DADA GROUP CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2017

(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

CONTENTS

CORPORATE OFFICERS

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

BOARD OF DIRECTORS

Karim Beshara [1] [12]	Chairman
Claudio Corbetta [2]	CEO
Lorenzo Lepri [3]	General Manager
Sophie Sursock [12]	Director
Ragy Gamaleldin Mahmoud Soliman Elfaham [12]	Director
Philip Tohme [12]	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] [12]	Director
Fadi Antaki [11] [12]	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.

12 outgoing Directors at the date of approval of this document

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

EXTERNAL AUDITORS

KPMG S.p.A.

DADA STOCK MARKET PERFORMANCE

In 1H17, the DADA share, listed on the STAR segment of the MTA (screen-based market) managed by Borsa Italiana, **increased** by an overall **+9%** from €3.07 (official price at 30 December 2016) to €3.34 (official price at 30 June 2017), with **total volumes of 11.4 million** shares traded in the period for an **average daily value of approximately €360 thousand**. In 1H16, total volumes of trade had reached 2.7 million shares, with average daily volumes for a value of €21,370.

Mention should be made that on 9 March 2017, Libero Acquisition S.à r.l., (Orascom Group) controlling shareholder of the Company, announced that it was considering a possible disposal of its equity investment in DADA, representing to date approximately 69.432% of the share capital. There are reasons to believe, therefore, that the performance of the DADA share may have been affected in the reporting period by the announcement.

DADA SHARE		1H17
Reference price at 30 June 2017	€	3.34
Average Price[1]	€	3.89
Maximum Price	€	5.10 (29 March 2017)
Minimum Price	€	2.43 (14 February 2017)
Average daily volume (no. of shares traded)	no.	92,599
Average daily volume in Euro[2]	€	360,195
Total volumes 1H17 (no. of shares traded)	no.	11.4 million
Number of issued Ordinary Shares at 30 June 2017	no.	16,680,069
Market Capitalization at 30 June 2017	€	55.7 million
Enterprise Value at 30 June 2017[3]	€	81.8 million

Source: DADA corporate website and Borsa Italiana S.p.A.

DADA SHARE PERFORMANCE IN 1H17

The following charts show the DADA share performance and the volumes traded in 1H17, as well the share performance versus the FTSE All Share and FTSE Star indexes:

[1] Average price calculated on the average official prices recorded at the close of trading days in 1Q17

[2] Average daily volumes in Euro, calculated on the official prices recorded at the close of trading days in 1Q17

[3] Equity Value + Net Financial Position, based on a NFP of €26.1 million at 30 June 2017

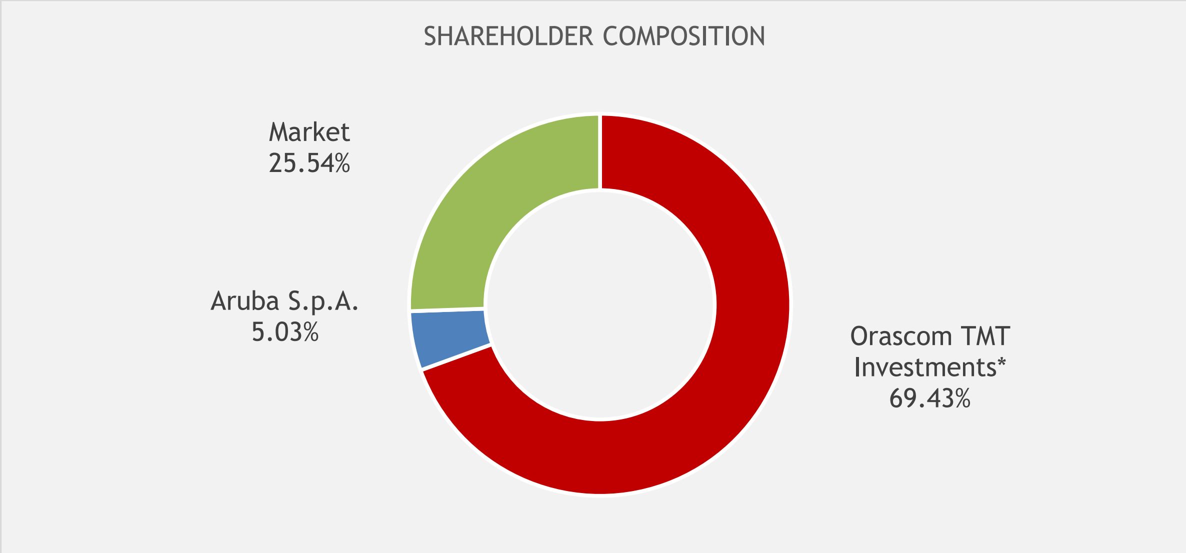
FINANCIAL RESEARCH COVERAGE

The DADA share is currently covered by **Banca IMI**, which also acts as Specialist, with Hold rating and Target Price at €4.4 per share at 29 March 2017.

SHAREHOLDER BASE

At 30 June 2017, the issued and subscribed share capital amounted to €2,835,611.73, equal to no. 16,680,069 issued and subscribed 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% share capital threshold.



DADA GROUP FINANCIAL HIGHLIGHTS

Consolidated Income Statement (6 months)

(€mn)	30/06/2017	30/06/2016	Total difference	% difference
Revenue	**35.0**	**32.8**	2.2	7%
EBITDA*	**6.6**	**5.9**	0.7	11%
Depreciation and amortization	**-2.9**	**-3.2**	0.3	-8%
Non-recurring charges and other impairment	**-0.4**	**-0.2**	-0.2	105%
EBIT	**3.3**	**2.6**	0.7	29%
Group net profit/(loss)	**1.3**	**0.4**	0.9	198%

* Gross of impairment losses and other non-recurring items

Consolidated Income Statement (3 months)

(€mn)	2Q17	2Q16	Total difference	% difference
Revenue	**17.0**	**16.0**	1.1	7%
EBITDA*	**3.4**	**3.0**	0.5	16%
Depreciation and amortization	**-1.5**	**-1.6**	0.1	-7%
Non-recurring charges and other impairment	**-0.3**	**-0.2**	-0.1	70%
EBIT	**1.7**	**1.2**	0.5	40%
Group net profit/(loss)	**0.6**	**0.3**	0.3	108%

* Gross of impairment losses and other non-recurring items

Consolidated Balance Sheet and Financial Position at 30 June 2017

(€mn)	30/06/2017	31/12/2016	Total difference	% difference
Fixed assets	**93.8**	95.6	-1.9	-2%
Net Working Capital	**-13.2**	-12.2	-1.0	8%
Net Capital Employed	**79.5**	82.4	-3.0	-4%
Equity	**53.4**	52.9	0.5	1%
Cash and cash equivalents	**0.1**	-1.0	1.1	-113%
Total Net Financial Position	**-26.1**	-29.5	3.4	-12%
Cash flow from operating activities of cash and cash equivalents*	**5.9**	4.9	1.0	19%
Total cash flow of cash and cash equivalents*	**1.1**	-0.1	1.3	-876%
Number of employees	**443**	445	-2	0.5%

* including taxes and financial charges paid. Cash flows are compared versus the 6 months of the prior year

DIRECTORS' REPORT

INTRODUCTION

The Consolidated Half-Year Financial Report at 30 June 2017 has been prepared in accordance with International Accounting Standard 34 (IAS 34) on Interim Financial Reporting and, therefore, does not contain all the information required in the Full Year Financial Statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2016. Additionally, this Financial Report satisfies the provisions of Issuer Regulations n. 11971 of 14 May 1999, as amended.

Mention should be made that on 6 July 2016, through its subsidiary Register.it S.p.A., DADA S.p.A. acquired 100% of the share capital of Sfera Networks S.r.l., specialized in virtual hosting and network & private cloud services. The investment in Sfera is fully consolidated as from 1 July 2016; as a result, 1H16 had no financial benefit from this company. The income statement effects are shown in the Directors' Report.

<u>All the following comments and analysis on income statement and cash flow figures in these consolidated financial statements have been made in light of 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 at the head of a **leading European group in the Domain & 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, e-mail, shared hosting, services for the development and management of web and e-commerce sites, web marketing and digital advertising, online brand protection, virtual and dedicated server solutions, network & private cloud and 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:

This Financial Report uses certain alternative performance indicators (in addition to those generally used), which are adopted by the DADA Group Management to monitor and measure its business performance. Since these indicators are not recognized accounting measures under IFRS, they should not be considered alternative performance indicators for the 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 other entities and may therefore make comparisons unreliable.

Below is a summary of how the DADA Group calculates EBITDA:

Pre-tax profit (gross of the net gains/(losses) pertaining to assets held for sale)
+ Financial charges
- Financial income
+/- Gains/losses from equity investments in associates
EBIT
+ Restructuring costs
+ Amortization, depreciation and impairment losses on fixed assets
+/- Non recurrents/income
+ Impairment losses on trade receivables
EBITDA - EBIT before amortization, depreciation, impairment losses, Non recurrent charges/income and impairment losses on receivables.

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

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

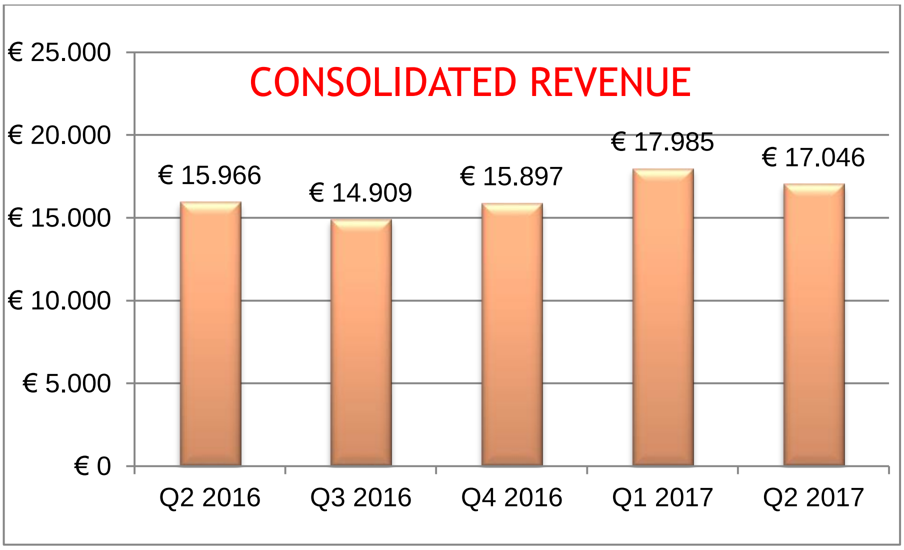
Current net financial position: cash and cash equivalents, current financial assets and current financial liabilities;

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

PERFORMANCE REVIEW

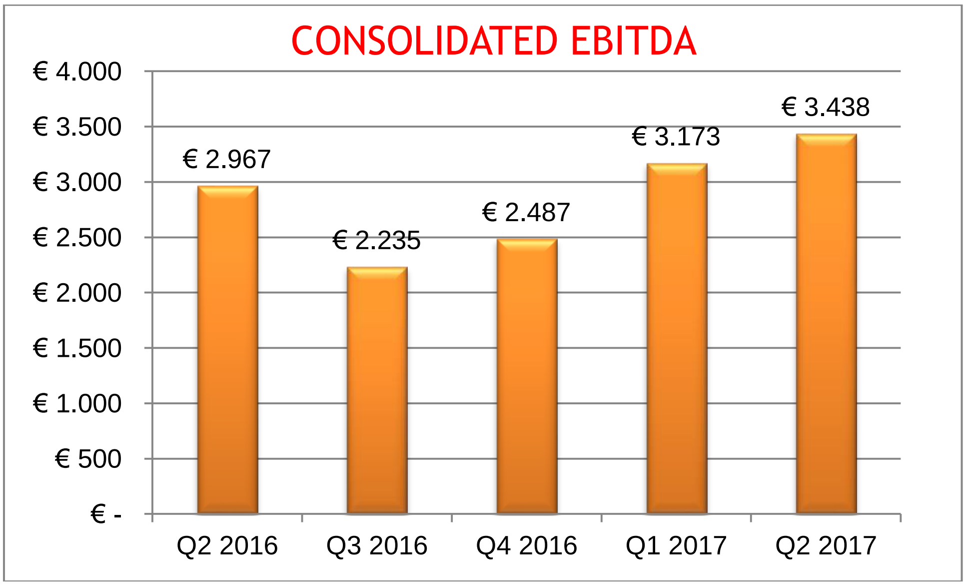
The DADA Group achieved **consolidated revenue of €35 million in 1H17** versus €32.8 million in 1H16, reporting a **7% increase in business volumes.**

The table below shows the trend in revenue over the last 5 quarters:



Consolidated EBITDA in 1H17 (gross of impairment losses and other non-recurring items) **came to €6.6 million**, **up by 11%** versus €5.9 million in 1H16, accounting for **19% of revenue** (18% in 1H16).

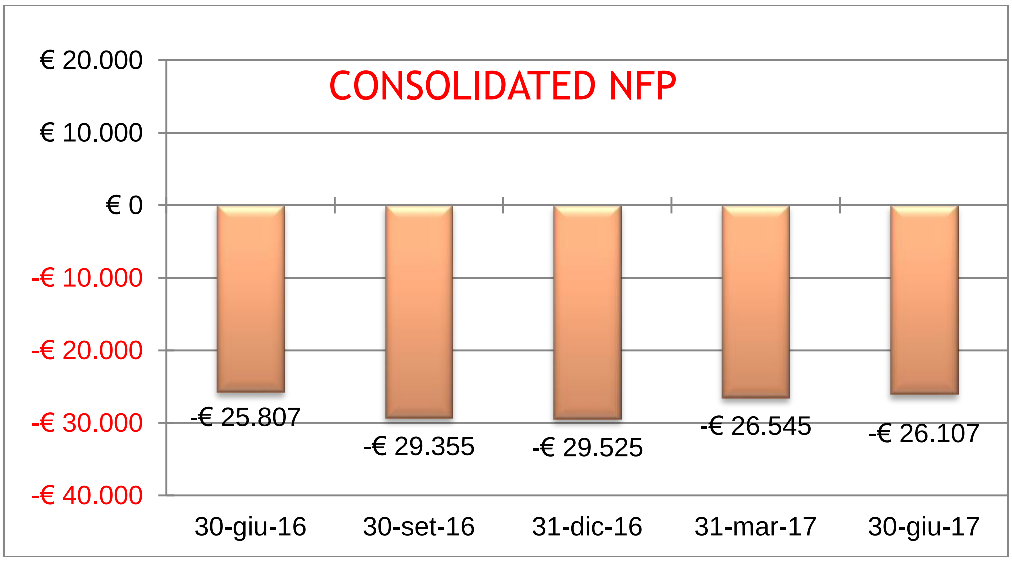
The following graph shows the trend in **EBITDA of the DADA Group over the last 5 quarters**:



The total Net Financial Position of the DADA Group at 30 June 2017, which includes cash and funding to be repaid within and beyond one year, **came to -€26.1 million,** improving versus -€29.5 million at 31 December 2016, achieving an overall **positive cash flow of €3.4 million** in the reporting period. The trend mainly reflects the positive cash flows generated by Group operating activities in the reporting period.

For further details, see the consolidated cash flow section.

The following graph shows the trend in **Net Financial Position** over the last 5 quarters, taking note that the Group acquired the total equity interest in Sfera Networks in July 2016 for a purchase price of €3.3 million:



Results

Regarding the key results of the **DADA Group** in 1H17 versus 1H16, see the Reclassified Income Statements (half-year and quarter) in Annexes 1 and 2 to this Half-Year Financial Report.

In 1H17, the DADA Group achieved **consolidated revenue** of **€35.0 million**, **up by 7%** versus €32.8 million in 1H16. Mention should be made that revenue performance in the period reflects, in addition to the contribution from operations, on the one hand, the adverse trend of the appreciation of the Euro against the British Pound, which accounted for approximately €1.2 million versus 1H16 and, on the other, the consolidation of the results of Sfera Networks, as from 1 July 2016, which contributes €1.4 million to revenue in 1H17.

Net of these effects, consolidated revenue would have grown by 6% versus 1H16.

In 1H17, the DADA Group continued to strengthen its position in the European market of services for the **digital presence, visibility and business development of SMEs**, with a net **expansion of its customer base**, **adding new tailor-made services to its suite of products**, such as **website building** and **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.co.uk, Simply Hosting & Server** and **Register365 (UK and Ireland)**, which hold strong **leadership positions** in their respective markets, including in **Italy** and the **UK**, where the Group ranks as **second** and **third player**, respectively.

- The **growth strategies** pursued through major sales and marketing initiatives, including the initial offering and promotional campaigns launched at end 2015 to acquire further customer segments, continued to contribute in 1H17 to **expanding the customer base**, to **consolidating market shares** in the main geographies, and to **strengthening operating profit**, against an **increasingly challenging** backdrop marked by the **growing combination** of top players at international level. Against this backdrop, DADA reported a strong growth in **its customer base to 650.000** at 30 June 2017**, up by 8% YoY**, with growth mainly during the first part of the year where there was a strong focus on business promotions. **Additionally, new customers acquired grew by approximately 7%** versus 1H16, which had, in turn, previously witnessed a strong expansion (+49%) versus 2015.

- On the **domains** front, the stock under management in 1H17, approximately **1.9 million at 30 June 2017**, was in line with 1H16, allowing the **Group brands to consolidate their position in the main geographies** of operation. **New registered domains** dropped by 17% versus 1H16 which, in turn however, had surged by over +37% versus 2015; nonetheless, new domains registered in 1H17 increased by **approximately 20%** versus 1H15. The trend of the stock of domains and new registrations falls in the framework of a more selective strategy in sales policies aimed at customer acquisition to reduce the negative impacts on less profitable or non-strategic sales margins.

- In 1H17, 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% in most of the cases, in line with the top international players. Additionally, the reporting period continued its **increase in revenue from renewals of all product lines**, with positive effects on the growth of product margins, thanks mainly to the rising trend of renewals of customers acquired through initial offering campaigns.

- In 1H17, DADA continued **to invest** in **customer development and support**, while further optimizing **customer support** desks on an international level. The Group currently 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[1] and Satisfaction Score). Ongoing optimization of marketing investments also allowed the Group in the reporting period to further **reduce the COA** (average cost of acquisition for each customer).

- In 1H17, DADA continued to invest in its **website building**, **e-commerce, web marketing and digital advertising** business, with products such as "*Il Sito è Servito*", designed to offer a range of ever-increasing quality solutions for the development, management and visibility of web and mobile sites. In the reporting period, the presence was also **strengthened** in **custom services for online brand protection** (OBP).

- **Cloud** and **Dedicated Server solutions** also posted strong sales. These solutions, which rely mainly on the proprietary Datacenter, grew sharply both on the **Italian market** and in the rest of the target geographies, especially regarding **SSL products**, which increased by over 70% versus 1H16.

- Regarding the development of Server solutions, and given the growth potential of this segment in Europe, mention should be made of the acquisition by DADA in July 2016 of

[1] NPS: Net Promote Score

Sfera Networks, a **leading Italian digital player**, specialized in **virtual hosting**, **network & private cloud** services to SMEs. The acquisition was made to **strengthen** the Group's **position** in **IT Managed services**, allowing DADA to better meet the increasingly growing demand for tailor-made digital solutions, and to expand its digital service portfolio for SMEs with highly synergistic products.

- On the **product innovation** front, all efforts were still geared in the period towards 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.

- As for the **integration of the technology platforms**, the project launched 3 years ago, aimed at a full, group-wide integration of platforms in a "One Platform" perspective, which also leverages on the investments made in the Datacenter, is nearing completion. The project aims to implement a single technology layer to manage the delivery and provisioning of all the products and solutions at pan-European level, ensuring the utmost **solidity and efficiency** standards to the Group's technology, marketing and product infrastructures.

The main releases in 1H17 of new solutions and development projects underway include:

- Regarding **Server & Cloud**, the launch of new **managed and custom solutions**, including: i) IT Infrastructure management and monitoring services for the outsourcing of the management, maintenance and upgrading of the architectures of SMEs, and ii) custom consulting services based on specific end customer needs in terms of network architecture, performance, technical and security features; additionally, the Server and Cloud services area also expanded **SSL certificate** solutions;

- Promotional launch, initially on the Italian market, of "***Il Sito è Servito***", a product that offers solutions for building **custom sites** delivered in "***we do it for you***" **mode** (DIFY), providing SMEs with a site tailored to their **specific business needs** in a **highly rapid** and **efficient** way;

- Developments continued 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**;

- In early 2017, DADA joined **CISPE** (Cloud Infrastructure Services Providers in Europe), the **Group of European leaders in Cloud Computing Infrastructure Services**, whose services comply with the **Data Protection Code of Conduct**. The intent of the CISPE Code is to guarantee cloud customers that the infrastructure provider is adopting appropriate **protection standards**, in accordance with the current European Directive and with the **general data protection rules** (GDPR), which will come into force in May 2018.

- At end June 2017, Register.it was officially **accredited** by the Digital Identity Agency (AGID) as **Identity Provider** of the **SPID** (**Public System for Digital Identity**) **in Italy**. In this regard, in September 2016, Register.it was awarded the ISO27001 certification and, in February 2017, the EIDAS certification, issued for compliance with the requirements of the current European regulations.

Looking at the geographical breakdown of the DADA Group's revenue, **foreign-based activities contributed 52% to consolidated revenue** in 1H17, dropping slightly versus 55% reported in 1H16 (due mainly to the depreciation of the British Pound and the contribution of Sfera to domestic revenue); the result confirms, however, the significant weight of international business in the overall development of the Group.

In 1H17, EBITDA achieved by the DADA Group, before impairment losses and other non-recurring items, **came to a positive €6.6 million** (**19% margin on revenue**). The item was **up by 11%** versus €5.9 million in 1H16 (18% margin).

The EBITDA performance, as for revenue, reflects the adverse trend of the appreciation of the Euro against the British Pound, which accounted for approximately €0.2 million versus 1H16, as well as the consolidation of the results of Sfera, as from 1 July 2016, which contributes €0.4 million to the results of 1H17.

Looking at the impact of the main operating cost items on each line of the Income Statement, it should be noted that:

- service costs in 1H17 amounted to €19.2 million, up by 5% versus €18.2 million in 1H16, representing 55% of revenue, basically in line with 1H16. Specifically, the cost of goods sold increased, due to the consolidation of Sfera Networks and to the promotional campaigns launched to offset the reduction in marketing costs (€2.9 million, down by 9% versus 1H16);

- payroll costs in 1H17 amounted to €10.3 million, up by 5% versus €9.8 million in 1H16, steady at 30% of revenue. The trend of this item is ascribable to the increase in staff (443 units at 30 June 2017 versus 432 at 30 June 2016), due mainly to the consolidation of Sfera;

"Change in inventories and increase in own work capitalized", amounting in 1H17 to €1.1 million, or 3% of revenue - down versus 2016 both in absolute terms (€1.2 million) and as a percentage of revenue (4%) -, consists of the portion of payroll costs incurred in the development of proprietary platform solutions needed to launch and manage the services provided by the DADA Group.

In 1H17, consolidated EBIT achieved by the DADA Group came to a positive €3.3 million (**10% margin on revenue**). **EBIT grew by 29%** versus the positive €2.6 million in 1H16 (8% margin).

The improvement in EBIT, in addition to the abovementioned comments on EBITDA growth, is explained in particular by the following factors:

- consolidated **depreciation and amortization** amounted to **€2.9 million** (8% of revenue), €1.7 million of which for tangible assets and €1.2 million for intangible assets. In 1H16, depreciation and amortization had amounted to €3.2 million (10% of revenue), €1.8 million of which for tangible assets and €1.4 million for intangible assets. As a result, the item **decreased in absolute terms by €0.3 million, or approximately 8%** (7% referring to tangible assets and 10% to intangible assets).

The reduction in depreciation and amortization over the period is mainly attributable to the tapering of investments made over the past two years, and to the resulting implementation of depreciation and amortization from the significant investments made throughout 2014 and part of 2015. Mention should be made that the investment plan pursued by the Group in prior years had also regarded the creation of the proprietary Datacenter, covered in detail in previous financial reports, as well as the internal development of proprietary platforms for the provision of its services, which is nearing completion.

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

- In 1H17, EBIT was impacted by **impairment losses, provisions and other non-recurring income/charges** of €0.4 million versus €0.2 million in 1H16, increasing by approximately €0.2 million. Specifically, these assessments were required as a result of the following:

provisions and impairment losses in the period amounted to €0.3 million, referring to severance costs from the reorganization of certain staff (€0.2 million), and to the impairment of trade receivables and loss on receivables (€0.1 million), basically in line with 1H16;

non-recurring charges in 1H17 amounted to €60 thousand, referring mostly to costs for extraordinary transactions (details on these transactions are found in the section on significant events in the reporting period).

Looking at each EBIT and Net Profit item, mention should be made that:

Financial Activities of the DADA Group (the difference between financial income and charges, including the income statement effects of forex movements) in 1H17 came to -€1.3 million (-€1.2 million from financial charges and -€0.1 million from the negative effect of exchange differences) versus -€1.6 million in 1H16 (-€1.4 million from financial charges and -€0.2 million from the negative effect of exchange differences).

The trend in spreads and rates charged in 1H17 on the loans currently held by the Group greatly improved versus 1H16 and 2H16, thanks mainly to the positive outcome from the renegotiation of certain medium/long-term loans in December 2016, whose benefits were felt mostly from the current year. Short-term loans and other financial transactions also witnessed a general decline in spreads and conditions applied by lenders to the DADA Group. These trends, plus the reduction in overall debt, explain the drop in financial charges.

Additionally, this item was impacted by the effects of forex movements in 1H17 (affecting the second quarter for the most part), especially those regarding the Euro/British Pound exchange rate following Brexit, although the impact was much lower than the effects reported in the prior year.

In the reporting period, the British Pound exchange rate at 30 June 2017 deteriorated by approximately 2% versus the rate at 31 December 2016, and by 9% versus the rate at 30

June 2016; the appreciation of the Euro against the Pound took place mainly in June, producing negligible effects on the average exchange rates in the period.

The depreciation of the British Pound impacted negatively on the translation of a number of debit items, including intercompany ones, expressed in foreign currency. In the prior year, these negative impacts had been greater and mostly felt in the first quarter of the year.

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

Overall net financial charges, net of exchange gains/losses, improved and amounted to €1.2 million in 1H17 versus €1.35 million in 1H16, down by 11%, and refer to:

- interest owed on medium/long-term loans, amounting to €0.4 million (versus €0.5 million in 1H16);
- interest owed on bank overdrafts and other bank commissions, amounting to €0.76 million, €0.57 million of which relating to bank commissions on credit card receipts (versus €0.79 million in 1H16, €0.57 million of which relating to bank commissions on credit card receipts);
- IRS derivative negative differentials on interest expense associated with the medium/long-term loans amounted to €52 thousand in 1H17 versus €44 thousand in 1H16.

As in 1H16, there was no financial income worthy to report in 1H17 (further to the exchange gains mentioned above).

Lastly, the measurement at equity of the investment in the associate 4W MarketPlace S.r.l. had no noticeable effect in 1H17, as in 1H16.

The **overall tax burden** in 1H17 came to €0.7 million, up versus €0.56 million in 1H16, the percentage on consolidated revenue in the period remaining basically unchanged.

Current taxes amounted to €0.5 million in 1H17 as in 1H16. Deferred tax assets, instead, amounted to €0.2 million in 1H17 versus €0.1 million in 1H16.

More specifically, current taxes in the period refer mainly to the tax burden of €0.3 million on some foreign subsidiaries with positive pre-tax income (€0.4 million in 1H16), while IRAP and IRES paid by Italian companies in 1H17 amounted to €0.2 million versus €0.1 million in 1H16. The latter growth is attributable to the improved results achieved by the Group's Italian companies.

The overall downtrend of deferred tax assets recognized in the statement of financial position in the reporting period (down from €5.5 million to €5.2 million) is explained partly by the reversal of prior-years' assessments on deferred tax assets, calculated on the temporary differences between statutory and tax regulations, and partly by the use of such receivables of the Parent Company DADA S.p.A. to cover IRES taxable income of the year in progress for a number of Italian companies who contribute to the Group tax consolidation scheme. No additional deferred tax assets were recognized in the reporting period on tax losses borne by the DADA Group.

The assessment of the recoverability of tax losses gave a positive outcome when preparing the 2016 annual consolidated financial statements, taking also into account the income statement performance achieved by the Group versus the 2017 budget. The analysis was also based on the fact that in the reporting period (as in the prior year), Italian companies posted overall positive taxable income, which is transferred to tax consolidation for the use of prior-year tax losses.

In this regard, mention should be made that the **DADA Group has accrued total tax losses of €38.4 million at 30 June 2017**, 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 recognized in the statement of financial position have been calculated amounted to €16.4 million (approximately 42% of total tax losses). In this regard, as from the prior-year financial statements, 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.

In 1H17, consolidated net profit achieved by the DADA Group came to a positive €1.3 million, growing sharply (+198%) versus €0.4 million in 1H16.

The income statement and equity at 30 June 2017, as in the prior year, do not include any non-controlling interests.

PERFORMANCE BY BUSINESS SEGMENT

For operational purposes, since 1Q15, the DADA Group has been organized in a single business segment gravitating around Domain & Hosting services (D&H).

This effect is a result of the abovementioned reorganization following the disposal of the Moqu Group 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 this Half-Year Financial Report.

Financial position

The table below shows the total net financial position of the DADA Group at 30 June 2017 versus the position at 31 December 2016:

	NET FINANCIAL POSITION				
	EUR/000	30-June-17	31-Dec.-16	DIFFERENCE Absolute	%
A	Cash on hand	15	18	-4	-20%
B	Bank and post office deposits	7,100	4,799	2,301	48%
C	*Liquidity (A+B)*	*7,114*	*4,817*	*2,297*	*48%*
D	Time deposits and other receivables - non-current	150	150	0	0%
E	Time deposits and other receivables - current	150	150	0	0%
F	Current portion of derivatives	2	1	2	
G	*Financial receivables (D + E + F)*	*302*	*301*	2	*1%*
H	**Total Financial Assets (C+G)**	**7,417**	**5,118**	**2,299**	**45%**
I	Current credit lines and account overdrafts with banks	-366	0	-366	
L	Due to banks for short-term loans	-6,617	-5,800	-817	14%
M	Other current financial payables	-150	-150	0	0%
N	Current portion of derivatives	-106	-69	-38	55%
O	*Current debt (I+L+M+N)*	*-7,239*	*-6,019*	*-1,220*	*20%*
P	Due to banks for long-term loans	-25,006	-27,312	2,306	-8%
Q	Other non-current financial payables	-1,150	-1,150	-	-
R	Non-current portion of derivatives	-128	-162	33	100%
S	*Non-current debt (P+Q+R)*	*-26,284*	*-28,623*	*2,340*	*-8%*
T	*Total Financial Liabilities (O+S)*	*-33,523*	*-34,642*	*1,120*	*-3%*
U	**Cash and cash equivalents (C+I+L)**	**132**	**-983**	**1,115**	**-113%**
V	**Total net financial position (H+T)**	**-26,106**	**-29,525**	**3,419**	**-12%**

At 30 June 2017, the DADA Group's total consolidated Net Financial Position, which includes all short and medium/long-term funding and loans, came to **-€26.1 million** versus -€29.5 million at 31 December 2016.

"Cash and cash equivalents", which takes account, under IAS, of financial positions formed of short-term items only, came, instead, to **€0.1 million at 30 June 2017** versus -€1 million at 31 December 2016.

The trend of this item in 1H17 is due largely to the cash flows generated by the DADA Group in the period, which resulted in an increase in liquidity. The following is a summary of the cash flow trend in the period:

- Cash flows from operating activities (before outlays for tax and interest) amounted to €7.2 million in 1H17 versus €6.5 million in 1H16. The improvement is explained by the abovementioned increase in revenue and operating profit, a consequence of seasonality factors as the first quarter normally reports higher cash-ins than in the following quarters;

- Investment outlays in the period amounted to €2.4 million (€1.3 million for tangible assets and €1.1 million for intangible assets) versus -€1.9 million at 30 June 2016 (€1.5 million for tangible assets, -€1.3 million for intangible assets, and the positive contribution of €0.9 million from the Moqu earn out);
- The cash flow from outstanding loans, amounting in 1H17 to -€2.3 million (€3.2 million in 1Q16), composed by the: a) repayment of loans falling due in the first half of €1.3 million; b) reclassification to the current portion (within 12 months) of the second instalment of the pool loan of €1 million. Additionally, the opening of new loans contributed €140 thousand to the cash flows in the period.

The main characteristics and conditions of the new pool loan coordinated by Banca IMI and taken out with Unicredit, Banca Intesa and MPS are explained below, supplemented with the specific information from the financial statements at 31 December 2016:

In 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 allowed the Group 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.

“Current portion of derivatives” refers to the financial payable relating to the mark-to-market measurement of the IRS hedging the outstanding mortgage loans at 30 June 2017. Specifically, in 2016 new IRS contracts had been concluded, related to the new pool loan agreement; these contracts provide for an overall coverage of at least 50% of the risk of fluctuations on the base rate.

For further details on the items that marked cash flows on a cash and cash equivalents level, see the Cash Flow Statement included in this Half-Year Financial Report and the relevant notes.

The table below shows a summary of cash flow movements in 1H17 relating to cash and cash equivalents versus those in 1H16. For further details, see the Cash Flow Statement:

EUR/000	30/06/2017	30/06/2016
Cash flow from operating activities	7,148	6,466
Cash flow from taxes and interest paid	-1,247	-1,518
Cash flow from investing activities	-2,503	-1,911
Cash flow from financing activities	-2,284	-3,180
Net cash flow (cash and cash equivalents)	**1,114**	**-144**

Regarding reconciliation between the change in the total consolidated net financial position, which came to +€3.4 million in 1H17 (versus +€2.1 million in 2016), and the change in "cash and cash equivalents", which came to +1.1 million (versus -€0.1 million in 2016), see the relevant table and Note 19 to this cash flow statement.

The following points provide detailed information on the trend of the items that affected cash flows in the period, specifically, those regarding financing activities, investing activities and net working capital; for cash flow from operating activities, reference should be made, instead, to the abovementioned EBITDA trend in 1H17.

Investing activities

In 1H17, total outlays for investing activities of the DADA Group came to -€2.5 million versus a total cash flow of -€1.9 million in 1H16. Mention should be made that 1H16 had also benefited from the proceeds from extraordinary transactions for a total of €0.9 million (mainly attributable to the proceeds from the disposal of the share capital of Moqu).

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

- investments in intangible assets from operating activities in 1H17 amounted to €1.1 million, down by €0.2 million versus 1H16, approximately €1.1 million of which (down by €0.1 million versus 1H16) refers to costs for the development of the proprietary processes and platforms needed to provide Domain & Hosting services, €6 thousand for the purchase of software (€87 thousand in 1H16), and the remaining €9 thousand for the purchase of brands and licenses (€9 thousand at 30 June 2016).

investments in property, plant and equipment from operating activities in 1H17 amounted to €1.2 million versus €1.5 million in 1H16, and included the final portion of the investment in the tech refresh project to improve the security and reliability of DADA's hosting and e-mail platforms. Investments in property, plant and equipment in 1H17, as in 1H16, referred mainly to the purchase of network servers and new systems, and to other electronic equipment needed for the provision of Domain & Hosting services. Investments in furniture and fittings and in other tangible assets amounted to €39 thousand.

Financing activities

The consolidated cash flow statement at 30 June 2017 came to -€2.3 million (-€3.2 million at 30 June 2016) relating to “net difference in cash flow from financing activities”, broken down as explained above. The mew medium/long-term loans concluded in the first half of the year almost exclusively regarded the signing of a new lease agreement in the UK.

The previously mentioned IRS differential had a minor impact.

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

Net Working Capital

The breakdown of the DADA Group’s net working capital and net capital employed at 30 June 2017 and at 31 December 2016 is shown below:

EUR/000	30-June-17	31-Dec.-16	DIFFERENCE	
			Absolute	%
Intangible assets	83,403	84,625	-1,222	-1%
Property, plant and equipment	7,965	8,615	-651	-8%
Non-current financial assets	2,383	2,382	0	0%
Fixed assets	**93,750**	**95,623**	**-1,873**	**-2%**
Inventories	2	29	-27	-93%
Trade receivables	5,124	4,187	936	22%
Tax and other receivables	11,673	10,752	920	9%
Current operating assets	**16,798**	**14,969**	**1,830**	**12%**
Trade payables	-6,833	-6,788	-45	1%
Other payables	-20,000	-18,182	-1,817	10%
Taxes payable	-3,117	-2,169	-948	44%
Current operating liabilities	**-29,950**	**-27,139**	**-2,810**	**10%**
Net working capital	**-13,151**	**-12,170**	**-981**	**8%**
Provision for termination indemnities	-747	-789	42	-5%
Provision for risks and charges	-383	-229	-153	67%
Other consolidated liabilities	**-1,130**	**-1,018**	**-112**	**11%**
Net capital employed	**79,469**	**82,435**	**-2,965**	**-4%**

Net working capital

The DADA Group's net working capital at 30 June 2017 amounted to -€13.2 million versus -€12.2 million at 31 December 2016 and -€12.1 million at 30 June 2016.

Mention should particularly be made that the change in the scope of consolidation following the acquisition of Sfera Networks had an impact of €0.2 million on this item.

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

Looking at the single items forming the NWC, trade receivables at 30 June 2017 amounted to €5.1 million, up versus €4.2 million at 31 December 2016 and 30 June 2016 (€4.1 million), also in light of the overall increase in business volumes and in certain Domain & Hosting services that have deferred collection conditions.

Trade payables reported a basically steady trend at 30 June 2017, 31 December 2016 and 30 June 2016, amounting to approximately €6.8 million.

Other current liabilities include deferred income of approximately €15.5 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 revenue in the income statement. Deferred income at 31 December 2016 amounted to €14 million versus €13.8 million at 30 June 2016. The growth of this item has the strongest impact on changes in net working capital versus both 31 December 2016 and 30 June 2016, as a result mainly of the Group's increased business volumes.

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

Other items included in **Net Capital Employed** comprise other consolidated liabilities due beyond one year, which mainly include termination indemnities and provisions for risks and charges, amounting respectively to €0.7 million (down versus 31 December 2016 following a number of staff exits) and €0.3 million (versus €0.2 million at 31 December 2016).

The DADA Group's Equity amounted to €53.4 million at 30 June 2017 versus €52.9 million at 31 December 2016. The increase is mainly ascribable to the positive contribution of profit for the period of €1.3 million, and the rest to the negative effects of the translation reserve. In 1H17 in fact, the translation of the financial statements of consolidated companies denominated in GBP had an impact of approximately €1 million.

Group employees

Group employees and geographical breakdown

The DADA Group's headcount at 30 June 2017 totaled 443 employees and is split up, geographically speaking, as follows:

	Italy		Abroad		Total		Change	
	31.12.16	30.06.17	31.12.16	30.06.17	31.12.16	30.06.17	Total	%
Employees	250	240	195	203	445	443	-2	0.5%

The DADA Group's headcount at 30 June 2017 totaled 443 employees, basically in line with the total of 445 at 31 December 2016:

RELATED PARTY TRANSACTIONS

For further information on related party transactions, see Note 26.

SIGNIFICANT EVENTS IN 1H17

The most significant events of the DADA Group in 1H17 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, see the press releases issued on the above stock option plan.

On 15 March 2017, the Board of Directors of DADA S.p.A. approved the letter received from the controlling shareholder Libero Acquisition S.à r.l. (**"Libero Acquisition"**), previously disclosed to the market by the Company on 09 March 2017, to cooperate in a possible procedure to sell the equity investment held by Libero Acquisition in the Company (currently 69.432% of the share capital), by also providing information on the Company and its Group to potential buyers.

On 20 April 2017, the **Annual General Meeting 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 2016**, as proposed by the Board of Directors at the meeting held on 15 March 2017. The Shareholders resolved to carry forward the loss for the year of 855,912.04;

(ii) the approval of the **Remuneration Report** in accordance with art. 123-ter of Legislative Decree 58/98;

(iii) the **renewal of the authorization**, after revoking the previous granted on 28 April 2016, **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. Instead, treasury shares may 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. To date, neither the Company nor its subsidiaries hold any treasury shares.

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

SIGNIFICANT EVENTS AFTER 1H17

The main events that took place after 1H17 are described below:

On 20 July 2017, DADA S.p.A. informed that it had received a letter from Karim Beshara, co-founder of Accelero Capital, announcing his resignation as Chairman and Member of the Board of Directors of DADA ("the Board"), having Accelero Capital completed the management buyout of Orascom TMT Investments ("OTMTI").

For the same reasons, Fadi Antaki, Youssef Bassem, Ragy Soliman, Sophie Sursock and Philip Tohme (together with Mr. Beshara, the "Outgoing Accelero Board Members") announced their resignation as Directors of the Company effective from the next Board meeting.

The outgoing directors of Accelero were not executive Directors, nor were they qualified as independent and, to the best knowledge of the Company, none of them holds DADA shares.

DADA also informed that it had received a letter from Libero Acquisition S.à r.l. ("Libero Acquisition"), its controlling shareholder, with the proposal to the Compensation and Nominations Committee and to the Board of the following persons as new Directors of the Company: Wafaa Mobarak, Fabio Ceccarelli, Andrea Goretti, Ayman Soliman, Tarek Morshed, and Onsi Sawiris.

Additionally, Fabio Ceccarelli was proposed by Libero Acquisition as the new Chairman of the Company.

OUTLOOK FOR THE YEAR

The **results of the first half** are fully **in line** with the guidance announced for the entire year, which points, as a minimum, to an **average annual "mid single-digit" revenue growth** (on a like-for-like basis and at constant exchange rates) for 2017, as well as an **more than proportional increase** in **operating margins**, leveraging on the increase in **average revenue per unit** (ARPU) of recently acquired customers, and on the gradual benefits coming from **economies of scale**, along with a **constant, watchful eye on overhead costs**.

The future **strategic growth lines** of the Group aim **to strengthen its position** as a **leading European player** in services for the digital presence, visibility and business development of 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 international 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 across all the geographies, thanks not only to the acquisition of **new customers**, continuing the current sales and marketing initiatives, but by also maintaining a **high retention** of **existing customers**. In 2017, growth is also expected to be sustained by the **upselling strategies** on existing customers and, as partly witnessed in 4Q16 and 1Q17, 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 continued **integration of the technology, product and marketing platforms in a 'One Platform' perspective** on a European level, and maximum exploitation of the **Datacenter**, now fully operational.

As for growth-through-acquisition strategies, the DADA 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 product portfolio and technological expertise.

DADA GROUP

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

DADA GROUP PROFIT/LOSS STATEMENT AT 30 JUNE 2017

EUR/000	Notes	30 June 2017	30 June 2016
Net revenue		**35,031**	**32,807**
Chg. in inventories & inc. in own wk. capitalized		1,088	1,191
Service costs and other operating expenses		-19,120	-18,163
Payroll costs		-10,348	-9,850
Other operating revenue and income		16	9
Other operating expenses		-354	-95
Provisions and impairment losses current assets		-58	-130
Depreciation and amortization		-2,921	-3,182
EBIT		**3,335**	**2,586**
Investment income		83	206
Financial charges		-1,377	-1,783
Other income/(charges) from financial assets and liabilities		0	-1
Share of profit/loss of companies valued at equity		0	0
Comprehensive profit/(loss) before taxes		**2,041**	**1,009**
Income taxes		-706	-561
Comprehensive profit/(loss) from continuing operations		**1,335**	**448**
Non-controlling interests			
Group net profit/(loss)		**1,335**	**448**
Basic earnings/loss per share		0.080	0.027
Diluted earnings/loss per share		0.073	0.026

DADA GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME AT 30 JUNE 2017

EUR/000		30 June 2017	30 June 2016
Net profit/(loss) for the period (A)		**1,335**	**140**
Other comprehensive profit/(loss) to be reclassified in profit/loss for the year (B):		**-1,058**	**-5,267**
Gains/(losses) on exchange rate derivatives (cash flow hedges)		6	-43
Tax effect on other gains/(losses)		-1	12
		5	-31
Gains/(losses) from the translation of foreign currency financial statements		-1,063	-5,236
Other comprehensive profit/loss not to be reclassified in profit/(loss) for the year		**-**	**-39**
Gains/(losses) from discounting of termination indemnities		-	-52
Tax effect on other gains/(losses)		-	12
		-	-39
Total comprehensive income/(loss) (A)+(B)		**277**	**-4,859**
Total comprehensive income/(loss) attributable to:			
Shareholders of the parent company		277	-4,859
Non-controlling interests			0

DADA GROUP BALANCE SHEET AND FINANCIAL POSITION AT 30 JUNE 2017			
EUR/000			
ASSETS	**Notes**	**30 June 2017**	**31 December 2016**
Non-current assets			
Goodwill		78,340	79,411
Intangible assets		5,063	5,214
Property, plant and equipment		7,965	8,615
Equity investments in non-consolidated subsidiaries, associates and other companies		2,198	2,198
Financial assets and other non-current receivables		335	335
Deferred tax assets		5,254	5,467
Total non-current assets		**99,155**	**101,241**
Current assets			
Inventories		2	29
Trade receivables		5,124	4,187
Tax and other receivables		6,418	5,285
Current financial receivables		149	150
Financial assets from derivative instruments		2	1
Cash and cash equivalents		7,114	4,817
Total current assets		**18,809**	**14,469**
TOTAL ASSETS		**117,964**	**115,709**

DADA GROUP BALANCE SHEET AND FINANCIAL POSITION AT 30 JUNE 2017			
EUR/000			
EQUITY AND LIABILITIES	**Notes**	**30 June 2017**	**31 December 2016**
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		2,836	2,836
Other equity instruments		628	461
Share premium reserve		33,098	33,098
Legal reserve		950	950
Other reserves		9,309	10,358
Retained earnings/losses carried forward		5,207	5,030
Profit/(loss) for the period		1,335	178
Total equity, Group share		**53,363**	**52,910**
Non-controlling interests		-	-
Total equity		**53,363**	**52,910**
Non-current liabilities			
Financial payables (due beyond one year)		26,156	28,462
Provision for risks and charges		383	229
Employee benefits		747	789
Non-current financial liabilities from derivative instruments		128	162
Other liabilities due beyond one year		0	0
Total non-current liabilities		**27,414**	**29,641**
Current liabilities			
Trade payables		6,833	6,788
Other payables		20,000	18,182
Taxes payable		3,117	2,169
Financial liabilities from derivative instruments		106	69
Account overdrafts, loans and other financial payables (due within one year)		7,132	5,951
Total current liabilities		**37,188**	**33,158**
TOTAL EQUITY AND LIABILITIES		**117,964**	**115,709**

DADA GROUP CASH FLOW STATEMENT AT 30 JUNE 2017

EUR/000	30 June 2017	30 June 2016
Operating activities		
Net profit/(loss) for the period	**1,335**	**448**
Adjustments for:		
Income from trading	-83	-206
Financial charges	1,377	1,783
Income taxes	706	561
Gains/losses	-7	-3
Depreciation	1,670	1,793
Amortization	1,251	1,389
Granting of stock options	167	95
Other provisions and impairment losses	345	150
Increases/(decreases) in provisions	-75	-112
Cash flow from operating activities before changes NWC	**6,705**	**5,898**
(Increase)/decrease in inventories	27	7
(Increase)/decrease in receivables	-2,146	-2,003
Increase/(decrease) in payables	2,562	2,564
Cash flow from operating activities	**7,148**	**6,466**
Income taxes paid	-162	-278
Interest (paid)/received	-1,085	-1,240
Net cash flow from operating activities	**5,901**	**4,948**

DADA GROUP CASH FLOW STATEMENT AT 30 JUNE 2017

EUR/000	30 June 2017	30 June 2016
Investing activities		
Earn out on disposal of Moqu and acquisition of Etinet in prior year	0	910
Purchase of property, plant and equipment	-1,370	-1,529
Sale of fixed assets	3	0
Other changes in fixed assets	0	2
Purchase of intangible assets	-39	-96
Product development costs	-1,097	-1,198
Investing activities from assets held for sale		
Net cash flow used in investing activities	**-2,503**	**-1,911**
Financing activities		
Increase in medium/long-term loans	55	0
Repayment of medium/long-term loans	-2,345	-3,166
Other changes in medium/long-term loans	0	-15
Other changes	6	1
Net cash flow used in financing activities	**-2,284**	**-3,180**
Increase/(decrease) in cash and cash equivalents	**1,114**	**-144**
Cash and cash equivalents at beginning of period	**-984**	**-8,831**
Cash and cash equivalents at end of period	**131**	**-8,975**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2017

	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)**	**Total equity**
Balance at 1 January 2017	2,836	33,098	950	19,215	461	-174	-92	-8,592	5,030	178	**52,910**
Allocation of 2016 profit									178	-178	0
Profit/(loss) for the period										1,335	**1,335**
Other comprehensive income/(loss)						14	0	-1,063			**-1,049**
Total comprehensive income/(loss)				**0**	**0**	**14**	**0**	**-1,063**	**0**	**1,335**	**286**
Share capital increase											**0**
Other equity instruments					167						**167**
Balance at 30 June 2017	**2,836**	**33,098**	**950**	**19,215**	**628**	**-160**	**-92**	**-9,655**	**5,207**	**1,335**	**53,363**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 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)**	**Total equity**
Balance at 1 January 2016	2,836	33,098	950	19,215	269	-99	-70	-1,894	3,696	1,333	**59,335**
Allocation of profit									1,333	-1,333	0
Profit/(loss) for the period										448	**448**
Other comprehensive income/(loss)						-31	-39	-5,236			**-5,307**
Total comprehensive income/(loss)				0	0	-31	-39	-5,236	0	448	-4,859
Share capital increase											**0**
Other equity instruments					95						**95**
Balance at 30 June 2016	**2,836**	**33,098**	**950**	**19,215**	**364**	**-130**	**-110**	**-7,130**	**5,030**	**448**	**54,571**

DADA GROUP CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2017 PURSUANT TO CONSOB RESOLUTION N. 15519 OF 27 JULY 2006					
		30 June 2017		30 June 2016	
Net revenue			**35,031**		**32,807**
- of which: related parties		*694*		*1,315*	
Chg. in inventories & inc. in own wk. capitalized			1,088		1,191
Service costs and other operating expenses			-19,120		-18,163
- of which: related parties		*-550*		*-540*	
Payroll costs			-10,348		-9,850
- of which: related parties		-		-	
Other operating revenue and income			16		9
- of which non-recurring charges		-		-	
- of which: related parties		-		-	
Other operating expenses			-354		-95
- of which non-recurring charges		-		*-24*	
- of which: related parties		-		-	
Provisions and impairment losses			-58		-130
- of which non-recurring charges		-		-	
Depreciation and amortization			-2,921		-3,182
EBIT			**3,335**		**2,586**
Investment income			83		206
- of which: related parties		-		-	
Financial charges			-1,377		-1,783
- of which: related parties		-		-	
Share of profit/(loss) of associates			-		-
Other income/(charges) from financial assets and liabilities			-		-1
- of which: non-recurring		-		*-1*	
Comprehensive profit/(loss) before taxes			**2,041**		**1,009**
Income taxes			-706		-561
Comprehensive profit/(loss) from continuing operations			**1,335**		**448**
Non-controlling interests					
Group net profit/(loss)			**1,335**		**448**
Basic earnings/loss per share			0.080		0.027
Diluted earnings/loss per share	9		0.073		0.026

DADA GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017 PURSUANT TO CONSOB RESOLUTION 15519 OF 27 JULY 2006

ASSETS		30 June 2017		31 December 2016
Non-current assets				
Goodwill		78,340		79,411
Intangible assets		5,063		5,214
Property, plant and equipment		7,965		8,615
Equity investments in non-consolidated subsidiaries, associates and other companies		2,198		2,198
Financial assets and other non-current receivables		335		335
Deferred tax assets		5,254		5,467
Total non-current assets		**99,155**		**101,241**
Current assets				
Inventories		2		29
Trade receivables		5,124		4,187
- of which: related parties	*499*		*455*	
Tax and other receivables		6,418		5,285
Current financial receivables		149		150
- of which: related parties	-		-	
Financial assets from derivative instruments		2		1
Cash and cash equivalents		7,114		4,817
Total current assets		**18,809**		**14,469**
TOTAL ASSETS		**117,964**		**115,709**

DADA GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017 PURSUANT TO CONSOB RESOLUTION 15519 OF 27 JULY 2006

EQUITY AND LIABILITIES		30 June 2017	31 December 2016
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		2,836	2,836
Other equity instruments		628	461
- of which: related parties			*292*
Share premium reserve		33,098	33,098
Legal reserve		950	950
Other reserves		9,309	10,358
Retained earnings/losses carried forward		5,207	5,030
Profit/(loss) for the period		1,335	178
Total equity, Group share		**53,363**	**52,910**
Non-controlling interests		**0**	**0**
Total equity		**53,363**	**52,910**
Non-current liabilities			
Bank loans (due beyond one year)		26,156	28,462
Provision for risks and charges		383	229
Employee benefits		747	789
Non-current financial liabilities from derivative instruments		128	162
Other liabilities due beyond one year		0	0
Total non-current liabilities		**27,414**	**29,641**
Current liabilities			
Trade payables		6,833	6,788
- of which: related parties		*3*	*90*
Other payables		20,000	18,182
- of which: related parties		-	*314*
Taxes payable		3,117	2,169
Financial liabilities from derivative instruments		106	69
Bank overdrafts and financial payables (due within one year)		7,132	5,951
- of which: related parties		-	-
Total current liabilities		**37,188**	**33,158**
TOTAL EQUITY AND LIABILITIES		**117,964**	**115,709**

EXPLANATORY NOTES

1. Company information

DADA S.p.A. is a joint-stock company incorporated in Italy and listed in the Florence Company Register, and an issuer of shares traded in the STAR segment of the Milan Stock Exchange. The address of its registered office is indicated on Page 1 of this consolidated Half-Year Financial Report.

The DADA Group (www.dada.eu) is an international leader in domain and hosting services.

See the Directors’ Report for further information.

2. Preparation criteria

This consolidated Half-Year Financial Report is 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 Half-Year Financial Report is comprised of the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement, and these notes.

This consolidated Half-Year Financial Report has been prepared on a going concern basis. The DADA Group has, in fact, determined that despite the difficult economic and financial context, there are no material uncertainties regarding its ability to continue as a going concern, thanks also to measures it has taken and to the Group's flexibility.

Mention should be made that the disposal of the Performance Advertising segment had required, in 1H16, the application of IFRS 5 “Non-current assets held for sale and discontinued operations". The main effect of applying IFRS 5 was that all of the income statement items relating to the disposed companies had been grouped on the line "Profit/(loss) from discontinued operations".

The publication of this consolidated Half-Year Financial Report was authorized by the Board of Directors on 27 July 2017.

Compliance with IFRS

The consolidated Half-Year Financial Report of the DADA Group at 30 June 2017 has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and with the measures enacted for the implementation of Art. 9 of Legislative Decree 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).

Specifically, this consolidated Half-Year Financial Report has been prepared in summary form in accordance with IAS 34 and art. 154 ter of the Consolidated Finance Act

(Legislative Decree no. 58/1998) and, therefore, does not contain all the information required in the Full Year Financial Statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2016.

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

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

For further details on the main changes and their potential effects, see the Annual Financial Report at 31 December 2016.

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

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.

Mention should be made that IFRS 15 “Revenue from Contracts with Customers” establishes a single 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.

In 1H17, the DADA Group launched a preliminary analysis to identify the impacts on the Consolidated Financial Statements from the first-time adoption, finding the following potential impact areas:

a) services provided by the Group - mainly promotional bundles and other services - that have different performance obligations requiring different accounting for revenue recognition (point in time rather than over the time) as compared to current accounting;

b) cases where the entity acts as Agent and not as Principal.

Mention should be made that the results of the preliminary analysis (to be completed and appropriately defined in the current year) show that the adoption of the new standard may have, to date, negative effects on equity of up to a maximum of 10%, offset against deferred income.

The Company will adopt this standard as from 1 January 2018.

Consolidation procedures

The condensed half-year financial statements include the figures of the Parent Company DADA S.p.A. and of its subsidiaries at 30 June 2017. 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 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 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.

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 the 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 differences resulting from the application of this method, and those resulting from the comparison of 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 classified under equity ("Other reserves") until disposal of the investment.

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 below:

Currency	Exchange rate on 30.06.2017	Average exchange rate 1H17
US Dollar	1.1412	1.08302
British Pound	0.8793	0.86059

Currency	Exchange rate on 30.06.2016	Average exchange rate 1H16
US Dollar	1.1102	1.1159
British Pound	0.8265	0.7788

Scope of consolidation

The scope of consolidation had changed in the prior year following the full consolidation of Sfera Networks S.r.l., held 100% by the Group, as from 1 July 2016. For further information on the structure of this transaction, see the Directors' Report in the Annual Financial Report at 31 December 2016. The composition of the scope of consolidation at 30 June 2017 is shown in Annex 4.

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

In addition, some of the Group's loan agreements include requirements to satisfy various financial and corporate ratios that give lenders certain rights, including the right to call in the loan, in the event such covenants are breached. Following the renegotiation of loans in 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 and 30 June 2017 (where envisaged), these covenants were fully met.

For details on the hedging of interests rate risks (IRS), see also the financial statements at 31 December 2016.

Liquidity risk

Liquidity risk is managed by the DADA Group on a centralized basis. To optimize use of the Group's liquidity, the Parent Company DADA S.p.A. has a cash pooling agreement with its subsidiaries Register.it S.p.A, Fueps S.p.A. and Clarence S.r.l.. Register.it S.p.A. also has a cash pooling agreement with its wholly-owned subsidiaries. At 30 June 2017, 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 €40.2 million, approximately €32.0 million of which drawn down (€36.1 million and €29.6 million, respectively, at 30 June 2016), with cash available amounting to €7.1 million versus €4.0 million at 30 June 2016.

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 early 2016, as it did previously, the Group engaged mainly in currency forwards in order to hedge its exchange rate risk.

Mention should additionally be made that Great Britain approved the withdrawal of the UK from the EU (Brexit), an event that led to a further marked depreciation of the British Pound against the Euro. This trend and the relating financial effects were less marked in 1H17.

Additionally, a possibility not to rule out is that the event could 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 mainly 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 and each credit position generally involves small amounts. 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, see 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 BU DADA.net (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.

Seasonal trends

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

3. Segment reporting pursuant to IFRS 8

For operational purposes, the DADA Group is organized in a single Business Unit (**Domain & Hosting**).

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

“Domain & 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
- Advanced online advertising solutions

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

Income statement by business segment at 30 June 2017

30 June 2017 (6 months)			
Segment reporting	**Total continuing operations**	**Total discontinued operations**	**Total consolidated**
Revenue - Italy	16,730		16,730
Revenue - abroad	18,301		18,301
Revenue - interdivisional			0
Net revenue	**35,031**	**-**	**35,031**
Increase in own work capitalized	1,088		1,088
Service costs	-19,161		-19,161
Payroll costs	-10,348		-10,348
Segment EBITDA	**6,610**	**-**	**6,610**
Depreciation, amortization and impairment of fixed assets	-2,921		-2,921
Impairment, provisions and non-recurring income/charges	-355		-355
EBIT	**3,335**	**-**	**3,335**
Net financial charges	-1,294		-1,294
Other income/(charges) from financial assets and liabilities	0		0
Profit/(loss) before taxes	**2,041**	**-**	**2,041**
Income taxes	-706		-706
Group & non-controlling interests profit/(loss)	**1,335**	**-**	**1,335**
Non-controlling interests			0
Group net profit/(loss)	**1,335**	**-**	**1,335**

Income statement by business segment at 30 June 2016

30 June 2016 (6 months)			
Segment reporting	**Total continuing operations**	**Total discontinued operations**	**Total consolidated**
Revenue - Italy	14,661		14,661
Revenue - abroad	18,146		18,146
Revenue - interdivisional			
Net revenue	**32,807**	**-**	**32,807**
Increase in own work capitalized	1,191		1,191
Service costs	-18,207		-18,207
Payroll costs	-9,850		-9,850
Segment EBITDA	**5,942**	**-**	**5,942**
Depreciation, amortization and impairment of fixed assets	-3,182		-3,182
Impairment, provisions and non-recurring income/charges	-173		-173
EBIT	**2,586**	**-**	**2,586**
Net financial charges	-1,577		-1,577
Other income/(charges) from financial assets and liabilities	-1		-1
Share of profit/(loss) of companies valued at equity	-		-
Profit/(loss) before taxes	**1,009**	**-**	**1,009**
Income taxes	-561		-561
Group & non-controlling interests profit/(loss)	**448**	**-**	**448**
Non-controlling interests			
Profit/(loss) from discontinued operations			
Group net profit/(loss)	**448**	**-**	**448**

Geographical and segment breakdown of DADA Group revenue

Description	**30/06/2017 (6 months)**		**30/06/2016 (6 months)**	
	Amount	**% of total**	**Amount**	**% of total**
Revenue - Italy	16,730	48%	14,661	45%
Revenue - abroad	18,301	52%	18,146	55%
Total	**35,031**		**32,807**	

Financial disclosures by business segment for the period ended 30 June 2017

30/06/2017 (6 months)				
Segment reporting	**Domain & Hosting**	**Discontinued operations**	**Unallocated portion and adjustments**	**Consolidated**
Segment assets	103.206		777	103.983
Unallocated financial assets			7.415	7.415
Unallocated tax assets			6.566	6.566
Non-current assets held for sale				
Total Assets	**103.206**	**0**	**14.759**	**117.964**
Segment liabilities	-45.406	0	17.444	-27.962
Unallocated financial liabilities			-33.522	-33.522
Unallocated tax liabilities			-3.117	-3.117
Liabilities relating to assets held for sale				
Total liabilities	**-45.406**	**0**	**-19.195**	**-64.602**
Segment assets include:				
Equity investments in associates and JV	0	0	0	0
Investments in non-current assets other than financial instruments and deferred tax assets	2.226		6	2.232

Financial disclosures by business segment for the period ended 30 June 2016

30/06/2016 (6 months)				
Segment reporting	**Continuing operations**	**Discontinued operations**	**Unallocated portion and adjustments**	**Consolidated**
Segment assets	101,030		889	101,919
Unallocated financial assets			3,972	3,972
Unallocated tax assets			7,211	7,211
Total assets	**101,030**	**-**	**12,072**	**113,103**
Segment liabilities	-40,348		15,006	-25,343
Unallocated financial liabilities			-29,779	-29,779
Unallocated tax liabilities			-3,410	-3,410
Total liabilities	**-40,348**	**-**	**-18,183**	**-58,531**
Segment assets include:				
Equity investments in associates and joint ventures	-	-	-	-
Investments in non-current assets other than financial instruments and deferred tax assets	2,828		23	2,851

4. Goodwill and impairment losses

The table below shows the movements in goodwill from 31 December 2016 to 30 June 2017:

	31-Dec.-16	Increases	Decreases	Other	Exchange differences	30-June-17
Register.it S.p.A.	**7,119**				-	**7,119**
Etinet S.r.l.	**778**				-	**778**
Nominalia SL	**8,061**				-	**8,061**
Namesco Ltd	**33,053**			-	(870)	**32,183**
Amen Group	**19,260**			-	-	**19,260**
Pound Host Group	**7,630**				(201)	**7,429**
Sfera Networks S.r.l.	**3,510**	-				**3,510**
Total	**79,411**	**-**	**-**	**-**	**(1,071)**	**78,340**

Exchange differences

Goodwill in foreign currency is translated at the period-end exchange rates reported in the consolidation principles of these notes.

The EUR/GBP translation for goodwill pertaining to Namesco Ltd., Amen Ltd. and the companies of the Poundhost Group decreased goodwill by €1.1 million. The effects are recorded with a balancing entry in the translation reserve under equity.

Impairment test

Under IAS 36, impairment testing is carried out at least once a year upon preparation of the year-end financial statements, to verify whether there has been or whenever there are signs of impairment. For relevant details, reference should be made to the DADA Group financial statements for the year ended 31 December 2016.

Under the standard, the Company is also required to monitor certain qualitative and quantitative, external and internal indicators, collectively analyzed and verified to ascertain whether an impairment test on goodwill needs to be carried out earlier than scheduled. The DADA Group, therefore, carried out activities to verify the existence of trigger events.

The recoverable amount of the cash generating units to which goodwill has been allocated is verified by calculating value in use. DADA Group CGUs are composed of: D&H EU CGU, D&H UK CGU and Sfera CGU. The table below shows goodwill split up by CGU at 30 June 2017 and 31 December 2016:

Goodwill by CGU	30/06/17	31/12/16	Total change	% change
D&H EU CGU	35,217	35,217	0	
D&H UK CGU	39,612	40,683	(1,071)	-3%
SFERA CGU	3,510	3,510	0	
Total	**78,340**	**79,411**	**(1,071)**	**-1%**

The following elements were analyzed at 30 June 2017:

- the WACC trend, focusing on the key cost-of-capital rate and on average spreads charged by banks on DADA Group loans in 1H17 versus the figures used at end 2016; the analysis indicates a slight decrease of both these items;
- DADA's share performance versus consolidated equity (details are found at the beginning of this Half-Year Financial Report). Specifically, stock market capitalization in 1H17 was higher than DADA Group's equity (as opposed to the figure at end 2016 and 30 June of the prior year), while the share price in 1H17 basically increased versus the price reported at end 2016. The difference between market capitalization and equity in 1H17 was approximately +€2.4 million versus approximately -€1.7 million at 31 December 2016;
- Assessment of the analysis (made internally) of the comparison of the main income statement and equity items (revenue, EBITDA, investments, etc.), on a consolidated and individual CGU level, of actual and budget data at 30 June 2017, which showed a basically upward trend for all CGUs versus the trend expected for the main business metrics in the Group's geographies of operation;
- Regarding the D&H UK CGU, despite the depreciation of the British Pound, no sensitivity analysis was carried out (as opposed to the previous half-year report), as the budget amounts for 2017 already reflected the currency's trend;

The above, and the results of the work prove that there are no trigger events, therefore confirming the carrying amounts of goodwill and the absence of any relevant impairment losses at the date of this consolidated half-year report.

5. Non-recurring income/charges

Non-recurring charges at 30 June 2017 amounted to -€0.3 million, and refer to the expenses incurred in optimizing the Group's organizational structure, to charges from extraordinary transactions, and to other legal expenses for disputes settled in the period.

In the prior year, non-recurring charges had amounted to €24 thousand and referred to the combined effect of the financial recovery for excess payments made to INPS in prior years, and to the reimbursement of the INPS amount withheld from employees.

As in 1H16, there was no non-recurring income in the reporting period.

6. Income taxes

The table below shows the composition of taxes at 30 June 2017 and at 30 June 2016:

Description	30-June-17	30-June-16	Change	% change
IRAP	-147	-121	-26	21%
IRES and other income taxes	-374	-274	-100	37%
Prior-years' current taxes	41	-69	111	-160%
Other costs/tax recovery	-25	-30	5	
Deferred tax assets	-192	-66	-126	190%
Deferred tax liabilities	-9		-9	
Total	**-706**	**-561**	**-145**	**26%**

Deferred tax assets recognized in this Half-Year Financial Report amount to €5.3 million. Their movements are shown in the tables below:

Description	31-Dec.-16	Increases	Decreases	30-June-17
Deferred tax assets	5,467	35	-248	5,254
Total	**5,467**	**35**	**-248**	**5,254**

Description	30-June-17	30-June-16	Change	% change
Deferred tax assets	5,254	5,467	-213	-4%
Total	**5,254**	**5,467**	**-213**	**-4%**

The tax assets originate from:

- temporary differences recoverable over the following years for the write-down of receivables and the provision for risks and charges, and for all other adjustments made for tax purposes that will be recovered over the following years (€1.3 million), as well as temporary differences between financial statement figures and the amounts recognized for tax purposes.
- deferred tax assets of €4 million (down by €0.2 million versus 31 December 2016) were also recognized, on the forecast recovery of tax losses carried forward accrued in prior years.

The latest calculation was made at year-end 2016, revised on the basis of the first-half results versus the Budget, considering the actual possibility of generating positive future taxable income, as resulting from the forecasts on financial results envisaged in the plans approved by the meetings of the Board of Directors and also used, on preparing the 2016 financial statements, for the impairment tests. This calculation was made in accordance with the laws relating in particular to the possibility of fully recovering tax losses accrued by the Italian companies.

Mention should also be made that the DADA Group has accrued tax losses over the years for a total of €38.5 million, generated mostly by the Italian companies. Furthermore, under the Italian laws, tax losses can be fully carried forward indefinitely and up to 80% may be used each year. Deferred tax assets were determined, however, only on a portion of such losses equal to €16.4 million (approximately 40% of total losses).

Decreases refer to the recovery of the temporary differences in respect of the tax charge for the period, and to the use of the maximum coverage of up to 80% of taxable income generated by the Italian companies participating in the tax consolidation scheme in 1H17.

"Other movements" includes the tax effect of the 1H17 portion of the "Cash flow hedge reserve" and of the "Termination indemnity discounting reserve".

For further details on deferred tax assets, see the Directors' Report.

7. Non-current assets held for sale

There are no assets held for sale in this Half-Year Financial Report.

8. Other items of the comprehensive income statement

The table below shows the composition of other items of comprehensive income at 30 June 2017 and at 30 June 2016. These items classify the items recognized directly in equity as seen in the movements table on page 38:

Description	30/06/2017			30/06/2016		
	Gross amount	Tax (burden)/benefit	Net amount	Gross amount	Tax (burden)/benefit	Net amount
Gains/(losses) from cash flow hedge instruments	6	-1	5	-43	12	-31
Gains/(losses) from discounting of termination indemnities	-	-	-	-52	12	-39
Gains/(losses) from the translation of foreign currency financial statements	-1,063	-	-1,063	-5,236	-	-5,236
Total other gains/(losses)	**-1,057**	**-1**	**-1,058**	**-5,331**	**24**	**-5,307**

9. Other intangible assets

The table below shows the movements in other intangible assets from 31 December 2016 to 30 June 2017:

Description	31/12/16	Increases	Decreases	Other mvmts.	Exchange diff.	Amortization	30/06/17
Goodwill	79,411	-			-1,071		78,340
Total goodwill	***79,411***	**-**	**-**	**-**	***-1,071***	**-**	***78,340***
Internal development	4,887	1,097	-	-	-4	-1,164	4,816
Concessions, licenses, brands	15	1	-	-11	0	-1	4
Other	312	6	-	11	0	-86	243
Rights and patents		0			0		0
Total intangible assets	***5,214***	***1,104***	**-**	**-**	***-4***	***-1,251***	5,063
Total	**84,625**	**1,104**	**-**	**-**	**-1,075**	**-1,251**	**83,520**

Increases in intangible assets in 1H17 amounted to approximately €1.1 million, down by approximately 14% versus Group investments of approximately €1.4 million in 1H16.

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

More specifically, these activities in 1H17 referred to:

- the gradual implementation of SPID services, the series of implementations for servers & cloud stores, and the new Linus Hosting solutions.

Other increases in intangible assets refer to software purchases made in the reporting period.

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

Exchange differences cover the changes in intangible assets contributed by foreign companies due to exchange rate fluctuations; the main impact came from Namesco and Poundhost goodwill (€1.1 million), due to the depreciation of the British Pound against the Euro mainly in 2Q17. Goodwill is dealt with in section 6 of these notes.

10. Property, plant and equipment

The table below shows the movements in property, plant and equipment from 31 December 2016 to 30 June 2017:

Description	31/12/16	Increases	Decreases	Other mvmts.	Exchange diff.	Amortization	30/06/17
Plant and EDP machines	8,252	1,083	-3	-	-96	-1,619	7,617
Furniture and fittings	105	28	-	-	-	-25	108
Other	258	11	-	-	-2	-28	239
TOTAL	**8,615**	**1,122**	**-3**	**-**	**-98**	**-1,672**	**7,965**

Increases in tangible assets in 1H17 amounted to €1.1 million versus €1.6 million in 1H16, dropping by approximately 29%.

Investments in plant and equipment solely concern 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 and other tangible assets includes expenses incurred in prior years for the new premises of the DADA Group's Italian and foreign companies. No significant increases or decreases were reported during the first half of the year. Here the main depreciation rate is 12%.

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 €1.4 million, was higher and refers to investments made in 1H17, 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.

11. Non-current financial assets

The table below shows the movements in non-current financial assets from 31 December 2016 to 30 June 2017.

Description	31-Dec.-16	Increases	Decreases	Other	30-June-17
Equity investments in associates	2,198	-	-	-	2,198
Other financial assets	335	-	-	-	335
Total	**2,533**	**-**	**-**	**-**	**2,533**

"Equity investments in associates" includes the amount of the 25% interest acquired in the share capital of 4W MarketPlace S.r.l. on 30 June 2015, following the transfer of the ProAdv/Simply BU to 4W. The amount booked is equal to the amount determined by a sworn appraisal prepared at transfer. The Company is valued using the equity method.

No changes were reported in the amount of this item in 1H17.

As explained in the financial statements at 31 December 2016, to which reference is made, the Directors had tested the amount of the investment for impairment. Based on the preliminary results for 1H17 disclosed by the investee, the Directors deemed it unnecessary to update the valuation made in the annual financial statements.

Other financial assets include security deposits issued by the Group to various service providers, as well as the escrow deposit (50% short-term, 50% long-term) for the acquisition of Sfera Networks.

12. Trade and other receivables

The table below shows the composition of trade and other receivables at 30 June 2017 and at 31 December 2016:

Description	**30-June-17**	**31-Dec.-16**	**Change**	**% change**
Trade receivables	8,464	7,480	984	13%
Provision for doubtful accounts	-3,340	-3,292	-48	1%
Total trade receivables	**5,124**	**4,187**	**936**	**22%**
Tax receivables	1,311	830	482	58%
Other receivables	2,768	2,165	603	28%
Prepayments	2,338	2,290	49	2%
Total other receivables	**6,418**	**5,285**	**1,133**	**21%**
Total	**11,542**	**9,472**	**2,070**	**22%**

Consolidated trade and other receivables at 30 June 2017 amounted to €11.5 million, net of the provision for doubtful accounts, increasing by 22% versus €9.5 million at 31 December 2016. 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.

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

In 1H17, the provision for doubtful accounts increased by approximately €51 thousand, 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 customers, referring mainly to Register.it S.p.A. and for the remaining part to Poundhost.

The provision, which amounted to €3.3 million at 30 June 2017, was deemed sufficient to cover potential losses on trade receivables for the DADA Group.

"Other receivables" includes, among other items, deposits with domain registration authorities, amounting to approximately €1.2 million (€1.3 million at end 2016) and receivables for contractual down payments with various suppliers.

Tax receivables consist mainly of advances paid on direct taxes by various Group companies, and of withholding and other tax credits.

Prepayments refer to service costs pertaining to periods beyond the year end.

13. Cash and cash equivalents and net debt

The consolidated net debt of the DADA Group at 30 June 2017 amounted to -€26.1 million (-€29.5 million at 31 December 2016), the sum of cash and cash equivalents of €7.4 million (€5.1 million at 31 December 2016), bank loans and borrowings of -€33.3 million (-€34.4 million at 31 December 2016), and the negative effect of derivative differentials of approximately €0.2 million (in line with 31 December 2016).

Total liquidity comprises liquidity at major banks, cash on hand and current financial receivables (due within 12 months). Details on this item are found in the Directors' Report, while its composition is shown in the table below:

Description	Balance at 30/06/17	Balance at 31/12/16	Change	% change
Bank and post office deposits	7,100	4,799	2,301	48%
Cash and valuables on hand	15	18	-4	-45%
Total cash and cash equivalents	**7,114**	**4,817**	**2,297**	**48%**
Non-current portion of other financial receivables	150	150		0%
Current portion of other financial receivables	150	150		0%
Total financial receivables	**300**	**300**	**-**	**0%**
Total	**7,414**	**5,117**	**2,297**	**45%**

The interest earned on Italian bank deposits, most of them held at two banks, is the three-month Euribor minus 0.1%-0.25%. Time deposits, amounting to €500 thousand, are a part of the non-current loan agreement with Unicredit, under which 10% is left deposited for a period of 12 months. The decrease in other financial receivables is explained by the cash-in last May of the instalment amount from the disposal of Moqu Adv. in 2015 (earn-out). The cash-in accordingly increased bank deposits.

The table below shows cash and cash equivalents and the movements of loans and borrowings from 31 December 2016 to 30 June 2017:

Description	Balance at 31/12/16	Increases	Decreases	Other changes	Balance at 30/06/17
PAYABLES					
Banks - non-current	27,312	140	- 2,436	- 10	25,006
Other non-current financial payables	1,150				1,150
Total non-current financial payables	**28,462**	**140**	**- 2,436**	**- 10**	**26,156**
Account overdrafts	-	366	-	-	366
Banks - current	5,799	2,652	- 1,812	- 22	6,617
Other payables	150	-	-	-	150
Total current financial payables	**5,949**	**3,018**	**- 1,812**	**- 22**	**7,133**
Grand total	**34,411**	**3,158**	**- 4,248**	**- 32**	**33,288**

The DADA Group's non-current loan agreements are those entered into to finance the acquisitions made over the last few years, the investment in the new Datacenter of Namesco ltd, and the finance leases by Register.it and Poundhost.

Some of these loans were renegotiated in December 2016; the relevant information is found in the financial statements at 31 December 2016 and in the section on the Financial Position in the Directors' Report.

Details on loans currently held by the DADA Group at 30 June 2017 are found in the 2016 financial statements. Changes in 1H17:

Increases:

- Banks and leasing companies for medium/long-term loans:

  New finance lease of €0.1 million concluded with DELL Finance Lease;

- Banks and leasing companies for loans - current portion

  Reclassification to the current portion for €2.5 million of outstanding medium/long-term loans held mainly with Banca IMI of €1.0 million, with Cariparma of €0.6 million, and with Iccrea of €0.3 million.

Decreases:

- Banks and leasing companies for medium/long-term loans:

  Reclassification from the non-current to the current portion for €2.5 million of outstanding medium/long-term loans held mainly with Banca IMI of €1.0 million, with Cariparma of €0.6 million, and with Iccrea of €0.3 million.

- Banks and leasing companies for loans - current portion

Repayment for a total of €1.8 million, referring mainly to the two loans with Cariparma respectively of €0.5 million and €0.6 million, and to the instalments of the loan with Banca Sella of €0.2 million.

For further information on DADA Group liquidity and debt in 1H17, see the analysis contained in the Directors' Report and the details appearing in the cash flow statement.

14. Trade and other payables

The table below shows the composition of trade and other payables at 30 June 2017 and at 31 December 2016:

Description	30-June-17	31-Dec.-16	Change	% change
Trade payables	6,833	6,788	45	1%
	6,833	**6,788**	**45**	**1%**
Taxes payable	3,117	2,169	948	44%
	3,117	**2,169**	**948**	**44%**
Other payables	3,996	3,600	396	11%
Due to social security institutions	532	520	12	2%
Deferred income	15,472	14,062	1,409	10%
	20,000	**18,182**	**1,817**	**10%**
Total	**29,950**	**27,139**	**2,810**	**10%**

"Trade payables" comprises the amounts regarding trade-related purchases and other types of costs for services directly linked to the Group's business. Trade payables at 30 June 2017 amounted to €6.8 million, basically in line with those at 31 December 2016.

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

Taxes payable, amounting to €3.1 million (€2.2 million at 31 December 2016 and €3.4 million at 30 June 2016), include withholding tax on salaries and the "14th month" bonus (*quattordicesima*) and consultants' pay for the month of June, and income taxes pertaining to the period. The latter consist mainly of IRAP (regional tax) for the Group's Italian companies and of local taxes for subsidiaries abroad.

"Other payables", amounting to €4 million (€3.6 million at end 2016), mainly comprises:

- bonus salaries due to employees (*tredicesima*), pay in lieu of holiday, bonuses and other amounts payable for a total of €1.9 million (€2.3 million at 31 December 2016). The decrease is also attributable to the release to the income statement of part of the assessments (for the untaken portion) of the prior year referring to 2016 premiums paid in May 2017;

- deferred income of €15.5 million (€14 million at 31 December 2016), originating from the accrual accounting of contract revenue on domain and hosting, connectivity and other resale services pertaining to future periods after these half-year financial statements.

15. Provisions for payroll, risks and charges

The table below shows the movements in the provision for employee termination indemnities from 31 December 2016 to 30 June 2017:

Description	31-Dec.-16	Increases	Decreases	Reversal in the income statement	Other	Exchange differences	30-June-17
Provision for termination indemnities	789	134	-23	-15	-117	-	768
Total	**789**	**134**	**-23**	**-15**	**-117**	**0**	**768**

At 30 June 2017, the provision for termination indemnities (or TFR, *trattamento di fine rapporto*) amounted to €0.8 million, and covers the liability accrued to employees, in accordance with the current law and the collective employment contract. “Other movements” refers to payments made to INPS (Italian Social Security), while the "Discounting TFR" column shows the assessment of the provision for termination indemnities in accordance with IAS 19; as required by the standard, 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 for liabilities accrued.

The table below shows the movements in the provision for risks and charges from 31 December 2016 to 30 June 2017:

Description	Balance at 31/12/2016	Increase for the period	Utilizations for the period	Recognition in the income statement	Exchange difference	Balance at 30/06/2017
Provision for risks and charges	229	199	-35	-10	-0,5	383
Total	**229**	**199**	**-35**	**-10**	**-0,5**	**383**

At 30 June 2017, these amounted to €0.4 million and covered potential liabilities from pending contractual and legal disputes.

Increases in 1H17 refer to severance assessments to be settled in the coming months this year.

Utilizations in the period refer to severance for employees and to the settlement of a number of minor legal disputes.

No detailed information is given on the specific positions covered, in order not to prejudice the outcome of proceedings.

16. Share-based payments

Mention should be made that the 2014-2016 Stock Option Plan, expiring on 19 December 2019 with no. 615,000 options at the date of this financial report, granted at a strike price of €3.596 per share, is currently vested, having achieved its performance condition.

The 2017-2019 Stock Option Plan, issued in January 2017 with a total of no. 950,000 options granted and a strike price of €2.24 per share, contains performance conditions that are subject to the achievement of pre-established business results for the options to be considered vested, as well as acceleration clauses in the event of certain situations, such as extraordinary transactions (including change of control or the start of any procedure that may lead to the delisting of the Company).

The fair value of the options of the 17-19 Plan, determined by an independent actuary under IFRS 2, amounts to 0.9865 per share, with an income statement effect on these half-year financial statements of Euro 120 thousand (while the final part of the 14-16 Plan had an impact of €47 thousand in the first quarter of the year).

Further information on the Stock Option Plans and the share-based payments is found in the financial statements at 31 December 2016, specifically in the Directors' Report, as well as in the press releases and the information documents disclosed on these incentive plans.

17. Changes in equity reserves

At 30 June 2017, DADA S.p.A.'s share capital was formed of 16,680,069 ordinary shares with a par value of €0.17 each, for a total of €2,836 thousand. There were no increases in 1H17.

Movements in equity items in 1H17 are found in the statements on page 38.

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

Share premium reserve: this is a capital reserve generated by contributions from shareholders. There is no specific limit on its use, once the legal reserve has reached one fifth of the share capital. At 30 June 2017, it had a balance of approximately €33.1 million. There were no increases in 1H17.

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 30 June 2017, it had a balance of approximately €1 million. There was no change versus the prior year.

Other reserves: amounting to €9.3 million at 30 June 2017, unchanged versus the end of the prior year. The amount comprises the following reserves:

- *FTA reserve:* built for the first-time adoption of IFRS, it had a negative balance of -€6.2 million;
- Extraordinary Reserve of €19.1 million;
- *Other reserves:* amounting to €6.3 million 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;
- *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 €14 thousand at 30 June 2017, in line with the prior year;
- Termination indemnity discounting reserve: it includes the effects on termination indemnities in accordance with IAS 19; net of tax effects, it amounted to €0.1 million at 30 June 2017, in line with the figure at 31 December 2016;
- 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 30 June 2017 of -€9.7 million (up by approximately €1 million at 31 December 2016, due mainly to the depreciation of the British Pound).

Other equity instruments: this item includes payroll costs accrued from the stock option plans issued by the Group (under IFRS 2). At 30 June 2017, it had a balance of €0.6 million versus €0.5 million at 31 December 2016. Increases in the year refer to the portion of costs for the stock option plans in place, recognized in the income statement.

Profit carried forward: amounting to €5.2 million at 30 June 2017, it includes all the profit of prior years accrued by the DADA Group. The item increased by €0.2 million versus the prior year following allocation of the result achieved in 2016;

Profit for the year: it includes the profit of €1.3 million achieved by the DADA Group in 1H17.

18. 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, with Orascom Group companies (Libero Acquisition S.à r.l., an Orascom Group company, owns 69.432% of the share capital of DADA S.p.A.), and with the associate 4W MarketPlace S.r.l..

The following table shows the assets, liabilities, costs and income between the DADA Group and related parties in 1H16, excluding intercompany transactions, which are eliminated in the interim consolidated financial statements.

DADA Group's transactions with Orascom Group companies and with the associate 4W MarketPlace, 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, all held at arm's length. Mention should be made that the DADA Group holds business relations with Italiaonline S.p.A., also controlled by Libero Acquisition S.à r.l., and with some of its subsidiaries, which go back many years before these companies joined the Orascom Group (such as, for example, the domain provision agreement initially concluded with Seat PG, which subsequently merged with Italiaonline). The DADA Group provides its former subsidiary Moqu Adv S.r.l. and its associate 4W MarketPlace S.r.l. with certain IT, office and corporate services, again at arm's length.

Company	Trade receivables	Trade payables	Revenue	Costs
Orascom Group	465	- 2	641	- 548
4W MarketPlace S.r.l.	34	- 1	53	- 2
TOTAL	**499**	**- 3**	**694**	**- 550**

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 this regard the parent, DADA S.p.A., acts as centralized treasury for the main Group companies.

The DADA Group has opted for tax consolidation, with the participation of the Parent Company DADA S.p.A. (consolidating company), the subsidiaries Clarence S.r.l., Register.it S.p.A. and Fueps S.r.l. (consolidated companies).

The Parent Company DADA S.p.A. handles group VAT for Register.it S.p.A. and Clarence S.r.l..

In accordance with IAS 24, the Group's directors have been identified as key management personnel, and their remuneration in 1H17 is shown below.

Description	30/06/2017		
	Service costs	Payroll costs	Other equity instruments
Board of Directors – fees	55	-	-
Board of Statutory Auditors - fees	23	-	-
CEOs and General Managers – other compensation	50	447	160
Total related parties	**148**	**447**	**160**

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

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

Description	30/06/17	30/06/16
Change in net financial position	3,419	2,083
Change in medium/long-term loans	-2,306	-3166
Change in non-cash derivatives	1	28
Earn-out Moqu and Etinet		910
Change in cash and cash equivalents per cash flow statement	**1,114**	**-144**

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.

The prior year was marked by the completion (including financially) of the extraordinary transactions, which had offered a different picture of NFP at a cash and cash equivalents level.

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

20. Commitments

The table below shows changes in commitments from 31 December 2016 to 30 June 2017:

Description	Balance at 31/12/2016	Increase for the period	Decreases for the period	Other changes	Balance at 30/06/2017
Guarantees	3,399	396	-352	-	3,443
Total	**3,399**	**396**	**-352**	**-**	**3,443**

Increases:

The main increases regarded:

A guarantee of €396 thousand issued by Monte dei Paschi di Siena in favour of the new owners of the property hosting the Florence HQ.

Decreases:

The main decreases regarded:

Maturity of the previous guarantee of €352 thousand issued in favour of the owners of the property hosting the Florence HQ;

Other changes:

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

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

Florence, 27 July 2017

For the Board of Directors

The Chief Executive Officer
Claudio Corbetta

ANNEX 1

RECLASSIFIED CONSOLIDATED PROFIT/LOSS STATEMENT AT 30 JUNE 2017

EUR/000	30-June-17 6 months		30-June-16 6 months		DIFFERENCE	
	Amount	% of	Amount	% of	Absolute	%
Net revenue	**35,031**	**100%**	**32,807**	**100%**	**2,224**	**7%**
Chg. in inventories & inc. in own wk. capitalized	1,088	3%	1,191	4%	-103	-9%
Service costs and other operating expenses	-19,161	-55%	-18,207	-55%	-954	5%
Payroll costs	-10,348	-30%	-9,850	-30%	-498	5%
EBITDA	**6,610**	**19%**	**5,942**	**18%**	**669**	**11%**
Depreciation and amortization	-2,921	-8%	-3,182	-10%	261	-8%
Non-recurring income/(charges)	-294	-1%	-24	0%	-270	1142%
Impairment losses and other provisions	-61	0%	-150	0%	89	-59%
EBIT	**3,335**	**10%**	**2,586**	**8%**	**748**	**29%**
Financial income	83	0%	206	1%	-123	-60%
Financial charges	-1,377	-4%	-1,783	-5%	406	-23%
Other income/(charges) from financial assets and liabilities	0	0%	-1	0%	1	-100%
Comprehensive profit/(loss) before taxes	**2,041**	**6%**	**1,009**	**3%**	**1,032**	**102%**
Income taxes	-706	-2%	-561	-2%	-145	26%
Group net profit/(loss)	**1,335**	**4%**	**448**	**1%**	**887**	**198%**

ANNEX 2

RECLASSIFIED CONSOLIDATED PROFIT/LOSS STATEMENT AT 30 JUNE 2017

EUR/000	2Q17		2Q16		DIFFERENCE	
	Amount	% of	Amount	% of	Absolute	%
Net revenue	**17,046**	**100%**	**15,966**	**100%**	**1,080**	**7%**
Chg. in inventories & inc. in own wk. capitalized	537	3%	603	4%	-65	-11%
Service costs and other operating expenses	-9,229	-54%	-8,726	-55%	-502	6%
Payroll costs	-4,917	-29%	-4,875	-31%	-42	1%
EBITDA	**3,438**	**20%**	**2,967**	**19%**	**470**	**16%**
Depreciation and amortization	-1,495	-9%	-1,613	-10%	118	-7%
Non-recurring income/(charges)	-217	-1%	-24	0%	-193	817%
Impairment losses and other provisions	-61	0%	-140	-1%	79	-57%
EBIT	**1,665**	**10%**	**1,191**	**7%**	**474**	**40%**
Financial income	48	0%	119	1%	-72	-60%
Financial charges	-715	-4%	-818	-5%	103	-13%
Other income/(charges) from financial assets and liabilities	0	0%	0	0%	0	
Comprehensive profit/(loss) before taxes	**997**	**6%**	**492**	**3%**	**505**	**103%**
Income taxes	-357	-2%	-184	-1%	-173	94%
Group net profit/(loss)	**640**	**4%**	**308**	**2%**	**332**	**108%**

ANNEX 3

DADA GROUP NET WORKING CAPITAL AND NET FINANCIAL POSITION AT 30 JUNE 2017

EUR/000	30-June-17	31-Dec.-16	DIFFERENCE	
			Absolute	%
Fixed assets	**93,750**	**95,623**	**-1,873**	**-2%**
Current operating assets	18,745	14,969	3,777	25%
Current operating liabilities	-31,897	-27,139	-4,757	18%
Net working capital	**-13,151**	**-12,170**	**-981**	**7%**
Provision for termination indemnities	-747	-789	42	-5%
Provision for risks and charges	-383	-229	-153	67%
Other liabilities due beyond one year	-	-	-	-
Net capital employed	**79,469**	**82,435**	**-2,965**	**-4%**
Non-current financial receivables	150	150	-	-
Non-current financial payables and derivatives	-26,284	-28,623	2,340	-8%
Equity	**-53,363**	**-52,910**	**-453**	**1%**
Current bank debt	-6,983	-5,801	-1,182	20%
Current financial receivables and derivatives	152	151	1	1%
Current financial payables and derivatives	-256	-219	-37	17%
Cash and cash equivalents	7,114	4,817	2,297	48%
Current net financial position	**27**	**-1,052**	**1,079**	**-103%**
Total net financial position	**-26,107**	**-29,525**	**3,418**	**-12%**

ANNEX 4

DADA Group scope of consolidation at 30 June 2017

Name	Registered Office	Curren cy	Share Capital	Company held by	% held	Consolidation period
DADA S.p.A. (Parent)	**Florence**	**Euro**	**2,835,612**	**Parent**		**Jan.-June 2017**
Agence des Medias Numerique Sas	Paris	Euro	37,000	Register.it S.p.A.	100	Jan.-June 2017
Amen Nederland B.V.	Amsterdam	Euro	18,000	Register.it S.p.A.	100	Jan.-June 2017
Amenworld Servicios internet	Lisbon	Euro	10,000	Register.it S.p.A.	100	Jan.-June 2017
Clarence S.r.l.	Florence	Euro	21,000	DADA S.p.A.	100	Jan.-June 2017
Fueps S.p.A.	Florence	Euro	10,000	DADA S.p.A.	100	Jan.-June 2017
Namesco Inc.	New York	USD	1,000	Namesco Ltd.	100	Jan.-June 2017
Namesco Ltd.	Worcester	GBP	100	Register.it S.p.A.	100	Jan.-June 2017
Namesco Ireland Ltd	Dublin	Euro	1	Namesco Ltd.	100	Jan.-June 2017
Nominalia Internet S.L.	Barcelona	Euro	3,000	Register.it S.p.A.	100	Jan.-June 2017
Poundhost Internet Ltd	Worcester	GBP	200	Namesco Ltd.	100	Jan.-June 2017
Register.it S.p.A.	Florence	Euro	8,401,460	DADA S.p.A.	100	Jan.-June 2017
Simply Virtual Servers Limited	Worcester	GBP	2	Namesco Ltd.	100	Jan.-June 2017
Simply Transit Limited	Worcester	GBP	2	Namesco Ltd.	100	Jan.-June 2017
4W MarketPlace S.r.l.*	Fisciano (SA)	Euro	22,436	Register.it S.p.A.	25	Jan.-June 2017
Etinet S.r.l.	Savigliano (CN)	Euro	22,000	Register.it S.p.A.	100	Jan.-June 2017
Sfera Networks S.r.l.	Bergamo	Euro	50,000	Register.it S.p.A.	100	Jan.-June 2017

*Consolidated at equity

DADA S.p.A.
Viale della Giovine Italia 17 - 50122 Firenze - Italy
Tel. +39 055 200211 Fax +39 055 20021550

Certification of the Condensed Half-Year Financial Statements at 30 June 2017 of DADA S.p.A. (pursuant to Article 154-bis of Legislative Decree No. 58/98)

- The undersigned, Claudio Corbetta, as Chief Executive Officer of DADA S.p.A., and Federico Bronzi, as Financial Reporting Manager of DADA S.p.A., hereby certify, also with due regard to the provisions of Article 154-bis (paragraphs 3 and 4) of Legislative Decree No. 58 dated February 24, 1998:
  - the adequacy in relation to the Company's characteristics, and
  - the actual application

  of administrative and accounting procedures during the period from 1 January 2017 to 30 June 2017 for the preparation of the Condensed Half-Year Financial Statements approved by the Board of Directors on 27 July 2017.

- We also certify that:

1. the Condensed Half-Year Financial Statements at 30 June 2017 of DADA S.p.A.:
   a) have been prepared in accordance with the applicable IFRS endorsed by the European Union pursuant to (EC) Ruling no. 1606/2002 of the European Parliament and Council of July 19, 2002;
   b) correspond to the Company's records, ledgers and accounting entries;
   c) provide a true and fair view of the assets, liabilities, financial position and results of operations of the Issuer and all the companies included in the consolidation;

2. the Interim Directors' Report contains a reliable analysis of the references to the significant events in the first six months of the year and their impact on the Condensed Half-Year Financial Statements, together with a description of the main risks and uncertainties for the remaining six months of the year. It also contains a reliable analysis of the information on significant related party transactions.

Florence, 27 July 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
N.ro iscrizione al Registro delle Imprese di Firenze e codice fiscale: 04628270482
Numero REA: 467460

KPMG

Gruppo DADA

Bilancio consolidato semestrale abbreviato al 30 giugno 2017

(con relativa relazione della società di revisione)

KPMG S.p.A.

2 agosto 2017

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 di revisione contabile limitata sul bilancio consolidato semestrale abbreviato

Agli Azionisti di
DADA S.p.A.

Introduzione

Abbiamo svolto la revisione contabile limitata dell'allegato bilancio consolidato semestrale abbreviato, costituito dai prospetti dell'utile/(perdita), della situazione patrimoniale-finanziaria, delle altre componenti di conto economico complessivo, delle variazioni di patrimonio netto, dei flussi finanziari e dalle relative note illustrative, del Gruppo DADA al 30 giugno 2017. Gli amministratori sono responsabili per la redazione del bilancio consolidato semestrale abbreviato in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea. E' nostra la responsabilità di esprimere una conclusione sul bilancio consolidato semestrale abbreviato sulla base della revisione contabile limitata svolta.

Portata della revisione contabile limitata

Il nostro lavoro è stato svolto secondo i criteri per la revisione contabile limitata raccomandati dalla Consob con Delibera n. 10867 del 31 luglio 1997. La revisione contabile limitata del bilancio consolidato semestrale abbreviato consiste nell'effettuare colloqui, prevalentemente con il personale della società responsabile degli aspetti finanziari e contabili, analisi di bilancio ed altre procedure di revisione contabile limitata. La portata di una revisione contabile limitata è sostanzialmente inferiore rispetto a quella di una revisione contabile completa svolta in conformità ai principi di revisione internazionali (ISA Italia) e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti significativi che potrebbero essere identificati con lo svolgimento di una revisione contabile completa. Pertanto, non esprimiamo un giudizio sul bilancio consolidato semestrale abbreviato.

Conclusioni

Sulla base della revisione contabile limitata svolta, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che il bilancio consolidato semestrale abbreviato del Gruppo DADA al 30 giugno 2017 non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

Firenze, 2 agosto 2017

KPMG S.p.A.

Alberto Mazzeschi
Socio