



EXPLANATORY REPORT BY THE BOARD OF DIRECTORS OF DADA S.P.A. FOR THE EXTRAORDINARY SHAREHOLDERS' MEETING ON THE FIRST ITEM ON THE AGENDA: "PROPOSAL FOR THE DELEGATION OF POWERS TO THE BOARD OF DIRECTORS, PURSUANT TO ARTICLE 2443 OF THE ITALIAN CIVIL CODE, FOR INCREASE OF SHARE CAPITAL TO FUND A SHARE-BASED INCENTIVE PLAN (SO-CALLED STOCK OPTIONS) FOR A MAXIMUM PAR VALUE OF € 161.500 TO BE IMPLEMENTED BY ISSUING A MAXIMUM OF 950.000 DADA S.P.A. ORDINARY SHARES FOR A PAR VALUE OF €0.17 EACH, TO BE RESERVED FOR THE EXERCISE OF OPTIONS FOR DADA S.P.A. EMPLOYEES AND/OR SUBSIDIARIES, WITH EXCLUSION OF OPTION RIGHTS IN ACCORDANCE WITH ARTICLE 2441 PARAGRAPH 8 OF THE ITALIAN CIVIL CODE; AMENDMENT TO ARTICLE 6 "SHARE CAPITAL" OF COMPANY BYLAWS; INHERENT AND CONSEQUENT RESOLUTIONS"

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

Internet Site: www.dada.eu

www.dada.eu

DADA S.p.A.
Viale della Giovine Italia 17
50122 Firenze, Italy
Tel. +39 055 200 211
Fax +39 055 200 215 50

Partita IVA 04628270482
Capitale sociale sottoscritto e versato: € 2.835.611,73
N.ro iscrizione al Registro delle Imprese di Firenze
Codice fiscale: 04628270482
Numero REA: 467460



Dear shareholders,

you are called upon to attend the extraordinary shareholders' meeting in first call on January, 18th 2017 and, if necessary, in second call on January, 19th 2017, to review a proposal to delegate powers to the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to undertake a paid-in share capital increase in one or more tranches, by issue against payment of a maximum of 950.000 of the Company's ordinary shares and the exclusion of option rights under Article 2441 of paragraph 8 of the Italian Civil Code, being reserved under a stock option plan (hereinafter the "incentive plan 2017-2019" or "plan") for managers and/or executives and employees (hereinafter the "Beneficiaries") of Dada S.p.A. (hereinafter the "Company") and/or its subsidiaries, pursuant to Article 2359 of the Italian Civil Code.

The proposal to delegate powers to the Board, pursuant to Article 2443 of the Italian Civil Code, to undertake a paid-in share capital increase in one or more tranches with the exclusion of option rights under Article 2441 of paragraph 8 of the Italian Civil Code, is linked to the realization of a Plan, subject to review and approval by shareholders in a separate agenda item of the previous ordinary session.

The main purpose of the Plan is to stimulate and retain relevant beneficiaries, making them jointly responsible and at the same time beneficiaries of the DADA Group's growth process considered overall. The Board considers that an adequate incentive plan based on the participation of Beneficiaries in company capital and intended to be implemented over a significant period of time, can contribute effectively to enhancing corporate and operational efficiency.

In this perspective, the fulfilment of the Plan meets specific corporate interests, thus justifying the exclusion of the option right for shareholders on the shares issued to service the Plan.

This initiative is in line with the share-based incentive mechanisms traditionally adopted in Italy and abroad, and is consistent with the choice already made in the past for both company employees and top management.

Beneficiaries of the Plan

The Plan is intended for managers and/or executives and employees of Dada S.p.A. and/or its subsidiaries pursuant to Article 2359 of the Italian Civil Code.

Features of the options

The Plan is subject to review and approval by the ordinary session of the meeting. For a detailed description of the features (including those related to the subscription price of the options), please refer to the relevant explanatory report.

The options will be personal and non-transferable *inter vivos*. The options will be exercisable on one or more occasions in accordance with the rules and any conditions determined by the Board of Directors.

Duration of the delegation

In view of the aims of the Plan and the duration thereof, it is suggested that the powers delegated to the directors shall last five years, starting from the date of the meeting resolution, and that such delegation may be exercised more than once.

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Amount of the increase

The maximum amount of the capital increase reserved for the Beneficiaries of the Plan consists of a maximum of 950.000 new ordinary shares for a par value €0.17 each, for a maximum par value of € 161.500, representing 5,7% of the total amount of existing share capital at the date of this report. The shares issued will have regular dividends.

The shares subscribed under the option right shall be fully paid-up at the time of subscription.

Fulfilments

A simultaneous amendment of Article 6 of the company bylaws is proposed, as a consequence of the approval of the abovementioned delegation of powers for the purposes of the share capital increase.

For the sake of completeness, if approved, the bylaw amendment regarding the proposal outlined in this report will not give rise to right of withdrawal.

Now therefore, we submit the following for your approval:

Resolution proposal

“The extraordinary shareholders’ meeting of DADA S.p.A.:

- having reviewed and approved the Board’s explanatory report and all the fulfilments described therein;*
- noting the declaration of the Board of Statutory Auditors attesting that the current share capital is fully paid in;*

resolves:

- to grant the Board of Directors, for a maximum period of five years from the date of this resolution, pursuant to Article 2443, second paragraph, of the Italian Civil Code, the right to undertake a paid-in share capital increase in one or more tranches, resulting in the issue of ordinary shares with regular dividends, offered for subscription for implementation of the stock option plan approved in today’s meeting and intended for managers and/or executives and employees of Dada S.p.A. and/or its subsidiaries, with exclusion of the option right under paragraph 8 of Article 2441 of the Italian Civil Code, for a maximum of 161.500 euros, through issue of a maximum 950.000 ordinary shares with a par value of €0.17 each. Rights to subscribe these shares will be personal and non-transferable inter vivos. The decision of the Board of Directors will envisage that if the increase is not subscribed within the set time limit, the share capital will be increased by an amount equal to the subscriptions collected up to the end of the period;*
- to amend accordingly Article 6 of the company bylaws, as follows:*

CURRENT WORDING	PROPOSED WORDING
Article 6	Article 6

Share capital	Share Capital
<p>Share capital shall be €2,835,611.73 (two million eight hundred and thirty-six thousand seven hundred and eleven euros and seventy-three cents) divided into 16,680,069 ordinary shares with a par value of €0.17 (zero point one seven euros) each.</p> <p>The Board of Directors may resolve capital increases based on special delegations of authority granted by the extraordinary shareholders' meeting pursuant to Art. 2443 of the Italian Civil Code.</p> <p>Pursuant to Art. 2441 paragraph four of the Italian Civil Code, option rights may be excluded for up to ten percent of existing share capital, provided the conditions set out in that provision are met.</p> <p>On 25 October 2011, pursuant to articles 2443 and 2441 paragraph 8 of the Italian Civil Code, the shareholders' meeting authorized the Board of Directors, for a maximum of five years after the date of said authorization, to increase share capital against payment by a maximum of €85,000.00 (eighty-five thousand euros) by issuing new ordinary shares that will service a stock option plan for employees of DADA S.p.A. and its subsidiaries. Said shares shall have a par value of €0.17 (zero point one seven euros) and may be issued in separate tranches as set out in Art. 2439 of the Italian Civil Code. Upon expiry of the term set to subscribe the last tranche (no later than 19 December 2016) capital shall be considered increased by the amount of the subscriptions received.”</p> <p>On 28 October 2011, in implementation of the authority granted by the extraordinary shareholders' meeting of 25 October 2011, the board of directors approved an increase in share capital of no more than €85,000 (eighty-five thousand euros) by issuing 500,000 (five hundred thousand) ordinary shares with a par</p>	<p>Share capital shall be €2,835,611.73 (two million eight hundred and thirty-six thousand seven hundred and eleven euros and seventy-three cents) divided into 16,680,069 ordinary shares with a par value of €0.17 (zero point one seven euros) each.</p> <p>The Board of Directors may resolve capital increases based on special delegations of authority granted by the extraordinary shareholders' meeting pursuant to Art. 2443 of the Italian Civil Code.</p> <p>Pursuant to Art. 2441 paragraph four of the Italian Civil Code, option rights may be excluded for up to ten percent of existing share capital, provided the conditions set out in that provision are met.</p> <p>On 25 October 2011, pursuant to articles 2443 and 2441 paragraph 8 of the Italian Civil Code, the shareholders' meeting authorized the Board of Directors, for a maximum of five years after the date of said authorization, to increase share capital against payment by a maximum of €85,000.00 (eighty-five thousand euros) by issuing new ordinary shares that will service a stock option plan for employees of DADA S.p.A. and its subsidiaries. Said shares shall have a par value of €0.17 (zero point one seven euros) and may be issued in separate tranches as set out in Art. 2439 of the Italian Civil Code. Upon expiry of the term set to subscribe the last tranche (no later than 19 December 2016) capital shall be considered increased by the amount of the subscriptions received.”</p> <p>On 28 October 2011, in implementation of the authority granted by the extraordinary shareholders' meeting of 25 October 2011, the board of directors approved an increase in share capital of no more than €85,000 (eighty-five thousand euros) by issuing 500,000 (five hundred thousand) ordinary shares with a par</p>

<p>value of €0.17 each</p> <p>This increase may be subscribed through 19 December 2016.</p> <p>For this increase, there is no option right pursuant to Art. 2441 paragraph 8 of the Italian Civil Code, in accordance with the resolution approved by the company's extraordinary shareholders' meeting on 25 October 2011; this increase in capital is approved to service the stock option plan to be offered to employees of DADA S.p.A. and/or its subsidiaries, as provided at the shareholders' meeting of 25 October 2011; this plan shall be implemented by giving these beneficiaries free option rights to subscribe said ordinary shares with a par value of €0.17 (zero point one seven euros) for said capital increase of €85,000 (eighty-five thousand euros).</p> <p>Said increase shall be governed by the provisions in the regulations approved by the Board of Directors on 28 October 2011, which indicate the time frames, conditions and manner of subscription.</p> <p>Said increase may be subscribed in separate tranches pursuant to Art. 2439 paragraph 2 of the Italian Civil Code, and after the final date for said increase, capital shall be considered increased by the amount of subscriptions received by then.</p> <p>In compliance with the authority granted, all subscription payments for both the par value and the premium must be made in full at the time of subscription, with the express provision that no financing or any other facilities or guarantees will be given for purposes of subscribing the shares for which option rights are exercised</p> <p>On 28 April 2014, pursuant to articles 2443 and 2441 paragraph 8 of the Italian Civil Code, the shareholders' meeting authorized the</p>	<p>value of €0.17 each</p> <p>This increase may be subscribed through 19 December 2016.</p> <p>For this increase, there is no option right pursuant to Art. 2441 paragraph 8 of the Italian Civil Code, in accordance with the resolution approved by the company's extraordinary shareholders' meeting on 25 October 2011; this increase in capital is approved to service the stock option plan to be offered to employees of DADA S.p.A. and/or its subsidiaries, as provided at the shareholders' meeting of 25 October 2011; this plan shall be implemented by giving these beneficiaries free option rights to subscribe said ordinary shares with a par value of €0.17 (zero point one seven euros) for said capital increase of €85,000 (eighty-five thousand euros).</p> <p>Said increase shall be governed by the provisions in the regulations approved by the Board of Directors on 28 October 2011, which indicate the time frames, conditions and manner of subscription.</p> <p>Said increase may be subscribed in separate tranches pursuant to Art. 2439 paragraph 2 of the Italian Civil Code, and after the final date for said increase, capital shall be considered increased by the amount of subscriptions received by then.</p> <p>In compliance with the authority granted, all subscription payments for both the par value and the premium must be made in full at the time of subscription, with the express provision that no financing or any other facilities or guarantees will be given for purposes of subscribing the shares for which option rights are exercised</p> <p>On 28 April 2014, pursuant to articles 2443 and 2441 paragraph 8 of the Italian Civil Code, the shareholders' meeting authorized the</p>
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Board of Directors, for a maximum of five years after the date of said authorization, to increase share capital against payment by a maximum of €127,500.00 by issuing new ordinary shares that will service a stock option plan for employees of DADA S.p.A. and its subsidiaries. Said shares shall have a par value of €0.17 (zero point one seven euros) and may be issued in separate tranches as set out in Art. 2439 of the Italian Civil Code. Upon expiry of the term set to subscribe the last tranche (no later than 28 April 2019) capital shall be considered increased by the amount of the subscriptions received.

On 4 August 2014, in implementation of the authority granted by the extraordinary shareholders' meeting of 28 April 2014, the board of directors approved an increase in share capital of no more than €119,850 by issuing 705,000 ordinary shares with a par value of €0.17 each

This increase may be subscribed through 19 December 2019.

For this increase, there is no option right pursuant to Art. 2441 paragraph 8 of the Italian Civil Code, in accordance with the resolution approved by the company's extraordinary shareholders' meeting on 28 April 2014; this increase in capital is approved to service the stock option plan to be offered to employees of DADA S.p.A. and/or its subsidiaries, as provided at the shareholders' meeting of 28 April 2014; this plan shall be implemented by giving these beneficiaries free option rights to subscribe said ordinary shares with a par value of €0.17 (zero point one seven euros) for said capital increase of €119.850,000.

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Board of Directors, for a maximum of five years after the date of said authorization, to increase share capital against payment by a maximum of €127,500.00 by issuing new ordinary shares that will service a stock option plan for employees of DADA S.p.A. and its subsidiaries. Said shares shall have a par value of €0.17 (zero point one seven euros) and may be issued in separate tranches as set out in Art. 2439 of the Italian Civil Code. Upon expiry of the term set to subscribe the last tranche (no later than 28 April 2019) capital shall be considered increased by the amount of the subscriptions received.

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<p>manner of subscription.</p> <p>Said increase may be subscribed in separate tranches pursuant to Art. 2439 paragraph 2 of the Italian Civil Code, and after the final date for said increase, capital shall be considered increased by the amount of subscriptions received by then.</p> <p>In compliance with the authority granted, all subscription payments for both the par value and the premium must be made in full at the time of subscription, with the express provision that no financing or any other facilities or guarantees will be given for purposes of subscribing the shares for which option rights are exercised</p>	<p>manner of subscription.</p> <p>Said increase may be subscribed in separate tranches pursuant to Art. 2439 paragraph 2 of the Italian Civil Code, and after the final date for said increase, capital shall be considered increased by the amount of subscriptions received by then.</p> <p>In compliance with the authority granted, all subscription payments for both the par value and the premium must be made in full at the time of subscription, with the express provision that no financing or any other facilities or guarantees will be given for purposes of subscribing the shares for which option rights are exercised</p> <p>On January 18th, 2017 the Shareholders' meeting resolved to delegate powers to the Board of Directors pursuant to Article 2443 and 2441, paragraph 8 of the Italian Civil Code, for a maximum period of five years from the date of the resolution, to undertake a paid-in share capital increase for a maximum amount of 161.500 euros, through issue in various tranches, together and individually to be regarded as divisible under Article 2439 of the Italian Civil Code, of new ordinary shares of a par value of €0.17 (zero point seventeen) to service a stock option plan for employees of DADA S.p.A. and/or such subsidiaries.</p> <p>After the expiry of the time limit for the subscription of the last tranche (a date to be taken as no later than December, 19, 2023) the share capital shall be deemed to have been increased by an amount equal to the subscriptions collected.</p>
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- to delegate the Board of Directors, and thence to each director severally, in order to:



- 1) amend Article 6 of the bylaws when required, following changes resulting from resolutions, implementation and completion of the capital increase as above, and for that purpose fulfilling all the formalities and notifications laid down by the articles;
- 2) fulfill all the formalities required for the adopted resolutions to be entered in the Company Register, accepting and introducing the same amendments, additions or deletions as may be required or recommended by the competent authorities.

Florence, December 19th, 2016

For the Board of Directors

The President

Karim Beshara

www.dada.eu

DADA S.p.A.
Viale della Giovine Italia 17
50122 Firenze, Italy
Tel. +39 055 200 211
Fax +39 055 200 215 50

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