projected unit credit method. Gains and losses arising from the actuarial calculation are recognized in profit or loss. over the expected average remaining working lives of the employees participating in the plan.

Past service costs are recognized on a straight-line basis over the average vesting period. If the benefits are already vested upon the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less any past service costs not yet recognized and less the fair value of the plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

For defined contribution plans, the cost and the liability are recognized gradually as the employee renders service and the liability is presented net of payments already made to an external fund.

Share-based payments (stock options)

The cost of share-based payments to employees for benefits granted after 7 November 2002 is measured at fair value as of the grant date. Fair value is determined by an external appraiser using an appropriate valuation model. See the note on stock options, below, for further information.

The cost of equity-settled transactions, along with the corresponding increase in equity, is recognized over the period starting when the conditions relating to the achievement of targets and/or service performance have been notified to the beneficiaries and ending when the employees become fully entitled to the reward (the vesting date). The cumulative expense recognized for these transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the best available estimate of the number of awards that will ultimately vest. The cost or income recognized for the year is the change in the cumulative expense at the beginning and the end of the year.

The likely timing of the exercise of options is estimated by management, taking account of non-transferability, exercise restrictions and behavioral considerations.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon market conditions, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other conditions are met.

Where the initial conditions are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee; such an expense is measured at the date of modification.

Where an award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the canceled award, and designated as a replacement award on the date that it is granted, the new awards are treated as a modification of the original award as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share (see Note 8).

Taxes

Current taxes

Current tax liabilities for the year are measured as the amount expected to be paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.

Current taxes relating to items recognized directly in equity are also recognized in equity and not in profit or loss.

Deferred taxes

Deferred taxes are calculated using the "liability method" on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the balance sheet, and on prior-year tax losses eligible for use in future years.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exception:

- when deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognized for all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforwards can be utilized, with the following exception:

- the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

The carrying amount of a deferred tax asset is re-assessed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize part or all of that asset. Unrecognized deferred tax assets are also re-assessed every year at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes relating to elements recognized outside profit or loss are also recognized outside profit or loss, and therefore in equity or in other comprehensive income consistently with the element to which they refer.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax balances, when they pertain to the same tax authorities, and when the Group plans to settle its current assets and liabilities on a net basis.

Deferred tax assets for tax losses are recognized when it is probable that future taxable profit will be available against which prior losses can be utilized.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the parent company's shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit or loss attributable to the parent company's shareholders by the weighted average shares outstanding, factoring in possible share dilution (employee stock option plans).

Use of estimates

The preparation of the financial statements and notes in accordance with IFRS requires management to make estimates and assumptions that affect the carrying values of assets and liabilities and disclosures on contingent assets and liabilities as of the reporting date. Actual results may differ. Estimates are used to value property, plant and equipment and intangible assets tested for impairment and to recognize provisions for doubtful accounts, amortization and depreciation, asset impairment, employee benefits, and deferred tax assets and liabilities. Estimates and assumptions are reviewed on a regular basis and any changes are reflected immediately in profit or loss.

Related-party transactions

Transactions with related parties are discussed in Note 26.

Seasonal trends

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

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.

The table below summarizes the main changes and the potential effects.

New accounting standards and amendments effective from 1 January 2016 and adopted by the Group

Amendments to IAS 1 - Disclosure initiative (effective for financial periods beginning on or after 1 January 2016).

The amendment provides clarification on disclosure issues that may be perceived as impediments to the clear and intelligible preparation of financial statements.

Amendments to IAS 27 - Equity method in separate financial statements (effective for financial periods beginning on or after 1 January 2016).

The amendment introduces the option of using the equity method in an entity's separate financial statements to measure investments in subsidiaries, joint ventures and associates. Consequently, following the introduction of the amendment, an entity may recognize the above investments in its separate financial statements either at cost or, as required by IFRS 9, using the equity method.

The first-time application of the interpretation had no material impact on the Group's consolidated financial statements.

The adoption of the interpretation to comparable financial periods would not have produced differences on the financial statement balances.

New accounting standards and amendments effective from 1 January 2016 but irrelevant for the Group

Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations (effective for financial periods beginning on or after 1 January 2016).

The amendment provides clarification on accounting for the acquisition of interests in a joint venture whose activities constitute a business as defined by IFRS 3. The amendment requires, in these cases, the application of the standards set out in IFRS 3.

Amendments to IAS 16 and to IAS 38 - Clarification of acceptable methods of depreciation and amortization (effective for financial periods beginning on or after 1 January 2016).

Amendments to IAS 16 establish that depreciation criteria based on revenue are not appropriate, as, according to the amendment, revenue generated by an activity that includes the use of the asset being depreciated generally reflects factors other than the consumption of the economic benefits of this asset. The amendments to IAS 38 introduce a rebuttable presumption according to which a revenue-based amortization method is generally considered inappropriate for the same reasons established by the changes introduced to IAS 16. In the case of intangible assets, the presumption may, however, be overcome, but only under limited and specific circumstances.

Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment entities: applying the consolidation exception.

The amendments to IFRS 10 clarify that the exemption set out in paragraph 4 of IFRS 10 from presenting consolidated financial statements applies to a parent entity, controlled in turn by an investment entity, when the latter measures its subsidiaries at fair value. The amendments are intended to allow entities to apply the equity method, explained in IAS 28 - Investments in associates and joint ventures, to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

New accounting standards and amendments not yet effective and not adopted early by the Group

The following are the new accounting standards or amendments to the standards, effective for financial periods beginning on or after 1 January 2016; early application is allowed. The Group has decided not to adopt them early for the preparation of these consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers - IFRS 15 establishes a single general model to determine if, when and to what extent revenue is recognized. The standard supersedes the recognition methods set out in IAS 18 Revenue, IAS 11 Construction Contracts, and IFRIC 13 Customer Loyalty Programmes.

The Group has launched a project to measure the impacts from the application of the new standard, which will be ready for the interim financial report at 30 June 2017; a preliminary assessment indicates that they may arise from (i) the identification of distinct performance obligations for certain services and (ii) from the identification of cases where the entity acts as Agent and not as Principal referring to specific activities ancillary to the main ones. The Group will apply this standard beginning on 1 January 2018.

IFRS 9 - Financial Instruments - Published in July 2014, IFRS 9 supersedes IAS 39 - Financial Instruments: recognition and measurement. IFRS 9 introduces new requirements for the classification and measurement of financial instruments, a new model for expected losses in the calculation of impairment losses on financial assets and new general provisions for hedge accounting. It also includes provisions for the recognition and derecognition of financial instruments, in accordance with the current IAS 39. IFRS 9 is effective for financial periods beginning on or after 1 January 2018. Early application is allowed.

Documents not approved yet by the European Union at 31 December 2016

IFRS 16 Leases - Issued in January 2016, IFRS 16 introduces new standards for the recognition, measurement, presentation and disclosure of leases for both parties of a contract. IFRS 16 is effective for financial periods beginning on or after 1 January 2019. The company may choose to apply IFRS 16 before that date in cases of application of IFRS 15 Revenue from Contracts with Customers. IFRS 16 supersedes the previous standard, IAS 17 Leases, and relating interpretations.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12) - The amendments provide clarification on the methods for the recognition of deferred tax assets arising from unrealized losses on debt instruments measured at fair value. The amendments are effective for financial periods beginning on or after 1 January 2017.

Disclosure Initiative (Amendments to IAS 7) - The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including cash flow and non-cash changes. The amendments are effective for financial periods beginning on or after 1 January 2017.

IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration - Issued in December 2016, IFRIC 22 clarifies the accounting for foreign currency transactions.

IFRS 2: Classification and Measurement of Share-based Payment Transactions - In June 2016, IASB issued the amendments to IFRS 2, to clarify the accounting of share-based payment transactions. The amendments are effective beginning on 1 January 2018; early application is, however, allowed.

Transfers of Investment Property (Amendments to IAS 40) – In December 2016, IASB published the amendments to section 57 of IAS 40. The amendments are effective from 1 January 2018; early application is, however, allowed.

Annual Improvements to IFRS Standards (2014-2016 Cycle) - The improvements to the IFRSs, issued by IASB in December 2016, involved the following standards: IFRS 1, IFRS 12, IAS 28.

Clarifications to IFRS 15 Revenue from Contracts with Customers - Document issued by IASB in April 2016, effective from 1 January 2018.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Document issued by IASB in September 2016, effective from 1 January 2018.

4. 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) in March 2015, with financial effects backdated to 28 February 2015. 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.

Based on this new structure, comparative figures have been restated.

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..

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

Profit/loss by business segment for the year ended 31 December 2016

31 December 2016 (12 months)			
Segment reporting	**Total continuing operations**	**Total discontinued operations**	**Total consolidated**
Revenue - Italy	29,006		29,006
Revenue - abroad	34,697		34,697
Revenue - interdivisional			
Net revenue	**63,703**		**63,703**
Increase in own work capitalized	2,233		2,233
Service costs	-35,423		-35,423
Payroll costs	-19,849		-19,849
Segment EBITDA	**10,663**		**10,663**
Depreciation, amortization and impairment of fixed assets	-6,338		-6,338
Impairment, provisions and non-recurring income/charges	-342		-342
EBIT	**3,984**		**3,984**
Net financial charges	-2,816		-2,816
Other income/(charges) from financial assets and liabilities	-1		-1
Share of profit/loss of companies valued at equity	0		0
Profit/(loss) before taxes	**1,167**		**1,167**
Income taxes	-989		-989
Group & non-controlling interests profit/(loss)	**178**		**178**
Non-controlling interests			
Profit/(loss) from discontinued operations			
Group net profit/(loss)	**178**		**178**

Profit/loss by business segment for the year ended 31 December 2015

31 DECEMBER 2015 (12 months)			
Segment reporting	**Total continuing operations**	**Total discontinued operations**	**Total consolidated**
Revenue - Italy	27,159		27,159
Revenue - abroad	35,008		35,008
Revenue - interdivisional			
Net revenue	**62,167**		**62,167**
Increase in own work capitalized	2,269		2,269
Service costs	-35,732		-35,732
Payroll costs	-18,238		-18,238
Segment EBITDA	**10,466**		**10,466**
Depreciation, amortization and impairment of fixed assets	-6,866		-6,866
Impairment, provisions and non-recurring income/charges	-439		-439
EBIT	**3,162**		**3,162**
Net financial charges	-2,483		-2,483
Other income/(charges) from financial assets and liabilities	2,184		2,184
Share of profit/loss of companies valued at equity	13		13
Profit/(loss) before taxes	**2,876**		**2,876**
Income taxes	-1,196		-1,196
Group & non-controlling interests profit/(loss)	**1,680**		**1,680**
Non-controlling interests			
Profit/(loss) from discontinued operations		-346	-346
Group net profit/(loss)	**1,680**	**-346**	**1,333**

Geographical breakdown of revenue

Description	**31/12/2016 (12 months)**		**31/12/2015 (12 months)**	
	Amount	**% of total**	**Amount**	**% of total**
Revenue - Italy	29,006	46%	27,159	44%
Revenue - abroad	34,697	54%	35,008	56%
Total	**63,703**		**62,167**	

Financial disclosures by business segment for the year ended 31 December 2016

31/12/2016 (12 months)				
Segment reporting	**Domain & Hosting**	**Discontinued operations**	**Unallocated portion and adjustments**	**Consolidated**
Segment assets	103,540		755	104,295
Unallocated financial assets			5,117	5,117
Unallocated tax assets			6,297	6,297
Non-current assets held for sale				
Total assets	**103,540**	**-**	**12,169**	**115,709**
Segment liabilities	-42,949		16,961	-25,988
Unallocated financial liabilities			-34,642	-34,642
Unallocated tax liabilities			-2,169	-2,169
Liabilities relating to assets held for sale				
Total liabilities	**-42,949**	**-**	**-19,850**	**-62,800**
Segment assets include:				
Equity investments in associates and joint ventures	-	-	-	-
Investments in non-current assets other than financial instruments and deferred tax assets	9,640		72	9,712

Financial disclosures by business segment for the year ended 31 December 2015

31/12/2015 (12 months)				
Segment reporting	**Domain & Hosting**	**Discontinued operations**	**Unallocated portion and adjustments**	**Consolidated**
Segment assets	105,739	-	843	106,582
Unallocated financial assets			3,706	3,706
Unallocated tax assets			6,815	6,815
Non-current assets held for sale				
Total assets	**105,739**	**-**	**11,364**	**117,103**
Segment liabilities	-39,004	-	14,853	-24,152
Unallocated financial liabilities	-	-	-31,596	-31,596
Unallocated tax liabilities	-	-	-2,020	-2,020
Liabilities relating to assets held for sale				
Total liabilities	**-39,004**	**-**	**-18,764**	**-57,768**
Segment assets include:				
Equity investments in associates and joint ventures	2,198	-	-	2,198
Investments in non-current assets other than financial instruments and deferred tax assets	6,389	95	105	6,589

Geographical breakdown of non-current assets

Description	**31/12/2016**		
	Italy	**Abroad**	**Total**
Goodwill	11,407	68,004	79,411
Property, plant and equipment	4,028	4,587	8,615
Intangible assets	5,044	170	5,214
Total	**20,479**	**72,761**	**93,241**

5. Profit/(loss) from discontinued operations

No disposals were made in 2016. By contrast, the prior year had witnessed the disposal of Moqu S.r.l., with the relevant recognition of "profit/(loss) from discontinued operations" in the 2015 income statement.

6. Other income and costs

6.1 Revenue

For a breakdown of revenue, see Section 4 (segment reporting) and the detailed information contained in the Results side of the Directors' Report.

The changes in the scope of consolidation (acquisition of Sfera, which contributed for six months in 2016, and Etinet, which contributed for 12 months in 2016 and for 6 months in 2015) had an overall effect on consolidated revenue for the year of -€1.65 million.

Additionally, it should be noted that the income statement of the prior year, and revenue figures, had been prepared in accordance with IFRS 5; accordingly, the figures relating to Moqu (sold in February) had been restated under one single item in the income statement; revenue is, therefore, consistent in the two years.

6.2 Payroll costs

The following table breaks down payroll costs in 2016 and 2015:

Description	31/12/16	31/12/15	Change	% change
Wages and salaries	15,602	14,379	1,223	9%
Social security charges	3,677	3,358	319	10%
Employee benefits	570	501	69	14%
Total	**19,849**	**18,238**	**1,612**	**9%**

Employees are hired under the national employment contract for the commercial sector.

The provision for termination indemnities is calculated using the projected unit credit method. See Note 15 for further information.

The growth of these income statement items reflects the increase in the number of employees as shown in the table below. The consolidation of Sfera also brought in 12 new units.

The value of stock options assigned in prior periods is calculated in accordance with IFRS 2. The overall impact in the year on this item amounted to €191 thousand (as in the prior year).

The following table shows the number of employees at the close of 2016 and 2015:

Description	31/12/16	31/12/15	Change	% change
Employees	445	398	47	12%
Total	**445**	**398**	**47**	**12%**

6.3 Other operating expenses

The following table breaks down other operating expenses in 2016 and 2015:

Description	31/12/16	31/12/15	Change	% change
Taxes and duties	42	82	-41	-49%
Other non-deductible costs	71	78	-7	-9%
Other	6	8	-1	-18%
Losses on receivables	36	24	11	47%
Non-recurring charges	169	203	-34	
Total	**323**	**396**	**-72**	**-18%**

Losses on receivables include positions that have recorded the impairment of exposures, as a result of a final settlement or resolution of a legal dispute.

Restructuring costs in the year amounted to €0.2 million (basically in line with the prior year), and refer to those incurred in the extraordinary transaction for the acquisition of Sfera Networks S.r.l. explained in the Directors' Report, and to those incurred in severance for employees and in the optimization of the Group structure.

The remaining items of other operating expenses refer to indirect duties and taxes (not related to taxes on profit for the year) or to costs that cannot be deducted from taxable income.

6.4 Provisions and impairment losses

The following table shows provisions and impairment losses in 2016 and 2015:

Description	31/12/16	31/12/15	Change	% change
Provisions for doubtful accounts	-186	-269	83	-31%
Provisions/Reversal for risks and charges	48	57	-9	-16%
Total	**-137**	**-211**	**74**	**-35%**

Provisions for impairment losses on receivables are discussed in Note 16, while further information on the provision for risks and charges and its recovery is found in Note 20.

6.5 Amortization, depreciation and impairment losses on fixed assets

A comparison between 2016 and 2015 is shown below:

Description	31/12/16	31/12/15	Change	% change
Depreciation	3,388	3,741	-353	-9%
Amortization of prod./serv. development costs	2,679	2,813	-134	-5%
Amortization of patents and brands	65	103	-38	-37%
Amortization of other intangible assets	206	209	-3	-1%
Total depreciation and amortization	**6,338**	**6,866**	**-528**	**-8%**

As shown in the table, depreciation decreased as a result also of the exchange effects of the translation of the UK companies' financial statements following the depreciation of the British Pound against the Euro in 2016; the effect is estimated at approximately €0.3 million. The downward movement was also affected by the drop in certain investments in network servers.

Amortization for product and service development costs relates to the portions of costs for the internal development of products and processes, dropping by €134 thousand (-5%) versus the prior year, as a result of the lower investments made in internal development over the last two years.

Amortization of patents and brands also fell (-37%), while other intangible assets were basically in line with those of prior years.

For further information, see Notes 10 and 11.

In 2016, as in 2015, there were no significant impairment losses on fixed tangible and intangible assets.

6.6 Financial income and charges

The tables below break down financial income and charges in 2016 and 2015:

Financial income	31/12/2016	31/12/2015	Change	% change
Interest on bank and postal accounts	3	7	-4	-56%
Other financial income	-	-	-	-
Exchange gains	318	531	-212	-40%
Subtotal	**322**	**538**	**-217**	-40%

Financial charges	31/12/2016	31/12/2015	Change	% change
Interest on account overdrafts	-24	-123	99	-81%
Interest on loans	-1,072	-1,227	155	-13%
Other interest expense	-15	-	-15	
Bank fees and charges	-1,491	-1,451	-40	3%
Exchange losses	-538	-222	-316	143%
Subtotal	**-3,139**	**-3,022**	**-117**	4%
Net financial income (charges)	**-2,818**	**-2,484**	**-334**	13%

Financial income in 2016 consists of interest on bank accounts (basically in line with the 2015 figure) and exchange gains over the period, which dropped sharply versus the close of the prior year. No non-recurring financial income was recorded in 2016, as in 2015.

Exchange gains and losses reflect both the income statement effects of the translation at year end of all the trade receivables and payables denominated in foreign currency other than the Euro (mainly the British Pound, but also the US dollar), and trade receipts/payments in foreign currency settled in the year.

Specifically, the net difference of total exchange gains and losses resulted in a loss of approximately €0.2 million in 2016 versus a gain of €0.3 million in 2015. The total difference of -€0.5 million is due for the most part to the depreciation of the British Pound against the Euro, as a result of Brexit in June 2016, (mainly in the first half of the year), which impacted negatively on currency payments other than in the British Pound made by UK companies Namesco Ltd. and Poundhost.

Depending on the significance of the underlying transaction, the Dada Group sometimes hedges currency risk through currency forward purchase and sale. For this reason, exchange gains must be analyzed together with exchange losses in order to evaluate the overall net difference. The main items are those relating to intercompany transactions made with the UK companies of the Dada Group. At the date of this annual financial report, no exchange risk hedges were in place.

Financial charges consist mainly of interest on overdrafts on short-term bank accounts and long-term loans, as well as credit card fees, other charges imposed by banks and exchange losses.

Interest expense on medium-term loans (details are found in Note 19) dropped by €0.2 million (-13%) versus the prior year, as a result mainly of the renegotiation of a number of loans that led to a reduction in spreads or to new loans taken out on better terms.

Financial charges from interest on short-term loans and interest on bank overdrafts also dropped sharply in the year (by €0.1 million, or -79%) versus 2015. The overall improvement should be considered by taking into account the reduced use of available credit lines; the net financial position of the Dada Group in 2016, in fact, deteriorated overall versus 2015, with the short-term component, however, considerably lower, due to the overall reduction in interest expense rates, resulting from the sum of the nominal interest rate (the Euribor key rate fell over the year to reach negative territory at end 2016), and to the decrease in average spreads charged by banks on the various technical borrowing forms, following the renegotiations made in the year.

Commissions on credit card payments rose slightly versus 2015 as a result of the increased business volumes of the Group in the year; commissions and other banking charges followed the same pattern.

6.7 Share of profit/(loss) of associates

The share of profit/(loss) of associates amounted to zero at 31 December 2016 versus €13 thousand of the prior year, and refers to 25% of the results of the second half of the year alone of 4W MarketPlace S.r.l., given that the acquisition, as explained in the Directors' Report, took place on 30 June 2015.

The profit achieved by 4W in 2016 was prudentially not recognized in the income statement in order not to increase the carrying value.

6.8 Non-recurring income and charges

Description	31/12/16	31/12/15	Change	% change
Other operating charges: non-recurring charges	-169	-203	34	-17%
Other revenue and income: non-recurring income	-	-	-	-
Total	**-169**	**-203**	**34**	**-17%**

Non-recurring items had a negative effect of €0.2 million, €0.1 million of which refers to the costs for the acquisition of Sfera Networks S.r.l. (see the Directors' Report), and the other €0.1 million to the charges from the optimization of the Group structure. Non-recurring items amounted to €0.2 million also in the prior year, and referred to charges from the optimization of the Group structure, and to non-recurring costs incurred for the acquisition of Etinet and the transfer of the ProAdv BU to 4W MarketPlace.

7. Taxes

The following table shows taxes appearing in the profit/loss statement in 2016 and 2015:

Description	31/12/2016	31/12/2015	Change	% change
IRAP	-209	-105	-103	98%
IRES and other income taxes	-551	-441	-111	25%
Prior-years' current taxes	-46	89	-135	-152%
Other costs/tax recovery	-30	81	-111	
Deferred tax assets	-153	-820	667	-81%
Total	**-989**	**-1,196**	**207**	**-17%**

Movements in 2016 in deferred tax assets are shown below:

Description	31/12/2015	Increases	Decreases	Exchange difference	Other movements	31/12/2016
Deferred tax assets	5,651	77	- 229	-49	19	5,467
Total	**5,651**	**77**	**-229**	**-49**	**19**	**5,467**

The tax burden for current taxes amounted to €0.8 million in 2016, up versus €0.5 million in the prior year. For the Italian companies, the tax burden for current taxes refers to IRAP, which rose versus the prior year (€0.2 million versus €0.1 million), despite the change in the relevant legislation which allows labour costs to be deducted from taxable income, and to IRES, which amounted to €0.1 million (versus none in the prior year), attributable mainly to the tax burden of the recently acquired companies not included yet in the Group tax consolidation scheme.

In absolute terms, the largest portion of current taxes consists of taxes accrued on certain foreign subsidiaries of the Group, which amounted to €0.4 million, fully in line with the figure accrued in the prior year.

"Prior-years' current taxes" includes the corrections (negative in 2016 and positive in 2015) between the tax liability estimated at the time the financial statements were prepared and the final charge at the time the Group's tax returns were prepared. In 2016, the figure was ascribable solely to the regulatory changes for UK companies, the effects of which were felt after year end 2015.

"Other tax costs/tax recovery" refers to other costs and charges from prior-years' tax litigation settled, from an income statement and financial point of view, in 2016; in 2015, the figure had come to a positive €81 thousand and referred to the benefit from the reversal to income of a provision set up in prior years for a tax dispute ended positively for the Group. Deferred tax assets, instead, were recognized in these consolidated financial statements for the amount of €5.5 million, down versus €5.7 million in the prior year. These receivables are the result of temporary differences between statutory and tax regulations, and of the benefits from "deferred tax" calculated on tax losses deemed to be recovered in the short to medium term.

More specifically, deferred tax assets consist:

- for a total of €1.3 million in temporary tax differences, as a result of the different accounting methods used by statutory and tax regulations in the deductibility of certain costs. These differences are considered recoverable in future tax returns for doubtful accounts, amortization of goodwill and brands, provisions for risks and charges, and all other tax adjustments to reverse in subsequent years. In 2016, the figure dropped slightly versus €1.4 million in 2015, as a result of the adjustments of €0.1 million made in 2016 for the use of provisions for risks in the year or for realignments of the depreciation periods in the foreign legal entities.
- for €4.1 million (€4.2 million in 2015) from tax losses expected to be recovered, referring mostly to those accrued by the Parent Company Dada S.p.A. in prior years. The reduction of approximately €0.1 million is mainly attributable to the recalculation of deferred tax assets from 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. This change, which had already produced a significant reduction in the prior year, implies, under equal conditions, a lower benefit in terms of deferred tax

assets from the use of tax losses on taxable income of future years; the Group has therefore re-assessed deferred tax assets calculated on tax losses carried forward indefinitely, based on the analysis of expected future taxable income.

In this regard, to calculate the recoverability of tax losses, reference was made to taxable income expected in subsequent years to be generated by Register.it S.p.A. and by other subsidiaries which already participate (or will participate) in the tax consolidation scheme of the parent company Dada S.p.A.. Taxable income expectations for these companies are corroborated also by the fact that the budget forecasts and plans give reasons to believe that a growing taxable income will likely be generated in the coming years.

Mention should also be made that, under the Italian laws established by the current Legislative Decree 98/2011, tax losses can be fully carried forward indefinitely.

The analysis on the recoverability of deferred tax assets was made using the same prior-years' criteria and based on the 2017 budget and 2018-2021 plans approved and adopted, for the purposes of the impairment test, by the boards of directors of the companies at the head of the three CGUs (Register.it for D&H EU, Namesco Ltd for D&H UK, and Sfera) which participate in the tax consolidation scheme, and by the board of directors of the parent Dada S.p.A.

Over this period of the plan, evidence shows that all the Italian companies will generate a growing, positive taxable income and that the portion of recognized deferred taxes for tax losses carried forward will be fully recovered over a reasonably sustainable time period.

Mention should be made that the Dada Group has accrued tax losses over the years for a total of €39.3 million (€39.7 million in 2015, thus using €0.4 million), generated mostly by the Italian companies. Deferred tax assets were determined, however, only on a portion of such losses equivalent to €17.3 million (€17.4 million in 2015).

"Utilizations" shown in the table refers to the reversal of temporary differences against the tax charge for the year, and to utilizations for loss coverage.

"Other movements" includes the tax effect of the 2015 portion of "Cash flow hedge reserve" and the "Reserve for termination indemnity discounting".

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.

The following table reconciles the actual and theoretical tax charge:

RECONCILIATION BETWEEN TAX CHARGE SHOWN IN THE FINANCIAL STATEMENTS AND THEORETICAL TAX CHARGE AT 31 DECEMBER 2016

Description	2016	2015
Profit/(loss) before taxes	1,167	2,762
Theoretical tax charge	321	760
Permanent differences	-7,230	-5,473
Temporary differences	10	-110
Taxable income	-6,054	-2,820
Adjustment/reinstatement of tax losses	4,050	1,218
IRES and income taxes of foreign companies	**-551**	**-441**
Prior-years' taxes	-46	89
Other tax costs	-30	81
IRAP	**-209**	**-105**
Current taxes	**-836**	**-376**

In calculating the theoretical tax charge, unlike the tax charge recognized in the financial statements, no account is taken of IRAP owing to the fact that, as it is calculated on an earnings figure different from pre-tax profit, it would distort the comparison between one year and the next. Theoretical taxes are therefore determined by applying the corporate income tax rate in force in Italy (IRES, 27.5%) to the pre-tax profit.

The Dada Group participates in the Italian tax consolidation scheme, so that taxes can be managed centrally for IRES purposes and savings can be achieved as taxes are calculated on a unified base. In the 2016-2018 three-year period, in addition to the parent and consolidating company Dada S.p.A., the other participants are the subsidiaries and consolidated companies Clarence S.r.l., Register.it S.p.A., Fueps S.p.A. and Etinet S.r.l.. Sfera, instead, will be included starting from 2017.

Deferred tax assets are detailed below:

	IRES			IRES		
	2016			2015		
	Amount of temporary differences	rate	Tax effect	Amount of temporary differences	rate	Tax effect
Deferred tax assets:						
Taxed provision for doubtful accounts	2,791	24.00%	670	2,791	24.00%	670
Taxed provision for doubtful accounts	-	27.50%	-	25	27.50%	7
Other temporary differences	49	24.00%	12	-	24.00%	-
Other temporary differences	1,463	20.25%	296	1,709	20.25%	346
Provisions for risks and charges	-	27.50%	-	276	27.50%	76
Provisions for risks and charges	198	24.00%	47	-	24.00%	-
Non-current assets	-	27.50%	-	207	27.50%	57
Non-current assets	780	24.00%	187	716	24.00%	172
Deferred tax assets on cash flow hedge reserve	-	27.50%	-	139	27.50%	38
Deferred tax assets on cash flow hedge reserve	230	24.00%	55	-	24.00%	-
Total	**5,510**		**1,267**	**5,863**		**1,366**
Deferred tax assets pertaining to prior-year tax losses	-	27.50%	-	1,726	27.50%	475
Deferred tax assets pertaining to prior-year tax losses	17,305	24.00%	4,153	15,636	24.00%	3,753
Total	**17,305**		**4,153**	**17,362**		**4,227**
Combined effect	**22,814**		**5,421**	**23,225**		**5,593**

	IRAP			IRAP		
	2016			2015		
	Amount of temporary differences	rate	Tax effect	Amount of temporary differences	rate	Tax effect
Deferred tax assets:						
Provisions for risks and charges	198	4.82%	10	276	4.82%	13
Non-current assets	760	4.82%	37	891	4.82%	43
Non-current assets	20	3.90%	1	32	3.90%	1
Total	**977**		**47**	**1,200**		**58**
Total deferred tax assets (IRAP+IRES)	**3,792**		**5,467**	**24,425**		**5,651**

8. Earnings/(loss) per share

Basic earnings/(loss) per share are calculated by dividing the net earnings/(loss) attributable to the owners of the parent company by the weighted average number of shares outstanding during the year. Diluted earnings/(loss) per share are calculated by dividing the net earnings/(loss) attributable to the owners of the parent company by the weighted average number of shares outstanding during the year plus those potentially originating from the exercise of all options outstanding.

Details of profit and number of shares used to calculate basic and diluted earnings/(loss) per share are provided below:

Euro/1000	PROFIT	31/12/16	31/12/15
Profit/(loss) for the calculation of earnings per share		178	1,333
Total		**178**	**1,333**

	NUMBER OF SHARES	31/12/16	31/12/15
Number of shares for the calculation of earnings per share		16,680,069	16,680,069
Dilutive effect (options on shares)		615,000	615,000
Total		**17,295,069**	**17,295,069**

	EARNINGS/(LOSS) PER SHARE	31/12/16	31/12/15
Basic earnings/(loss) per share		0.011	0.080
Diluted earnings/(loss) per share		0.010	0.077

9. Business combinations

On 6 July 2016, Dada signed a binding agreement through its subsidiary Register.it S.p.A. to acquire 100% of the share capital of Sfera Networks S.r.l., completed on 14 July 2016.

The consideration for the acquisition of 100% of its equity investments was €3.3 million (which may rise to €3.7 million subject to the achievement of certain financial results), €2 million of which paid when the agreement was signed, 0.3 million placed in escrow for 24 months, while the remaining €1 million (which may rise to €1.4 million) will be paid to the seller 36 months from the closing date.

Sfera Networks was established on 30 June 2016 and was contributed the business unit of another company; accordingly, the goodwill amount was allocated at the time of the contribution to a specific balance sheet item.

The amount of identifiable assets and liabilities of Sfera Networks S.r.l. at acquisition date is shown below:

Description		Amount at acquisition of Sfera Networks S.r.l.
Fixed assets		3,568
- of which goodwill	*3,510*	
Current assets		453
Non-current liabilities		-99
Current liabilities		-744
Total net assets/liabilities		**3,177**
Goodwill at acquisition		-
Total cost		**3,177**
Acquisition price		**3,177**
composed as follows:		
- Payment		-2,000
- Remaining debt		-1,300
Cash outflow from acquisition		**-3,177**
Payment		-3,300
Cash and cash equivalents acquired		123

9.1 Impairment test for intangible assets and goodwill

Movements in goodwill, split up by legal entity, from 31 December 2015 to 31 December 2016 are shown below:

Name	31/12/15	Increases	Decreases	Other movements	Exchange differences	31/12/2016
Register.it S.p.A.	**7,119**				-	**7,119**
Etinet S.r.l.	**778**				-	**778**
Nominalia SL	**8,061**				-	**8,061**
Namesco Ltd	**36,450**			2,108	(5,505)	**33,053**
Amen Group	**21,367**			(2,108)	-	**19,260**
Pound Host Group	**8,900**				(1,271)	**7,630**
Fueps S.p.A.	**-**				-	**-**
Sfera Networks S.r.l.	**-**	3,510				**3,510**
Total	**82,676**	**3,510**	**-**	**-**	**(6,775)**	**79,411**

The following table shows goodwill split up by CGU:

Goodwill by CGU	31/12/2016	31/12/2015
D&H EU CGU	35,218	37,325
D&H UK CGU	40,683	45,351
SFERA CGU	**3,510**	**-**
Total	**79,411**	**82,676**

At 31 December 2016, “Goodwill” recognized in the Dada Group consolidated financial statements totaled €79.4 million versus €83.7 million in 2015, and consisted solely of goodwill arising on first-time consolidation, as reported for business combinations taking place in prior years and in the current year. The main movements in this item in 2016, as well as the impairment tests performed at the end of the year, are described below.

Increases

An increase of €3.5 million was reported in this item in 2016, as a result of the acquisition of 100% of Sfera Networks S.r.l., which was completed in the year and is fully consolidated as from 1 July 2016. Goodwill from the acquisition is shown directly in the financial statements of the company, which benefited from the contribution of the business unit on 30 June 2016, accounted for in the beneficiary at the amounts of the subsequent disposal transaction.

Further details on the acquisition are found in the statement on business combinations at page 138 in these consolidated financial statements and in the Directors' Report in the section on the most significant transactions completed in the year.

Decreases

There were no decreases in goodwill in the year.

Exchange differences

In accordance with the relevant accounting standards, goodwill in a currency other than the one used in the preparation of the consolidated financial statements is translated at year-end exchange rates using, for the calculation, the rates shown in Note 3. Specifically, the EUR/GBP translation (with the significant depreciation of the British Pound against the Euro) of goodwill on Namesco Ltd, Amen UK and Poundhost Internet Ltd resulted in a decrease in goodwill of €6.7 million, offset by the translation reserve recognized under consolidated equity. The recording is shown in the statement of other comprehensive income. In the prior year, exchange rate adjustments produced the opposite effect, with an increase in goodwill and an increase in the translation reserve of €2.7 million.

Other movements

Other movements in the table above refer to the allocation of goodwill of Amen UK for the amount of €2.1 million to Namesco (D&H UK CGU), as it benefited from the transfer of the assets of Amen UK.

Impairment test:

a) General information on the process adopted by the Dada Group

In accordance with IAS 36, impairment testing is carried out by the Group at least once a year upon preparation of the year-end financial statements, to assess whether an impairment loss has taken place. In this test, the recoverable amount of the cash generating units (CGUs) to which goodwill has been allocated is verified by calculating value in use. The amount is then compared against net capital employed plus goodwill recognized in the consolidated financial statements, as reported in the table above.

Specifically, for all of the Dada Group's goodwill, split up by CGU, the recoverability of investments was verified by preparing income statement, balance sheet and cash flow forecasts.

These forecasts were based on the 2017 budget as approved by the Board of Directors of Dada S.p.A. in December 2016, and on the 2018-2021 plans prepared and approved, also for impairment test purposes, by the Board of Directors of Dada S.p.A. on 15 March 2017 during the same meeting to approve these financial statements, but in a separate and previous item on the agenda.

These annual assessments are then also reviewed at the close of interim reporting periods, through an analysis (based mainly on the assessment of the differences between actual and forecast figures) made to verify the absence of external and internal impairment indicators.

The value in use of the different CGUs was estimated on the basis of projected cash flows and their discounting at an appropriate rate. More specifically, value in use was estimated by discounting the operating cash flows of the CGUs at a rate built on the weighted average cost of capital (WACC).

Expected cash flows for the 2017-2021 five-year period were based on the above financial projections. Recoverable amount was estimated as the sum of the present value of cash flows over the explicit forecast period and the terminal value.

Valuations were reached also with assistance from a major consulting firm specialized in this activity (Deloitte).

b) Identification of cash generating units (CGUs)

A CGU is the smallest identifiable group of assets that generates an independent cash flow, either incoming or outgoing. The Dada Group has defined its CGUs mainly as individual companies or groups of companies, which are smaller entities than the Dada Group.

In the prior year, the Dada Group revised its internal structure in terms of both organization and of management and provision of services related to the Domain & Hosting division (business segment), defining two geographical areas referred to respectively as “D&H EU” and “D&H UK”. Internal reporting of this business segment is presented in this dual context.

A new CGU named “Sfera” was set up in 2016 as a result of the acquisition of this legal entity in July (details are found in the Directors’ Report). While operating in the same segment of the other two existing CGUs, Sfera has different ways of providing services, which calls for a separate evaluation.

To conclude, impairment testing for the 2016 Dada Group consolidated financial statements was conducted on the three following CGUs:

- *D&H EU (domains and hosting Italy, France, Spain, Portugal and Holland)*: formed by consolidating the separate financial statements, prepared according to international accounting standards, of Register.it S.p.A. (heading the CGU), Amen France SAS, Amen PT, Amen NL, Nominalia Internet SL and Etinet S.r.l.;
- *D&H UK (domains and hosting UK)*: formed by consolidating the separate financial statements, prepared according to international accounting standards, of Namesco Ltd (heading the CGU), Namesco Ireland and the Poundhost Group companies (Poundhost Ltd, Simply Virtual Server Ltd, Simply Transit Ltd);
- *SFERA (Network & Private Cloud):* formed by consolidating the separate financial statements, prepared according to international accounting standards, of Sfera S.r.l.;

Determination of the discount rate (WACC)

It should be noted that the methods used in WACC determination explained below are identical to those used in prior years. Additionally, the Company continued to receive assistance from Deloitte in validating the relevant parameters.

The discount rate used for future cash flows is the weighted average cost of capital (WACC). It was determined separately for the individual CGUs and takes account of the following parameters (among others): cost of money, market risk premium, risk-free rate in countries where each CGU operates, and marginal income tax rate. It respects the operations performed by each CGU, while also taking account of the trend in market rates and in the overall macroeconomic scenario.

The persisting political and financial situation, especially as concerns the Italian and Spanish markets, led to a number of considerations regarding the estimate of the risk-free rate and the market risk premium. In particular, an increase was reported in the country risk component (the "macro" component of the discount rate, expressed by the risk-free rate).

Given the magnitude of the gap between current risk-free rates in Italy (source: Bloomberg) and those in other virtuous countries, it was deemed necessary to neutralize the duplication of risk (first at the risk-free level and then in terms of market risk premium) so as not to distort the calculation of WACC. The yardstick was, thus, lifted up to a slightly higher value than in the prior year for both the D&H EU and SFERA, in line with the market consensus on this segment.

The Beta component, built also on the analysis of comparable entities, in the construction of equity cost, also increased in 2016 versus the prior year (source: Bloomberg).

Furthermore, regarding the yield on government bonds (10-year BTPs and Bonos) as another component of the discount rate, a further drop was reported in spreads and yields throughout 2016 (a trend that had started in prior years). This affected both the Italian and Spanish markets, which benefited from the ECB spread protection policy. As a result, unlike prior years, the risk-free rate was determined by considering the yield on 10-year US Treasury bonds, increased by the difference between the CDS of Italian BTPs and US Bonds. The risk-free rate thus increased from 1.70% in the prior year to 3.10% in 2016.

Lastly, the WACC component related to the cost of debt (the sum of the base rate and average spread charged by banks to the range of loans) for the Dada Group dropped overall versus the prior year, due also to the new loans taken out in the year. To conclude, the capital structure underlying the determination of WACC was determined based on data regarding the net financial position of the Dada Group at 31 December 2016 and consolidated equity at the same date.

All of the parameters used to determine the discount rate were calculated based on average data calculated over a 12-month time frame.

These considerations led to the calculation of the following WACC rates, which are shown along with the prior-year rates below:

CASH GENERATING UNIT	WACC	
	31/12/2016	31/12/2015
D&H EU	7.09%	6.48%
D&H UK	5.81%	6.55%
SFERA	7.09%	-

The table clearly shows a growth in the discount rates for the D&H EU CGU (and SFERA), a direct result of the abovementioned increase in the risk-free rate component, only partly mitigated by the decrease in average spreads on debt in 2016 for the cost of money versus the prior year, particularly in Spain and Italy. To corroborate this trend, it should also be noted that the downward pattern continued in the early months after the reporting period.

The D&H UK saw a minor decrease in WACC, having benefited from the decrease in the yield of UK 10-year government bonds and in the cost of money in those countries. It should be noted that Brexit has so far produced no significant effects on this income statement item (unlike the effects from the EUR GBP exchange rate movements).

c) Assumptions used to prepare plans

The table below shows the main assumptions taken as a benchmark to calculate discounted cash flow for the individual CGUs used to determine value in use. The terminal value was generally determined over an infinite horizon for all CGUs considered, while the growth rate during the terminal value period (g) was set at 0. The following clarifications are provided with regard to the main assumptions underlying the above economic and financial plans (approved by the Directors of the companies heading each CGU):

Cash Generating Unit	Explicit forecast period	Terminal value period	Growth rate (g) during terminal value period
	31/12/2016	31/12/2016	
D&H EU CGU	5 years	Perpetual	Zero
D&H UK CGU	5 years	Perpetual	Zero
D&H SFERA CGU	5 years	Perpetual	Zero

As for growth envisaged during the explicit forecast period, the same rationale of 2015 was adopted (also for expected growth rates). The internal procedures underlying the values calculated for each CGU are shown below:

Cash Generating Unit Growth rate:	**D&H EU**	**D&H UK**	**SFERA**
Revenue	2016 figures from actual results approved by the BoD of each company forming the CGU; 2017 figures from the consolidated budget of the D&H EU CGU approved by the BoD of Register.it S.p.A. as the head of the CGU, which includes the Amen Group, Nominalia and Etinet S.r.l.; 2018-2019 two-year period determined by using growth rates envisaged in the Group’s new plan approved by the BoD, updating them on the basis of further and latest business and target market information regarding growth rates; further two-year horizon covering 2020 and 2021, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the specific business of the CGU and reviewed by the BoD of Register.it S.p.A..	2016 figures from actual results approved by the BoD of each company forming the CGU; 2017 figures from the consolidated budget of the D&H UK CGU approved by the BoD of Namesco UK Ltd. as the head of the CGU, which includes the Poundhost Group and Namesco Ireland; 2018-2019 two-year period determined by using growth rates envisaged in the Group’s new plan approved by the BoD, integrating it on the basis of further and latest business and target market information regarding growth rates; further two-year horizon covering 2020 and 2021, based on growth rates of the main income statement and balance sheet aggregates extrapolated from the best available information on the specific business of the CGU and reviewed by the BoD of Namesco Uk Ltd.	2016 figures, referring to post-acquisition figures, from actual results approved by the BoD of the company forming the CGU; 2017 figures from the consolidated budget of the SFERA CGU approved by the BoD of the company; 2018-2019 two-year period determined by using growth rates envisaged in the Group’s new plan approved by the BoD, integrating it on the basis of further and latest business and target market information regarding growth rates; further two-year horizon covering 2020 and 2021, based on growth rates of the main income statement and balance sheet aggregates extrapolated from the best available information on the specific business of the CGU and reviewed by the BoD of the company.

Growth rate:			
EBITDA	As for the EBITDA trend of the D&H EU CGU over the period of the plan, the considerations above apply.	As for the EBITDA trend of the D&H UK CGU over the period of the plan, the considerations above apply.	As for the EBITDA trend of the SFERA CGU over the period of the plan, the considerations above apply.

With regard to each CGU, here are the main assumptions adopted in building the three-year plan approved for impairment tests only, also used in 2016 impairment tests, with an update on the rationale underlying growth.

With regard to the forward-looking consolidated figures, which apply to all the CGUs, the main considerations used to build the plan itself are also described below:

- top line growth rates and mid-single digit operating profit;
- construction of a new Datacenter in the UK. The project was successfully completed in prior years, and the benefits started to be fully felt from the current one, thanks also to the conclusion of the contracts in place with third-party suppliers; the development of further synergies in the Group is envisaged over the years following the plan;
- measures continued to be taken to carefully manage overheads and operating costs, supporting the steady improvement of the efficiency and profitability of the Group;

When building the plans at the level of each CGU, inter-company chargeback mechanisms adopted in 2015 within the Group were kept, as the organizational setup of the Group remained unchanged. The main inter-company transactions regard: a) the chargeback of costs and centralized services provided by Dada S.p.A. to its subsidiaries; b) the chargeback of the platform costs of Register.it S.p.A., which charges back to the EU CGU companies (this in particular has no financial impact at CGU level); c) the chargeback of domain acquisition costs (for certain extensions) by Register to other Group companies; the chargeback of user acquisition costs by Register to other Group companies; the chargeback of Server services by Poundhost to other Group companies. Intercompany financial contracts are also in place for cash pooling (only for transactions between Dada and other Italian companies) and loans (between various Group companies) regarding both Italian and foreign companies.

More specifically, considerations follow on the individual CGUs:

D&H EU CGU: The 2017-2021 revenue trend of the D&H EU CGU was estimated based primarily on the following considerations:

• Acquisition of new customers through initial offering sales strategies and through increased effectiveness and efficiency of marketing investments capable of expanding the customer base by reducing the cost of acquisition per customer (COA);

• Increased retention of existing customers and development of upselling strategies aimed at increasing the ARPU (average revenue per unit) of single customers, with virtuous effects on revenue growth and on the improvement in operating profit;

• Sharper focus on tailor-made products provided in "we do it for you" mode, through the offline sales channels and the local customer desks, capable of offering consultancy services and pre and after-sales support.

• Expanded range of Email, Hosting and Servers (also in managed mode) and cloud-based solutions, as well as products and services for the safety of websites and online transactions, in order to meet the needs of business expansion and protection from growing cyber-attacks.

Additionally, margin trends over the period of the Plan, which point northwards, are linked to the further improvement of **operational efficiency**, through the **integration of the platforms** and the use of the fully operational **proprietary Datacenter**, and to the reduced impact of overheads as a result of their scalability in the face of growing sales volumes; these considerations apply to both the D&H EU CGU and to the D&H UK CGU.

D&H UK CGU: The 2017-2021 revenue trend of the D&H UK CGU was estimated based primarily on the following considerations:

• development and growth of the current customer base thanks to initial offering and customer retention policies;

• sharper focus on the business customer segment (the most loyal on average), with higher renewal rates, and more eager to purchase the costlier solutions than the home-user segment;

• stronger push on website builders and email (Exchange, Office365) products, as well as hosting, virtual/dedicated servers, and IT managed services;

• optimization and maximization of the investment made over the 2013-2015 three-year period for the creation and operation of a Datacenter in Reading (UK), to offer world-class virtual servers and expand the range of dedicated servers.

SFERA CGU: The 2017-2021 revenue trend of the SFERA CGU was estimated based primarily on the following considerations:

- Development of revenue on existing customers with the integration of services provided;
- Cross selling on the customer base of other Dada Group companies in Europe, providing a full range of Server and IT Managed services
- Growth in new customers leveraging on brand awareness and Dada Group marketing strategies

The following table shows CAGR expected over the period of the Plan split up by CGU:

Cash Generating Unit	CAGR Revenue 16-21
D&H EU	5%
D&H UK	4%
SFERA	7%

Comments on CAGR by CGU:

D&H EU CGU:

Growth is driven by service renewals, which will increase their contribution in revenue from the current 77.8% to 80.5%.

Revenue from new sales continue to sustain the pricing repositioning strategy in order to increase renewals in the coming years;

The plan is also built on a constant increase in the customer base, albeit at a lower rate than in 2016, due partly to the reduction in advertising investments. The number of new clients will remain steady over the years of the plan.

UK CGU:

The basic growth of the plan is built on (continuous) historical trend projections, and on the contributions expected from new products launched in 2017. A further element involves greater focus on the development of the reselling line and white label agreements with resellers, in addition to greater focus on advertising.

Lastly, growth driven also by new projects (Cloud, Office 365, etc...).

SFERA CGU:

Growth for the coming years is built on historical trends and on the contribution from the integration of Sfera and Dada.

With regard to the investment plan on tangible and intangible assets (and the resulting impact on the income statement as amortization and depreciation), YoY growth envisaged in the business plan used for the 2014 impairment remains valid, both at consolidated level and at the level of each CGU, since no new or different investment plans have been considered for the next five years. These growth observations are obviously applied to the investment plan in the 2016 budget, which was, instead, thoroughly revised based on nature and legal entity/CGU. No significant investments are planned for the new Sfera CGU.

d) Value in use and summary of the impairment test results

As for the calculation of the CGUs' value in use, the recoverability of goodwill relating, as in prior years, to the D&H EU CGU, the D&H UK CGU and SFERA CGU, was tested using the discounted cash flow method, by projecting the cash flows contained in the five-year economic and financial forecasts described above for each of the three CGUs.

With regard to the above CGUs, this process revealed no elements that would suggest an impairment of goodwill recognized in the financial statements. Therefore, their amounts recognized in the assets side of the consolidated statement of financial position are confirmed.

The following table provides a summary of the results of the 2016 impairment test, showing the comparative figures of Carrying Amount and Value in Use of the three CGUs being tested at 31 December 2016 and 31 December 2015:

Cash Generating Unit	31-Dec.-16			31-Dec.-15		
	Value in use	Carrying amount	Difference	Value in use	Carrying amount	Difference
D&H EU	71,316	15,762	55,554	66,849	18,953	47,896
D&H UK	69,025	41,163	27,862	86,845	47,626	39,219
SFERA	9,888	3,195	6,693			

Based on the above results, all three CGUs are considered to have passed the impairment test.

The improvement in the value in use of the D&H EU CGU is explained, despite the abovementioned deterioration in terms of WACC, by the growth projections contained in the plan. The UK CGU was, instead, impacted by the decrease in the carrying amount, as a result of the depreciation of the British Pound (which affected the translation of UK activities), and by the reduction in the growth curves contained in the plans.

Impairment testing included a detailed sensitivity analysis of all CGUs considered, measuring how the test results would vary along with changes in WACC and the growth rate (g). The outcome provided additional support for the recoverability of the amounts assigned to the CGUs. The following page contains information on the sensitivity analysis.

e) Further considerations

Further analysis on impairment tests was similarly made in the year, based on the guidelines published by the OIV (Italian Valuation Board) in the document "Goodwill impairment testing in times of real and financial crisis", in accordance with IAS 36. The approaches followed by the Group in keeping with the above document are summarized below:

- Treatment of risk: the Dada Group has adopted a single, most-likely scenario that represents a reasonable estimate of cash flows. Accordingly, a risk premium was used to account for the possible failure to realize the plan;
- Sustainability of plans: a gap analysis was carried out to test the company's ability to produce reliable plans and forecasts, with a basically positive outcome; An analysis was concurrently carried out on actual figures and the budget prepared for 2016. The analysis indicates that results from operations are basically in line, on a like-for-like basis and at constant exchange rates.
- Determination of carrying amount: it was not necessary to adjust or normalize net working capital, as this aggregate is relatively stable in terms of both past performance and the plan data used for the calculations;
- Gap analysis of estimated flows: the company has revised its income statement and financial forecasts with respect to previous impairment exercises in light of the changed competitive context and the Group's new structure, updating them as per established practice (see considerations above).

The forecasts do not include the effects of restructuring to which the company has not yet committed.

As for the cost of capital and the terminal value growth rate, see the above comments with respect to WACC and future plans.

f) Market capitalization

Dada S.p.A. is listed on the MTA market of the Milan Stock Exchange (STAR segment); its market capitalization at 31 December 2016 stood at approximately €50.7 million (€36 million at 31 December 2015 and an average of €38.7 million in 2016), slightly lower than the Group's consolidated equity of €52 million at 31 December 2016 (€59 million at 31 December 2015). As of this writing, market capitalization stands at approximately €57 million.

As in the prior year's consolidated financial statements at 31 December 2015, market capitalization at 31 December 2016 was below Group equity, although the difference between the two figures is basically lower; additionally, 2016 reported higher results from operations (net of non-recurring items) than those in the prior year.

Furthermore, by extending the analysis period, average market capitalization over the six months of 2016 prior to the balance sheet date stood at approximately €36.6 million; considering, instead, average market capitalization over the past 12 months, the figure rises to €38 million, more in line with the market capitalization of the prior year.

In light of these considerations, and consistent with the conclusions reached in prior years, it should be duly noted that the share price does not give a true picture given the specific nature of the Dada Group's business, and as it does not fully reflect the business and financial forecasts set in the 2017-2021 five-year plan, since these forecasts have not been disclosed to the market, therefore not considered by the market in the determination of share prices.

These considerations can confirm and support the assessments made regarding the impairment tests above, and basically confirm the forecasts made by the OIV on analysis to be made in the event of a negative difference between equity and market capitalization.

g) CGU sensitivity analysis

Below are the key sensitivity results from the impairment test with respect to the WACC and g rate. Sensitivity was used in the evaluation of the three CGUs of the Dada Group, performed with the infinite terminal value and using the rates above:

- **D&H EU CGU**

Sensitivity Analysis - Value in use

g (growth rate) \ *Wacc*	6.1%	6.6%	**7.1%**	7.6%	8.1%
-1.0%	73,878	68,558	63,904	59,801	56,157
-0.5%	78,602	72,583	67,366	62,803	58,780
0.0%	84,100	77,218	**71,316**	66,201	61,727
0.5%	90,582	82,614	75,865	70,078	65,062
1.0%	98,337	88,975	81,161	74,544	68,868

- **D&H UK CGU**

Sensitivity Analysis - Value in use

g (growth rate) \ *Wacc*	4.8%	5.3%	**5.8%**	6.3%	6.8%
-1.0%	71,562	65,543	60,413	55,991	52,140
-0.5%	77,299	70,279	64,378	59,349	55,013
0.0%	84,230	75,907	**69,025**	63,239	58,309
0.5%	92,770	82,707	74,548	67,800	62,127
1.0%	103,554	91,086	81,220	73,220	66,603

- **SFERA CGU**

Sensitivity Analysis - Value in use

g (growth rate) \ Wacc	6.1%	6.6%	7.1%	7.6%	8.1%
-1.0%	10,244	9,515	8,877	8,315	7,814
-0.5%	10,889	10,064	9,350	8,724	8,172
0.0%	11,639	10,697	**9,888**	9,188	8,574
0.5%	12,523	11,433	10,509	9,716	9,029
1.0%	13,581	12,300	11,231	10,326	9,548

For Sensitivity purposes, the Group determined the terminal value as a component of Value in Use, starting from the average results from operations of the last three years of the plan, instead of starting from those of the last year.

The findings show that: the value in use for the D&H EU CGU is €64.1 million and the Surplus €48.3 million; the value in use for the D&H UK CGU is €59.0 million and the Surplus €17.9 million; the value in use for the SFERA CGU is €9.5 million and the Surplus €6.3 million.

Including with this additional sensitivity analysis on 2016 impairment, there remains a positive difference between value in use and carrying amount for all three of the Dada Group CGUs.

These impairment testing procedures were expressly and independently approved by the Directors of the Parent Dada S.p.A..

10. Intangible assets

Movements in intangible assets from 31 December 2015 to 31 December 2016 are shown below:

Description	**31/12/15**	**Increases**	**Decreases**	**Entry in the Group**	**Exchange diff.**	**Amortization**	**31/12/16**
Goodwill	82,676	3,510	-	-	-6,775	-	79,411
Total goodwill	*82,676*	*3,510*	-		*-6,775*	-	*79,411*
Product/service development costs	5,367	2,234	-	-	-35	-2,679	4,887
Concessions, licenses, brands	56	11	-	12	-	-65	15
Other	376	143	-	-	-	-206	312
Total intangible assets	*5,799*	*2,388*	-	*12*	*-35*	*-2,950*	*5,214*
Total	**88,475**	**5,898**	**-**	**12**	**-6,810**	**-2,950**	**84,625**

See the previous note for information on the composition and measurement of goodwill and its movements during the year.

Increases in total intangible assets, net of the acquisition of the equity investment in Sfera Networks S.r.l., which generated an increase in goodwill of €3.5 million, amounted to approximately €2.4 million (see also paragraph 24 below) and refer mainly to the capitalization of approximately €2.2 million (in line with the prior year) of part of the payroll costs (mainly through the subsidiaries Register.it and Namesco UK) for implementing new products and processes functional to the provision of domain & hosting services amortized over subsequent years.

Specifically, these activities in the reporting period focused on the gradual implementation of the new suite of Microsoft products, on cPanel Hosting, dedicated servers, SPID, Email Provisioning, Site Lock and so forth, on the 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, deemed to reflect the estimated useful life of these projects.

Increases in “Other” include software purchased during the year, while trademark registration costs and user licenses reflect the new extensions acquired by the Group for new activities launched in the year.

Exchange differences cover the changes in intangible assets contributed by foreign companies due to exchange rate fluctuations.

11. Property, plant and equipment

Movements in property, plant and equipment from 31 December 2015 to 31 December 2016 are shown below:

Description	31/12/15	Increases in continuing operations	Decreases	Entry in the Group	Exchange diff.	Amortization	31/12/16
Plant and EDP machines	8,425	3,770	-	39	-714	-3,269	8,252
Furniture and fittings	170	2	-		-5	-61	105
Other	283	42	-	7	-15	-58	258
TOTAL	**8,878**	**3,813**	**-**	**46**	**-734**	**-3,388**	**8,615**

Most of the increase in "Plant and EDP machines" (€3.8 million) in 2016 concerns the purchase of servers and installation of new plants to enhance the server farm, and for networking and storage systems referring mainly to the Register.it subsidiaries and to 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 year. Here the main depreciation rate is 12%.

Entry in the Group represents the effect on this balance sheet item of the first-time consolidation of Sfera Networks S.r.l. as from 1 July 2016.

Exchange adjustments refer to the translation of these items relating to subsidiaries as a result of currency fluctuations.

For the purposes of the cash flow statement, cash used in investments in property, plant and equipment, amounting to €3.8 million, refers to investments made in the current year, excluding purchases that did not lead to changes in cash flows, increased by investments made in the prior year and paid in the period under review.

12. Equity investments in non-consolidated subsidiaries, associates and other companies

Movements in financial assets between 31 December 2015 and 31 December 2016 are shown below:

Description	31/12/15	Increases	Decreases	Other movements	31/12/16
Equity investments in associates	2,198	-	-	-	2,198
Other financial assets	194	150	-2	-7	335
Total	**2,392**	**150**	**-2**	**-7**	**2,533**

Other financial assets include security deposits issued by the Group to various service providers.

Equity investments in associates include the recognition of the amount of the 25% interest acquired in the share capital of 4w MarketPlace on 30 June 2015, following the transfer of the ProAdv/Simply BU to 4W.

The amount was assessed by a sworn appraisal that determined the value of the BU at approximately €2.2 million; since the book value at transfer was basically equal to zero, this amount was recognized as a gain in the income statement.

No revaluation was made on equity investments, despite the net profit achieved by 4W MarketPlace in 2016.

The following table shows the carrying amounts of equity investments in associates:

Equity investments in associates	**4W MarketPlace S.r.l.**
Balance at 31/12/2015	**2,198**
Acquisitions	-
Disposals	-
Share of profit/(loss)	-
Balance at 31/12/2016	**2,198**

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 share capital increase made concurrent to transfer of ProAdv/Simply BU

The company ended 2016 with a positive EBITDA and a net profit, while achieving lower than budgeted results both in terms of revenue and EBIT; accordingly, upon preparation of the Dada financial statements, it was deemed appropriate to assess the recoverability of the carrying value of the equity investment. The analysis was carried out by estimating value in use and fair value; specifically, use was made of the 2017 budget approved by the managing body of the associate, together with the expected growth trends in the coming years drawn up by the investee; as the estimate of the value in use of these figures using Discounted Cash Flow does not fully support the recoverability of the value of the equity investments, an analysis was carried out on market multiples, considered representative of "Fair Value", based on indicators such as sales volumes and EBITDA of comparable listed companies, which confirmed the absence of impairment.

13. Deferred tax assets

The following table shows the balance of deferred tax assets at 31 December 2016 versus 31 December 2015:

Description	**31/12/2016**	**31/12/2015**	**Change**	**% change**
Deferred tax assets	5,467	5,651	-183	-3%
Total	**5,467**	**5,651**	**-183**	**-3%**

Deferred tax assets are discussed in these notes in the section on direct taxes.

14. Stock options

On 28 April 2014, the General Meeting of Dada approved the share-based incentive plan for 2014-2016, proposed by the Board of Directors and intended for Dada Group employees, in particular, for executives and/or managers of Dada S.p.A. and/or Subsidiaries, excluding option rights, pursuant to art. 2441, par. 8 of the Italian Civil Code, and authorizing the Board of Directors of the Company to execute the plan for a maximum nominal amount of €127,500 through issue of a maximum of 750,000 ordinary shares for a par value of €0.17 each.

On 4 August 2014, the Board of Directors of Dada S.p.A., exercising the powers it was granted, gave effect to the share-based incentive plan. The Board, upon proposal of the Company's Compensation Committee, approved the Regulations of the Plan and assigned a maximum of no. 705,000 options on the same amount of Dada ordinary shares at a subscription price of €3.596 per share, equal to the average official prices of Dada S.p.A. ordinary shares recorded at the close of each Italian Stock Exchange trading session in the previous calendar month.

The Board also determined that the exercise of the vested options is, inter alia, conditional upon achieving a Performance Condition, i.e. that the beneficiaries have successfully passed the variable incentive system (in the form of MBO) for 2016, and have successfully passed at least one of the MBOs for 2014 and/or 2015. For further information, see the Regulations of the Plan on the corporate website www.dada.eu.

Below are the main features of the Dada Group plan:

Main features	Plan of 04/08/2014
Term	2014-2016
Total options on issue date	705,000
Total outstanding options at 31/12/2016	615,000
Issue price	3.596
Market price at issue date	3.284

The reduction of 90,000 options versus the prior year (and the issue date) is the result of a loss of right by two managers who left the Group in 2015 and who were beneficiaries of the plan.

The plan had undergone valuation by an independent actuary. The following table presents the data used for those calculations:

Data used for valuation	Plan of 04/08/2014
Valuation date	Issue of the plan
Model used	Binomial
Risk-free interest rate	0.6964%
Expected volatility	30%
Estimated dividends	Zero
Vesting conditions	Individual performance condition associated with the MBO plan of each beneficiary
Vesting period	04/08/2014 – 31/03/2017

Expected volatility reflects the assumption that historical volatility is indicative of future trends, although actual outcomes may differ.

The fair value of the plan is measured as of the grant date. See the Directors' Report for a detailed description of the plan.

The valuation of stock options in accordance with IFRS 2 had an impact in 2016 of €0.2 million (as in 2015), accounted for under payroll costs with a balancing entry in a separate equity reserve.

This accounting method is explained by the fact that under the existing plan, the non-market vesting condition linked to the company’s business results is expected to be achieved. As a vesting condition, the beneficiaries are to remain with the Company until the vesting date.

15. Inventories

The following table shows the balance of inventories at 31 December 2016 versus 31 December 2015:

Description	31/12/16	31/12/15	Change	% change
Inventories	29	11	18	160%
Total inventories	**29**	**11**	**18**	**160%**

The increase in inventories in the year is attributable to the entry in the Group of Etinet; they comprise contract work in progress outstanding at the close of the year.

16. Trade and other receivables

The following table shows “trade receivables” and “other receivables” at 31 December 2016 and at 31 December 2015:

Description	31/12/16	31/12/15	Change	% change
Trade receivables	7,480	6,627	853	13%
Provision for doubtful accounts	-3,292	-3,123	-169	5%
Total trade receivables	**4,187**	**3,504**	**683**	**20%**
Tax receivables	830	1,164	-334	-29%
Other receivables	2,165	1,467	699	48%
Prepayments	2,290	1,855	435	23%
Total other receivables	**5,285**	**4,486**	**799**	**18%**
Total	**9,472**	**7,990**	**1,483**	**19%**

Movements in the provision for doubtful accounts are shown in the following table:

Description	31/12/15	Increases	Utilizations	Exchange difference	31/12/16
Provision for doubtful accounts	3,123	186	-15	-1	3,292
Total	**3,123**	**186**	**-15**	**-1**	**3,292**

Consolidated trade receivables at 31 December 2016 amounted to €4.2 million, net of the provision for doubtful accounts of €3.3 million, increasing by 20% versus €3.5 million at 31 December 2015.

The increase is attributable mainly to two elements: a larger scope of consolidation following the acquisition of Sfera Networks S.r.l., which had an impact on this balance sheet item of €0.2 million; an increase in Group operations in 2016 versus the prior year.

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, therefore, estimates that the carrying amount of trade and other receivables approximates their fair value.

In the reporting period, the provision for doubtful accounts increased by €0.2 million (€0.3 million in the prior year), reflecting the need to write down a few positions which arose during the year as a result of the financial problems of a number of clients. Utilizations in the year for settled positions amounted to €15 thousand.

The provision, which amounted to €3.1 million at 31 December 2015, was deemed sufficient to cover potential losses on trade receivables.

There are no trade receivables due beyond one year.

No receivables have a residual maturity over 5 years.

With regard to “other receivables”:

Tax receivables consist mainly of advances paid on direct taxes by various Group companies, as well as VAT advances paid at the end of the year, and the VAT credits of some Group companies. Tax receivables include tax credits and withholding tax charged in some of the countries where the Group operates, which will be recovered next year.

"Other" includes, among other items, deposits with domain registration authorities for the amount of €1.1 million, up versus €0.7 million in the prior year (which explains the growth in “Other receivables”), and receivables for down payments to various suppliers.

Prepayments consist of service costs pertaining to periods beyond the year end, and were up by 23%, similarly driven by the increase in Group operations.

17. Cash and cash equivalents and other financial receivables

The following table shows cash and cash equivalents at the close of 2016 and 2015:

Description	Balance at 31/12/16	Balance at 31/12/15	Change	% change
Bank and post office deposits	4,799	2,192	2,606	119%
Cash and valuables on hand	18	14	5	-45%
Total cash and cash equivalents	**4,817**	**2,206**	**2,611**	**118%**
Non-current portion of other financial receivables	150	500	-350	-70%
Current portion of other financial receivables	150	1,000	-850	-85%
Total financial receivables	**300**	**1,500**	**-1,200**	**-80%**
Total	**5,117**	**3,706**	**1,411**	**38%**

The total reflects liquidity for bank accounts, cash balances and short-term financial receivables held by the Dada Group at 31 December 2016. The increase in the item versus the prior year (up from €2.2 million to the current €4.8 million) is the direct result of the renegotiation of the medium/long-term loan on 21 December 2016, illustrated in Note 19, which resulted in a positive movement in cash and cash equivalents at year-end.

"Other financial receivables", split up into current and non-current portion, includes the amounts placed in escrow from payment of the second instalment for the acquisition of Sfera Networks S.r.l., down sharply versus 31 December 2015 due to the cash in of the earn-out portion from the disposal of Moqu in June 2016.

The interest earned on Italian bank deposits, most of them held at three banks, is the one-month Euribor minus 0.1%-0.25%; restricted deposits earn interest at the one-month Euribor minus 0.1%.

18. Share capital and reserves

18.1 Group equity

At 31 December 2016, Dada S.p.A.'s subscribed and paid in 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, unchanged versus 2015.

Movements in equity items, down from €59.3 million at 31 December 2015 to €52.9 million at 31 December 2016, are shown on page 103.

Here is a description of all the reserves and profits forming the Dada Group's equity at 31 December 2016:

Share premium reserve: this is a capital reserve generated by contributions from shareholders or the conversion of bonds into shares. There is no specific limit on its use, once the legal reserve has reached one fifth of the share capital. At 31 December 2016, it had a balance of €33.1 million, unchanged versus 2015.

Legal reserve: this is a profit reserve built through allocation of net profit for the year from the approved separate financial statements of the Parent Company Dada S.p.A.. It can only be used in the amount exceeding one fifth of the share capital.

At 31 December 2016, it had a balance of approximately €1 million. There was no change versus the prior year.

Other reserves: amounting to €10.4 million at 31 December 2016, unchanged versus 2015. The amount comprises the following reserves:

- *FTA reserve:* built for the first-time adoption of IFRS, at 31 December 2016, it had a negative balance of -€6.2 million, unchanged versus 2015.
- *Extraordinary reserve:* amounting to €19.1 million, unchanged versus 2015.
- *Other reserves:* amounting to €6.3 million at 31 December 2016 (in line with 31 December 2015) and consisting of: a) €1.1 million from reserves generated by the deconsolidation of the Dada.net Group; b) €5.2 million from the disposal of the Moqu Group in the prior year. 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 n.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, as they are likened to transactions with shareholders.
- *Cash flow hedge reserve:* under the relevant accounting standards, when derivatives hedge the risk of cash flow changes in the instrument being hedged (cash flow hedge), changes in the fair value of the derivatives are initially recognized in equity and subsequently in profit or loss. The item, net of tax effects, amounted to -€0.2 million at 31 December 2016 versus -€0.1 million in 2015.
- *Termination indemnity discounting reserve:* it includes the effects on termination indemnities in accordance with IAS 19; net of tax effects, it amounted to €0.2 million at 31 December 2016 versus €0.1 million at 31 December 2015; movements in the year refer to the actuarial calculation, the details of which are found in Note 21.
- *Exchange differences reserve:* containing the differences arising from the translation at year end of subsidiaries' individual financial statements prepared in currencies other than the euro, with a negative balance at 31 December 2016 of -€8.6 million (versus -€1.9 million at 31 December 2015). Movements in 2016, totaling approximately €6.7 million, arose from the negative effects of the translation of the financial statements and goodwill of the subsidiaries Poundhost and Namesco, as a result of the depreciation of the British Pound against the Euro at 31 December 2016.

Other equity instruments: this item includes payroll costs accrued from the stock option plans issued by the Group (under IFRS 2, see Note 14). At 31 December 2016, it had a balance of €0.5 million versus €0.3 million at 31 December 2015. Increases in the year refer solely to the portion of cost for the Stock Option Plan recognized in the income statement and amounting to €0.2 million.

Profit carried forward: amounting to €5 million at 31 December 2016, it includes all the profit of prior years accrued by the Dada Group. The item increased by €1.3 million versus the prior year following allocation of the result achieved in 2015.

Profit for the year: it includes the profit for the year of €0.2 million achieved by the Dada Group in 2016.

Note 18.2 reconciles the net profit and equity of the parent company with consolidated figures at and for the year ended 31 December 2016.

18.2 Non-controlling interests in equity

There were no non-controlling interests at 31 December 2016.

The following table shows the reconciliation between the separate financial statements of the Parent and the consolidated financial statements of the Dada Group:

RECONCILIATION BETWEEN THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS AT 31/12/16

	31-Dec.-16			
	NET PROFIT		EQUITY	
	Group	Non-controlling interests	Group	Non-controlling interests
Per Parent Company's financial statements	**-856**		**57,689**	
Translation reserve	-		-1,894	
Consolidation of subsidiaries	1,034		3,987	
Cash flow hedge reserve	-		-174	
Per consolidated financial statements	**178**		**52,910**	

19. Financial payables

The following tables break down loans and borrowing by source of finance at the close of 2016 and 2015:

Description	Balance at 31/12/16	Balance at 31/12/15	Change	% change
Payables:				
due to banks	-33,112	-31,369	-1,743	6%
Other non-current financial payables	-1,150	-	-1,150	n.m.
Other current financial payables	-150	-90	-60	67%
Total**	**-34,412**	**-31,459**	**-2,953**	9%

**Note: excluding hedge derivative liabilities on interest rates of €230 thousand

The above amounts due to banks consist of: a) amortizing loans for a total of €29.6 million (€25.6 million in 2015); b) finance leases of €1.5 million (up versus €1.1 million in 2015); c) account overdrafts and credit facilities of €2 million, down sharply versus €3.7 million in 2015.

The situation shows an increase in total debt to banks, but also a different timeframe of the debt, with greater medium/long term exposure to the benefit of short-term debt. Debt restructuring is also the result of the renegotiations made in 2016, the details of which are found below. Certain investments in property, plant and equipment were made by taking out finance leases held mainly by Namesco UK and, to a lesser extent, by Register.it S.p.A..

The following table shows details of current and non-current loans held by the Dada Group at 31 December 2016 and at 31 December 2015.

Company	Bank	Remaining balance at 31/12/16			Remaining balance at 31/12/15			Term
		Total	Within 1 year	Beyond 1 year	Total	Within 1 year	Beyond 1 year	
Current								
Dada	Unicredit	1,000	1,000		2,000	2,000		Annual
Dada	MPS (Hot-Money)				1,212	1,212		Annual
Dada	CARIPARMA	1,000	1,000		23	23		Annual
Dada	BPCI				115	115		Annual
Dada	Banca CR Firenze				463	463		Annual
	Total	2,000	2,000		3,813	3,813		
Non-current loans								
Dada	ICCREA	2,500	250	2,250				2022
Dada	CARIPARMA				677	677		2016
Register	Pool loan (Intesa, Unicredit, MPS) Banca IMI	22,000	1,031	20,969				2022
Register	Banca Intesa San Paolo	0	0	0	16,000	3,658	12,342	2019
Register	Unicredit	0	0	0	5,000	1,142	3,858	2019
Register	CARIPARMA	3,208	1,167	2,041	3,500	292	3,208	2019

Company	Bank	Remaining balance at 31/12/16			Remaining balance at 31/12/15			Term
Register	Banca SELLA	1,500	304	1,196				2021
Namesco Ltd	HSBC	379	285	94	763	320	443	2018
Namesco Ltd	HSBC				489	489		2016
		29,587	3,037	26,550	26,429	6,578	19,851	
Leasing								
Register	Mediocredito Leasing	67	67	0	169	103	66	2017
Register	Selmabipiemme	208	69	139	0			2019
Namesco Ltd	Lombard	482	256	226	323	132	191	2018
Poundhost	Lombard	30	30		137	137		2016
Poundhost	Lombard				118	83	35	2017
Poundhost	Dell	689	322	367	323	136	187	2018
		1,476	744	732	1,070	591	479	
Other								
Dada					90	90		
Etinet		49	19	30	57	57		
		49	19	30	147	147		
Total		**33,112**	**5,800**	**27,312**	**31,459**	**11,129**	**20,330**	

The following table shows movements in non-current loans and current payables to banks:

Description	Balance at 31/12/15	Increases	Decreases	Other changes	Balance at 31/12/16
PAYABLES					
Banks - non-current	20,331	25,349	-18,306	-62	27,312
Other non-current financial payables		1,150			1,150
Total non-current financial payables	**20,331**	**26,499**	**-18,306**	**-62**	**28,462**
Account overdrafts	857		-857		
Banks - current	10,181	22,293	-26,559	-115	5,800
Other payables	90	150	-90		150
Total current financial payables	**11,128**	**22,443**	**-27,506**	**-115**	**5,950**
Grand total	**31,459**	**48,942**	**-45,812**	**-177**	**34,412**

Description of loans held by the Dada Group at 31 December 2015 and main changes in the year:

Register.it S.p.A.:

- On 22 December 2016, a pool loan agreement for a total of €22.0 million was signed with the following banks coordinated by Banca IMI S.p.A.: Banca Intesa Sanpaolo S.p.A., Unicredit S.p.A. and Banca Monte di Paschi di Siena S.p.A.. The Banking Pool contributes to the Loan as follows: Intesa Sanpaolo €13.0 million, Unicredit €5.0 million and Monte dei Paschi di Siena €4.0 million. The loan was used for the early repayment of the existing medium-long term loans with Intesa Sanpaolo for the amount of €14.2 million and with Unicredit for the amount of €4.4 million, to reduce current bank exposure privileging non-current committed lines, by also extending the term of the overall debt, and to support the Dada Group's development projects. The loan is unsecured with a term of 5 years and 3 months, until 22 March 2022, and is based on a warrant to grant credit issued by Dada to Register.it. The prepayment plan envisages a 9-month grace period and payment of principal in 10 half-yearly instalments, the first falling due on 30 September 2017; the first two instalments will amount to approximately €1.0 million, the following 7 to approximately €2.1 million and the final balloon instalment to €5.5 million. The rate charged is the Euribor 6M (floor 0) + 250 bps. Appropriate hedging has been put in place through IRS contracts for the underlying amount of €9.0 million, equal to 41% of the loan; further hedges will be made at the beginning of 2017 to hedge 50% of the loan.
- On 25 July 2016, a new loan of €1.5 million was signed with a major bank, with a 3-month grace period and 19 deferred quarterly instalments of approximately €0.1 million from 25 January 2017 until 25 July 2021, with a Euribor 3M + 220 bps (floor at 195 bps)
- Loan agreement for a total of €3.5 million previously signed with a major bank on 30 September 2015, with a residual amount at 31 December 2016 of €3.2 million; the loan is repayable in equal quarterly instalments of €0.3 million starting on 31 December 2016 and expiring on 31 December 2019. The interest rate is the Euribor 3M plus a 2.70% spread. 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.

The abovementioned medium/long term loans contain the customary clauses, tied to EBITDA, NFP and interest expense, to safeguard lenders, including mandatory repayment in the event of a change of control of Dada S.p.A. or Register S.p.A., or of breach of the covenants or financial ratios, measured on a half-year basis. These obligations were fully met at the close of these annual consolidated 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.

Two finance leases are also in place, with a residual balance at 31 December 2016 respectively of €0.1 million, expiring on 31 July 2017, and of €0.2 million, expiring on 31 October 2019.

- Dada S.p.A.:

  There are two short-term loans of €1.0 million: the first is a line of credit with a major bank renewable from month to month, charged with a Euribor 1M rate (zero floor) + 325 bps; the second is a loan repayable in 4 quarterly instalments starting on 31 March 2017, charged with a Euribor 3M rate + 160 bps.

  Additionally, there is a medium-term loan of €2.5 million in place at 31 December, taken out with a major bank on 14 July 2016, repayable in 24 quarterly instalments starting on 30 September 2016, the first four instalments of which made up solely of the interest component, with maturity on 30 June 2022; the interest rate charged is the Euribor 3M + 210 bps. The abovementioned loan contains the customary clauses, tied to EBITDA, NFP and equity, to

safeguard the lender, including mandatory repayment in the event of a change of control of Dada S.p.A., or of breach of the covenants or financial ratios, measured at the end of each year. These obligations were fully met at the close of these annual consolidated financial statements.
No account overdrafts are reported, with the exception of a medium-term non-interest bearing financial payable of €1.3 million for the final instalment relating to the acquisition of Sfera Networks S.r.l..

- Namesco Ltd.:
  Three loan agreements are in place with major banks, with a residual balance at 31 December 2016 of approximately €0.7 million (£0.6 million). Repayment is made through monthly instalments, with maturity in April 2018 and March 2019. The interest rate charged is the Bank's Sterling Base Rate plus a spread of 3%.
  Two leases are also in place, with a total residual balance at 31 December 2016 of €0.2 million (approximately £0.2 million). Maturity is, respectively, in April 2018 and February 2019.

- Poundhost:
  Finance leases are in place, with a residual balance at 31 December 2016 of €0.7 million (£0.6 million). These will be fully repaid on various maturity dates starting from January 2017 through October 2019.

- Etinet:
  On 19 October 2016, a loan agreement of approximately €0.050 million was signed, with a grace period of one instalment and repayment in 36 monthly instalments from 31 November 2016 until 31 October 2019; the interest rate charged is 100 bps.

It should be noted that, following the renegotiations/new loans, the average duration of debt exposure of the Group has significantly improved, up from 2.36 at end 2015 to 3.44 at end 2016.

For further information on Group liquidity and debt in 2016, see the analysis contained in the Directors' Report and the details appearing in the Cash Flow Statement.

20. Provisions for risks and charges, disputes and potential liabilities

Movements in the provision for risks and charges from 31 December 2015 to 31 December 2016 are shown in the table below:

Description	31/12/15	Increase for the year	Utilizations for the year	Recognition in the income statement	Exchange difference	31/12/16
Provision for risks and charges	392	20	-111	-68	-4	229
Total	**392**	**20**	**-111**	**-68**	**-4**	**229**

The provision for risks and charges amounted to €229 thousand at 31 December 2016, down by €163 thousand versus €392 thousand in 2015. The provision was set up in prior years to cover

potential liabilities from pending contractual and legal disputes, as well as reorganization costs for some of the Group's business areas.
Increases are solely due to the recognition of charges for legal disputes involving certain foreign companies of the Group.

"Recognition in the income statement", amounting to €68 thousand, includes the reversal of prior provisions for risks made to cover positively-settled or lower-than-expected legal and tax disputes. In this regard, at a consolidated level, provisions for risks and charges among the different companies of the Group have been re-allocated, which explains the presence of the increases and recognition in the income statement in the table above. The overall effect of these two items is the net positive recognition in the income statement of €48 thousand for the provision for risks and charges.

Utilizations in the year refer to legal disputes settled in 2016 with payment of the amounts previously assessed.

Lastly, exchange differences refer to the adjustment at year-end exchange rates of the provisions of companies with non-euro financial statements (in GBP).

The remaining provision for risks and charges at year end was set up solely to cover charges for business/legal disputes; its size is deemed appropriate.

No detailed information is given on the specific positions covered, in order not to prejudice the outcome of proceedings.

For further information, reference should also be made to the section on the management of risks in the Directors' Report.

21. Retirement and other post-employment benefits

Movements in the provision for employee termination indemnities from 31 December 2015 to 31 December 2016 are shown in the table below:

Description	31/12/15	Increases	Utilizations	Entry in the Group	Advances	Other movements	Discount. Term. indemn.	31/12/16
Employee benefits	667	570	-2	99	-55	-525	36	789
Total	**667**	**570**	**-2**	**99**	**-55**	**-525**	**36**	**789**

At 31 December 2016, the provision for termination indemnities (or TFR, *trattamento di fine rapporto*) amounted to €0.8 million (€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. "Other movements" refer to payments made to INPS (Italian Social Security).

"Entry in the Group" includes the change following the consolidation of Sfera Networks S.r.l. as from 1 July 2016.

"Termination Indemnity Discounting to Equity" refers to the "Remeasurement of actuarial profits and losses from defined benefit plans of Moqu" made before disposal. The offsetting item of this change is a specific reserve in equity reclassified under other reserves, net of the related tax effect, which is reflected in Other profit/loss in the statement of comprehensive income.

As required by international accounting standards, the liability was determined using the Projected Unit Credit method, which treats every period of employment as the source of an additional unit of benefits and measures each unit separately when calculating the total obligation.

In accordance with Finance Act no. 296 of 27 December 2006, for the purposes of IAS 19R only the liability for accrued TFR remaining with the company was considered, as the amount accruing later is paid to a separate entity.

The calculation was performed by an independent actuary. The method used can be summarized as follows:

- projection for each employee on the payroll at 31 December 2016 of the TFR accrued until estimated retirement age;
- computation, for each employee on the payroll at 31 December 2016 and for each year until estimated retirement age, of the probable TFR benefits the Company will have to pay in case of dismissal, requests for advances, voluntary resignation, death or retirement;
- discounting of each probable payment to present value;
- re-proportioning for each employee on the payroll at 31 December 2016 of the probable, discounted benefit payments on the basis of seniority on the valuation date with respect to seniority on the date each payment is made.

Specifically, the following assumptions were used:

VALUATION DATE	31/12/2016	31/12/2015
Mortality table	ISTAT 2004	ISTAT 2004
Disability	INPS (national statistics) by age and gender	INPS (national statistics) by age and gender
Retirement age	Achievement of retirement age under mandatory general insurance	Achievement of retirement age under mandatory general insurance
Advance request rate	2.00%	2.00%
Annual discount rate	1.31%	2.03%
Leaving rate (Dada)	3.8%	3.8%
Leaving rate (Register)	7.0%	7.0%

The method used to select the valuation rate complies with the provisions of the accounting standard set out at paragraph 83.

As for 2015, the value was determined based on the time series of yields at 31 December 2016 of the iBoxx Corporates AA 10+, which was 1.31% at end December 2016 (down versus 2.03% in the prior year); to corroborate the validity of the valuation, a sensitivity analysis was made on the iBoxx Corporates A 10+, which showed a trend similar to the downward trend of the iBoxx Corporates AA.

22. Other payables due beyond one year

The following table breaks down other payables due beyond one year at the close of 2016 and 2015:

Description	31/12/16	31/12/15	Change	% change
Non-current financial liabilities from derivatives	162	51	111	219%
Other payables due beyond one year	-	-	-	
Total	**162**	**51**	**111**	**219%**

Regarding non-current derivative financial liabilities, see the specific section in IFRS 7.

23. Trade and other payables

The following table shows "trade payables" and "other payables" at 31 December 2016 and at 31 December 2015:

Description	**31/12/16**	**31/12/15**	**Change**	**% change**
Trade payables	6,788	6,758	29	0%
	6,788	**6,758**	**29**	**0%**
Taxes payable	2,169	2,020	149	7%
	2,169	**2,020**	**149**	**7%**
Other payables	3,600	3,078	522	17%
Due to social security institutions	520	402	118	29%
Deferred income	14,062	12,854	1,208	9%
	18,182	**16,334**	**1,848**	**11%**
Total	**27,139**	**25,113**	**2,027**	**8%**

"Trade payables" comprises the amounts due for trade-related purchases and other types of costs for services directly linked to the Group's business. Trade payables at 31 December 2016 amounted to €6.8 million, fully in line with those at 31 December 2015. The change in the scope of consolidation following the acquisition of Sfera Networks S.r.l. did not produce significant effects on this balance sheet item.

"Taxes payable" (€2 million, in line with the prior year) includes withholding tax on salaries and professional consultants' pay for the month of December and income taxes pertaining to the year. The latter consist mainly of IRAP (regional tax) for the Group's Italian companies and of local taxes for subsidiaries abroad.

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

The item “Due to social security institutions” includes the amount payable to INPS and other agencies with reference to December salaries and the “14th month” bonus, which increases proportionally to the increase in the number of employees.

"Other payables" refers mainly to accruals for the "14th month" bonus, as well as to performance bonuses recognized during the year and payable in May 2017 in accordance with internal procedures, and to amounts due for pay in lieu of holiday outstanding at 31 December 2016. These items similarly increased proportionally to the increase in the number of employees.

Deferred income originates from contract revenue on domain, hosting, connectivity and other resale services pertaining to future periods, the details of which appear above.

24. Net change in financial payables and other financial assets in the statement of cash flows

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

Description	31/12/16	31/12/15
Change in total consolidated Net Financial Position	**-1,635**	**5,683**
Increase in medium/long-term loans	25,349	14,673
Repayment of medium/long-term loans	-18,306	-11,029
Other changes in medium/long-term loans	-62	14
Change in non-cash derivatives	92	30
Financial payables from acquisition of SFERA	1,300	-
Earn-out Moqu and Etinet	910	-910
Change on financial receivables	200	-500
Change in cash and cash equivalents per cash flow statement	**7,849**	**7,961**

As shown in the table, the change in the net financial position came to -€1.6 million versus the positive change in cash and cash equivalents of €7.8 million (€8 million Euro in 2015), a trend attributable to:

- The net change in loans - the difference between increases in medium/long-term positions and repayment of medium/long-term positions - contributes in the year to the change in cash and cash equivalents, but is neutral at the overall NFP level. With specific regard to the composition of the main increases and decreases in 2016, reference should be made to Note 19 above. 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.
- In addition to the above, reconciliation also involves the extraordinary transactions completed, including financially, in the current (and prior) year. These transactions offer a different picture of NFP at a cash and cash equivalents level. Reference should be made, by way of explanation, to the instalment part of the payment for the acquisition of Sfera of €1.3 million, which impacts on a NFP level, but is neutral on cash and cash equivalents. The same considerations apply to the earn-out of Moqu, which produced a positive effect on a financial

position level in 2015, while on a cash equivalent level, the effect is attributed to 2016 (when the amount was actually collected); the changes, in fact, show opposite signs in the two years.

Mention should be made that the acquisition of Sfera Networks S.r.l. includes a variable portion of the price, which may produce further outlays of €0.4 million, subject to the achievement of certain financial targets over the next three years (no reflection on financial payables as a reasonable estimate cannot be made and given the recent acquisition of the company).

The prior year was similarly 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.

25. Commitments and risks

Commitments and risks at the close of 2016 and 2015 are shown below:

Description	**Balance at 31/12/2015**	**Increases for the period**	**Decreases for the period**	**Other changes**	**Balance at 31/12/2016**
Guarantees	3,279	1,812	-1,693	0	3,399
Total	**3,279**	**1,812**	**-1,693**	**0**	**3,399**

Increases:

The main increases in the year 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, in accordance with the acquisition agreement.

Decreases:

The main decreases regarded:

Closure of the previous guarantee issued by Monte dei Paschi to HSBC (€1.1 million), no longer due based on the agreements between the parties.

Closure 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;

Reduction of the letter of credit for the amount of €0.1 million issued by Banca Intesa San Paolo to Global Collect;

Other changes:

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

26. Related party transactions

Transactions carried out with related parties fall within the Company's ordinary operations and are settled at arm's length. The Company engages in the purchase and sale of services with its own subsidiaries and with Orascom Group companies. At 31 December 2016, Libero Acquisition S.à r.l. (an Orascom Group company) owned 69.432% of Dada S.p.A.

The following table indicates the assets, liabilities, costs and income between the Dada Group and related parties in 2016, excluding intercompany transactions, which are eliminated in the interim consolidated financial statements.

Dada S.p.A.'s transactions with its own subsidiaries, as described in greater detail in the notes to the separate financial statements with reference to the individual items in the income statement and statement of financial position, can be broken down into:

- commercial transactions for the provision of services. These are centralized corporate services such as human resources management, legal services, administration and control, and the subletting of business premises;
- financial transactions, consisting of centralized treasury services and intercompany loans;
- Tax-related transactions, in that Dada S.p.A. performs the national tax consolidation (for IRES purposes) for its Italian subsidiaries, as provided for by Legislative Decree 344 of 12 December 2008, over the 2016-2018 three-year period. These transactions are governed by specific contracts inspired by the principles of neutrality and equal treatment.
  In 2016, the Dada Group continued to opt for consolidated VAT settlement for some of its Italian companies, in accordance with applicable law.

The following table shows the assets, liabilities, costs and income between the Dada Group and related parties in 2016, excluding intercompany transactions, which are eliminated in the consolidation process.

Dada Group's transactions with Orascom Group companies, regarding the individual items in the statement of financial position and the income statement, relate mainly to contracts for the provision of services and business-related activities. Additionally, in 2016 the Dada Group provided its former subsidiary Moqu Adv S.r.l. and its associate 4W MarketPlace S.r.l. with certain IT, office and corporate services at arm's length.

Company	Trade receivables	Trade payables	Revenue	Costs
Orascom Group	422	-34	1,968	-834
4W MarketPlace S.r.l.	33	0	152	-2
TOTAL	**455**	**-34**	**2,120**	**-836**

See the Directors' Report for further details regarding Directors. Transactions with Dada Group companies mainly concern the provision of services, the lending and borrowing of funds, and the settlement of tax liabilities, and are carried out at arm's length. In accordance with IAS 24 and the new related party procedure, related parties include the directors of the Parent Company as well as executives with strategic responsibilities. It should be noted that in 2016, there were no other key management personnel aside of the CEO and the General Manager.

More information on the related party procedure is given in the Directors' Report.

Description	31/12/2016		
	Service costs	Payroll costs	Other equity instruments
Board of Directors – fees	114		
Board of Statutory Auditors - fees	53		
CEOs and General Managers – other fees	133	1,050	292
Other key management personnel			
Total related parties	**301**	**1,050**	**292**

27. Information pursuant to Art. 149-duodecies of the Consob Issuer Regulations

The following chart, prepared in accordance with Art. 149-duodecies of the Consob Issuer Regulations, shows the 2016 fees for external auditing and for services other than auditing rendered by the audit firm or by entities in its network.

Type of service	Performed by	Recipient	Fees
Auditing	KPMG SPA	Parent	150,650
Auditing	KPMG SPA	Subsidiaries	45,000
Auditing foreign subsidiaries	KPMG network	Subsidiaries	80,776
Other services	KPMG SPA (1)	Parent and Subsidiaries	55,000
TOTAL			331,426

(1) Mainly assistance with testing carried out in accordance with law 262/2005

28. IFRS 7 disclosures

The disclosures required by IFRS 7 are provided below:

1) Classification of financial instruments

The table below shows available-for-sale financial assets, including derivative assets measured at fair value, receivables and loans and financial assets measured at amortized cost, as well as available-for-sale financial liabilities, including derivative liabilities measured at fair value, receivables and loans and financial liabilities measured at amortized cost.

The main items on the Assets side are:

- In the "Loans and receivables" class, “Trade receivables” has been entered net of the provision for doubtful accounts.

- in the “Loans and Receivables” class, “Other receivables” does not include the tax receivables that are outside the scope of IAS 39; further information is provided earlier in this report.

On the Liabilities side, in addition to trade payables:

In the "Loans and receivables" class, “Banks for account overdrafts” includes the negative balances of current accounts which were equal to 0 at end 2016, versus €0.9 million at end 2015;

- In the "Loans and receivables" class, "Loans and borrowing" includes short/medium-term payables to major banks and financial leasing companies;

- In the “Hedging instruments” class, “Payables for derivative financial instruments” includes three Interest Rate Swaps and a CAP with a total negative fair value of €230 thousand which, having passed the effectiveness test and achieved the hedging parameters, are treated under hedge accounting. The table below summarizes movements in profit/loss and equity of the derivative instruments outstanding at the end of 2016:

		Fair Value			Amount recognized in equity 2016
Type of derivative	**Purpose**	**31/12/16**	**31/12/15**	**Change**	
CAP	Interest rate hedge on loan	1	-	1	-
IRS	Interest rate hedge on loan	-230	-137	-93	-93
Total		**-230**	**-137**	**-92**	**-93**

- In “Financial liabilities measured at amortized cost”, the largest amount refers to the amortizing loans of Register.it S.p.A. for the amount of €28.7 million, to the finance leases of Register.it S.p.A. for €0.3 million, to the amortizing loans and term credit lines of Dada S.p.A. for €4.7 million, to the amortizing loans and finance leases of Namesco Ltd for €0.9 million (£0.7 million), and to finance leases of the Poundhost Group for €0.7 million (£0.6 million). The Dada Group's existing loan contracts include default covenants entitling the banks to call in the loans in advance if the following ratios are breached.

For Dada Group loans, the parameters are:

- Net Debt/EBITDA;
- EBITDA/net financial income/charges
- Net Debt/Equity
- EBITDA/Revenue
- Investment limits

2) Collateral

IFRS 7 requires disclosures in the case of financial assets pledged as collateral and third-party assets held as collateral, most of which relate to office rentals. Carrying amounts at the close of 2016 and 2015 are shown in the table below; the Group has no liabilities for collateral received from third parties:

Collateral pledged (€/000)	Carrying amount	
	31/12/16	31/12/15
Security deposits	182	184

3) Allowance for credit losses

The table below summarizes movements in the provision for doubtful accounts in 2016 and 2015:

	Provision for doubtful accounts (€ /.000)	
	31/12/16	**31/12/15**
Balance at start of year	-3,123	-2,974
Allocation for the year:		
- for individual write downs	-186	-269
- for collective write downs		0
Utilizations	15	123
Exchange differences and other	1	-3
Balance at end of year	-3,292	-3,123

4) Items of income, expense, gains, and losses on financial instruments

IFRS 7 requires disclosures on interest payments, commissions and fees relating to financial instruments. Gains and losses in 2016 and 2015 are shown below:

INCOME STATEMENT (€ /.000)	Carrying amount		
	Held-for-trading financial assets/liabilities	**Hedging instruments**	**Loans and receivables**
	31/12/16	**31/12/16**	**31/12/16**
NET GAIN/(LOSS)			
- Hedge derivatives		-49	
- Non-hedge derivatives	1		
- Commercial and financial assets/liabilities			-221
Total	**1**	**-49**	**-221**
NET GAIN/(LOSS)	**31/12/15**	**31/12/15**	**31/12/15**
- Hedge derivatives		-65	
- Non-hedge derivatives	6		
- Commercial and financial assets/liabilities			304
Total	**6**	**-65**	**304**

- The loss on interest rate hedges refers to the interest rate swap, to which hedge accounting applies, which is below €0.1 million in 2016, basically unchanged versus the amount in 2015, due to the spread between fixed interest paid by Register.it S.p.A. to the entity that issued the hedge and the variable interest paid to the bank that granted the non-current loan. For further details, see the section on interest rate risk;

- Forward exchange rate contracts (hedges against exchange rate risk) in 2016 basically produced no gain or loss; an exchange loss was produced from trade receipts/payments of €0.2 million in 2016 versus the exchange gain of approximately €0.3 million in 2015.

- Interest income includes interest on ordinary current accounts.

- "Interest expense" is shown separately for amounts due to banks for account overdrafts very close to zero as a result of the drop into negative territory of the Euribor 1M versus €0.1 million in 2015, and interest expense for amortizing loans and leases (€1.0 million versus €1.2 million in 2015); the item does not include the effect of the IRS on the spread between fixed and variable interest, as mentioned above.

A summary of "Other financial payables" is shown below:

	Carrying amount	
INTEREST INCOME	**31/12/16**	**31/12/15**
Interest income on financial assets not measured at fair value - Bank and post office deposits - Escrow and other accounts	0	3
Total	0	3
INTEREST EXPENSE	**31/12/16**	**31/12/15**
Interest expense on financial liabilities not measured at fair value[1]		
- Bank and post office deposits	-24	-122
- Other financial payables		
- Mortgage loans	-1,022	-1,161
- Other payables		
Total	-1,046	-1,283
GRAND TOTAL	-1,046	-1,280

- In the following table, "Bank fees and charges" consists of actual bank fees of €0.4 million in 2016, basically unchanged versus 2015, and charges for handling customer credit card payments of €1.1 million in 2016 versus €1.0 million in 2015.

	Carrying amount	
FEES AND CHARGES	**31/12/16**	**31/12/15**
- Bank charges and other fees	-1,506	-1,453

5) Qualitative disclosures about risk

The Dada Group is exposed to credit risk, liquidity risk and market risk, the latter comprised of exchange risk, interest rate risk and price risk.

Special forms have been developed in order to monitor these risks using appropriate policies and procedures. Financial risks are mapped, assessed and managed according to Group policies and tolerance of risk. All derivative assets for risk management purposes are supervised by a team of specialists with adequate knowledge and experience. The Group's policy is not to take on derivatives for speculative trading purposes.

- Credit risk

The Group's credit risk is more or less concentrated depending on the particular business. The following table shows maximum exposure to credit risk in 2016 and 2015. The table excludes amounts receivable from employees, social security institutions, and the tax authorities; employee benefits; and all instruments governed by IAS 12 and 19 that are outside the scope of IAS 39:

Maximum exposure to credit risk (€/000)	31/12/16	31/12/15
Bank accounts and deposits	4,798	2,192
Restricted financial assets	300	1,500
Trade receivables	4,187	3,504
Other receivables within 1 year	2,165	1,467
Other receivables due beyond one year	182	184
Total	11,633	8,848

- Bank accounts and deposits include current account balances of €4.8 million in 2016 versus €2.2 million in 2015.

- Trade receivables are shown net of the provision for doubtful accounts.

- "Other receivables" include security deposits with third parties.

The following table shows commercial credit risk by geographical area (Italy and international):

Concentration of commercial credit risk (€ /.000)	Carrying amount		%	
	31/12/16	31/12/15	31/12/16	31/12/15
By region				
Europe (excluding Italy)	1,446	1,222	34.5%	34.9%
Italy	2,741	2,282	65.5%	65.1%
USA	0	0	0.0%	0.0%
Total	4,187	3,504	100.0%	100.0%

The table below shows the composition of trade receivables and use of the provision for doubtful accounts:

Aging analysis of overdue trade receivables (€ /000)	Carrying amount		Percent of total	
	31/12/16	31/12/15	31/12/16	31/12/15
Trade receivables				
- Overdue by less than 30 days	430	660	23%	42%
- Overdue by 30-120 days	398	471	21%	30%
- Overdue by 120-150 days	110	82	6%	5%
- Overdue by 150-365 days	927	345	50%	22%
- Overdue for more than 1 year	-	-	0%	0%
Total	1,865	1,558	100%	100%

Below is the aging analysis of overdue receivables, net of the provision for doubtful accounts, and the analysis of customer credit rating, taking account of the debtor's geographical location and degree of solvency:

Credit quality analysis (€/000)	**31/12/16**	**31/12/15**
Trade receivables not overdue and not impaired	2,323	1,946
Trade receivables not overdue and impaired	0	0
Trade receivables overdue and not impaired	1,864	1,558
Trade receivables overdue and impaired	3,292	3,123
Provision for doubtful accounts	-3,292	-3,123
Total	4,187	3,504

Rating analysis of performing loans not yet due (€ /000)	**31/12/16**	**31/12/15**
Solvency rating High	1,848	1,548
Not Rated	475	398
Total	2,323	1,946

- Liquidity risk

Liquidity risk may arise due to the difficulty of obtaining loans to support operating activities when needed. IFRS 7 requires a maturity analysis for financial liabilities (including trade payables), as in the following tables for 2016 and 2015:

LIABILITIES **NON-DERIVATIVE FINANCIAL INSTRUMENTS**						
Trade payables	6,788					6,788
Mortgage loans:						
- principal	2,456	2,746	5,288	15,670	5,750	31,909
- interest	237	356	622	1,132	85	2,432
Leasing:						-
- principal	321	277	381	223	-	1,203
- interest	15	9	6	1	-	31
Short-term credit facilities						-
Account overdrafts	-					-
Account overdrafts - interest	-					-
Other payables	142	150		1,150		1,442
Total	9,960	3,537	6,297	18,176	5,835	43,805

DERIVATIVE FINANCIAL INSTRUMENTS	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
Interest rate derivatives and exchange rate derivatives	34	34	80	61	20	230
Total	34	34	80	61	20	230
EXPOSURE AT 31 DECEMBER 2016	9,994	3,572	6,377	18,237	5,855	44,034

Maturity analysis at 31 December 2015 (€ /000)	Notes	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
LIABILITIES							
NON-DERIVATIVE FINANCIAL INSTRUMENTS							
Trade and other payables		6,778					6,778
Mortgage loans							
- principal		6,569	3,098	6,282	13,682		29,631
- interest		497	441	613	641		2,193
Leasing:							-
- principal		301	214	301	66		881
- interest		30	19	16	1		66
Short-term credit facilities							-
Account overdrafts		947					947
Account overdrafts - interest		15					15
Other payables		1,020					1,020
Total		16,157	3,772	7,212	14,391	-	41,531
DERIVATIVE FINANCIAL INSTRUMENTS		**Less than 6 months**	**6 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**	**Total**
Interest rate derivatives and exchange rate derivatives		27	27	40	13		107
Total		27	27	40	13	-	107
EXPOSURE AT 31 DECEMBER 2015		16,184	3,799	7,252	14,404	-	41,638

The above maturity analysis considered non-discounted future cash flows, with loans split by principal and interest.

Group companies' cash flow, funding requirements and liquidity are monitored or managed centrally under the control of the Group Treasury, to ensure the efficient and effective management of financial resources.

- Market risk

Only two types of market risk are considered: exchange risk and interest rate risk. The Dada Group is not exposed to price risk, by which financial assets/liabilities or equity instruments might lose value due to changes in the price of commodities used by the Dada Group. To mitigate the impact of exchange rate and interest rate fluctuations, derivatives are contracted for hedging purposes and not for trading or speculation.

- Exchange risk

Exchange risk is considered for the foreign currency exposure of individual companies, and for intercompany commercial and financial accounts, which are eliminated in the consolidated financial statements but still generate exchange gains and losses for the company exposed to fluctuations in the foreign currency.

The following table breaks down the net financial position by currency (amounts are expressed in the €/000 equivalent at year-end exchange rates):

	2016			
DESCRIPTION (€/000)	**TOTAL**	**EUR**	**USD**	**GBP**
Non-current financial payables	-27,312	-26,626		-686
Current financial payables	-5,800	-4,906		-894
Derivative liabilities	-230	-230		
Other financial payables	-1,300	-1,300		
Cash and cash equivalents available at sight	4,817	3,598	2	1,217
Other financial receivables	300	300		
TOTAL	**-29,525**	**-29,164**	**2**	**-363**

	2015			
DESCRIPTION (€/000)	**TOTAL**	**EUR**	**USD**	**GBP**
Non-current financial payables	-20,332	-19,697		-634
Current financial payables	-11,038	-9,739		-1,298
Derivative liabilities	-137	-137		
Other financial payables	-90	-90		
Cash and cash equivalents available at sight	2,206	1,175	6	1,025
Other financial receivables	1,500	1,500		
TOTAL	**-27,890**	**-26,989**	**6**	**-907**

To mitigate exchange risk and anticipate potential losses, the Group has developed a reporting system to monitor foreign currency exposure and determine when to take out derivatives (limited to the forward purchase or sale of foreign currency).

Of the tables numbered 2 through 4 below, the first two present the Group's exposure to exchange risk by asset/liability item and by currency at the close of 2016 and 2015, while the third shows the gains and losses caused by a hypothetical upward or downward shift in exchange rates, according to the following shock analysis:

Exchange rate shock, 2015			**Exchange rates 31-12-2016**			**Exchange rates 31-12-2015**		
Currency	**UP**	**DOWN**	**Base**	**Shock UP**	**Shock Down**	**Base**	**Shock UP**	**Shock Down**
	+	**-**		**+**	**-**		**+**	**-**
USD	5%	-5%	1.0541	1.1068	1.0014	1.2141	1.2748	1.1534
GBP	5%	-5%	0.8562	0.899	0.8134	0.7340	0.7706	0.6973
Euro	5%	-5%		0	0		0	0

- Interest rate risk

IFRS 7 requires a sensitivity analysis only for interest-bearing assets and financial liabilities and a shock analysis incorporating a one-point increase or decrease in the key interest rate, as follows:

Shock		
	UP	DOWN
Delta	1%	-1%

The sensitivity of the income statement to these interest rate fluctuations is presented in Table 4.

At 31 December 2016, the interest rate risk on the pool loan of €22 million is hedged for a notional amount of €9 million by two IRS of 0.857% and 1.000% respectively; table 4 shows that the effect on profit and loss of the shock up and shock down of the interest rate is detailed for the hedge derivative part and the remaining unhedged part; the effect on profit or loss of a one-point increase in the key rate is a negative €0.2 million owing to the hedge derivatives. For Italy, the key rate is the one, three and six-month Euribor; for the GBP area it is the Bank of England base rate plus a spread of 3%. At 31 December 2016, including the effect of the interest rate swap, 33% of all financial payables are to be considered as fixed-rate and the remaining 67% as variable; new IRS hedges will be entered into in the early months of the new year.

The table below breaks down the fair value of hedge derivatives into current (within one year) and non-current (beyond one year):

		Fair Value			**Amount recognized in equity 2016**
Type of derivative	**Purpose**	**31/12/16**	**31/12/15**	**Change**	
CAP	Interest rate hedge on loan	1	0	1	0
IRS	Interest rate hedge on loan	-230	-137	-93	-93
FWD	Exchange risk hedge			0	0
Total		**-230**	**-137**	**-92**	**-93**

This table shows the underlying at 31 December 2016 and the payment plan for the interest rate hedges described above:

Amount/000	Total	Key rate	Rate	<6 months	6 months>x<1 year	1-2 years	2-5 years
Interest Rate Swap	-6,500	Euribor 6M + Spread	0.8570%	-21	-21	-52	-54
Interest Rate Swap	-2,500	Euribor 6M + Spread	1.0000%	-10	-10	-23	-28
Interest Rate Swap	-1,604	Euribor 6M + Spread	0.2650%	-3	-3	-4	0
Interest Rate CAP	-750	Euribor 3M + Spread	0.0500%		1		
TOTAL	**-11,354**	**Total**	**-230**	**-34**	**-34**	**-80**	**-81**

Table 1									**Carrying amount**			
ASSETS	**Hedging instruments**		**Loans and receivables**		**Financial assets measured at amortized cost**		**Total**		**of which: current**		**of which: non-current**	
	31/12/16	**31/12/15**	**31/12/16**	**31/12/15**	**31/12/16**	**31/12/15**	**31/12/16**	**31/12/15**	**31/12/16**	**31/12/15**	**31/12/16**	**31/12/15**
- Cash and cash equivalents			5,117	2,206			5,117	2,206	4,967	2,206	150	
- Trade receivables			4,187	3,504			4,187	3,504	4,187	3,504		
- Other financial assets			0	0			0	0				
- Other receivables			2,165	1,467			2,165	1,467	2,165	1,467		
- Receivables for derivative financial instruments	1	0					1	0	1			
Total financial assets	**1**	**0**	**11,470**	**7,177**	**0**	**0**	**11,470**	**7,177**	**11,320**	**7,177**	**150**	**0**

									Carrying amount			
LIABILITIES	**Hedging instruments**		**Loans and receivables**		**Financial liabilities measured at amortized cost**		**Total**		**of which: current**		**of which: non-current**	
	31/12/16	**31/12/15**	**31/12/16**	**31/12/15**	**31/12/16**	**31/12/15**	**31/12/16**	**31/12/15**	**31/12/16**	**31/12/15**	**31/12/16**	**31/12/15**
- Trade payables			6,788	6,778			6,788	6,778	6,788	6,778		
- Banks for account overdrafts			0	857			0	857	0	857		
- Loans and borrowing					34,412	34,412	34,412	30,145	5,950	10,181	28,462	19,964
- Other payables			1,292	1,020			1,292	1,020	1,292	1,020		
- Payables for derivative financial instruments	230	137					230	137	69	87	162	51
Total financial liabilities	**230**	**137**	**8,080**	**8,655**	**34,412**	**34,412**	**42,722**	**38,938**	**14,099**	**18,923**	**28,623**	**20,015**

TABLE 2									
Exposure to exchange risk (€/000)	**USD**		**GBP**		**EUR**		**Total**		
	Dec.-16	**Dec.-15**	**Dec.-16**	**Dec.-15**	**Dec.-16**	**Dec.-15**	**Dec.-16**		**Dec.-15**
ASSETS									
Foreign currency cash and cash equivalents		5			4	1	4		6
Intercompany loans and borrowing in foreign currency							0		0
Trade receivables – intercompany	45	64			774	1,389	819		1,453
Foreign currency trade receivables	663	419					663		419
Total assets	708	488	0	0	778	1,390	1,486		1,878
	USD		**GBP**		**EUR**		**Total**		
	Dec.-16	**Dec.-15**	**Dec.-16**	**Dec.-15**	**Dec.-16**	**Dec.-15**	**Dec.-16**		**Dec.-15**
LIABILITIES									
Foreign currency trade payables	-96	-98		-70		-42	-96		-210
Trade payables - intercompany			-504	-1,241	-767	-1,603	-1,271		-2,844
Intercompany loans and borrowing in foreign currency					-1,379	-3,179	-1,379		-3,179
Other payables in foreign currency							0		0
Total liabilities	-96	-98	-504	-1,311	-2,146	-4,824	-2,746		-6,233
EXPOSURE AT 31 DECEMBER	612	390	-504	-1,311	-1,368	-3,434	-1,260	0	-4,355

DERIVATIVE FINANCIAL INSTRUMENTS								
	USD		GBP		EUR		Total	
	Dec.-16	**Dec.-15**	**Dec.-16**	**Dec.-15**	**Dec.-16**	**Dec.-15**	**Dec.-16**	**Dec.-15**
Non-hedge derivatives							0	0
Total	0	0	0	0	0	0	0	0
NET EXPOSURE AT 31 DECEMBER	612	390	-504	-1,311	-1,368	-3,434	-1,260	-4,355

Table 4 Interest rate sensitivity analysis (€/000)	Key rate	Carrying amount of debt		Income statement			
				Shock up		Shock down	
		31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15
Interest-bearing assets				0	0		
Other non-interest-bearing financial assets		5,117	3,706	51	37	0	0
Subtotal assets		**5,117**	**3,706**	**51**	**37**	**0**	**0**
Variable rate, unhedged financial liabilities	Euribor 1M + 6.00% spread		-115	0	-1	0	1
Variable rate, unhedged financial liabilities	Euribor 1M + 2.8% spread		-211	0	-2	0	2
Variable rate, unhedged financial liabilities	Euribor 1M + 4.75% spread		-464	0	-5	0	5
Variable rate, unhedged financial liabilities	Euribor 2M + 3.25% spread	-1,000	-2,000	0	-20	0	20
Variable rate, unhedged financial liabilities	Euribor 2M + 4.25% spread		-1,000	0	-10	0	10
Variable rate, unhedged financial liabilities	Euribor 3M + 2.95% spread		-676	0	-7	0	7
Variable rate, unhedged financial liabilities	Euribor 6M + 3.50% spread		-8,000	0	-160	0	160
Variable rate, unhedged financial liabilities	Euribor 6M + 2.1%	-2,500		-25		25	
Variable rate, unhedged financial liabilities	Euribor 3M + 2.20% (floor cap 1.95%)	-750		-13		13	
Variable rate, unhedged financial liabilities	Euribor 3M + 1.60%	-1,000		-6		6	
Variable rate, unhedged financial liabilities	Euribor 6M + 2.50% spread	-13,000		-127		127	
Variable rate, unhedged financial liabilities	Euribor 3M + 2.70% spread	-1,604	-1,750	-12	-53	12	53
Variable rate, unhedged financial liabilities		-324		-3		3	
Variable rate, unhedged financial liabilities	Bank of England Base Rate + 3%	-1,580	-1,252	0	-13	0	13
Subtotal unhedged financial liabilities		**-21,758**	**-15,468**	**-186**	**-271**	**186**	**271**

Variable rate, hedged financial liabilities	IRS 0.7775%		-3,750				
Variable rate, hedged financial liabilities	IRS 0.6310%		-3,750				
Variable rate, hedged financial liabilities	IRS 0.857%	-6,500					
Variable rate, hedged financial liabilities	IRS 1.000%	-2,500					
Variable rate, hedged financial liabilities	IRS 0.295%		-5,000				
Variable rate, hedged financial liabilities	IRS 0.265%	-1,604	-1,750				
Variable rate, hedged financial liabilities	IRS 0.200%		-500				
Variable rate, hedged financial liabilities	CAP 0.05%	-750					
Variable rate, hedged financial liabilities							
Subtotal hedged financial liabilities		**-11,354**	**-14,750**	**0**	**0**	**0**	**0**
Fixed rate financial liabilities		-1,300	-1,151				
Other non-interest-bearing financial liabilities		-230	-137				
Subtotal liabilities		**-34,642**	**-31,506**	**-186**	**-271**	**186**	**271**
Grand total		**-51,283**	**-43,268**	**-135**	**-234**	**186**	**271**

DADA S.p.A.
Viale della Giovine Italia 17 - 50122 Firenze - Italy
Tel. +39 055 200211 Fax +39 055 20021550

CERTIFICATION

of the consolidated Annual Financial Report at 31 December 2016

(pursuant to art. 81-*ter* of CONSOB Regulation no. 11971 of 14 May 1999

as subsequently amended)

- The undersigned, Claudio Corbetta, as Chief Executive Officer, and Federico Bronzi, as Manager in charge of preparing the Company's Financial Reports, hereby certify, pursuant also to the provisions of art. 154-*bis,* par. 3 and par. 4, of Legislative Decree no. 58 dated 24 February 1998:
  - the adequacy in relation to the Company's characteristics, and
  - the actual application

  of administrative and accounting procedures for the preparation in 2016 of the Consolidated Financial Statements at 31 December 2016, approved by the Board of Directors on 15 March 2017.

- It is also certified that:

1. the consolidated annual financial report at 31 December 2016:
   - corresponds to the Company's records, ledgers and accounting entries;
   - has been prepared in accordance with applicable IFRS endorsed by the European Union and with the provisions issued to implement art. 9 Legislative Decree No. 38/2005;
   - is suitable for providing a true and fair view of the financial position and results of operations of the issuer and all companies included in consolidation.
2. The Directors' Report contains a reliable analysis of operating performance and results and of the position of the issuer and all companies included in consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Florence, 15 March 2017

Amministratore Delegato

Claudio Corbetta

Dirigente preposto alla redazione

dei documenti contabili societari

Federico Bronzi

Partita IVA 04628270482
Capitale sociale sottoscritto e versato: € 2.835.611,73
N.ro iscrizione al Registro delle Imprese di Firenze e codice fiscale: 04628270482
Numero REA: 467460

KPMG

KPMG S.p.A.
Revisione e organizzazione contabile
Viale Niccolò Machiavelli, 29
50125 FIRENZE FI
Telefono +39 055 213391
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

Relazione della società di revisione indipendente ai sensi degli artt. 14 e 16 del D.Lgs. 27 gennaio 2010, n. 39

Agli Azionisti di
DADA S.p.A.

Relazione sul bilancio consolidato

Abbiamo svolto la revisione contabile dell'allegato bilancio consolidato del Gruppo DADA, costituito dai prospetti della situazione patrimoniale e finanziaria al 31 dicembre 2016, dell'utile/(perdita), delle altre componenti di conto economico complessivo, delle variazioni di patrimonio netto e dei flussi finanziari per l'esercizio chiuso a tale data, da una sintesi dei principi contabili significativi e dalle altre note illustrative.

Responsabilità degli amministratori per il bilancio consolidato

Gli amministratori di DADA S.p.A. sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05.

Responsabilità della società di revisione

E' nostra la responsabilità di esprimere un giudizio sul bilancio consolidato sulla base della revisione contabile. Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia) elaborati ai sensi dell'art. 11 del D.Lgs. n. 39/10. Tali principi richiedono il rispetto di principi etici, nonché la pianificazione e lo svolgimento della revisione contabile al fine di acquisire una ragionevole sicurezza che il bilancio consolidato non contenga errori significativi.

La revisione contabile comporta lo svolgimento di procedure volte ad acquisire elementi probativi a supporto degli importi e delle informazioni contenuti nel bilancio consolidato. Le procedure scelte dipendono dal giudizio professionale del revisore, inclusa la valutazione dei rischi di errori significativi nel bilancio consolidato dovuti a frodi o a comportamenti o eventi non intenzionali. Nell'effettuare tali valutazioni del rischio, il revisore considera il controllo interno relativo alla redazione del bilancio consolidato dell'impresa che fornisca una rappresentazione veritiera e corretta al fine di definire procedure di revisione appropriate alle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno dell'impresa. La revisione contabile comprende altresì la valutazione dell'appropriatezza dei principi contabili adottati,

Gruppo DADA
Relazione della società di revisione
31 dicembre 2016

della ragionevolezza delle stime contabili effettuate dagli amministratori, nonché la valutazione della presentazione del bilancio consolidato nel suo complesso.

Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Giudizio

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo DADA al 31 dicembre 2016, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05.

Relazione su altre disposizioni di legge e regolamentari

Giudizio sulla coerenza della relazione sulla gestione e di alcune informazioni contenute nella relazione sul governo societario e gli assetti proprietari con il bilancio consolidato

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere, come richiesto dalle norme di legge, un giudizio sulla coerenza della relazione sulla gestione e delle informazioni della relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, comma 4, del D.Lgs. n. 58/98, la cui responsabilità compete agli amministratori di DADA S.p.A., con il bilancio consolidato del Gruppo DADA al 31 dicembre 2016. A nostro giudizio la relazione sulla gestione e le informazioni della relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio consolidato del Gruppo DADA al 31 dicembre 2016.

Firenze, 29 marzo 2017

KPMG S.p.A.

Alberto Mazzeschi
Socio

DADA S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 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. 04628270482 - REA no. 467460
Tax ID/VAT no. 04628270482

DIRECTORS' REPORT

Dear Shareholders,

Dada S.p.A. closed 2016 achieving **revenue of €4.5 million**, basically in line with €4.6 million at end 2015. Regarding the composition of this item, mention should be made that the parent company Dada S.p.A. focuses its activity mainly on providing certain centralized corporate and IT services to other Group subsidiaries (specifically on services to the other Italian legal entities). It also provides certain services to companies that were formerly part of the Group.

Dada S.p.A.'s revenue streams from its core business are thus generated by services provided primarily for:

charges for brand licenses and the use of software, and for chargebacks for general corporate services provided, such as facility services (connection leases and so forth), administration, legal, purchasing, HR, control and other services provided to its subsidiaries.

Dada continued to provide a number of administrative, management and facility services in the year to Moqu (sold to IOL S.p.A. in the prior year) and to 4W MarketPlace for Simply activities contributed in the year, based on agreements and market conditions laid down upon purchase.

The basically steady trend in revenue is explained by the offsetting effect of the increase in related-party revenue and the reduction in chargebacks to Group companies. As mentioned, the reason for this trend is that Dada S.p.A. continued to provide a number of corporate and office services to Moqu and 4W MarketPlace, while the overall decrease is attributable to both the deconsolidation of Moqu (last year, in fact, it had benefited from a 2-month chargeback), and to the reduction in certain overall chargebacks to Group companies as a result of the decrease in corporate costs allocated.

The following table shows a summary of the restated income statement of the Parent Company Dada S.p.A. at 31 December 2016 and at 31 December 2015:

EUR/000	31-Dec.-16 12 months		31-Dec.-15 12 months		DIFFERENCE	
	Amount	% of	Amount	% of	Absolute	%
Net revenue	**4,469**	**100%**	**4,645**	**100%**	**-176**	**-4%**
Service costs and other operating expenses*	-2,561	-57%	-2,700	-58%	140	-5%
Payroll costs	-2,477	-55%	-2,314	-50%	-163	7%
EBITDA*	**-568**	**-13%**	**-369**	**-8%**	**-199**	**54%**
Depreciation and amortization	-177	-4%	-252	-5%	76	-30%
Non-recurring income/(charges)	-128	-3%	-114	-2%	-15	13%
Reversal/provisions and impairment	44	1%	54	1%	-10	-19%
EBIT	**-830**	**-19%**	**-681**	**-15%**	**-148**	**22%**
Investment income and dividends	68	2%	72	2%	-4	-5%
Financial charges and impairment of equity investments	-349	-8%	-481	-10%	132	-27%
Profit/(loss) before taxes	**-1,110**	**-25%**	**-1,090**	**-23%**	**-20**	**2%**
Income taxes	255	6%	-485	-10%	739	-152%
Net profit	**-856**	**-19%**	**-1,575**	**-34%**	**719**	**-46%**

* Gross of impairment losses and other non-recurring items

Dada S.p.A.'s EBITDA (gross of impairment losses and other non-recurring items) came to -€0.6 million versus -€0.4 million in 2015.

Costs and overheads, comprised primarily of utilities, connectivity, rents and leases, maintenance, legal and administrative consultancy, and hardware and software assistance, fell versus 2015 thanks to the careful measures to contain fixed costs, which had started in prior years; by contrast, payroll costs increased in absolute terms and as a percentage of revenue.

Dada S.p.A.'s EBIT came to -€0.8 million, basically in line with -€0.7 million in 2015. The item was affected by non-recurring charges of €0.1 million for employee severance costs; these expenses were only partly offset by the release to the income statement of prior-years' provisions considered no longer justified. Depreciation and amortization was, instead, down by €0.1 million.

On the tax front, the situation in 2016 shows a positive tax burden totaling €0.3 million versus a negative €0.5 million in 2015, with an overall positive effect between the two years of €0.8 million. The result is explained mainly by Dada's positive contribution in covering the IRES tax burden of the companies managed in the tax consolidation scheme (mainly Register.it, but also Etinet S.p.A.) for the use of prior tax losses; this benefit was worth €0.4 million. Deferred taxes brought, instead, a negative impact of €0.1 million relating to the portion of IRES taxable income which cannot be offset against prior tax losses, and to the release from temporary differences. By contrast, the prior year had been significantly affected by deferred tax assets (-€0.6 million). The amount included €0.1 million from the release of the assessments made in prior years on temporary differences, and €0.5 million from further releases to the income statement following changes to the Italian IRES legislation; under the law, from tax year 2017, the IRES tax rate is lowered from 27.5% to 24%, with a resulting negative impact on expected future benefits in terms of deferred tax assets, accounted for in prior years with a higher rate. Following this change, the Company had revised the assessment of deferred tax assets, determined on tax losses carried forward indefinitely, based on the analysis of expected future taxable income.

Dada S.p.A.'s net profit in 2016 showed a **negative €0.9 million, improving sharply versus a negative €1.6 million** in 2015. The improvement is attributable to the decrease in net financing activities in 2016 versus 2015 (down from -€0.5 million to -€0.3 million) as a result of the improved conditions applied by banks to outstanding loans and to the management of account overdrafts.

The breakdown of the current total net financial position at 31 December 2016 versus 31 December 2015 is shown below:

FINANCIAL POSITION	31-Dec.-16	31-Dec.-15	DIFFERENCE	
			Absolute	%
Cash on hand	2	4	-2	-46%
Bank and post office deposits	1,709	138	1,571	1136%
Liquidity	**1,711**	**142**	**1,569**	**1106%**
Net income/(charges) from cash pooling *	8,031	11,006	-2,974	-27%
Other current financial receivables	-	1,000	-1,000	-100%
Current financial receivables	**8,031**	**12,006**	**-3,974**	**-33%**
Banks and account overdrafts	-	-790	790	-100%
Due to banks for short-term loans	-2,250	-3,677	1,427	-39%
Current debt	**- 2,250**	**- 4,466**	**2,216**	**-50%**
Current net financial position	**7,493**	**7,681**	**-189**	**-2%**
Due to banks for long-term loans	- 2,250	-	-2,250	-
Non-current debt	**- 2,250**	**-**	**-2,250**	**-**
Total net financial position	**5,243**	**7,681**	**-2,439**	**-32%**

* including centralized treasury management (cash pooling) and loans to subsidiaries

Dada S.p.A.'s total net financial position at 31 December 2016 showed a positive €5.2 million versus a positive €7.7 million at 31 December 2015.

The cash flow dynamics of 2016 are shown in the Cash Flow Statement appearing in the financial statements, to which reference is made.

Mention should be made that the prior year had benefited from the disposal in March by Dada S.p.A. of Moqu Adv S.r.l. to Italiaonline S.p.A. for a cash consideration of €5 million. The current year benefited from the cash in of €1 million from the earn out relating to the above disposal, recognized in the NFP of the prior year, the benefits of which were felt in 2016 in terms of cash and cash equivalents.

Cash outflow in the year is explained not only by the result recognized in the income statement over the 12 months, but also by the impact of the change in Net Working Capital, which was also influenced by the transactions between Dada and its subsidiaries.

For a more specific picture on cash flow trends, reference should be made to the consolidated figures, which do not show intercompany cash flows.

For further information on the dynamics of the consolidated net financial position of the Group in 2016, see the details provided in the consolidated side of the 2016 Directors' Report and of the Cash Flow Statement.

No significant investments were made in 2016. Increases mainly regarded purchase of the management software and technology needed to provide corporate services.

The breakdown of Dada S.p.A.'s net working capital and net capital employed at 31 December 2016 and at 31 December 2015 is shown below:

EUR/000	31-Dec.-16	31-Dec.-15	DIFFERENCE	
			Absolute	%
Fixed assets	**30,428**	**30,535**	**-106**	**0%**
Current operating assets	24,643	22,993	1,650	7%
Current operating liabilities	-2,314	-2,441	127	-5%
Net working capital	**22,329**	**20,552**	**1,777**	**9%**
Provision for termination indemnities	-124	-202	78	-39%
Provision for risks and charges	-187	-259	72	-28%
Net capital employed	**52,446**	**50,626**	**1,821**	**4%**
Non-current payables	-2,250	0	-2,250	-
Equity	**-57,689**	**-58,307**	**618**	**-1%**
Current bank debt	-2,250	-4,466	2,216	-50%
Net income/(charges) from cash pooling	8,031	11,006	-2,974	-27%
Other current financial receivables	0	1,000	-1,000	100%
Cash and cash equivalents	1,711	142	1,569	1106%
Current net financial position	**7,493**	**7,681**	**-189**	**-2%**
Total net financial position	**5,243**	**7,681**	**-2,439**	**-32%**

The Net Working Capital of Dada S.p.A. at 31 December 2016 amounted to €22.3 million, increasing by 9% versus 31 December 2015. Short-term items saw an improvement in trade receivables,
consisting mainly of receivables from Group companies, and a deterioration in other receivables, which include other intercompany transactions (such as Group VAT and tax receivables). For a greater understanding of this item, as for the net financial position, reference should be made to the analysis appearing in the consolidated side of the financial statements.

No significant changes were reported in the other balance sheet items; Net Capital Employed and equity, in fact (with the exception of the effects of the result achieved in the year), are in line with the prior year figure.

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 €3.9 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 the Moqu Group

Risks associated with the contract for the disposal of Moqu S.r.l.
Terms of payment of the interests in Moqu S.r.l.

Out of the full price, an instalment of €5,000,000 was paid in cash on 16 March 2015.

This part was adjusted in June 2015 by the calculation of the net financial position of the Moqu Group at 31 March 2015, for an amount of -€0.24 million.

In addition to the above part, the contract also requires the buyer to pay the seller an earn-out, if the item “Revenue” in the 2015 Consolidated Income Statement of the Moqu Group (that is, Moqu S.r.l. and its subsidiaries) shows a total of more than €6 million. In such case, the seller will receive an earn-out of up to a maximum of €1 million, on a linear basis and divided into the levels appearing in the contract. Any earn-out so calculated will be paid within five days from the date of approval of the 2015 consolidated financial statements of the Moqu Group, and no later than 30 April 2016.

The contract does not provide for amounts withheld by the buyer in respect of indemnification obligations taken on by the seller under the contract, based on representations and warranties given by the seller to the buyer.

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.

Alternative performance indicators

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

EBITDA: operating profit before amortization, depreciation, impairment and non-recurring operating costs;

Below is a summary of how EBITDA is calculated:

Profit before taxes (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 - EBIT 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. In this item, deferred tax assets are split up 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);

Net short-term financial position: cash and cash equivalents, current financial assets and current financial liabilities;

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

Purchase of treasury shares

The AGM on 28 April 2014 renewed the authorization, after revoking the previous one granted on 11 April 2013, to purchase treasury shares for up to a maximum of shares with a par value not exceeding one tenth of the share capital (even in light of changes made to applicable norms and regulations) and to sell shares as of the date of this authorization for a period of up to 18 months.

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. Treasury shares may, instead, be sold 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. No treasury shares were traded by the Company or by its subsidiaries in 2016.

The Company did not hold any treasury shares at 31 December 2016.

Information on environmental policy and safety

Environmental policy

The objectives of the Dada Group's environmental policy are:

- to optimize the use of source of energy and natural resources by improving the technologies used in the Group's offices and spaces;
- to increase environmental awareness including through the use of specific in-house initiatives;
- to implement sustainable purchasing policies.

Waste

The Group companies provide services which produce a limited quantity of waste managed as follows:

Paper	Separate collection
Toner	Given to a specialized firm for disposal
Obsolete hardware	Given to a specialized firm for disposal
Non separated waste mixed with urban waste	Collected in communal containers

Water

The Group companies consume a limited amount of water for sanitary needs and personal hygiene.

Energy

The Dada Group pays careful attention to energy consumption. With regard to electricity, low consumption lighting systems, which still comply with regulations lighting requirements, have been installed at all the Dada Group company offices.

Safety

The Group's policy with regard to safety in the workplace is focused on continuous improvement and dedicating the utmost attention to this issue.

All the Group's businesses are involved in and dedicated to office work.

Dada complies fully with applicable norms and regulations, updates its Risk Assessment Report and addendums constantly in order to reflect any organizational and technical changes that have taken place.

The Group's Integrated Workplace Safety Management System – based on the SGLS UNI-INAIL model - is part of the Group's overall Management System.

SIGNIFICANT EVENTS IN 2016

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 the 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. Treasury shares may, instead, be sold 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.it 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 BancaImpresa. 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.

On 14 July 2016, Dada S.p.A., through its subsidiary Register.it S.p.A., signed a medium-term cash pool loan agreement with the following banks coordinated by Banca IMI S.p.A.: Intesa San Paolo S.p.A., Banca Monte dei Paschi di Siena and Unicredit S.p.A. for a total of €22 million. Specifically, the Banking Pool will contribute to the Loan as follows: Intesa San Paolo €13 million, Monte dei Paschi di Siena €4 million and Unicredit €5 million.

On 21 December 2016, Dada S.p.A., listed in the STAR segment of the Milan Stock Exchange, through its subsidiary Register.it S.p.A., signed a medium/long-term cash pool loan agreement with the banks coordinated by Banca IMI. Banca Intesa Sanpaolo S.p.A., UniCredit S.p.A. and Banca Monte dei Paschi di Siena S.p.A. ("Banking Pool") for a total of €22.0 million.

The loan is unsecured with a term of 5 years and 3 months, and is based on a warrant to grant credit issued by Dada to Register.it. The prepayment plan establishes payment of principal in 10 half-yearly instalments, the first falling due on 30 September 2017; the first two instalments will be paid for an amount equal to approximately Euro 1 million each, while the final balloon payment will amount to 25% of the Loan.

The rate charged is the Euribor 6M + 250 bps, with a 100 bps reduction on the spread for medium/long-term loans repaid earlier.

SIGNIFICANT EVENTS AFTER YEAR END

The main events that took place after 31 December 2016 are described below:

On 24 January 2017, Dada S.p.A.'s Board of Directors executed the Shareholders' resolution of 18 January 2017, relating to the 2017-2019 share-based incentive plan, for a maximum of 950,000 shares intended for the executives and managers of Dada S.p.A. and/or its Subsidiaries.

BUSINESS OUTLOOK

The **results at 31 December 2016** are basically **in line** with the guidance set out for the year, as explained for the Interim Report at 30 September, which had forecast a **mid-single digit organic growth in revenue** in the year, and an **increase** in **operating profit** in the fourth quarter.

The **strategic growth lines** of the Group aim **to strengthen its position in the European D&H market** as a **leading player** in online presence, visibility and business development services tailored to SMEs. Specifically, the strategic priorities seek to **increase the market share** in **Dada's various geographies of operation**, maintaining a **standard** of **excellence in service levels** and **product reliability**, and broadening the range of services in "we do it for you" mode.

Dada also aims to **increase** the recognition of its **brands** as providers of **Cloud, Virtual & Dedicated Servers** and **IT Managed services**, developing the market share in the **IaaS segment**.

Revenue growth is expected to be achieved thanks not only to the acquisition of **new clients**, continuing marketing investments, but also by maintaining a **high retention** of **existing customers**. In 2017, in fact, growth is expected to be sustained by the **upselling strategies** (selling an increasing number of products to existing customers) and, as partly witnessed in 4Q16, by **renewals**, specifically those of **new customers acquired** in 2016, to the benefit also of future **operating profit**.

On the **profitability** front, the strategic guidelines envisage a further improvement in **operating efficiency** through the **integration of the platforms** and the use of the **proprietary Datacenter**, now fully operational.

Based on market trends and on the outlined strategic directions, and in the absence of unforeseeable events at this time, an **average annual "mid-single-digit" revenue growth** (on a like-for-like basis) is to be reasonably expected also for the coming year, as well as an **expansion of operating profit**, leveraging on the **increase** in **average revenue per unit** (ARPU) from acquired customers, and on the gradual benefits coming from the **economies of scale typical of the business model**, along with a **constant, watchful eye on overhead costs**.

As for growth-through-acquisition strategies, the Group remains vigilant in considering any opportunities to acquire small businesses in its geographies that can help develop business, increase market shares, or strengthen the Dada product portfolio and skills.

ALLOCATION OF THE RESULT FOR THE YEAR

Dear Shareholders,

We hereby submit for your approval the Separate Financial Statements at 31 December 2016 of Dada S.p.A., which closed with a loss of €855,912.04.

We propose to carry the loss forward and, therefore, submit the following resolution to you for your approval:

"The Annual General Meeting of Dada S.p.A.

- having examined the Directors' Report;

- having acknowledged the reports prepared by the Board of Statutory Auditors and the external auditors KPMG S.p.A.;

- having examined the financial statements at 31 December 2016, which show a loss of €855,912.04:

RESOLVES

1) to approve the Directors' Report and the Separate Financial Statements at 31 December 2016, which show a loss of €855,912.04 as presented by the Board of Directors;
2) to carry forward the loss as resulting from the Separate Financial Statements at 31 December 2016.

Florence, 15 March 2017

For the Board of Directors
The Chief Executive Officer
Claudio Corbetta

DADA S.P.A. RECLASSIFIED PROFIT/LOSS STATEMENT AT 31 DECEMBER 2016

EUR/000	31-Dec.-16 12 months		31-Dec.-15 12 months		DIFFERENCE	
	Amount	% of	Amount	% of	Absolute	%
Net revenue	**4,469**	**100%**	**4,645**	**100%**	**-176**	**-4%**
Service costs and other operating expenses*	-2,561	-57%	-2,700	-58%	140	-5%
Payroll costs	-2,477	-55%	-2,314	-50%	-163	7%
EBITDA*	**-568**	**-13%**	**-369**	**-8%**	**-199**	**54%**
Depreciation and amortization	-177	-4%	-252	-5%	76	-30%
Non-recurring income/(charges)	-128	-3%	-114	-2%	-15	13%
Reversal/provisions and impairment	44	1%	54	1%	-10	-19%
EBIT	**-830**	**-19%**	**-681**	**-15%**	**-148**	**22%**
Investment income and dividends	68	2%	72	2%	-4	-5%
Financial charges and impairment of equity investments	-349	-8%	-481	-10%	132	27%
Profit/(loss) before taxes	**-1,110**	**-25%**	**-1,090**	**-23%**	**-20**	**-2%**
Income taxes	255	6%	-485	-10%	739	-152%
Net profit	**-856**	**-19%**	**-1,575**	**-34%**	**719**	**46%**

* Gross of impairment losses and other non-recurring items

DADA S.P.A. NET WORKING CAPITAL AND NET FINANCIAL POSITION AT 31 DECEMBER 2016

EUR/000	31-Dec.-16	31-Dec.-15	DIFFERENCE	
			Absolute	%
Fixed assets	**30,428**	**30,535**	**-106**	**0%**
Current operating assets	24,643	22,993	1,650	7%
Current operating liabilities	-2,314	-2,441	127	-5%
Net working capital	**22,329**	**20,552**	**1,777**	**9%**
Provision for termination indemnities	-124	-202	78	-39%
Provision for risks and charges	-187	-259	72	-28%
Net capital employed	**52,446**	**50,626**	**1,821**	**4%**
Non-current payables	-2,250	0	-2,250	-
Equity	**-57,689**	**-58,307**	**618**	**-1%**
Assets/liabilities held for sale	**0**	**0**	**0**	
Current bank debt	-2,250	-4,466	2,216	-50%
Net income/(charges) from cash pooling	8,031	11,006	-2,974	-27%
Other current financial receivables	0	1,000	-1,000	-100%
Cash and cash equivalents	1,711	142	1,569	1,106%
Current net financial position	**7,493**	**7,681**	**-189**	**-2%**
Total net financial position	**5,243**	**7,681**	**-2,439**	**-32%**

DADA S.P.A.

SEPARATE FINANCIAL STATEMENTS

DADA S.P.A. PROFIT/LOSS STATEMENT AT 31 DECEMBER 2016

(Euro)	Notes	31/12/16 (12 months)	31/12/15 (12 months)
Net revenue	**4.1**	**4,469,080**	**4,645,339**
- of which: related parties	*18*	*4,469,080*	*4,645,339*
Cost of raw materials and consumables	4.1.2.	-7,357	-6,236
Service costs and other operating expenses	4.1.2.	-2,503,093	-2,609,723
- of which: related parties	*18*	*-177,484*	*-389,388*
Payroll costs	4.2	-2,476,605	-2,313,852
- of which: related parties	18	*-1,341,754*	*-1,748,909*
Other operating revenue and income	4.3	0	4,410
Other operating expenses	4.4	-178,684	-202,682
- of which: non-recurring	4.10	*128,413*	*113,818*
Provisions and impairment losses	4.5	43,726	53,798
Depreciation and amortization	4.6	-176,697	-252,276
EBIT		**-829,630**	**-681,223**
Investment income	4.7	68,299	72,097
- of which: related parties	18	*67,853*	*71,865*
Financial charges	4.7	-306,000	-464,905
- of which: related parties	18	*-3,343*	*-9,233*
Other income/(charges) from financial assets and liabilities	4.9	-43,128	-16,110
Profit/(loss) before taxes		**-1,110,458**	**-1,090,141**
Income taxes	5	254,546	-484,953
Net profit (loss) for the year		**-855,912**	**-1,575,094**
Comprehensive net income/(loss)		**-855,912**	**-1,575,094**
Basic earnings/loss per share		-0.051	-0.094
Diluted earnings/loss per share		-0.049	-0.091

DADA S.P.A. STATEMENT OF OTHER COMPREHENSIVE INCOME AT 31 DECEMBER 2016

EUR/000	31-Dec.-16 12 months	31-Dec.-15 12 months
Net profit/(loss) for the year (A)	**-855,912**	**-1,575,094**
Termination indemnity discounting reserve	62,000	0
Tax effect on termination indemnity discounting reserve	-15,774	0
	46,226	0
Total other income/(loss), net of tax effect (B)	**46,226**	**0**
Total comprehensive income/(loss) (A)+(B)	**-809,686**	**-1,575**

DADA S.P.A. BALANCE SHEET AND FINANCIAL POSITION AT 31 DECEMBER 2016

ASSETS (Euro)	**Notes**	**31/12/16**	**31/12/15**
Non-current assets			
Intangible assets	6	181,770	232,022
Property, plant and equipment	7	242,144	296,908
Equity investments in subsidiaries	8	29,988,025	29,989,101
Financial assets	8	16,529	16,529
Deferred tax assets	5	4,754,500	4,901,989
Total non-current assets		**35,182,968**	**35,436,549**
Current assets			
Trade receivables	9	4,544,502	6,119,202
- of which: related parties	*18*	*4,543,166*	*6,119,445*
Tax and other receivables	9	15,344,329	11,972,143
- of which: related parties	18	*14,669,096*	*11,329,815*
Current financial receivables		33,875,819	31,814,422
- of which: related parties	18	*33,875,819*	*31,814,422*
Cash and cash equivalents	10	1,711,278	141,897
Total current assets		**55,475,928**	**50,047,663**
TOTAL ASSETS		**90,658,896**	**85,484,212**

DADA S.P.A. BALANCE SHEET AND FINANCIAL POSITION AT 31 DECEMBER 2016

EQUITY AND LIABILITIES (Euro)	Notes	31/12/16	31/12/15
Equity			
Share capital and reserves			
Share capital	11	2,835,612	2,835,612
Other equity instruments	11	460,609	269,037
- of which: related parties	18	*292,093*	*242,305*
Share premium reserve	11	33,098,153	33,098,153
Legal reserve	11	950,053	950,053
Other reserves	11	27,803,642	27,757,416
Retained earnings/losses carried forward		-6,603,164	-5,028,070
Net profit/(loss) for the year		-855,912	-1,575,094
Total equity		**57,688,992**	**58,307,107**
Non-current liabilities			
Bank loans (due beyond one year)		2,250,000	0
Provision for risks and charges	12	186,915	258,700
Provision for termination indemnities	14	124,434	202,351
Total non-current liabilities		**2,561,349**	**461,051**
Current liabilities			
Trade payables	15	1,012,808	1,175,999
- of which: related parties	*18*	*53,896*	*73,499*
Other payables	15	875,049	902,268
- of which: related parties	*18*	*320,827*	*351,857*
Taxes payable	15	426,290	362,845
Bank overdrafts, loans and financial liabilities (due within one year)	15	28,094,407	24,274,941
- of which: related parties	18	*25,844,407*	*19,808,625*
Total current liabilities		**30,408,555**	**26,716,054**
TOTAL EQUITY AND LIABILITIES		**90,658,896**	**85,484,212**

DADA S.P.A. CASH FLOW STATEMENT AT 31 DECEMBER 2016

EUR/000	31/12/16 (12 months)	31/12/15 (12 months)
Operating activities		
Net profit/(loss) for the year	**-856**	**-1,575**
Adjustments for:		
Impairment losses on equity investments	43	16
Income from trading and dividends from Group companies	-68	-72
Financial charges	306	465
Costs for share-based payments	150	149
Income taxes and other tax costs	-255	485
Depreciation	76	146
Amortization	100	106
Other provisions and impairment losses, and reversals	-44	-54
Increases/(decreases) in provisions	-47	-22
Cash flow from operating activities before changes in working capital	**-594**	**-355**
(Increase)/decrease in receivables	-1,313	-258
Increase in trade payables	-46	325
Cash flow from operating activities	**-1,953**	**-288**
Income taxes paid	-1	-42
Interest paid	-332	-561
Net cash flow from operating activities	**-2,286**	**-892**
Investing activities		
Sale of subsidiaries and associates		4,758
Earn out on disposal of Moqu in the prior year	1,000	
(Purchase)/sale of property, plant and equipment	-103	
(Purchase)/sale of financial assets		-5
(Purchase)/sale of intangible assets	-50	-53
Net cash flow used in investing activities	**847**	**4,700**
Financing activities		
Increase in medium/long-term loans	2,250	
Repayment of medium/long-term loans		-677
Net cash flow from/(used in) financing activities	**2,250**	**-677**
Net increase/(decrease) in cash and cash equivalents	**811**	**3,131**
Cash and cash equivalents at beginning of year	**6,681**	**3,550**
Cash and cash equivalents at 31/12/15	**7,493**	**6,681**

DADA S.P.A. STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2016

Description	Share capital	Share prem. res.	Legal res.	Other equity instr.	Discounting reserve termination indemnity	Other reserves	Retained earnings/(losses) carried forward	Net profit/(loss) for the year	Total
Balance at 1 January 2016	2,836	33,098	950	269	-19	27,776	-5,028	-1,575	**58,307**
Allocation of 2015 profit							-1,575	1,575	
Profit/(loss) for the year								-856	**-856**
Other comprehensive income/(loss)					46				**46**
Total comprehensive income/(losses)					**46**			**-856**	**-810**
Share-based payments				192					**192**
Balance at 31 December 2016	**2,836**	**33,098**	**950**	**461**	**28**	**27,776**	**-6,603**	**-856**	**57,689**

DADA S.P.A. STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2015

Description	Share capital	Share prem. res.	Legal res.	Other equity instruments	Termination indemnity discounting reserve	Other reserves	Retained earnings/(losses) carried forward	Net profit/(loss) for the year	Total
Balance at 1 January 2015	2,836	33,098	950	89	-19	22,228	-3,723	-1,305	**54,155**
Allocation of 2014 profit							-1,305	1,305	-
Profit/(loss) for the year								-1,575	**-1,575**
Total comprehensive income/(losses)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-1,575**	**-1,575**
Share-based payments				191					**191**
Disposal of Moqu Group				-11		5,548			
Balance at 31 December 2015	**2,836**	**33,098**	**950**	**269**	**-19**	**27,776**	**-5,028**	**-1,575**	**58,307**

ACCOUNTING POLICIES AND 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 Milan Stock Exchange. Its registered office and main operating locations are specified in the introduction to the annual report.

2. Going concern

The Directors have approved the 2017 Budget. Actions have been identified to focus efforts on the more profitable businesses and to reorganize the less profitable ones, as explained in the "Business Outlook" section of the Directors' Report. Based on the Directors' forecasts, such actions will allow the Group to maintain and strengthen economic balance and to gradually reduce financial debt as early as 2017, assuming no extraordinary transactions are made.

Accordingly, the Directors, confident that such goals are reasonably achievable, and heartened by the results posted in the opening months of 2017, have prepared the consolidated and separate financial statements for the year ended 31 December 2016 on a going concern basis, without identifying any material uncertainties.

3. Preparation criteria

Compliance with IFRS

The separate financial statements have 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 38/2005. The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFR IC), previously known as the Standing Interpretations Committee (SIC).

The financial statements have been prepared in accordance with the historical cost convention, with the exception of financial assets available for sale, which were measured at fair value. The financial statements are expressed in euro (€) as this is the currency in which most of the Group's operations are conducted. 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.

The financial statements at and for the year ended 31 December 2016 were approved by the Board of Directors of Dada S.p.A. on 15 March 2017 and therefore authorized for publication as provided for by law. The draft financial statements will be submitted to the Shareholders' Meeting convened on 28 April 2016 in first call.

Reporting formats

The separate financial statements are comprised of the Profit/Loss Statement, the Statement of Other Comprehensive Income, the Balance Sheet and Financial Position Statement, the Cash Flow Statement, the Statement of Changes in Equity, and these notes.

The full-year financial statements have been audited by KPMG S.p.A..

With regard to reporting formats:

- For the Profit/Loss Statement, the Company has opted for the dual format:
  * Profit/Loss Statement covering only revenue and costs, classified by type;
  * Statement of Other Comprehensive Income including gains and losses recognized directly in equity, net of the tax effects.
- In the Balance Sheet and Financial Position Statement, current and non-current assets and current and non-current liabilities are shown separately;
- The Cash Flow Statement has been prepared according to the indirect method. Total cash and cash equivalents during the period consists of the sum of "cash on hand and banks" and "bank overdrafts and financial payables (due within one year)" in the statement of financial position.

Amounts in the statement of financial position and the profit/loss statement are shown in Euros, while the cash flows and statement of changes in equity are presented in thousands of Euro.

Equity investments in subsidiaries and associates

Equity investments in subsidiaries are measured at cost and undergo periodic impairment testing, conducted at least one a year or whenever there is evidence of possible impairment. The measurement is based on discounted cash flow, according to the method described below under "Impairment losses." Any impairment losses are charged to profit or loss the year they are recognized. If the reasons for the impairment loss cease to apply, the carrying amount of the investment is restored up to its original cost. This reversal is recognized in profit or loss.

Impairment of non-financial assets

At every reporting date, Dada S.p.A. reviews the carrying amount of its intangible assets and its property, plant and equipment to determine if there are any signs of impairment. If so, the recoverable amount of the assets is estimated to determine any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives, including goodwill and equity investments, undergo impairment testing each year and whenever there are signs of possible impairment.

The recoverable amount is the higher of fair value less costs to sell and value in use. In determining value in use, the estimated future cash flows are discounted to their current value using a rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When impairment is reversed, the asset or cash-generating unit is written back to the new estimate of recoverable amount (except in the case of goodwill), which may not exceed the net carrying amount that the asset would have had if the impairment loss had not been charged. The reversal of an impairment loss is taken immediately to the income statement.

Non-current assets held for sale

Non-current assets (or disposal groups) classified as held for sale are recognized at the lower of carrying amount and market value net of costs to sell.

Non-current assets (and disposal groups) are classified as held for sale when their carrying amount is expected to be recovered by way of sale rather than used in business operations. This condition is only met when the sale is highly probable, the asset (or group of assets) is available for immediate sale in its current condition, and Management has committed to the sale, which should take place within twelve months of the classification as held for sale

Intangible assets

Intangible assets acquired separately are initially capitalized at cost, while those acquired through business combinations are capitalized at the acquisition-date fair value. Subsequently, intangible assets are carried at cost net of accumulated amortization and any impairment losses. Internally generated intangible assets, excluding development costs, are not capitalized and the expenditure is charged to the income statement the year it is incurred. The useful life of intangible assets is deemed to be finite.

Intangible assets with finite useful lives are amortized over their useful life and tested for impairment any time there are indications of a possible loss in value. The period and method of amortization is reviewed at the end of each year, or more frequently if necessary. Changes in the estimated useful life or the manner in which the future economic benefits associated with the asset will be achieved by the Group are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Research and development costs

Research costs are charged to profit and loss as and when incurred. Development costs relating to an individual project are capitalized only when the company can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete the asset for use or sale, how the asset will generate future economic benefits, the availability of technical, financial or other resources to complete development, and the ability to reliably measure expenditure during the development process.

During the development phase, the asset undergoes impairment testing once a year. After initial recognition, development expenditure is measured at cost less accumulated amortization and any impairment losses. The asset starts to be amortized once development is completed and the asset is available for use. It is measured over the estimated period in which the project will generate revenue for the company. While the asset is not yet in use, it will undergo impairment testing once a year.

Other intangible assets

These are initially recognized at cost and amortized on a straight-line basis over their estimated useful life. Impairment losses may apply as a result of impairment testing (see below).

Gains or losses from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss at the time of the disposal.

Property, plant and equipment

Property, plant, machinery, equipment and other tangible assets are recognized at purchase or production cost, net of accumulated depreciation and any impairment losses. Cost includes related charges and a reasonable allocation of direct and indirect expenses.

Fixed assets are depreciated on a straight-line basis over their estimated useful life, at the following annual rates:

Plant and EDP machines: 20%
Furniture and fittings: 12%

Receivables

Receivables are stated at face value, and reduced to estimated realizable value by way of a provision for doubtful accounts. The provision reflects recovery estimates carried out for each position as well as the overall riskiness of receivables, taking account of guarantees and insurance coverage.

Receivables due beyond one year that do not bear interest or bear interest at lower than market rates are discounted at market rates.

Financial assets

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39. Subsequently, the financial assets that Dada S.p.A. intends and is able to hold to maturity are recognized at amortized cost using the effective interest method, net of impairment losses.

Financial assets other than those held to maturity are classified as held for trading or available for sale and are measured at each period end at fair value.

Cash and cash equivalents

This item comprises cash on hand, current bank accounts, deposits payable on demand, and other short-term, highly liquid investments that are readily convertible into cash and subject to an insignificant risk of changes in value. They are stated at face value. In the consolidated cash flow statement, cash and cash equivalents are defined as above but are shown net of bank account overdrafts.

Payables

These are stated at face value, deemed to reflect their settlement value.

Bank loans

Interest-bearing bank loans and account overdrafts are recognized on the basis of the amounts received, net of transaction costs, and are subsequently valued at amortized cost using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recognized in the amount received, net of direct issue costs.

Provisions for risks and charges

Provisions are recognized when the Company has a present obligation as a result of a past event and it is likely that the expense will be incurred. They are based on management's best estimate of the cost of fulfilling the obligation as of the reporting date, and are discounted to present value when the effect is significant.

Translation of foreign currency items

The separate financial statements are expressed in euro, which is the functional and presentation currency used by Dada S.p.A. Transactions in foreign currency are initially recognized at the exchange rate in force (versus the functional currency) on the transaction date. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated into the functional currency at the exchange rate in force at year end.

All exchange differences are recognized in profit or loss, except for those arising from foreign currency loans taken out to finance an investment in an overseas firm, which will be recognized in equity until the investment is sold and then reclassified to profit or loss. Tax liabilities and credits attributable to exchange differences on such loans are also recognized in equity.

Revenue recognition

Revenue is recognized to profit and loss only when is probable that the economic benefits associated with the transaction will flow to the entity and the amount can be reliably determined. It is shown at the fair value of the consideration received, excluding discounts, rebates and taxes. The following criteria must be satisfied before revenue is recognized in profit or loss:

Sale of goods

Revenue is recognized when the company has transferred to the buyer all risks and rewards of ownership, which generally coincides with the shipping date.

Sale of services

Revenue from services is recognized when the service is rendered. If the outcome of the contract cannot be reliably measured, revenue is only recognized to the extent that the costs incurred are expected to be recovered.

Interest

Interest is recognized as financial income on an accruals basis, using the effective interest method (effective interest is the rate that exactly discounts estimated future cash receipts through the expected life of the asset to its net carrying amount).

Dividends

Dividends are recognized when the shareholders are entitled to receive payment.

Pension funds and other post-employment benefits

These funds and benefits are unfunded. The cost of benefits due under defined benefit plans is determined actuarially for each plan, using the projected unit credit method. Gains and losses arising from the actuarial calculation are recognized in profit or loss. over the expected average remaining working lives of the employees participating in the plan.

Past service costs are recognized on a straight-line basis over the average vesting period. If the benefits are already vested upon the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less any past service costs not yet recognized and less the fair value of the plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Share-based payments (stock options)

The cost of share based payments to employees for benefits granted after 7 November 2002 are measured at fair value as of the grant date. Fair value is determined by an external appraiser using an appropriate valuation model. See Note 14 for further details.

The cost of stock options, along with the corresponding increase in equity, is recognized over the period starting when the options are assigned to the beneficiaries and ending when the employees become fully entitled to the reward (the vesting date). The cumulative expense recognized for these transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the best available estimate of the number of awards that will ultimately vest. The cost or income recognized for the year is the change in the cumulative expense at the beginning and the end of the year.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon market conditions, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other conditions are met. Where the initial conditions are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee; such an expense is measured at the date of modification.

Where an award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the canceled award and designated as a replacement award on the date that it is granted, the new awards are treated as a modification of the original award as described in the previous paragraph.

Taxes

Current taxes

Current tax assets and liabilities for the current and prior years are valued at the amount expected to be received from or paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.

Current taxes relating to items recognized directly in equity are also recognized in equity and not in profit or loss.

Deferred taxes

Deferred taxes are calculated using the "liability method" on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the balance sheet, and on prior-year tax losses eligible for use in future years.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exception:

- when deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, if the reversal of the temporary differences can be controlled and will probably not occur in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforwards can be utilized, with the following exception:

- the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- where deductible temporary differences are associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future, and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of a deferred tax asset is re-assessed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize part or all of that asset. Unrecognized deferred tax assets are also re-assessed every year at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes relating to elements recognized outside profit or loss are also recognized outside profit or loss, and therefore in equity or in other comprehensive income consistently with the element to which they refer.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax balances, when they pertain to the same tax authorities, and when the Group plans to settle its current assets and liabilities on a net basis.

Deferred tax assets for tax losses are recognized when it is probable that future taxable profit will be available against which prior losses can be utilized.

Use of estimates

The preparation of the financial statements and notes in accordance with IFRS requires management to make estimates and assumptions that affect the carrying values of assets and liabilities and disclosures on contingent assets and liabilities as of the reporting date. Actual results may differ. Estimates are used to value property, plant and equipment and intangible assets tested for impairment and to recognize provisions for doubtful accounts, amortization and depreciation, asset impairment, employee benefits, taxes, and deferred tax assets and liabilities. Estimates and assumptions are reviewed on a regular basis and any changes are reflected immediately in profit or loss.

Related party transactions

Transactions with related parties are discussed in Note 19.

Seasonal trends

Dada's main operations are not affected by seasonal trends that could influence results in the reporting period.

Changes in International Accounting Standards

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.

The table below summarizes the main changes and the potential effects.

New accounting standards and amendments effective from 1 January 2016 and adopted by the Company

Amendments to IAS 1 - Disclosure initiative (effective for financial periods beginning on or after 1 January 2016).

The amendment provides clarification on disclosure issues that may be perceived as impediments to the clear and intelligible preparation of financial statements.

New accounting standards and amendments effective from 1 January 2016 and not adopted by the Company

Amendments to IAS 27 - Equity method in separate financial statements (effective for financial periods beginning on or after 1 January 2016).

The amendment introduces the option of using the equity method in an entity's separate financial statements to measure investments in subsidiaries, joint ventures and associates. Consequently, following the introduction of the amendment, an entity may recognize the above investments in its separate financial statements either at cost or, as required by IFRS 9, using the equity method.

New accounting standards and amendments effective from 1 January 2016 but irrelevant for the Company

Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations (effective for financial periods beginning on or after 1 January 2016).

The amendment provides clarification on accounting for the acquisition of interests in a joint venture whose activities constitute a business as defined by IFRS 3. The amendment requires, in these cases, the application of the standards set out in IFRS 3.

Amendments to IAS 16 and to IAS 38 - Clarification of acceptable methods of depreciation and amortization (effective for financial periods beginning on or after 1 January 2016).

Amendments to IAS 16 establish that depreciation criteria based on revenue are not appropriate, as, according to the amendment, revenue generated by an activity that includes the use of the asset being depreciated generally reflects factors other than the consumption of the economic benefits of this asset. The amendments to IAS 38 introduce a rebuttable presumption according to which a revenue-based amortization method is generally considered inappropriate for the same reasons established by the changes introduced to IAS 16. In the case of intangible assets, the presumption may, however, be overcome, but only under limited and specific circumstances.

Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment entities: applying the consolidation exception.

The amendments to IFRS 10 clarify that the exemption set out in paragraph 4 of IFRS 10 from presenting consolidated financial statements applies to a parent entity, controlled in turn by an investment entity, when the latter measures its subsidiaries at fair value. The amendments are intended to allow entities to apply the equity method, explained in IAS 28 - Investments in associates and joint ventures, to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

New accounting standards and amendments not yet effective and not adopted early by the Company

The following are the new accounting standards or amendments to the standards, effective for financial periods beginning on or after 1 January 2016; early application is allowed. The Company has decided not to adopt them early for the preparation of these financial statements.

IFRS 15 Revenue from Contracts with Customers - IFRS 15 establishes a single general model to determine if, when and to what extent revenue is recognized. The standard supersedes the recognition methods set out in IAS 18 Revenue, IAS 11 Construction Contracts, and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for financial periods beginning on or after 1 January 2018. Early application is allowed.

IFRS 9 - Financial Instruments - Published in July 2014, IFRS 9 supersedes IAS 39 - Financial Instruments: recognition and measurement. IFRS 9 introduces new requirements for the classification and measurement of financial instruments, a new model for expected losses in the calculation of impairment losses on financial assets and new general provisions for hedge accounting. It also includes provisions for the recognition and derecognition of financial instruments, in accordance with the current IAS 39. IFRS 9 is effective for financial periods beginning on or after 1 January 2018. Early application is allowed.

Documents not approved yet by the European Union at 31 December 2016

IFRS 16 Leases - Issued in January 2016, IFRS 16 introduces new standards for the recognition, measurement, presentation and disclosure of leases for both parties of a contract. IFRS 16 is effective for financial periods beginning on or after 1 January 2019. The company may choose to apply IFRS 16 before that date in cases of application of IFRS 15 Revenue from Contracts with Customers. IFRS 16 supersedes the previous standard, IAS 17 Leases, and relating interpretations.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12) - The amendments provide clarification on the methods for the recognition of deferred tax assets arising from unrealized losses on debt instruments measured at fair value. The amendments are effective for financial periods beginning on or after 1 January 2017.

Disclosure Initiative (Amendments to IAS 7) - The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including cash flow and non-cash changes. The amendments are effective for financial periods beginning on or after 1 January 2017.

IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration - Issued in December 2016, IFRIC 22 clarifies the accounting for foreign currency transactions.

IFRS 2: Classification and Measurement of Share-based Payment Transactions - In June 2016, IASB issued the amendments to IFRS 2, to clarify the accounting of share-based payment transactions. The amendments are effective beginning on 1 January 2018; early application is, however, allowed.

Transfers of Investment Property (Amendments to IAS 40) – In December 2016, IASB published the amendments to section 57 of IAS 40. The amendments are effective from 1 January 2018; early application is, however, allowed.

Annual Improvements to IFRS Standards (2014-2016 Cycle) - The improvements to the IFRSs, issued by IASB in December 2016, involved the following standards: IFRS 1, IFRS 12, IAS 28.

Clarifications to IFRS 15 Revenue from Contracts with Customers - Document issued by IASB in April 2016, effective from 1 January 2018.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Document issued by IASB in September 2016, effective from 1 January 2018.

4. Other income and costs

4.1 Revenue

As in previous years, Dada S.p.A. mainly provides centralized and corporate services to other companies in the Group. Therefore, its revenue consists of chargebacks to subsidiaries, which are governed and quantified on the basis of contracts. Starting from the prior year, Dada S.p.A. also provides a number of administrative, HR and management services to Moqu (sold to IOL S.p.A.) and to 4W MarketPlace for the ProAdv BU activities contributed in 2015.

4.1.2 Cost of services and overheads

The cost of services and overheads refers mainly to utilities, rent and leasing, corporate expenses, maintenance and consulting. The downward trend in 2016 reflects the cost-cutting efforts made.

4.2 Payroll costs

The following table breaks down payroll costs in 2016 and 2015:

Description	31/12/16	31/12/15	Change	% change
Wages and salaries	1,943	1,776	167	9%
Social security charges	429	437	-8	-2%
Provision for termination indemnities	105	101	4	4%
Total	**2,477**	**2,314**	**163**	**7%**

In 2016, payroll costs came to €2.5 million, up by 9% versus €2.3 million in 2015.

Employees are hired under the national employment contract for the commercial sector.

The provision for termination indemnities is calculated using the projected unit credit method. See Note 15 for further information.

The value of stock options assigned in the year under the plans approved in prior years is calculated as required by IFRS 2. The overall impact on this item amounted to approximately €0.2 million.

4.3 Other operating revenue and income

The following table breaks down other operating revenue and income in 2016 and 2015:

Description	31/12/16	31/12/15	Change	% change
Operating grants	0	4	-4	-100%
Total	**0**	**4**	**-4**	**-100%**

No other operating revenue and income was reported in the current year, while in the prior year, the item consisted of operating grants.

4.4 Other operating expenses

Other operating expenses in 2016 and 2015 are shown in the table below:

Description	31/12/16	31/12/15	Change	% change
Taxes	31	31	-1	-3%
Non-deductible costs	9	19	-10	-53%
Other	11	39	-28	-71%
Non-recurring charges	128	114	15	13%
Total	**179**	**203**	**-24**	**-12%**

Non-recurring charges consisted in €0.1 million relating to severance for leave payment, and for the remaining part in the effects of the settlement of a case with INPS.

The remaining items of other operating expenses refer mainly to taxes and duties or to minor costs that cannot be deducted from taxable income.

4.5 Provisions and impairment losses

The following table shows provisions and impairment losses in 2016 and 2015:

Description	31/12/16	31/12/15	Change	% change
Provisions /Reversal for risks and charges	44	54	-10	-19%
Total	**44**	**54**	**-10**	**-19%**

No provisions for doubtful accounts were made in 2016, as in the prior year. For information on the recovery in the income statement of provisions for risks and charges, see Note 13.

4.6 Depreciation and amortization

The following table breaks down depreciation and amortization in 2016 and 2015:

Description	31/12/16	31/12/15	Change	% change
Depreciation of tangible assets	76	146	-70	-48%
Amortization of other intangible assets	100	106	-6	-6%
Total	**177**	**252**	**-76**	**-30%**

This item decreased across almost all asset categories. The trend is explained by the reorganization of prior years, as a result of which investments (and therefore depreciation and amortization) pertain directly to the subsidiaries. Dada S.p.A.'s investments in the year referred mainly to the purchase of management software and technology needed to provide corporate services.

4.7 Financial income and charges

The following table breaks down financial income in 2016 and 2015:

Description	31/12/16	31/12/15	Change	% change
Interest on intercompany cash pooling	68	72	-4	-6%
Description	**68**	**72**	**-4**	**-5%**

Financial income is composed of interest earned on cash pooling accounts with other Group companies. These are governed by formal contracts whose terms and conditions are anchored to market parameters.

Financial charges in 2016 and 2015 are shown below:

Description	31/12/16	31/12/15	Change	% change
Interest on account overdrafts	-22	-121	98	-81%
Interest on loans	-143	-191	48	-25%
Interest on intercompany cash pooling	-3	-9	6	-64%
Interest to parent	-1	-1	0	0%
Other interest	-1	1	-3	-202%
Bank fees and charges	-134	-144	10	-7%
Description	**-306**	**-465**	**159**	**-34%**

In 2016, financial charges from interest on existing loans, interest on bank overdrafts, other short-term loans, and bank fees fell by approximately 34% versus 2015. The trend is explained mainly by the overall reduction in interest rates charged by banks on medium-term loans and account overdrafts; additionally, the year saw a reduced use of available credit lines.

4.8 FINANCIAL RISKS

The main risks the Company faces are described below (see also the risks mentioned in the notes to the consolidated financial statements).

Financial risks

The Company does not currently use derivatives to manage interest rate risk. Dada S.p.A. has limited exposure to credit risk, as most of its receivables are due from Group companies, and exposure to Interest rate risk, liquidity risk and price risk is also insignificant.

Credit risk

Exposure to credit risk is related to trade and financial receivables. Trade receivables arise exclusively from intercompany transactions with subsidiaries or from services provided to related companies.

Interest rate and liquidity risk

Dada S.p.A.'s exposure to the risk of fluctuations in market rates arises from occasional bank account overdrafts at variable rates (payable on demand) and short-term, floating-rate loans for which no hedge agreements are in force.

Liquidity risk is managed by investing available funds in positions that can be easily liquidated. 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., Clarence Srl and Fueps S.p.A.. Register.it S.p.A. also has a cash pooling agreement with its French subsidiary Amen SA, Spanish subsidiary Nominalia SL and British subsidiary Namesco UK. The use of short-term credit facilities generally covers a very small share of capital employed.

Price risk

The Company is not exposed to significant price volatility risk. For more details and information, see attached to this Report the part relating to disclosure under IFRS 7.

4.9 Other income and charges from financial assets and liabilities

The following table breaks down other income from financial assets in 2016 and 2015:

Description	31/12/16	31/12/15	Change	% change
Impairment losses on equity investments	-43	-16	-27	168%
Total	**-43**	**-16**	**-27**	**168%**

The impairment of €43 thousand refers to the impairment losses of €4 thousand and €39 thousand, respectively, on the equity investments of Fueps and Clarence, while in 2015 they amounted to €8 thousand for each company.

No further income or charges are reported from financial assets and liabilities in 2016.

4.10 Non-recurring income and charges

The following table breaks down non-recurring income and charges in 2016 and 2015:

Description	31/12/16	31/12/15	Change	% change
Non-recurring payroll charges	-128	0	-128	-
Other non-recurring charges	0	-114	114	-100%
Non-recurring income/charges	**-128**	**-114**	**-15**	**13%**

Non-recurring charges in the year consisted in €0.1 million relating to severance for leave payment, and for the remaining part in the effects of the settlement of a case with INPS, while in the prior year they referred exclusively to the costs incurred in the disposal of Moqu Adv S.r.l. to Italiaonline S.p.A..

5. Taxes

The following table shows taxes in 2016 and 2015:

Description	31/12/16	31/12/15	Change	% change
IRAP	0	0	0	-
IRES	-30	0	-30	-
Prior-years' current taxes	0	5	-5	-100%
Other costs/tax recovery	0	81	-81	-100%
Tax consolidation income	417	0	417	-
Deferred tax assets	-132	-571	439	-77%
Total	**255**	**-485**	**739**	**-152%**

IRES for the year amounted to €30 thousand and refers to the non-offsettable portion (20%), to prior tax losses, and to the sum of the taxable income of the companies included in the consolidated tax scheme, such as Register.it, Etinet, Fueps and Clarence, as well as the parent company Dada.

As a result, a gain of €417 thousand was recorded in the tax profits contributed to tax consolidation by the subsidiaries.

"Other tax costs/tax recovery" in the prior year came to a positive €81 thousand and referred to the benefit from the reversal to the income statement of a provision for risks set up in prior years for a tax dispute settled positively by the Company.

Movements in 2016 in deferred tax assets were as follows:

Description	31/12/15	Increase for the year	Decrease for the year	Other movements	31/12/16
Deferred tax assets	4,902	47	-179	-16	4,754
Total	**4,902**	**47**	**-179**	**-16**	**4,754**

Deferred tax assets in 2016 were recognized in the amount of €4.8 million versus €4.9 million in 2015.

Use in the year is explained partly by the reversal of prior-years' assessments on deferred tax assets, calculated on the temporary differences between statutory and tax regulations (€58 thousand), and partly by the use of such receivables to cover IRES taxable income from tax consolidation (€121 thousand).

Additionally, under the 2016 Stability Law, from financial year 2017, the IRES tax rate is lowered from 27.5% to 24%, with a resulting negative impact on expected future benefits in terms of deferred tax assets, accounted for in prior years with a higher rate. Following this change, the Company has revised, starting from the prior year, the assessment of deferred tax assets, determined on tax losses carried forward indefinitely, based on the analysis of expected future taxable income.

To calculate the recoverability of tax losses, reference was made to taxable income expected in subsequent years to be generated by Register.it S.p.A. and Etinet S.r.l., which already participate in Dada's tax consolidation scheme, and by Sfera Networks S.r.l., which will participate in the scheme as from the 2017 tax year.

More specifically, recoverability estimates on tax losses were analyzed (in particular those on which deferred tax assets are calculated), giving a positive outcome in preparing the 2016 annual consolidated financial statements, taking also into account the income statement performance achieved by the Group versus the 2017 budget. The review was made based on the possibility of generating positive future taxable income.

Over this time period, the projections show that Register.it, Etinet and Sfera will generate a growing, positive taxable income and that the portion of recognized deferred taxes will be fully recovered over a reasonably sustainable time period. This assessment and the above-mentioned laws allowing full recovery of tax losses indefinitely give reasons to conclude that the recognition of deferred tax assets complies with the requirements of the relevant accounting standard.

This method of assessment was the same adopted in 2015 and before that.

The losses on which deferred tax assets were calculated amount to €17.3 million, while total tax losses of Dada S.p.A. that can be carried forward indefinitely to subsequent years amount to €25 million.

Deferred tax assets have been recognized in proportion to the income the Company is likely to achieve.

The following table reconciles the actual and theoretical tax charge:

RECONCILIATION BETWEEN TAX CHARGE SHOWN IN THE FINANCIAL STATEMENTS AND THEORETICAL TAX CHARGE AT 31 DECEMBER 2016

Description	2016	2015
Profit/(loss) before taxes	-1,110	-1,090
Theoretical tax charge	**305**	**300**
Permanent differences	99	478
Temporary differences	61	152
Taxable income	**-951**	**-460**
Taxable income of the companies participating in the tax consolidation scheme	1,502	-
Taxable income tax consolidation scheme	**552**	**-**
Use of loss on 80% of taxable income	**-441**	**-**
Actual tax charge	**110**	**0**
IRES	**-30**	**0**
Prior-years' taxes	**0**	**5**
Other tax costs/recovery of other tax costs	**0**	**81**
Tax consolidation income	**417**	**0**
IRAP	**0**	**0**
Current taxes	**386**	**86**

For a greater understanding between the tax charge shown in the financial statements and the theoretical tax charge, no account is taken of IRAP; as IRAP is charged on an earnings figure different from profit before taxes, it would distort the comparison between one year and the next. Theoretical taxes are therefore determined by applying the corporate income tax rate in force in Italy (IRES, 27.5%) to the pre-tax profit.

Deferred tax assets are broken down below:

	IRES			IRES		
	2016			2015		
	Amount of temporary differences	Rate	Tax effect	Amount of temporary differences	Rate	Tax effect
Deferred tax assets:						
Taxed provision for doubtful accounts	1,487	24.0%	357	1,487	24.0%	357
Provisions for risks and charges	-	27.5%	-	259	27.5%	71
Provisions for risks and charges	187	24.0%	45		24.0%	
Non-current assets	-	27.5%	-	81	27.5%	22
Non-current assets	652	24.0%	156	652	24.0%	156
Other temporary differences		27.5%	-	74	27.5%	20
Other temporary differences	12	24.0%	3		24.0%	
Total	**2,337**		**561**	**2,552**		**627**
Tax losses taken to tax consolidation on which deferred tax assets have been calculated	-	27.5%	-	1,726	27.5%	475
Tax losses taken to tax consolidation on which deferred tax assets have been calculated	17,305	24.0%	4,153	15,636	24.0%	3,753
Net	**19,642**		**4,714**	**19,914**		**4,854**

	IRAP			IRAP		
	2016			2015		
	Amount of temporary differences	Rate	Tax effect	Amount of temporary differences	Rate	Tax effect
Deferred tax assets:						
Provisions for risks and charges	187	4.82%	9	259	4.82%	12
Non-current assets	652	4.82%	31	733	4.82%	35
Net	**839**		**40**	**992**		**48**

Total deferred tax assets (IRAP+IRES)	**20,481**		**4,755**	**20,905**		**4,902**

Dada S.p.A. serves as the consolidating company for the Italian tax consolidation scheme, which includes, for the 2016-2018 three-year period, the subsidiaries Register.it S.p.A., Clarence S.r.l., Fueps S.p.A. and Etinet S.r.l..

6. Intangible assets

Movements in intangible assets between 31 December 2015 and 31 December 2016 are shown below:

Description	Balance at 31/12/15	Increases	Decreases	Amortization	Balance at 31/12/16
Concessions, licenses, brands	1				1
Other	231	50		-100	181
Total	**232**	**50**		**-100**	**182**

Following the reorganization in prior years, as a result of which investments pertain directly to the subsidiaries, Dada S.p.A. now invests only in intangible assets which exclusively regard management software and technology needed to provide corporate services.

7. Property, plant and equipment

Movements in property, plant and equipment from 31 December 2015 to 31 December 2016 are shown below:

Description	Balance at 31/12/15	Increases	Decreases	Amortization	Balance at 31/12/16
Plant and EDP machines	79	19		-31	67
Furniture and fittings	101			-31	71
Other	116	3		-15	105
Total	**297**	**22**		**-76**	**242**

The increase in the year is due mainly to the purchases made in hardware essential to Dada S.p.A.'s business activities, and to improvements made to the Florence premises.

8. Equity investments and financial assets

The following table shows movements in equity investments from 31 December 2016 to 31 December 2015:

Description	31/12/15	Increases	Decreases	Impairment	Other movements	31/12/16
Equity investments in subsidiaries	29,989			-43	42	29,988
Total equity investments in subsidiaries	**29,989**			**-43**	**42**	**29,988**
Security deposits	17					17
Total financial assets	**17**					**17**
Total	**30,006**			**-43**	**42**	**30,005**

Other movements include those in the stock options granted to the executives of the subsidiaries, with a balancing entry in “equity instruments”, in accordance with IFRS 2. Specifically, €42 thousand refer to the increase in provisions in the year for stock options granted to the employees of Register and its subsidiary Namesco Ltd.

To conclude, impairment losses recognized in the income statement amounted to €4 thousand for Fueps and to €39 thousand for Clarence.

Movements in equity investments in subsidiaries are summarized below:

Name	Balance at 31/12/15	Increases	Impairment	Other movements	Balance at 31/12/16	% held
Register.it S.p.A.	27,819			42	27,861	100%
Fueps S.p.A.	1,827		-4		1,822	100%
Clarence S.r.l.	343		-39		304	100%
Total	**29,989**		**-43**	**42**	**29,988**	

As required by the accounting standards, the investments held by Dada S.p.A. have been tested for impairment. Impairment testing is carried out once a year upon preparation of the consolidated financial statements. The recoverable amount of the investments is verified by determining value in use based on the Discounted Cash Flow; the values recognized in the financial statements have been confirmed by impairment testing.

With regard to the main assumptions and parameters adopted by management in the impairment test, see Note 9,1 to the consolidated financial statements.

Regarding Dada S.p.A. investments, technically speaking, the value in use of the CGUs comprised of the investment held in Register.it S.p.A. was estimated on the basis of expected cash flows and their discounting at an appropriate rate. More specifically, value in use was estimated by discounting the CGU's operating cash flow projections for 2017-2021 at a rate equal to the weighted average cost of capital (WACC).

Cash flows for 2017-2021 were based on the above projections. The recoverable amount was estimated as the sum of the present value of cash flows over the explicit forecast period and the terminal value, assuming g=0 beyond the explicit forecast period.

Valuations were reached with assistance from a major consulting firm specialized in this activity (Deloitte).

Cash Generating Unit	Explicit forecast period	Terminal value period	Growth rate (g) during terminal value period
	31/12/2016	31/12/2016	
D&H EU CGU	5 years	Perpetual	Zero
D&H UK CGU	5 years	Perpetual	Zero
SFERA CGU	5 years	Perpetual	Zero

The following table shows the main assumptions adopted in preparing the impairment test:

Cash Generating Unit Growth rate:	D&H EU	D&H UK	SFERA
Revenue	2016 figures from actual results approved by the BoD of each company forming the CGU; 2017 figures from the consolidated budget of the D&H EU CGU approved by the BoD of Register.it S.p.A. as the head of the CGU, which includes the Amen Group, Nominalia and Etinet S.r.l.; 2018-2019 two-year period determined by using growth rates envisaged in the Group's new plan approved by the BoD, updating them on the basis of further and latest business and target market information regarding growth rates; further two-year horizon covering 2020 and 2021, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the specific business of the CGU and reviewed by the BoD of Register.it S.p.A..	2016 figures from actual results approved by the BoD of each company forming the CGU; 2017 figures from the consolidated budget of the D&H UK CGU approved by the BoD of Namesco UK Ltd. as the head of the CGU, which includes the Poundhost Group and Namesco Ireland; 2018-2019 two-year period determined by using growth rates envisaged in the Group's new plan approved by the BoD, integrating it on the basis of further and latest business and target market information regarding growth rates; further two-year horizon covering 2020 and 2021, based on growth rates of the main income statement and balance sheet aggregates extrapolated from the best available information on the specific business of the CGU and reviewed by the BoD of Namesco Uk Ltd.	2016 figures, referring to post-acquisition figures, from results by the BoD of the company forming the CGU; 2017 figures from the consolidated budget of the SFERA CGU approved by the BoD of the company; 2018-2019 two-year period determined by using growth rates envisaged in the Group's new plan approved by the BoD, integrating it on the basis of further and latest business and target market information regarding growth rates; further two-year horizon covering 2020 and 2021, based on growth rates of the main income statement and balance sheet aggregates extrapolated from the best available information on the specific business of the CGU and reviewed by the BoD of the company.

Growth rate:			
EBITDA	As for the EBITDA trend of the D&H EU CGU over the period of the plan, the considerations above apply.	As for the EBITDA trend of the D&H UK CGU over the period of the plan, the considerations above apply.	As for the EBITDA trend of the SFERA CGU over the period of the plan, the considerations above apply.

With regard to the investment in Register.it S.p.A., the main assumptions used to build plans for the purposes of impairment testing are described below.

D&H EU CGU: The 2017-2021 revenue trend of the D&H EU CGU was estimated based primarily on the following considerations:

• Acquisition of new customers through initial offering sales strategies and through increased effectiveness and efficiency of marketing investments capable of expanding the customer base by reducing the cost of acquisition per customer (COA);

• Increased retention of existing customers and development of upselling strategies aimed at increasing the ARPU (average revenue per unit) of single customers, with virtuous effects on revenue growth and on the improvement in operating profit;

• Sharper focus on tailor-made products provided in "we do it for you" mode, through the offline sales channels and the local customer desks, capable of offering consultancy services and pre and after-sales support.

- Expanded range of Email, Hosting and Servers (also in managed mode) and cloud-based solutions, as well as products and services for the safety of websites and online transactions, in order to meet the needs of business expansion and protection from growing cyber-attacks.

Additionally, margin trends over the period of the Plan, which point northwards, are linked to the further improvement of **operational efficiency**, through the **integration of the platforms** and the use of the fully operational **proprietary Datacenter**, and to the reduced impact of overheads as a result of their scalability in the face of growing sales volumes; these considerations apply to both the D&H EU CGU and to the D&H UK CGU.

D&H UK CGU: The 2017-2021 revenue trend of the D&H UK CGU was estimated based primarily on the following considerations:

• development and growth of the current customer base thanks to initial offering and customer retention policies;

• sharper focus on the business customer segment (the most loyal on average), with higher renewal rates, and more eager to purchase the costlier solutions than the home-user segment;

• stronger push on website builders and email (Exchange, Office365) products, as well as hosting, virtual/dedicated servers, and IT managed services;

• optimization and maximization of the investment made over the 2013-2015 three-year period for the creation and operation of a Datacenter in Reading (UK), to offer world-class virtual servers and expand the range of dedicated servers.

<u>*SFERA CGU:*</u> The 2017-2021 revenue trend of the SFERA CGU was estimated based primarily on the following considerations:

- Development of revenue on existing customers with the integration of services provided;
- Cross selling on the customer base of other Dada Group companies in Europe, providing a full range of Server and IT Managed services
- Growth in new customers leveraging on brand awareness and Dada Group marketing strategies

The discount rate used for future cash flows is the weighted average cost of capital (WACC). It was determined separately for the individual CGUs and takes account of the following parameters (among others): cost of money, market risk premium, risk-free rate of return, and marginal income tax rate. It respects the operations performed by each CGU, while also taking account of the trend in market rates and in the overall macroeconomic scenario.

These considerations led to the calculation of the following rates, which are shown along with the prior-year rates below:

CASH GENERATING UNIT	WACC	
	31/12/2016	31/12/2015
D&H EU	7.09%	6.48%
D&H UK	5.81%	6.55%
SFERA	7.09%	-

The impairment test conducted at 31 December 2016 confirmed that there is no need to adjust the values recognized in the financial statements for the investment in Register.it S.p.A.. For further details of the analyses, see Note 9.1 of the consolidated financial statements of the Dada Group.

9. Trade and other receivables

The following table breaks down “trade receivables” at the close of 2016 and 2015:

Description	Balance at 31/12/16	Balance at 31/12/15	Change	% change
Due from customers: Italy	1,568	1,567	2	0%
Trade receivables due from subsidiaries	4,516	6,015	-1,499	-25%
Trade receivables from other related parties	27	104	-77	
Less: provision for doubtful accounts	-1,567	-1,567	-	0%
Total	**4,545**	**6,119**	**-1,575**	**-26%**

Trade receivables are due mainly from subsidiaries. Related party receivables refer to Dada S.p.A. business activities prior to contribution and have been entirely written down.

For receivables from subsidiaries and other related parties, see the paragraph on related parties.

Movements in the provision for doubtful accounts are shown in the following table:

Description	Balance at 31/12/2015	Increase for the year	Utilizations for the year	Balance at 31/12/2016
Provision for doubtful accounts	1,567	-	-	1,567
Total	**1,567**	**-**	**-**	**1,567**

At 31 December 2016, the provision was unchanged versus 2015 and was sufficient to cover potential losses on all trade receivables. The write-downs were charged on receivables overdue by more than four years when the Company still did business with third parties, and not exclusively within the Group or with related parties, as is now the case.

There are no new 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.

No receivables have a residual maturity over 5 years.

The following table shows "Other receivables" at the close of 2016 and 2015:

Description	Balance at 31/12/16	Balance at 31/12/15	Change	% change
Tax receivables	381	374	7	2%
Advances paid to suppliers	19	31	-11	-37%
Other receivables	77	88	-11	-12%
Other from Group companies	14,669	11,330	3,339	29%
Accrued income and prepayments	198	150	48	32%
Total	**15,344**	**11,972**	**3,372**	**28%**

“Accrued income and prepayments” includes the year's share of telephone line charges and other costs pertaining to both periods.

"Other receivables" includes down payments or advances.

Tax receivables include VAT advance payment and withholding and other tax receivables resulting from the latest tax return.

Other receivables from Group companies relate to receivables from Group-wide VAT and tax consolidation with subsidiaries.

10. Current financial receivables and cash and cash equivalents

The following table shows current financial receivables at the close of 2016 and 2015:

Description	Balance at 31/12/16	Balance at 31/12/15	Change	% change
Financial receivables from Group companies	33,876	30,814	3,061	9%
Financial receivables from related parties	-	1,000	-1,000	-
Total	**33,876**	**31,814**	**2,061**	**6%**

Financial receivables from Group companies derive from the Group cash pooling account, which had a balance in the Company's favour of €33.9 million at 31 December 2016, up versus €30.8 million in 2015. Interest is charged at market rates.

Financial receivables from related parties in the prior year, which included the portion of earn-out following the disposal of Moqu to Italiaonline, were fully written off following the cash in in May this year.

The following table shows cash and cash equivalents at the close of 2016 and 2015:

Description	Balance at 31/12/16	Balance at 31/12/15	Change	% change
Bank and post office deposits	1,709	138	1,571	92%
Cash and valuables on hand	2	4	-2	-84%
Total	**1,711**	**2**	**1,569**	**92%**

The total represents liquidity and cash balances at the end of 2016.

11. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to owners of the parent company by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing the net profit attributable to owners of the parent company by the weighted average number of shares outstanding during the year plus those potentially originating from the exercise of all options outstanding.

Details of profit and number of shares used to calculate basic and diluted earnings per share are provided below:

Euro/000 PROFIT	31/12/2016	31/12/2015
Profit/(loss) for the calculation of earnings per share	-856	-1,575
Total	**-856**	**-1,575**

NUMBER OF SHARES	31/12/2016	31/12/2015
Number of shares for the calculation of earnings per share	16,680,069	16,680,069
Dilutive effect (options on shares)	615,000	615,000
Total	**17,295,069**	**17,295,069**

EARNINGS/(LOSS) PER SHARE	31/12/2016	31/12/2015
Basic earnings/(loss) per share	-0.051	-0.094
Diluted earnings/(loss) per share	-0.049	-0.091
Total	**16,680,069**	**16,680,069**

12. Share capital and reserves

At 31 December 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.

Movements in equity items are shown on page 208.

Description	Amount	Eligibility for use	Amount available	Utilizations in the last three years	
				for loss coverage	for other reasons
Share capital	**2,836**				
Share premium reserve	**33,098**	A-B-C	33,098	-	
Other equity instruments	**461**				
- Other reserves:					
Extraordinary reserve	19,143	A-B-C	19,143		
FTA reserve	3,085				
Write-up of termination indemnities	28				
Reserve from transactions under common control	5,548	A-B-C	5,548		
Total other reserves	**27,803**				
Profit reserves:					
Legal reserve	**950**	B	950		
Profit/(loss) carried forward	**-6,603**			-5,358	330
Net profit/(loss) for the year	**-856**				
Total	**57,689**		**58,739**		
Non-distributable portion			8,026		
Remaining distributable portion			**50,712**		

***Eligibility for use:**
Legend:
A: for capital increases
B: for loss coverage
C: for dividends

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 31 December 2016, it had a balance of approximately €1 million. There was no change versus the prior year.

Share premium reserve: this is a capital reserve generated by contributions from shareholders or the conversion of bonds into shares. There is no specific limit on its use, once the legal reserve has reached one fifth of the share capital. At 31 December 2016, it had a balance of approximately €33.1 million, unchanged versus the prior year.

Other equity instruments: this item includes payroll costs accrued from the stock option plans issued by the Group. At 31 December 2016, it had a balance of €461 thousand versus €269 thousand at 31 December 2015. Movements in the year refer to the portion amounting to €150 thousand of the Stock Option Plan of Dada S.p.A. recognized in the income statement, while €42 thousand refer to the portion attributable to the stock options granted to executives of other companies of the Dada Group, and attributed to the equity investments.

Other reserves:

- *FTA reserve:* built for the first-time adoption of IFRS, at 31 December 2016, it had a balance of €3.1 million, unchanged versus 2015.
- *Extraordinary reserve:* amounting to €19.1 million, unchanged versus 2015.
- *Termination indemnity discounting reserve:* it includes the effects on termination indemnities in accordance with IAS 19; net of tax effects, it amounted to €28 thousand at 31 December 2016 versus -€19 thousand at 31 December 2015; movements in the year refer to the actuarial calculation, the details of which are found in Note 15.

13. Provisions for risks and charges, disputes and potential liabilities

The table below shows movements in provisions in 2016:

Description	Balance at 31/12/2015	Increase for the year	Utilizations for the year	Recognition in the income statement	Balance at 31/12/2016
Provision for risks and charges	259	-	-28	-44	187
Total	**259**	**-**	**-28**	**-44**	**187**

At 31 December 2016, the item amounted to €187 thousand and covered potential liabilities from pending contractual and legal disputes, as well as corporate restructuring costs and tax disputes.

No further provisions were made, while €44 thousand were recognized in the income statement for positively solved legal and tax disputes.

Utilizations in the year refer to legal disputes settled in 2016 with payment of the amounts previously assessed.

No detailed information is given on the specific positions covered, in order not to prejudice the outcome of proceedings.

14. Stock options

On 28 April 2014, the General Meeting of Dada approved the share-based incentive plan for 2014-2016, proposed by the Board of Directors and intended for Dada Group employees, in particular, for executives and/or managers of Dada S.p.A. and/or Subsidiaries, excluding option rights, pursuant to art. 2441, par. 8 of the Italian Civil Code, and authorizing the Board of Directors of the Company to execute the plan for a maximum nominal amount of €127,500 through issue of a maximum of 750,000 ordinary shares for a par value of €0.17 each.

On 4 August 2014, the Board of Directors of Dada S.p.A., exercising the powers it was granted, gave effect to the share-based incentive plan. The Board, upon proposal of the Company's Compensation Committee, approved the Regulations of the Plan and assigned a maximum of no. 705,000 options on the same amount of Dada ordinary shares at a subscription price of €3.596 per share, equal to the average official prices of Dada S.p.A. ordinary shares recorded at the close of each Italian Stock Exchange trading session in the previous calendar month.

The Board also determined that the exercise of the vested options is, inter alia, conditional upon achieving a Performance Condition, i.e. that the beneficiaries have successfully passed the variable incentive system (in the form of MBO) for 2016, and have successfully passed at least one of the MBOs for 2014 and/or 2015. For further information, see the Regulations of the Plan on the corporate website www.dada.eu.

Below are the main features of the Dada Group plan:

Main features	Plan of 04/08/2014
Term	2014-2016
Total options on issue date	705,000
Total outstanding options at 31/12/2016	615,000
Issue price	3.596
Market price at issue date	3.284

The plan had undergone valuation by an independent actuary. The following table presents the data used for those calculations:

Data used for valuation	Plan of 04/08/2014
Valuation date	Issue of the plan
Model used	Binomial
Risk-free interest rate	0.6964%
Expected volatility	30%
Estimated dividends	Zero
Vesting conditions	Individual performance condition associated with the MBO plan of each beneficiary
Vesting period	04/08/2014 – 31/03/2017

Expected volatility reflects the assumption that historical volatility is indicative of future trends, although actual outcomes may differ.

The fair value of the plan is measured as of the grant date. See the Directors' Report for a detailed description of the plan.

The valuation of stock options in accordance with IFRS 2 had an impact of €150 thousand, accounted for under payroll costs with a balancing entry in a separate equity reserve. This is due to the fact that under the existing plan, the non-market vesting condition linked to the company’s business results is expected to be achieved. As a vesting condition, the beneficiaries are to remain with the Company until the vesting date.

15. Retirement and other post-employment benefits

Movements in the provision for employee termination indemnities from 31 December 2015 to 31 December 2016 are shown in the table below:

Description	Balance at 31/12/2015	Increase for the year	Utilizations for the year	Advances	Discount. Term. indemn.	Other movements	Balance at 31/12/2016
Employee benefits	202	105	-	-20	-59	-103	124
Total	**202**	**105**	**-**	**-20**	**-59**	**-103**	**124**

At 31 December 2016, the provision for termination indemnities (or TFR, *trattamento di fine rapporto*) amounted to €124 thousand, and covers the liability accrued to the employees of the Company, in accordance with the law and the collective employment contract.

"Other movements" refer to payment to INPS (Italian Social Security) of the TFR accrued in the year, which in turn was included in the increase for the year.

"Termination Indemnity Discounting to Equity" refers to the "Remeasurement of actuarial profits and losses from defined benefit plans". The offsetting item is a specific reserve in equity reclassified under other reserves, net of the related tax effect and of the effect of discounting losses recognized under financial charges in the income statement.

As required by international accounting standards, the liability was determined using the Projected Unit Credit method, which treats every period of employment as the source of an additional unit of benefits and measures each unit separately when calculating the total obligation.

In accordance with Finance Act no. 296 of 27 December 2006, for the purposes of IAS 19R only the liability for accrued TFR remaining with the company was considered, as the amount accruing later is paid to a separate entity.

The calculation was performed by an independent actuary. The method used can be summarized as follows:

- o projection for each employee on the payroll at 31 December 2015 of the TFR accrued until estimated retirement age;
- o computation, for each employee on the payroll at 31 December 2015 and for each year until estimated retirement age, of the probable TFR benefits the Company will have to pay in case of dismissal, requests for advances, voluntary resignation, death or retirement;
- o discounting of each probable payment to present value;
- o re-proportioning for each employee on the payroll at 31 December 2015 of the probable, discounted benefit payments on the basis of seniority on the valuation date with respect to seniority on the date each payment is made.

Specifically, the following assumptions were used:

VALUATION DATE	31/12/2016	31/12/2015
Mortality table	ISTAT 2004	ISTAT 2004
Disability	INPS (national statistics) by age and gender	INPS (national statistics) by age and gender
Retirement age	Achievement of retirement age under mandatory general insurance	Achievement of retirement age under mandatory general insurance
Advance request rate	2.00%	2.00%
Annual discount rate	1.31%	2.03%
Leaving rate (Dada)	3.8%	3.8%

The method used to select the valuation rate complies with the provisions of the accounting standard set out at paragraph 83.

As for 2015, the value was determined based on the time series of yields at 31 December 2016 of the iBoxx Corporate AA 10+, which was 1.31% at end December 2016.

16. Other payables due beyond one year

There were no payables due beyond one year in 2016, as in 2015.

17. Trade and other payables

The following table shows "trade payables" and "other payables" at 31 December 2016 and at 31 December 2015:

Description	31/12/16	31/12/15	Change	% change
Payables:				
due to banks	2,250	4,466	-2,216	-50%
due to subsidiaries	25,844	19,809	6,036	30%
Account overdrafts, loans and other financial payables within one year	**28,094**	**24,275**	**3,819**	**16%**
due to suppliers	959	1,103	-144	-13%
due to subsidiaries	8	36	-29	-79%
due to other related parties	46	37	9	25%
Trade payables	**1,013**	**1,176**	**-163**	**-14%**
Taxes	426	363	63	17%
Taxes payable	**426**	**363**	**63**	**17%**
Other	466	429	36	8%
Other to subsidiaries	7	52	-45	-87%
Other to other related parties	314	300	14	5%
due to social security institutions	65	48	17	35%
Deferred income	24	73	-50	-68%
Other payables	**875**	**902**	**-27**	**-3%**
Total	**30,409**	**26,716**	**3,693**	**14%**

The following table shows non-current financial payables:

Description	31/12/16	31/12/15	Change	% change
Non-current financial payables	2,250	0	2,250	-
Total	**2,250**	**0**	**2,250**	**-**

There are two short-term loans of €1.0 million in place at 31 December 2016; the first is a line of credit with a major bank renewable from month to month, charged with a Euribor 1M rate (zero floor) + 325 bps; the second is a loan repayable in 4 quarterly instalments starting on 31 March 2017, charged with a Euribor 3M rate + 160 bps.

Additionally, there is a medium-term loan of €2.5 million in place at 31 December, taken out with a major bank on 14 July 2016, repayable in 24 quarterly instalments starting on 30 September 2016, the first four instalments of which made up solely of the interest component, with maturity on 30 June 2022; the interest rate charged is the Euribor 3M + 210 bps. The abovementioned loan contains the customary clauses, tied to EBITDA, NFP and equity, to safeguard the lender, including mandatory repayment in the event of a change of control of Dada S.p.A., or of breach of the covenants or financial ratios, measured at the end of each year. These obligations were fully met at the close of these annual consolidated financial statements.

No account overdrafts are reported, with the exception of a medium-term non-interest bearing financial payable of €1.3 million for the final instalment relating to the acquisition of Sfera Networks S.r.l..

Financial payables to subsidiaries refer to the Group's cash pooling arrangement. They charge interest at market rates.

Trade payables are amounts due for purchases of a commercial nature and other types of costs, which mainly include costs, overheads and fixed costs. The Company estimates that the carrying value of trade and other payables approximates their fair value.

Taxes payable (€426 thousand) include withholding tax on salaries and consultants' pay for the month of December, as well as VAT payment due in December and the IRES payable from Group tax consolidation.

"Other payables" refers mainly to accruals for the "14th month" bonus, amounts due for pay in lieu of holiday, and performance bonuses recognized during the year that will be paid in May 2017 in accordance with internal procedures.

"Other to subsidiaries" refers to payables generated by the management of Group-wide VAT and tax consolidation with subsidiaries.

18. Commitments and risks

Commitments and risks at the close of 2016 and 2015 are shown below:

Description	Balance at 31/12/2016	Balance at 31/12/2015	Change	% change
Guarantees	41,169	22,683	-660	-3%
Total	**41,169**	**22,683**	**-660**	**-3%**

The following table shows movements in guarantees during the year:

Description	Balance at 31/12/2015	Increases for the period	Decreases for the period	Balance at 31/12/2016
Guarantees	22,683	36,178	-17,693	41,169
Total	**22,683**	**36,178**	**-17,693**	**41,169**

At 31 December 2016, guarantees issued amounted to €41.2 million (€22.7 million at 31 December 2015), increasing by €18.5 million. Most of the increase in the year is attributable to the guarantees issued by Dada S.p.A. on behalf of its subsidiary Register.it S.p.A., as a warrant to grant credit for the new loans taken out by such company in 2016. Mention should be made in this regard to the pool loan agreement of €22 million signed on 21 December 2016. Details of these new loans are found in the consolidated side of the financial statements of the Dada Group. Likewise, the reduction of €17.7 million is mainly attributable to the closure of previous warrants issued for loans fully repaid, concurrent to the granting of the abovementioned pool loan. There are no new guarantees other than those reported in the previous financial statements (for VAT refunds of certain subsidiaries or guarantees issued for rentals).

19. Related party transactions

Pursuant to the Regulations for Related Party Transactions, a related party of Dada S.p.A. is one that:

(a) directly or indirectly, including through subsidiaries, trustees or other intermediaries:

(i) controls the company, is controlled by it, or is an entity under common control;

(ii) holds a large enough share of the company to exercise a significant influence over it;

(iii) controls the company jointly with other parties;

(b) is an associate of the company;

(c) is a joint venture partly owned by the company;

(d) is one of the key management personnel of the company or its parent;

(e) is a close relation of a person falling under letter (a) or (d);

(f) is an entity over which a person falling under letter (d) or (e) has control, joint control or significant influence or directly or indirectly holds a significant share (no less than 20%) of voting rights;

(g) is a complementary, collective or individual pension fund, Italian or foreign, that covers employees of the company or of any other entity with which it is affiliated.

For these purposes, "key management personnel" are persons with authority and responsibility for planning, directing, and controlling the activities of Dada S.p.A., directly or indirectly, i.e. those directors of Dada S.p.A. or its direct and indirect subsidiaries included on a list of persons who have been expressly designated as such by Dada S.p.A.'s Chief Executive Officer, as well as other directors (whether executive or otherwise) of Dada and all standing members of the Board of Statutory Auditors.

Transactions carried out by the Dada S.p.A. with related parties in 2016 fall within the normal scope of operations and are settled at arm's length.

Dada S.p.A.'s transactions with Orascom Group companies and the related company 4W MarketPlace S.r.l., refer mainly to chargeback contracts for the provision of services.

Dada S.p.A.'s transactions with its own subsidiaries (direct and indirect) concern:

- corporate services: legal, administrative, taxation, purchasing, etc.
- centralized treasury management (cash pooling)
- Group-wide VAT and tax consolidation.

Receivables:

Company	Trade receivables	Other receivables	Financial receivables	Total receivables
Clarence S.r.l.	-	-	6	6
Register.it S.p.A.	3,722	14,637	31,905	50,265
Nominalia SL	495	-	-	495
Namesco Ltd	97	-	-	97
Namesco Ireland	18	-	-	18
Poundhost	41	-	-	41
Amen Group	142	-	-	142
Fueps S.r.l.	-	-	1,964	1,964
Etinet S.r.l.	-	32	-	32
Total	**4,516**	**14,669**	**33,876**	**53,061**
4W MarketPlace	4	-	-	4
Orascom Group	23	-	-	23
Total	**4,543**	**14,669**	**33,876**	**53,088**

Payables:

Company	Trade payables	Other payables	Financial payables	Total payables
Clarence S.r.l.	0	7	296	302
Register.it S.p.A.	7	-	21,753	21,760
Nominalia SL	-	-	-	-
Namesco Ltd	-	-	-	-
Namesco Ireland	-	-	-	-
Poundhost	-	-	-	-
Amen Group	-	-	-	-
Fueps S.r.l.	1	-	3,796	3,797
Etinet S.r.l.	-	-	-	-
Total	**8**	**7**	**25,844**	**25,859**
4W MarketPlace	-			-
Orascom Group	-			-
Total	**8**	**7**	**25,844**	**25,859**

Intercompany transactions mainly consist of the provision of services, the lending and borrowing of funds, and tax pooling arrangements (Group-wide VAT and tax consolidation) and take place at arm's-length. In this regard the parent, Dada S.p.A., acts as centralized treasury for the main Group companies.

In accordance with IAS 24 and the new related party procedure, related parties include the directors of the Parent Company as well as key management personnel. It should be noted that in 2016, there were no other key management personnel aside of the CEO and the General Manager.

Description	31/12/2016		
	Service costs	Payroll costs	Other equity instruments
Board of Directors – fees	114	-	-
Board of Statutory Auditors - fees	44	-	-
CEOs and General Managers – other fees	-	1,050	292
Total related parties	**158**	**1,050**	**292**

20. Information pursuant to Art. 149-duodecies of the Consob Issuer Regulations

The following chart, prepared in accordance with Art. 149-duodecies of the Consob Listing Rules, shows the fees pertaining to 2016 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

Type of service	Performed by	Recipient	Fees
Auditing	KPMG SPA	Parent	150,650
Other services	KPMG SPA (1)	Parent	55,000
TOTAL			205,650

(1) Assistance with testing carried out in accordance with law 262/2005

21. Disclosures pursuant to IFRS 7: Dada S.p.A.

Classification of financial instruments

The table below shows available-for-sale assets measured at fair value, financial liabilities measured at fair value and at amortized cost:

	Loans and receivables		Total		of which: current		of which: non-current	
	Dec.-16	Dec.-15	Dec.-16	Dec.-15	Dec.-16	Dec.-15	Dec.-16	Dec.-15
ASSETS								
- **Cash and cash equivalents**	2	3	2	3	2	3		
- **Financial assets - third parties**	1,726	1,155	1,726	1,155	1,709	1,138	17	17
- **Intercompany financial assets**	33,876	30,814	33,876	30,814	33,876	30,814		
- **Trade receivables - third parties**	52	129	52	129	52	129		
- **Trade receivables - intercompany**	4,518	6,015	4,518	6,015	4,518	6,015		
- **Other receivables**	269	244	269	244	269	244		
Total financial assets	**40,442**	**38,360**	**40,442**	**38,360**	**40,426**	**38,344**	**17**	**17**
LIABILITIES	**Loans and receivables**		**Total**		**of which: current**		**of which: non-current**	
	Dec.-16	**Dec.-15**	**Dec.-16**	**Dec.-15**	**Dec.-16**	**Dec.-15**	**Dec.-16**	**Dec.-15**
- **Bank account overdrafts**	-	790	-	790		790		
- **Loans and borrowing - third parties**	4,500	3,677	4,500	3,677	2,250	3,677	2,250	
- **Intercompany loans and borrowing**	25,844	19,809	25,844	19,809	25,844	19,809		
- **Trade payables - third parties**	1,006	1,140	1,006	1,140	1,006	1,140		
- **Trade payables - intercompany**	7	36	7	36	7	36		
- **Other payables**	24	73	24	73	24	73		
Total financial liabilities	**31,381**	**25,524**	**31,381**	**25,524**	**29,131**	**25,524**	**2,250**	**-**

- Assets in the "Loans and receivables" class under "Financial assets - third parties" include the positive balance at major banks and the deposit of €0.3 million placed in escrow for the acquisition of Sfera Networks S.r.l.; "Intercompany financial assets" includes interest income from cash pooling arrangements with Group companies; "Trade receivables - third parties" includes trade receivables, net of the provision for doubtful accounts, as well as advance payments to suppliers a/c authority; "Other receivables" does not include the tax and social security receivables that are outside the scope of IAS 39
- Liabilities in the "Loans and receivables" class under "Bank account overdrafts" include the balances of overdrafts which were equal to 0 at end 2016; "Loans and borrowing - third parties" includes three medium/long-term loans with major banks of €2.5 million, with final

maturity in June 2022 and payment of quarterly instalments, while the remaining two amount to €1.0 million each, one with a one-year duration with payment in quarterly instalments, the other a credit line with maturity in early 2017; “Intercompany loans and borrowing" refers totally to interest expense from cash pooling arrangements with Group companies.

Collateral

IFRS 7 requires disclosures in the case of financial assets pledged as collateral and third-party assets held as collateral. Because the Dada Group has given numerous security deposits but the amount in each case is immaterial, the following table shows only the total carrying amount at the end of 2016 and 2015. Dada S.p.A. has no liabilities for collateral received from third parties:

Collateral pledged	Carrying amount	
	Dec.-16	Dec.-15
Security deposits	17	17

Allowance for credit losses

The table below summarizes movements in the provision for doubtful accounts in 2016 and 2015 not required in both years:

	Provision for doubtful accounts	
	Dec.-16	Dec.-15
Balance at start of year	-1,567	-1,567
Allocation for the year		
- for individual write downs		
- for collective write downs		
Utilizations		
Balance at end of year	-1,567	-1,567

Income, expense, gains, and losses on financial instruments

Interest income and expense are shown below:

	Carrying amount	
INTEREST INCOME	Dec.-16	Dec.-15
Interest income on financial assets not measured at fair value		
- Bank and post office deposits		
- Other financial receivables		
- Intercompany loans		
- Intercompany financial receivables	68	72
TOTAL	68	72

INTEREST EXPENSE	Dec.-16	Dec.-15
Interest expense on financial liabilities not measured at fair value		
- Bank overdrafts	-22	-121
- Loans	-143	-191
- Other financial payables		
- Intercompany financial payables	-3	-9
TOTAL	-169	-321
GRAND TOTAL	-101	-249

- Interest income on intercompany financial receivables includes interest on the cash pooling arrangements with Group companies. Interest expense refers to the total amounts of interest from overdrafts and for loans and credit lines.

Bank fees and charges are shown below:

Fees and charges not included in the effective interest rate	Carrying amount	
	Dec.-16	Dec.-15
- Bank charges	-137	-144

Qualitative disclosures about risk

Dada is exposed to credit risk, liquidity risk, and (to a very small degree) market risk.

- Credit risk

Dada S.p.A.'s credit risk is more or less concentrated depending on the particular business. The following table shows maximum exposure to credit risk for counterparty default (excluding amounts receivable from employees, social security institutions, and the tax authorities, employee benefits and all instruments governed by IAS 12 and 19 that are outside the scope of IAS 39):

Maximum exposure to credit risk	Dec.-16	Dec.-15
Bank and other deposits	1,709	1,138
Trade receivables - third parties	52	129
Trade receivables - Intercompany	4,518	6,015
Intercompany financial assets	33,876	30,814
Other receivables	269	244
Other receivables due beyond one year	17	17
Irrevocable commitments for the provision of loans		
Total	40,440	38,357

"Intercompany financial assets" refers exclusively to receivables from cash pooling arrangements with Group companies.
The aging analysis of overdue trade receivables is shown below:

Aging analysis of overdue trade receivables	Carrying amount	
	Dec.-16	Dec.-15
Trade receivables - third parties		
- Not overdue		
- Overdue by less than 30 days	27	104
- Overdue by 30-90 days		
- Overdue by 90-180 days		
- Overdue by 180-365 days		
- Overdue by 1-2 years		
Total overdue trade receivables from third parties	27	104
Trade receivables - Intercompany		
- Not overdue	1,240	1,386
- Overdue by less than 30 days		
- Overdue by 30-90 days	996	1,119
- Overdue by 90-180 days		
- Overdue by 180-365 days	2,281	3,510
- Overdue by 1-2 years		
Total overdue intercompany trade receivables	4,517	6,015
Grand total	4,544	6,119

The table below shows the composition of trade receivables and use of the provision for doubtful accounts:

Credit quality analysis		
	Dec.-16	Dec.-15
Trade receivables from third parties not overdue and not impaired	27	104
Trade receivables from third parties overdue and not impaired	-	-
Intercompany trade receivables not overdue and not impaired	1,240	1,386
Intercompany trade receivables overdue and not impaired	3,277	4,629
Trade receivables from third parties overdue and impaired	1,567	1,567
Provision for doubtful accounts	-1,567	-1,567
Total	4,544	6,119

- Liquidity risk

Liquidity risk may arise due to the difficulty of obtaining loans to support operating activities when needed.

The table below shows debt structuring in 2016 versus 2015 following the signing of a medium/long-term loan of €2.5 million, in addition to a further loan of €1 million with quarterly instalments:

Maturity analysis at 31 December 2016	**Less than 6 months**	**6 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**	**Total**
LIABILITIES						
Trade payables - third parties	1,006					1,006
Trade payables - Intercompany	7					7
Financial liabilities - principal	1,498	752	500	1,750		4,500
Financial liabilities - interest	35	28	43	29		135
Intercompany financial liabilities - principal	12,922	12,922				25,844
Intercompany financial liabilities - interest	13	13				26
Other payables	24					24
Total	15,505	13,716	543	1,779	-	31,542

Maturity analysis at 31 December 2015	**Less than 6 months**	**6 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**	**Total**
LIABILITIES						
Trade payables - third parties	1,140					1,140
Trade payables - Intercompany	36					36
Financial liabilities - principal	4,466					4,466
Financial liabilities - interest	143					143
Intercompany financial liabilities	9,904	9,904				19,809
Intercompany financial liabilities - interest	8	8				16
Other payables	73					73
Total	15,771	9,912	-	-	-	25,683

The above maturity analysis presents financial and trade liabilities at year end, with estimated payment timeframes.

The funding requirements and liquidity of Dada S.p.A. and the other Group companies are monitored or managed centrally under the control of the Group Treasury, to ensure the efficient and effective management of financial resources.

- *Market risk*

At present there is no exchange risk or price risk for Dada S.p.A. There is an interest rate risk, as shown in the following table, which summarizes the impact on the income statement of an increase or decrease in the key rate:

Shock		
Key rates	UP	DOWN
Euribor	+1.00 % point	-1.00 % point

Interest rate sensitivity analysis	**Key rate**	**Carrying amount**		**Income statement**			
				Shock up		**Shock down**	
		Dec.-16	**Dec.-15**	**Dec.-16**	**Dec.-15**	**Dec.-16**	**Dec.-15**
Bank account interest income	Euribor 1M	1,709	1,138	17	0	-17	0
Intercompany financial assets from cash pooling	Euribor 1M	33,876	30,814	339	308	-339	-308
Bank account overdrafts	Euribor 1M	0	-790	0	-8	0	29
Financial liabilities, third parties	Euribor 1M	-4,500	-3,677	-40	-18	40	18
Intercompany financial liabilities from cash pooling	Euribor 1M	-25,844	-19,809	-258	-198	258	198
Total		**5,241**	**7,678**	**57**	**84**	**-58**	**-63**

Interest-bearing assets include current accounts with major banks, restricted current accounts, and the cash pooling current accounts at the one-month Euribor. Variable-rate financial liabilities include current accounts payable with major banks, medium/long-term loans, and cash pooling arrangements with Group companies that generate interest at the one-month Euribor.

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CERTIFICATION
of the Separate Financial Statements at 31 December 2016
(pursuant to art. 81-*ter* of CONSOB Regulation no. 11971 of 14 May 1999
as subsequently amended)

- The undersigned, Claudio Corbetta, as Chief Executive Officer, and Federico Bronzi, as Manager in charge of preparing the Company's Financial Reports, hereby certify, pursuant also to the provisions of art. 154-bis, par. 3 and par. 4, of Legislative Decree no. 58 dated 24 February 1998:
  - the adequacy in relation to the Company's characteristics, and
  - the actual application of administrative and accounting procedures for the preparation of the Separate Financial Statements at 31 December 2016, approved by the Board of Directors on 15 March 2017.

- It is also certified that:

1. the Separate Financial Statements at 31 December 2016:
   - correspond to the Company's records, ledgers and accounting entries;
   - have been prepared in accordance with applicable IFRS endorsed by the European Union and with the provisions issued to implement art. 9 Legislative Decree No. 38/2005;
   - are suitable for providing a true and fair view of the financial position and results of operations of the issuer and all companies included in consolidation.

2. The Directors' Report contains a reliable analysis of operating performance and results and of the position of the issuer and all companies included in consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Florence, 15 March 2017

Amministratore Delegato
Claudio Corbetta

Dirigente preposto alla redazione
dei documenti contabili societari
Federico Bronzi

www.dada.eu

Partita IVA 04628270482
Capitale sociale sottoscritto e versato: € 2.835.611,73
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Numero REA: 467460

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Relazione della società di revisione indipendente ai sensi degli artt. 14 e 16 del D.Lgs. 27 gennaio 2010, n. 39

Agli Azionisti di
DADA S.p.A.

Relazione sul bilancio d'esercizio

Abbiamo svolto la revisione contabile dell'allegato bilancio d'esercizio di DADA S.p.A., costituito dai prospetti della situazione patrimoniale e finanziaria al 31 dicembre 2016, dell'utile/(perdita), delle altre componenti di conto economico complessivo, delle variazioni di patrimonio netto e dei flussi finanziari per l'esercizio chiuso a tale data, da una sintesi dei principi contabili significativi e dalle altre note illustrative.

Responsabilità degli amministratori per il bilancio d'esercizio

Gli amministratori di DADA S.p.A. sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05.

Responsabilità della società di revisione

E' nostra la responsabilità di esprimere un giudizio sul bilancio d'esercizio sulla base della revisione contabile. Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia) elaborati ai sensi dell'art. 11 del D.Lgs. n. 39/10. Tali principi richiedono il rispetto di principi etici, nonché la pianificazione e lo svolgimento della revisione contabile al fine di acquisire una ragionevole sicurezza che il bilancio d'esercizio non contenga errori significativi.

La revisione contabile comporta lo svolgimento di procedure volte ad acquisire elementi probativi a supporto degli importi e delle informazioni contenuti nel bilancio d'esercizio. Le procedure scelte dipendono dal giudizio professionale del revisore, inclusa la valutazione dei rischi di errori significativi nel bilancio d'esercizio dovuti a frodi o a comportamenti o eventi non intenzionali. Nell'effettuare tali valutazioni del rischio, il revisore considera il controllo interno relativo alla redazione del bilancio d'esercizio dell'impresa che fornisca una rappresentazione veritiera e corretta al fine di definire procedure di revisione appropriate alle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno dell'impresa. La revisione contabile comprende altresì la valutazione dell'appropriatezza dei principi contabili adottati, della ragionevolezza delle stime contabili effettuate dagli amministratori, nonché la valutazione della presentazione del bilancio d'esercizio nel suo complesso.

Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Giudizio

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria di DADA S.p.A. al 31 dicembre 2016, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05.

Relazione su altre disposizioni di legge e regolamentari

Giudizio sulla coerenza della relazione sulla gestione e di alcune informazioni contenute nella relazione sul governo societario e gli assetti proprietari con il bilancio d'esercizio

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere, come richiesto dalle norme di legge, un giudizio sulla coerenza della relazione sulla gestione e delle informazioni della relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, comma 4, del D.Lgs. n. 58/98, la cui responsabilità compete agli amministratori di DADA S.p.A., con il bilancio d'esercizio di DADA S.p.A. al 31 dicembre 2016. A nostro giudizio la relazione sulla gestione e le informazioni della relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio d'esercizio di DADA S.p.A. al 31 dicembre 2016.

Firenze, 29 marzo 2017

KPMG S.p.A.

Alberto Mazzeschi
Socio

Relazione del Collegio Sindacale all'Assemblea degli Azionisti della Società Dada S.p.A. del 20 aprile 2017 ai sensi dell'art. 153 D.Lgs. n. 58/1998 e dell'art. 2429, comma 2, Codice Civile

Nel corso dell'esercizio chiuso al 31 dicembre 2016 abbiamo svolto l'attività di vigilanza ai sensi delle vigenti disposizioni di legge e regolamentari, osservando i doveri di cui all'art. 149 del D. Lgs. n. 58/1998 ("TUF"), e secondo i Principi di comportamento del Collegio Sindacale raccomandati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili, di cui riferiamo con la presente relazione redatta tenuto anche conto delle indicazioni fornite dalla Consob con Comunicazione n. 1025564 del 6 aprile 2001 e successive modificazioni.

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L'attuale Collegio Sindacale è stato nominato dall'assemblea del 28 aprile 2015 e durerà in carica fino all'approvazione del bilancio dell'esercizio chiuso al 31 dicembre 2017.
I componenti del Collegio Sindacale hanno rispettato i limiti al cumulo degli incarichi di cui all'art. 144 *terdecies* del Regolamento Emittenti.
Appena insediato il Collegio ha verificato – con esito positivo - la sussistenza dei requisiti di indipendenza dei propri membri. Tale verifica è stata poi reiterata in data 11 marzo 2016 ed in fine in data 1 marzo 2017, sempre con esito positivo.
La revisione legale per il periodo 2012-2020 è affidata alla società di revisione KPMG S.p.a. alla cui relazione si rimanda.
Si segnala preliminarmente che i dati di bilancio al 31 dicembre 2016 sono comparabili con i dati al 31 dicembre 2015 e non vi sono state variazioni nei principi contabili adottati. A seguito della cessione di Moqu Adv s.r.l. si era resa necessaria, per il bilancio consolidato 2015, l'applicazione del principio contabile IFRS 5 relativo "alle attività non correnti possedute per la vendita e attività operative cessate"..

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Avuto riguardo alle modalità con cui si è svolta la nostra attività istituzionale diamo atto di avere:

- partecipato alla riunione assembleare, a quelle del Consiglio di Amministrazione, del Comitato Controllo Rischi (CCR) e del Comitato per la Remunerazione e le Nomine (CR) tenutesi nel corso dell'anno, ed ottenuto dagli Amministratori tempestive ed idonee informazioni sull'attività svolta, secondo le previsioni regolamentari e statutarie;
- acquisito gli idonei elementi di conoscenza per svolgere l'attività che ci compete sul grado di adeguatezza della struttura organizzativa della Società e sul rispetto dei principi di corretta amministrazione e del controllo dei rischi mediante indagini dirette, raccolta di informazioni dai responsabili delle funzioni interessate (in particolare dal responsabile della funzione di Audit, dai componenti l'Organismo di Vigilanza e dal dirigente preposto dott. Federico Bronzi), scambi di dati e informazioni con la società di revisione e con i collegi sindacali delle società controllate;
- vigilato sul funzionamento dei sistemi di controllo interno e amministrativo-contabile, al fine di valutarne l'adeguatezza alle esigenze gestionali nonché l'affidabilità di quest'ultimo nella rappresentazione dei fatti di gestione, mediante indagini dirette sui documenti aziendali, ottenimento di informazioni dai responsabili delle rispettive funzioni, analisi dei risultati del lavoro svolto dalla società di revisione;
- verificata l'osservanza delle vigenti norme di legge inerenti alla formazione, all'impostazione e agli schemi del Bilancio di esercizio e del Bilancio consolidato, tenuto conto del fatto che la Società redige il Bilancio di esercizio e quello consolidato in conformità a quanto disposto dai principi contabili internazionali. Si rileva, in particolare, che a seguito della diffusione del Documento congiunto Banca d'Italia/Consob/Isvap n. 4 del 3 marzo 2010 il Consiglio di Amministrazione della Società ha verificato la rispondenza delle procedure di *impairment test* sugli attivi di bilancio alle prescrizioni dello IAS 36, procedendo all'approvazione delle stesse in via preventiva rispetto all'approvazione delle relazioni finanziarie;
- accertato che la Relazione sulla gestione per l'esercizio 2016 risulta conforme alle leggi vigenti e coerente con le deliberazioni adottate dal Consiglio di Amministrazione, nonché con i fatti rappresentati

dal Bilancio di esercizio e da quello consolidato; in particolare gli Amministratori in appositi paragrafi della Relazione sulla gestione descrivono i fatti principali che hanno contraddistinto l'esercizio 2016 ed i principali rischi e incertezze cui il Gruppo è esposto, indicando i rischi di mercato, finanziari, contrattuali. Il Resoconto intermedio di gestione della Società e consolidato di Gruppo non hanno richiesto osservazione alcuna del Collegio Sindacale. Il Resoconto intermedio di gestione e le Relazioni trimestrali hanno avuto la pubblicità prevista dalla legge e dai regolamenti vigenti.

Nel corso della nostra attività di vigilanza, svolta secondo le modalità sopra descritte, non sono emersi fatti significativi tali da richiederne la segnalazione agli organi di controllo. Sulla base di quanto è emerso dagli interventi diretti e dalle informazioni assunte, le scelte operate dagli Amministratori ci sono apparse conformi alla legge e allo statuto, ai principi della corretta amministrazione, coerenti e compatibili con le dimensioni e con il patrimonio sociale e rispondenti all'interesse della società.

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Le specifiche indicazioni da fornire con la presente relazione vengono elencate nel seguito, secondo l'ordine previsto dalla sopra menzionata Comunicazione Consob del 6 aprile 2001.

1. Abbiamo acquisito adeguate informazioni e condotto approfondimenti sulle operazioni di maggior rilievo economico, finanziario e patrimoniale effettuate dalla Società e dalle sue controllate, delle quali è stata data esaustiva informazione nella relazione sulla gestione predisposta dagli Amministratori, alle quali facciamo rinvio. In particolare, vanno qui richiamate le seguenti operazioni:

a) nel mese di luglio, tramite la controllata Register.it S.p.a è stato acquisito il 100% dell'azienda di Sfera Network S.r.l., una primaria realtà italiana specializzata nella fornitura di servizi digitali alle PMI ed in particolare di virtual hosting, di network & private cloud;

b) nel mese di dicembre è stato sottoscritto un nuovo contratto di finanziamento in pool con Banca Intesa, Unicredit e Banca MPS del valore complessivo di Euro 22 milioni con uno spread ridotto a 250 bps.

2. Non abbiamo avuto notizia di operazioni atipiche e/o inusuali effettuate nell'esercizio, comprese quelle con la controllante, infragruppo e con altre parti correlate.
   Le operazioni ordinarie di natura finanziaria e commerciale, effettuate infragruppo con imprese controllate e collegate o con parti correlate, sono analiticamente descritte nelle note illustrative al Bilancio al paragrafo 19, con evidenza del relativo effetto contabile.
   Si ricorda che il Consiglio di Amministrazione ha approvato in data 8.11.2010 la Procedura per la disciplina delle Operazioni con Parti Correlate secondo le istruzioni di Consob.

3. Nell'insieme, le indicazioni rese dagli Amministratori nella loro Relazione sulla Gestione ex art. 2428 Codice Civile sull'insieme delle operazioni, di cui al precedente punto 1, possono essere ritenute idonee a fornire l'informativa richiesta.

4. La società di revisione KPMG S.p.A. ha rilasciato in data 29 marzo 2017 le relazioni di revisione ai sensi degli articoli 14 e 16 del D.Lgs 27.1.2010 n. 39 relative al Bilancio d'esercizio ed al Bilancio consolidato al 31 dicembre 2016. Nelle predette relazioni, la società di revisione attesta che il Bilancio d'esercizio e il Bilancio consolidato al 31 dicembre 2016 sono conformi alle norme che ne disciplinano i criteri di redazione forniscono una rappresentazione veritiera e corretta della situazione patrimoniale, finanziaria, del risultato economico e dei flussi di cassa d'esercizio e consolidato di Dada S.p.A in conformità agli IFRS e che la relazione sulla gestione è con essi coerente.

5. Allo stato non ci sono stati presentati esposti.

6. Non abbiamo ricevuto denunce ex art. 2408 Codice Civile.

7. In data 24 aprile 2012 l'assemblea ordinaria della Società ha deliberato di conferire alla società di revisione KPMG S.p.A. l'incarico di revisione legale per gli esercizi 2012-2020.
Nel corso dell'esercizio non sono emersi aspetti critici in materia di indipendenza della Società di revisione, tenuto conto dei requisiti regolamentari e professionali che disciplinano l'attività di revisione e la stessa Società di revisione ci ha comunicato che, in base alle migliori informazioni disponibili, ha mantenuto nel periodo di riferimento la propria posizione di indipendenza e obiettività nei confronti di Dada S.p.A. e che non sono intervenute variazioni relativamente all'insussistenza di alcuna delle cause di incompatibilità previste dall'art. 160 del TUF e del capo I-bis del titolo IV del Regolamento Emittenti.
La società di revisione ha rilasciato in data 29.3.2017 la lettera di conferma annuale dell'indipendenza ai sensi dell'art. 17, comma 9, lettera a) del D.Lgs. 39/2010.

8. Gli incarichi non di revisione svolti da KPMG S.p.A. e da altri soggetti dello stesso *network* ricevuti da società del Gruppo sono riepilogati nel prospetto dei corrispettivi fornito in bilancio ex art. 149-duodecies del Regolamento Emittenti; gli onorari pagati da Dada S.p.A. a tal fine ammontano a complessivi € 55.000 Euro e si riferiscono all'assistenza all'attività di testing effettuata ai sensi della L. 262/2005.

9. Nel corso dell'esercizio 2016 il Collegio Sindacale non ha rilasciato pareri ai sensi di legge, eccezion fatta per quelli inerenti le politiche di remunerazione.

10. L'attività di vigilanza sopra descritta è stata svolta nell'esercizio 2016 avendo il Collegio Sindacale:
tenuto n. 5 riunioni collegiali;
partecipato a n. 6 riunioni tenute dal Consiglio di Amministrazione;
partecipato a n. 7 riunioni del Comitato Controllo Rischi (CCR);
partecipato alle n. 5 riunioni del Comitato per le Remunerazioni e Nomine (CRN).

11. Non abbiamo particolari osservazioni da svolgere sul rispetto dei principi di corretta amministrazione che appaiono essere stati costantemente osservati.

12. Il Collegio Sindacale ha costantemente aggiornato la propria conoscenza e vigilato sull'adeguatezza della struttura organizzativa della Società, mediante riscontro degli organigrammi aziendali formalmente approvati e comunicati alla Consob, raccolta di informazioni dalle strutture preposte e mediante incontri con i responsabili del controllo interno e della revisione esterna. La struttura organizzativa, articolata per direzioni e funzioni, allo stato appare coerente con le dimensioni e le esigenze operative del Gruppo.

13. In merito all'adeguatezza del Sistema di Controllo interno il Collegio Sindacale dà atto: di aver partecipato alle attività del Comitato Controllo Rischi (CCR), cui partecipano ove opportuno il responsabile della funzione di Internal Audit; di aver periodicamente ricevuto dal Responsabile della funzione di Internal Audit rapporti scritti sui controlli effettuati; di aver condiviso il piano di lavoro della società di revisione; di aver ricevuto dal Dirigente preposto alla redazione dei documenti contabili e dalla medesima società di revisione informazioni sui principi contabili utilizzati e sull'esito dell'attività di revisione.
Il Collegio Sindacale ha preso atto della relazione del responsabile della funzione di Internal Audit□al Comitato Controllo Rischi sull'idoneità del sistema di controllo interno e di gestione dei rischi per l'anno 2016. Dada S.p.A. ha da tempo adottato il Modello Organizzativo e di Gestione previsto dal D. Lgs. 231/2001, finalizzato a prevenire la possibilità di commissione degli illeciti rilevanti ai sensi del decreto e quindi la responsabilità amministrativa della Società. Quale organo preposto all'attuazione del citato Modello "231/01" della Società, con autonomi compiti di vigilanza, controllo e iniziativa, è in carica un Organismo di Vigilanza e Controllo (OVC) di tipo collegiale, attualmente composto dal Responsabile della funzione di Internal Audit dott. Carlo Ravazzin, dal sindaco effettivo dott.sa Maria Stefania Sala e dal Consigliere Indipendente dott.ssa Carolina Gianardi quale Presidente. Il Collegio ha preso atto delle Relazioni dell'OVC datate 25 luglio 2016 e 7 marzo 2017, rispettivamente inerenti il 1^ e 2^ semestre 2016.

14. Non abbiamo particolari osservazioni da rilevare sull'adeguatezza del sistema amministrativo-contabile e sulla sua affidabilità a rappresentare correttamente i fatti di gestione, Si segnala che, in ossequio alla normativa 262/2005 (legge sul risparmio), risulta nominato, su proposta del Comitato per il controllo interno e con il parere favorevole del Collegio Sindacale all'epoca in carica, il Dirigente Preposto alla redazione dei documenti contabili (il "Dirigente preposto") nella persona del dott. Federico Bronzi. A parere del Collegio il dott. Federico Bronzi ha l'adeguato standing professionale per la carica ricoperta.
Risultano inoltre adottati protocolli e procedure amministrativo-contabili concernenti le chiusure periodiche della contabilità, la redazione dei bilanci e la redazione dei reporting package da parte delle controllate.
Ne discende che la Società mantiene un adeguato controllo informativo nei confronti delle controllate ai fini di poter adempiere agli obblighi di comunicazione periodicamente previsti. Il Dirigente preposto effettua una valutazione del sistema di controllo interno amministrativo-contabile avvalendosi dell'attività di *testing* svolta con il supporto di KPMG S.p.A.
La Società, ai sensi della legge 262/2005 ha effettuato test di verifica delle procedure di chiusura contabile ed amministrative in genere, volti a confermare la correttezza dei dati contabili confluiti nei bilanci e nei documenti e prospetti informativi.

15. Un adeguato flusso reciproco di informazioni tra la capogruppo e le controllate (anche ai fini delle comunicazioni previste dall'art. 114.2 del D.Lgs. 58/98) è assicurato dalle istruzioni emanate alle controllate dalla direzione della Società. L'attività di coordinamento delle società del Gruppo è assicurata anche dalla presenza, negli organi sociali delle principali controllate, di consiglieri di amministrazione e di componenti dell'Alta Direzione della capogruppo stessa.
Dada S.p.A. non è, allo stato, sottoposta all'attività di direzione e coordinamento della controllante Libero Acquisition S.à r.l. (gruppo Orascom). Il Consiglio ritiene che quest'ultima non eserciti formalmente o anche solo di fatto nei confronti di Dada una tale attività. Al riguardo, il Consiglio di Amministrazione ha ritenuto che Dada S.p.A. sia dotata di propria autonomia organizzativa, gestionale, negoziale e finanziaria, anche in considerazione del fatto che la stessa esamina ed approva autonomamente, tra l'altro, le proprie operazioni e piani strategici, nonché le proprie procedure e modelli di organizzazione, gestione e controllo. Infatti Libero Acquisition S.à.r.l. non impartisce peraltro direttive alla Società né svolge attività di assistenza o coordinamento tecnico amministrativo o finanziario in favore della Società stessa.
In merito allo scambio di informazioni con gli esponenti del Collegio Sindacale delle società controllate non abbiamo osservazioni da formulare.

16. Nel corso delle periodiche riunioni tenute dal Collegio Sindacale con i revisori ai sensi dell'art. 150.2 del D.Lgs. 58/98 non sono emersi aspetti rilevanti da segnalare.

17. La Società ha adottato il Codice di Autodisciplina per le società quotate.
Abbiamo preso atto che nella relazione sulla gestione un apposito capitolo è dedicato alla Relazione annuale sul governo societario e gli assetti proprietari, redatta ai sensi dell'art. 123 bis TUF, alla quale si fa espresso rinvio. La società incaricata della revisione legale dei conti attesta nella propria relazione che le informazioni di cui all'art. 123 bis, comma 1 lett. c), d), f), l), m) e comma 2, lett. b) del DLgs 58/98 sono coerenti con le prescrizioni di legge.
Il Collegio Sindacale segnala, infine, che il Consiglio di Amministrazione nel corso dell'esercizio ha dato atto di aver condotto, con esito positivo, la valutazione periodica della sussistenza dei requisiti di indipendenza dei propri membri non esecutivi in conformità a quanto prescritto dall'art. 3.C.1 del Codice di Autodisciplina e ai criteri di valutazione in esso indicati; il Collegio Sindacale ha riscontrato la corretta applicazione dei criteri e delle procedure di accertamento dei requisiti di indipendenza adottati dal Consiglio di Amministrazione e non ha, in merito, osservazioni da formulare.
Il Collegio Sindacale ha altresì verificato il rispetto, da parte dei suoi componenti, dei requisiti di indipendenza ai sensi del punto 10.C.2 del medesimo Codice di Autodisciplina di Borsa Italiana.
Si segnala che il Consiglio di Amministrazione della Società ha adottato, a decorrere dall'8 novembre 2010, la Procedura in materia di operazioni con parti correlate, redatta ai sensi dell'articolo 2391 – bis c.c. e sulla base della delibera Consob n. 17221 del 12 marzo 2010 e

successivi integrazioni e chiarimenti. Il Consiglio di Amministrazione ha individuato il Comitato Controllo Rischi (CCR) quale comitato competente ad esprimersi sulle operazioni con parti correlate.

18. La nostra attività di vigilanza si é svolta nel corso dell'esercizio 2016 con carattere di normalità e da essa non sono emersi omissioni, fatti censurabili o irregolarità da rilevare.

19. A compendio dell'attività di vigilanza svolta nell'esercizio, il Collegio Sindacale, esaminato il contenuto delle relazioni redatte dalla Società di Revisione KPMG S.p.a., nonché della relazione positiva ai sensi degli artt. 14 e 16 del D.Lgs. 27 gennaio 2010 n. 39, preso atto altresì delle attestazioni rilasciate congiuntamente dal Presidente del Consiglio di Amministrazione e dal Dirigente preposto alla redazione dei documenti contabili societari, non ha proposte da formulare, ai sensi dell'art. 153.2 del D. Lgs. 58/98, in ordine al bilancio, alla sua approvazione e alle materie di propria competenza, così come nulla ha da osservare sulla proposta del Consiglio di Amministrazione per la destinazione del risultato dell'esercizio.

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Ai sensi dell'art. 144 *quinquiesdecies* del Regolamento Emittenti, approvato dalla Consob con deliberazione 11971/99 e successive modificazioni e integrazioni, l'elenco degli incarichi ricoperti dai componenti del Collegio Sindacale presso le società di cui al Libro V, Titolo V, Capi V, VI e VII del Codice Civile è pubblicato dalla Consob sul proprio sito internet (www.consob.it).

Milano, lì 30 marzo 2017

Il Collegio Sindacale

Dott. Massimo Scarpelli - Presidente

Dott.ssa Maria Stefania Sala – Sindaco Effettivo

Dott. Massimo Foschi – Sindaco Effettivo