



# DADA GROUP CONSOLIDATED QUARTERLY REPORT AT 30 SEPTEMBER 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

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## CORPORATE OFFICERS

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

### BOARD OF DIRECTORS

Fabio Ceccarelli <sup>1</sup>	Chairman
Claudio Corbetta <sup>2</sup>	Chief Executive Officer
Lorenzo Lepri <sup>3</sup>	General Manager
Andrea Goretti <sup>11</sup>	Director
Wafaa Mobarak <sup>11</sup>	Director
Onsi Naguib Sawiris <sup>11</sup>	Director
Maurizio Mongardi <sup>6</sup>	Director
Sofia Maroudia <sup>4, 5, 6, 7</sup>	Director
Barbara Adami Lami <sup>4, 5, 6, 7, 10</sup>	Director
Carolina Gianardi <sup>4, 5, 7, 8, 9</sup>	Director
Cristiano Esclapon <sup>7</sup>	Director
Ayman Soliman <sup>11</sup>	Director
Tarek Morshed <sup>11</sup>	Director

<sup>1</sup> Co-opted as Director of the Company during the meeting of the Board of Directors held on 27 July 2017 and appointed, on the same date, Chairman of the Board of Directors following the resignation of Karim Beshara through letter dated 20 July 2017 effective as from the end of the above meeting.

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

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

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

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

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

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

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

<sup>9</sup> Appointed Chairman of the Control and Risk Committee and of the Committee for Related Party Transactions during the meeting of the Board of Directors held on 13 May 2015.

<sup>10</sup> Appointed Chairman of the Compensation and Nominations Committee during the meeting of the Board of Directors held on 13 May 2015.

<sup>11</sup> Directors co-opted during the meeting of the Board of Directors held on 27 July 2017 following the resignation of Directors Fadi Antaki, Bassem Youssef, Ragy Soliman, Sophie Surssock, and Philip Tohme through letter dated 20 July 2017 effective as from the end of the above meeting.

### BOARD OF STATUTORY AUDITORS

Massimo Scarpelli <sup>12</sup>	Chairman Board of Statutory Auditors
Maria Stefania Sala <sup>12</sup>	Standing Auditor
Massimo Foschi <sup>12</sup>	Standing Auditor
Elisabetta Claudia De Lorenzi <sup>13</sup>	Alternate Auditor
Manfredi Bufalini <sup>13</sup>	Alternate Auditor

<sup>12</sup> Standing Auditor appointed during the AGM held on 28 April 2015.

<sup>13</sup> Alternate Auditor appointed during the AGM held on 28 April 2015.

### EXTERNAL AUDITORS

KPMG S.p.A.

## DADA STOCK MARKET PERFORMANCE

In 9M17, the share of DADA, listed on the MTA market of the Milan Stock Exchange (STAR segment), maintained a **bullish trend**, with an overall **growth** of **+38%**, increasing from €3.07 (official price at 30 December 2016) to €4.22 (official price at 30 September 2017), with **total volumes of trade of 19.6 million** shares for an average daily value of approximately €414 thousand. In 9M16, total volumes of trade reached 3 million shares, with average daily volumes of approximately 15,731 shares. The performance in 2016 was basically at breakeven. In 9M17, Italian stock exchange indices were on the upside, the Mid and Small Cap segment in particular. As for DADA, the share posted a **positive relative performance of +50%** versus the **FTSE Italia STAR** index. Both indices recorded an increase of **+49.92%** respectively in the reporting period.

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.

Share and stock market indicators at 30 September 2017

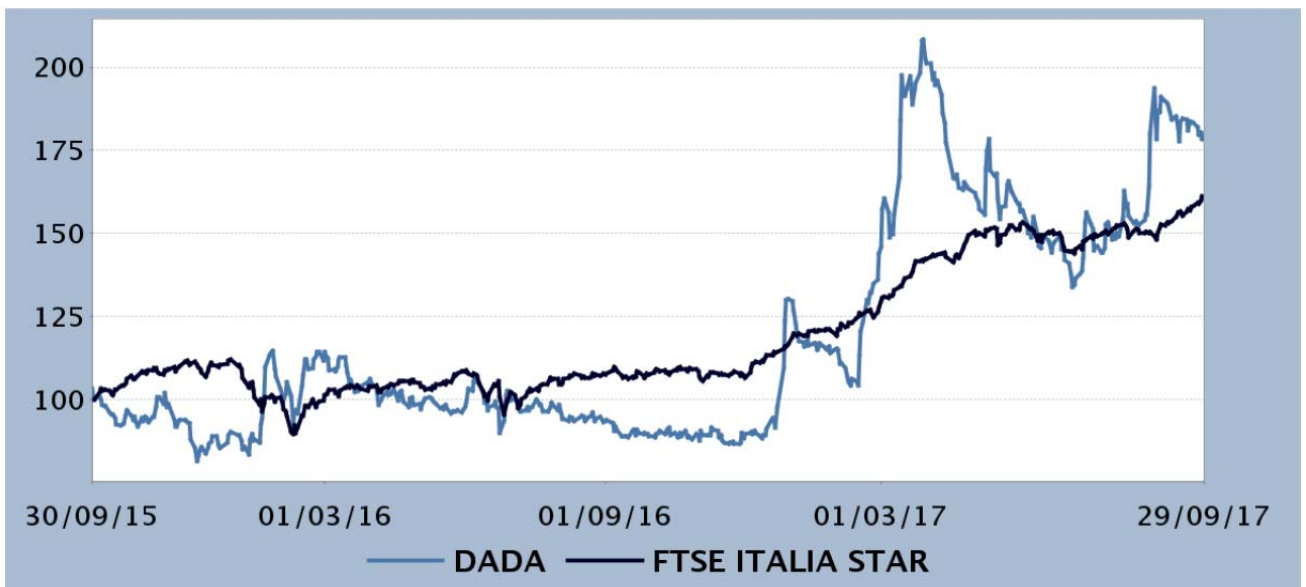
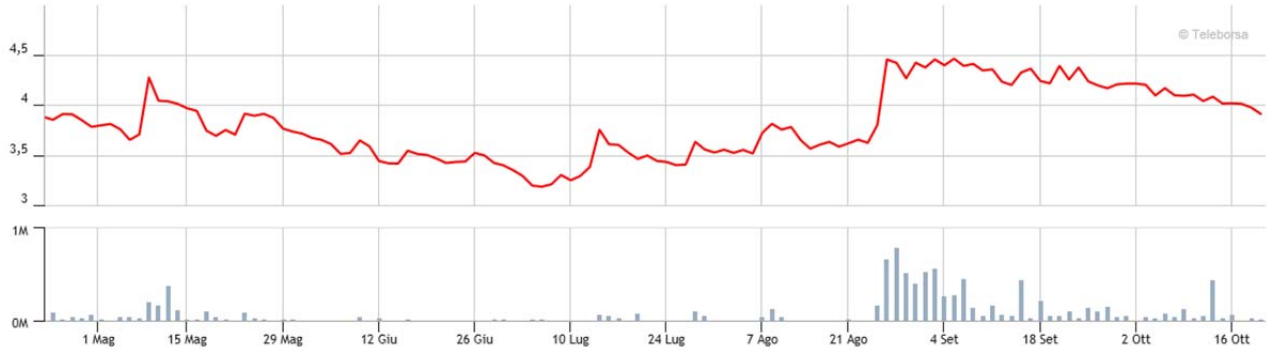
DADA SHARE STATISTICS		30 SEPTEMBER 2017	
Official price at 30 September 2017	€	4.224	
Average Price <sup>1</sup>	€	4.03	
Maximum Price	€	5.10 (29 March 2017)	
Minimum Price	€	2.43 (14 February 2017)	
Average daily volume (no. of shares traded)	no.	102,690	
Average daily volume in Euro <sup>2</sup>	€	413,845	
Total volumes 9M17 (no. of shares traded)	no.	19.6 million	
Number of issued ordinary shares at 30 September 2017	no.	16,680,069	
Market capitalization at 30 September 2017	€	70.5 million	

<sup>1</sup> Average price calculated on the average official prices recorded at the close of trading days in 1Q17

<sup>2</sup> Average daily volumes in Euro, calculated on the official prices recorded at the close of trading days in 1Q17

### DADA SHARE PERFORMANCE - OFFICIAL PRICES AND VOLUMES IN 9M17

The following charts show the performance of the DADA share in 9M17, highlighting the trading volumes and its performance versus the FTSE Star index:



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

## DADA GROUP FINANCIAL HIGHLIGHTS

### CONSOLIDATED INCOME STATEMENT (9 MONTHS)

(€mn)	30/09/2017	30/09/2016	Total difference	% difference
Revenue	50.9	47.7	3.2	7%
EBITDA*	9.8	8.2	1.6	19%
Depreciation and amortization	-4.4	-4.7	0.3	-7%
Non-recurring charges and other impairment	-0.3	-0.3	-0.1	23%
EBIT	5.0	3.2	1.8	57%
Group net profit/(loss)	2.1	0.2	1.9	982%

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

### CONSOLIDATED INCOME STATEMENT (3 MONTHS)

(€mn)	3Q17	3Q16	Total difference	% difference
Revenue	32.9	30.9	2.1	7%
EBITDA*	6.6	5.2	1.4	27%
Depreciation and amortization	-2.9	-3.1	0.2	-5%
Non-recurring charges and other impairment	-0.3	-0.3	0.0	-1%
EBIT	3.4	1.8	1.6	85%
Group net profit/(loss)	1.4	0.1	1.3	2591%

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

## Consolidated Balance Sheet and Financial Position at 30 September 2017

(€mn)	30/09/2017	31/12/2016	Total difference	% difference
Fixed assets	92.8	95.6	-2.8	-3%
Net Working Capital	-13.3	-12.2	-1.1	9%
Net Capital Employed	78.6	82.4	-3.9	-5%
Equity	54.1	52.9	1.2	2%
Cash and cash equivalents	-1.0	-1.0	0.0	-4%
Total Net Financial Position	-24.5	-29.5	5.0	-17%
Cash flow from operating activities of cash and cash equivalents*	8.3	6.2	2.1	34%
Total cash flow of cash and cash equivalents*	0.0	0.6	-0.5	-95%
Number of employees	423	445	-22	-5%

\* including taxes and financial charges paid. Cash flows are compared versus the 9 months of the prior year

## DIRECTORS' REPORT

### INTRODUCTION

The Quarterly Financial Report at 30 September 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. It satisfies the provisions of Issuer Regulations no. 11971 of 14 May 1999, as subsequently 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 Sfera Networks S.r.l., specialized in Virtual Hosting and Network & Private Cloud services. The investment is fully consolidated as from 1 July 2016; as a result, 1H16 had no financial benefit from this company.

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

### DADA GROUP PROFILE

DADA S.p.A. - listed on the STAR segment of the MTA managed by the Milan Stock Exchange - 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 is basically organized around a single business unit falling under the "Domain & Hosting" division ("D&H"). It operates on the European market with a suite of products covering the entire value chain of the D&H segment: domain name registration and management, email, shared hosting, services for the development and management of web and e-commerce sites, online brand protection (OBP), virtual and dedicated server solutions, network & private cloud and IT Managed services.

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 Quarterly 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 DADA Group. As the composition of EBITDA and other alternative performance indicators is not governed by the relevant accounting standards, the DADA Group's calculation method may differ from the one used by other entities and may therefore make comparisons unreliable.

As for the composition of the alternative performance indicators, details are also found in the consolidated financial statements at 31 December 2016.

## PERFORMANCE REVIEW

### Results

In 9M17, the DADA Group achieved consolidated Revenue of €50.9 million, up by 7% versus €47.7 million achieved in 9M16. The Revenue performance reflects the adverse trend of the appreciation of the Euro against the British Pound, which produced a negative impact of €2.0 million versus 9M16, as well as the consolidation of the results of Sfera Networks S.r.l. as from 1 July 2016, which contributed €1.4 million to Revenue in 1H17.

Net of these effects, consolidated Revenue would have grown by 8% versus 9M16.

In 9M17, the DADA Group continued to strengthen its position in the European market of services for the **online 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**.

- The reporting period witnessed the continued effects of the **growth strategies**, focused mainly on initial offering campaigns aimed at acquiring further customer segments, which contributed to the strong **expansion of the customer base**, to the **consolidation of the market shares** in the major geographies, and to the **strengthening of operating profit**;
- Against an increasingly **challenging backdrop**, DADA continued to **expand its customer base**, topping the **650,000** mark and reporting a **6% increase YoY**. In 9M17, the number of new clients continued to grow, increasing by approximately **7%** versus 9M16;
- On the **domains front**, the stock of domains under management was approximately **1.85 million** at **30 September 2017**, basically in line with the same period last year, allowing the Group brands to **consolidate their position in the main geographies** of operation. **New registered domains** dropped by **15%** versus 9M16, due also to the customer acquisition strategy implemented to counter the negative impacts on margins from less profitable or non-strategic sales;
- In 9M17, 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. Additionally, the reporting period saw an **increase in revenue from renewals of main product lines**, with positive effects on the growth of gross margins,

thanks mainly to the rising trend of renewals of customers acquired through initial offering campaigns.

- DADA also continued to invest in customer development and support activities, by further optimizing the 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 positive customer satisfaction indices (NPS<sup>3</sup> and Satisfaction Score);
- In 9M17, DADA expanded its website building business, leveraging 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, mobile and e-commerce sites. In the reporting period, the presence was also strengthened in custom services for online brand protection (OBP);
- A further point worth mentioning was the growth of Cloud and Dedicated Server solutions, which rely mainly on the proprietary Datacenter both on the Italian market and in the rest of the target geographies, with particular regard to SSL products, which increased significantly versus 9M16, and to the contribution of Sfera Networks, acquired in July 2016 with the aim of consolidating the Group's position in providing IT Managed and tailor-made services.

From the start of 2017, the main releases of new solutions and development projects underway include:

- Regarding Server & Cloud services, 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;
- Developments continued on Website & Hosting services, which witnessed 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 Cloud services comply with the Data Protection Code of Conduct, which will come into force in May 2018.
- The launch at end July 2017 of SpidItalia, the digital identity service provided by Register.it, authorized by AGID to provide SPID (Public System for Digital Identity) credentials to citizens and businesses and allow a simple, single access to online services, thanks to its official accreditation as Identity Provider in Italy and to the ISO27001 and EIDAS certifications issued for compliance with the requirements set out by the European regulations in force.

Looking at the geographical breakdown of the DADA Group's consolidated Revenue, foreign-based activities contributed 52% to overall business in 9M17, dropping slightly versus

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<sup>3</sup> NPS: Net Promote Score

the percentage reported in 9M16 (55%), a result that confirms, however, the significant weight of international business in the overall development of the Group.

In 9M17, consolidated **EBITDA** achieved, before impairment losses and other non-recurring items, came to a positive €9.8 million (19% margin on consolidated revenue). The item grew by 19% versus €8.2 million in 9M16 (17% margin).

The EBITDA performance, as for consolidated revenue, reflects the adverse trend of the appreciation of the Euro against the British Pound, which accounted for approximately €0.4 million versus 9M16, as well as the consolidation of the results of Sfera Networks S.r.l. as from 1 July 2016, which contributed €0.4 million to the results of 1H17.

Looking at each line of the income statement:

- service costs in 9M17 amounted to €27.5 million, up by 3% versus €26.6 million in 9M16, representing 54% of revenue from 56%. Specifically, the cost of goods sold increased, due to the consolidation of Sfera Networks S.r.l. and to the promotional campaigns launched to offset the reduction in marketing costs (€3.9 million, down by 12% versus 9M16);

- payroll costs amounted to €15.2 million, up by 4% versus €14.6 million in 9M16, accounting for 30% of revenue versus 31%. The payroll costs trend is mainly attributable to the larger size of staff in the first part of the year, and to the consolidation of Sfera Networks S.r.l. (which contributed nine months to the 2017 results versus the three months in 2016); regarding, instead, the end-of-period figure, the headcount at 30 September 2017 was 423 versus 444 at 30 September 2016;

- "Change in inventories and increase in own work capitalized", amounting in 9M17 to €1.5 million, or 3.0% of consolidated revenue (down versus €1.7 million in 9M16, or 3.0% of revenue), consists of expenses incurred for the development of the proprietary platforms needed to launch and manage the services provided by the DADA Group.

In 9M17, the DADA Group achieved a positive **EBIT** of €5 million (10% of consolidated revenue), up by +57% versus a positive €3.2 million achieved in 9M16 (8% margin).

The improvement in EBIT, in addition to the abovementioned growth of EBITDA, is explained by the following elements:

- depreciation and amortization in 9M17 amounted to €4.4 million, accounting for 9% of revenue, down by 7% versus 9M16 (€4.7 million and 10% of revenue).

Depreciation and amortization at 30 September 2017 was composed as follows: €2.4 million in tangible assets (€2.5 million at 30 September 2016) and €1.9 million in intangible assets (€2.1 million in 9M16). The lower impact of depreciation and amortization over the period is mainly attributable to the tapering of investments made over the past three years, and to the resulting implementation of depreciation and amortization from the significant investments made in the construction of the proprietary Datacenter and in the internal development of proprietary platforms for the provision of its services.

- impairment losses, provisions and other non-recurring income/charges in the reporting period amounted to €0.3 million, in line with 9M16, and mainly included charges related to the efficiency of the organizational structure.

Overall **Financial Activities** (the net difference between financial income and charges, including the effects of forex movements) of the DADA Group came to -€1.9 million in 9M17 (-€1.7 million from financial charges and -€0.2 million from forex) versus -€2.3 million in 9M16 (-€2 million from financial charges and -€0.3 million from forex).

The trend in spreads and rates charged on the loans currently held by the Group was more favourable than in 9M16.

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

Overall financial charges, net of exchange losses, are broken down as follows:

- interest expense on medium/long-term loans, amounting to €0.6 million (€0.8 million in 9M16);
- interest owed on bank overdrafts and other bank commissions, amounting to €0.3 million, basically in line with 9M16;
- commissions on credit card payments, amounting to €0.8 million for both comparative periods;
- IRS derivative differentials regarding medium/long-term loans, amounting to -€78 thousand in 9M17 versus €81 thousand in 9M16.

There was no financial income worthy to report in the period under review, as in the prior year.

The overall tax burden in 9M17 came to €1.1 million, up versus -€0.7 million in 9M16.

Current tax amounted to €0.7 million versus €0.6 million in 9M16, while deferred tax impacted negatively with €0.4 million versus -€0.1 million in 9M16.

More specifically, current tax refers mainly to the tax burden on certain foreign-based companies, which show a positive pre-tax income of €0.4 million (versus €0.6 million in 2016), while IRAP and IRES paid by Italian companies in 9M17 amounted to €0.3 million, up versus €0.2 million in 2016.

The downtrend of deferred tax assets recognized in the statement of financial position in the reporting period (down from €5.5 million to €5.1 million) is explained partly by the reversal of prior-years' assessments on deferred tax assets, calculated on temporary differences, and partly by the use of such receivables to cover IRES taxable income for a number of Italian companies that contribute to the Group tax consolidation scheme. No additional reversals of deferred tax assets were recognized in the reporting period on tax losses borne by the DADA Group.

Mention should finally be made that the **DADA Group has accrued total tax losses of €37.9 million at 30 September 2017** (down from €38.9 million at 30 September 2016, as a result of the utilizations to cover taxable income), referring for the most part to the Italian companies, which may be carried forward indefinitely under the current laws for an amount equal to 80% of taxable income for each financial year.

In 9M17, the DADA Group's consolidated net profit came to a positive €2.1 million, up versus €0.2 million in 9M16.

The income statement at 30 September 2017, as in the prior year, does not include any non-controlling interests.

## PERFORMANCE BY BUSINESS SEGMENT

For operational purposes, the DADA Group is organized in a single business segment falling under the Domain & Hosting services. This is due to the fact that the current product lines related to the core business and corporate activities are completely integrated with each other; as a result, they no longer qualify as separate business segments under IFRS 8.

### Financial position

The table below shows the total Net Financial Position of the DADA Group at 30 September 2017 versus the position at 31 December 2016:

NET FINANCIAL POSITION				
EUR/000	30-Sept.- 17	31-Dec.- 16	DIFFERENCE	
			Absolute	%
Cash on hand	10	18	-9	-48%
Bank and post office deposits	6,444	4,799	1,645	34%
<i>Liquidity (A+B)</i>	<i>6,453</i>	<i>4,817</i>	<i>1,636</i>	<i>34%</i>
Time deposits and other receivables - non-current		150	-150	-100%
Time deposits and other receivables - current	150	150		0%
Current portion of derivatives	2	1	1	
<i>Financial receivables (D + E + F)</i>	<i>152</i>	<i>301</i>	<i>-149</i>	<i>-50%</i>
<b>Total Financial Assets (C+G)</b>	<b>6,605</b>	<b>5,118</b>	<b>1,487</b>	<b>29%</b>
Current credit lines and account overdrafts with banks	-25		-25	
Current bank borrowings	-7,383	-5,800	-1,583	27%
Other current financial payables	-150	-150	0	0%
Current portion of derivatives	-101	-69	-32	47%
<i>Current debt (I+L+M+N)</i>	<i>-7,659</i>	<i>-6,019</i>	<i>-1,640</i>	<i>27%</i>
Non-current bank borrowings	-22,325	-27,312	4,986	-18%
Other non-current financial payables	-1,000	-1,150	150	
Non-current portion of derivatives	-107	-162	55	100%
<i>Non-current debt (P+Q+R)</i>	<i>-23,432</i>	<i>-28,623</i>	<i>5,191</i>	<i>-18%</i>
<i>Total Financial Liabilities (O+S)</i>	<i>-31,091</i>	<i>-34,642</i>	<i>3,551</i>	<i>-10%</i>
<b>Cash and cash equivalents (C+I+L)</b>	<b>-955</b>	<b>-983</b>	<b>28</b>	<b>-3%</b>
<b>Total net financial position (H+T)</b>	<b>-24,486</b>	<b>-29,524</b>	<b>5,039</b>	<b>-17%</b>

At 30 September 2017, the DADA Group's total consolidated net financial position, which includes all short and medium/long-term funding and loans, came to -€24.5 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 -€1 million at 30 September 2017, in line with the figure recognized at 30 December 2016.

The trend of this item in 9M17 is explained by the cash flows generated in the period, which resulted in an increase in liquidity and contributed to the repayment of portions of the medium/long-term loans.

The following is a summary of the cash flow trend in the period:

- Cash flows from operating activities (before outlays for tax and interest) in the period amounted to €10.4 million versus €8.4 million in the prior year, in line with the growth in terms of EBITDA.
- Investment outlays for tangible and intangible assets in the reporting period amounted to €3.2 million versus €5.4 million at 30 September 2016 (which included investment outlays of €2 million for the acquisition of Sfera);
- The cash flow from outstanding loans amounted to €5 million (€0.2 million in 2016) and is composed of the: a) repayment of loans falling due in 9M17 of €3.2 million; b) reclassification to the current portion (within 12 months) of the second instalment of the pool loan of €2.1 million. Increases amounted to €140,000.

Details on the main characteristics and conditions of the pool loan coordinated by Banca IMI and taken out with Unicredit, Banca Intesa and MPS are found in the financial statements at 31 December 2016.

“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.

Regarding reconciliation between the change in the net financial position (+€5 million in 9M17 versus -€1.5 million in 2016) and the change in “cash and cash equivalents” (+€29 thousand in 2017 versus +€0.6 million in 2016), reference should also be made to the relevant table and to Note 18 to this cash flow statement.

### Investing activities

In 9M17, total outlays for investing activities of the DADA Group came to €3.2 million versus €2.8 million in total investments made in 9M16; the difference is explained by the financial outlays made in January for investments related to the prior year.

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

- investments in intangible assets amounted to approximately €1.5 million versus €1.8 million in 9M16, referring mainly (as in 2016) to costs for the development of the proprietary processes and platforms needed to provide core business-related services;
- investments in property, plant and equipment amounted to €1.4 million in 9M17, down by 48% versus €2.7 million in 9M16. Investments in property, plant and equipment, as in 9M16, referred mainly to the purchase of network servers and new systems, and to other electronic equipment needed for the operation of the platforms for the provision of services. Investments in furniture and fittings and in other tangible assets were immaterial.

### Financing activities

The consolidated cash flow statement at 30 September 2017 came to -€5 million (-€0.2 million at 30 September 2016) relating to “net difference in cash flow from financing activities”, broken down as explained above. The new medium/long-term loans concluded in

the reporting period almost exclusively regarded the signing of a new lease agreement in the UK.

### Net working capital

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

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

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

Other current liabilities include deferred income of approximately €13.9 million (in line with the prior year) resulting, as mentioned, from certain services that are recognized in a period different from when cash is received; these will not entail future financial outlays, but rather the recognition of future revenue in the income statement.

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 €0.8 million (in line with 31 December 2016) and €0.2 million (in line with 31 December 2016).

The DADA Group's Equity amounted to €54.1 million at 30 September 2017 versus €52.9 million at 31 December 2016. The increase is mainly ascribable to the positive contribution of profit for the period of €2.1 million, while exchange rate changes from the translation of the financial statements and goodwill denominated in GBP produced a negative effect of -€1.2 million, and the rest to other changes.

### Group employees

The number of DADA Group employees, split up by geographical area, at 30 September 2017 and at 31 December 2016, is shown in the table below:

Italy		Spain		UK+IRL		Other Countries (NL, PT)		TOTAL	
31/12/2016	30/09/2017	31/12/2016	30/09/2017	31/12/2016	30/09/2017	31/12/2016	30/09/2017	31/12/2016	30/09/2017
250	234	55	58	119	113	21	18	445	423

The DADA Group's headcount at 30 September 2017 totaled 423 employees versus 445 at 31 December 2016.

### SIGNIFICANT EVENTS IN 9M17

The events which had the most significant impact on the DADA Group in 9M17 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.

On 20 July 2017, DADA S.p.A. informed that it had received a letter from Karim Beshara, co-founder of Accelerero Capital, announcing his resignation as Chairman and Member of the Board of Directors of DADA ("the Board"), having Accelerero 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 Accelerero Board Members") announced their resignation as Directors of the Company effective from the next Board meeting.

The outgoing directors of Accelerero 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 on the same date 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.

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

## **SIGNIFICANT EVENTS AFTER 30 SEPTEMBER 2017**

On 23 October 2017, following the disclosures made on behalf of Libero Acquisition S.à r.l., main shareholder of DADA S.p.A., and Dali Holdings Limited ("Dali Holdings"), a limited



liability company incorporated under English law, wholly owned by HgCapital Mercury 2 Nominees Limited ("HgCapital"), regarding the agreement concluded on the disposal by Libero Acquisition of the entire equity interest held in the Company, DADA announced the acknowledgement of the contents of such disclosures in respect of the agreed terms of the transaction, reserving the right to additional disclosures, in accordance with applicable law.

Today, an announcement was made on behalf of Libero Acquisition S.à r.l., main shareholder of DADA S.p.A., on the disposal of the entire equity interest held in the Company by Libero Acquisition S.à r.l. to Dali Italy Bidco S.p.A., chosen by Dali Holdings as the actual buyer under the above disposal agreement.

In this regard, it should be noted that the Company, as parent of the DADA Group, has been granted a waiver by Banca IMI S.p.A., ICCREA S.p.A., Lombard North Central Plc., UBI Banca S.p.A. and Credit Agricole Cariparma S.p.A. from their option to call in their respective loans early, in accordance with the "change of control" clauses set out in the loan agreements, as explained in the DADA Group's Annual Financial Report at 31 December 2016.

## OUTLOOK FOR THE YEAR

DADA's results in the first nine months 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 increase in operating profit, leveraging on the more than proportional 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.

DADA's future strategic growth lines continue to focus on strengthening 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 the Group'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 further 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 will be achieved thanks not only to a selective acquisition of new customers, continuing the current sales and marketing initiatives, but also by maintaining a high retention of the existing customer base. In the final part of 2017, growth is also expected to be sustained by the upselling strategies on existing customers and, as partly witnessed in 1H17, by renewals, specifically those of new customers acquired over the past quarters. 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.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER  
2017**

## CONSOLIDATED FINANCIAL STATEMENTS

### DADA GROUP PROFIT/LOSS STATEMENT AT 30 SEPTEMBER 2017

EUR/000	Notes	30-Sept.- 17	30-Sept.-16
<b>Net revenue</b>	4	<b>50,929</b>	<b>47,716</b>
Chg. in inventories & inc. in own wk. capitalized		1,490	1,660
Service costs and other operating expenses		-27,390	-26,509
Payroll costs	6.2	-15,197	-14,624
Other operating revenue and income		25	16
Other operating charges	6.3	-388	-254
Provisions and impairment losses current assets	6.4	-59	-112
Depreciation and amortization	6.5	-4,370	-4,679
<b>EBIT</b>	<b>4</b>	<b>5,040</b>	<b>3,215</b>
Investment income	6.6	93	220
Financial charges	6.6	-2,007	-2,523
Other income/(charges) from financial assets and liabilities	6.9	0	-1
Share of profit/loss of companies valued at equity	6.10	0	0
<b>Comprehensive profit/(loss) before taxes</b>	<b>4</b>	<b>3,126</b>	<b>911</b>
Income taxes	7	-1,059	-720
<b>Comprehensive profit/(loss) from continuing operations</b>	<b>3</b>	<b>2,067</b>	<b>191</b>
Non-controlling interests			
<b>Group net profit/(loss)</b>		<b>2,067</b>	<b>191</b>
Basic earnings/loss per share	9	0.124	0.011
Diluted earnings/loss per share	9	0.113	0.011

## DADA GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME AT 30 SEPTEMBER 2017

EUR/000	30 SEPTEMBER 2017	30 SEPTEMBER 2016
<b>Profit/(loss) for the period (A)</b>	<b>2,067</b>	<b>140</b>
<b>Other comprehensive profit/(loss) to be reclassified in profit/loss for the year (B):</b>	<b>-1,132</b>	<b>-3,405</b>
Gains/(losses) on exchange rate derivatives (cash flow hedges)	35	-39
Tax effect on other gains/(losses)	-8	11
	26	-28
Gains/(losses) from the translation of foreign currency financial statements	-1,158	-3,377
<b>Other comprehensive profit/loss not to be reclassified in profit/(loss) for the year</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) (A)+(B)</b>	<b>935</b>	<b>-3,265</b>

DADA GROUP BALANCE SHEET AND FINANCIAL POSITION AT 30 SEPTEMBER 2017			
EUR/000			
ASSETS	Notes	30 SEPTEMBER 2017	31 DECEMBER 2016
<i>Non-current assets</i>			
Goodwill	9-10	78,230	79,411
Intangible assets	10	4,811	5,214
Property, plant and equipment	11	7,373	8,615
Equity investments in non-consolidated subsidiaries, associates and other companies	12	2,184	2,198
Financial assets and other non-current receivables	13	185	335
Deferred tax assets	13	5,079	5,467
<b>Total non-current assets</b>		<b>97,862</b>	<b>101,241</b>
<i>Current assets</i>			
Inventories	15	2	29
Trade receivables	16	4,771	4,187
Tax and other receivables	16	6,204	5,285
Current financial receivables	17	150	150
Financial assets from derivative instruments		2	1
Cash and cash equivalents	17	6,453	4,817
<b>Total current assets</b>		<b>17,581</b>	<b>14,469</b>
<b>TOTAL ASSETS</b>		<b>115,444</b>	<b>115,709</b>

DADA GROUP BALANCE SHEET AND FINANCIAL POSITION AT 30 SEPTEMBER 2017			
EUR/000			
EQUITY AND LIABILITIES	Notes	30 SEPTEMBER 2017	31 DECEMBER 2016
<b>EQUITY AND LIABILITIES</b>			
<i>Share capital and reserves</i>			
Share capital		2,836	2,836
Other equity instruments		698	461
Share premium reserve		33,098	33,098
Legal reserve		950	950
Other reserves		9,226	10,358
Retained earnings/losses carried forward		5,207	5,030
Profit/(loss) for the period		2,067	178
<b>Total equity, Group share</b>	<b>18</b>	<b>54,083</b>	<b>52,910</b>
Non-controlling interests		-	-
<b>Total equity</b>		<b>54,083</b>	<b>52,910</b>
<i>Non-current liabilities</i>			
Financial payables (due beyond one year)	19	23,325	28,462
Provision for risks and charges	20	219	229
Employee benefits	21	728	789
Non-current financial liabilities from derivatives	22	107	162
Other liabilities due beyond one year	22	-	-
<b>Total non-current liabilities</b>		<b>24,379</b>	<b>29,641</b>
<i>Current liabilities</i>			
Trade payables	23	6,658	6,788
Other payables	23	19,597	18,182
Taxes payable	23	3,082	2,169
Financial liabilities from derivative instruments	19	101	69
Account overdrafts, loans and other financial payables (due within one year)	19	7,558	5,951
<b>Total current liabilities</b>		<b>36,996</b>	<b>33,158</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>115,457</b>	<b>115,709</b>

## DADA GROUP CASH FLOW STATEMENT AT 30 SEPTEMBER 2017

EUR/000	30 SEPTEMBER 2017	30 SEPTEMBER 2016
<b>Operating activities</b>		
<i>Net profit/(loss) for the period</i>	2,067	191
<i>Adjustments for:</i>		
Income from trading	-93	-220
Financial charges	2,007	2,523
Income taxes	1,059	720
Depreciation	2,437	2,540
Amortization	1,933	2,138
Granting of stock options	238	143
Other provisions and impairment losses	64	134
Increases/(decreases) in provisions	-72	-143
<i>Cash flow from operating activities before changes in NWC</i>	9,639	8,018
(Increase)/decrease in inventories	27	-4
(Increase)/decrease in receivables	-1,517	-530
Increase/(decrease) in payables	2,198	869
<i>Cash flow from operating activities</i>	10,348	8,353
Income taxes paid	-546	-529
Interest (paid)/received	-1,556	-1,674
<b>Net cash flow from operating activities</b>	<b>8,246</b>	<b>6,150</b>
<b>Investing activities</b>		
Acquisition of subsidiaries and associates	0	-2,000
Financial effect of acquired operations	0	123
Earn out on disposal of Moqu and acquisition of Etinet	0	910
Purchase of property, plant and equipment	-1,708	-2,663
Sale of fixed assets	0	-2
Other changes in fixed assets	0	2
Purchase of intangible assets	0	-97
Product development costs	-1,499	-1,657
<b>Net cash flow used in investing activities</b>	<b>-3,207</b>	<b>-5,383</b>
<b>Financing activities</b>		
Change in loans	-4,986	97
Other changes	-24	5
Change in financial receivables (earn-out Sfera)	-	-300
<b>Net cash flow from financing activities</b>	<b>-5,010</b>	<b>-198</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>28</b>	<b>569</b>
Cash and cash equivalents at beginning of period	-983	-8,831
Cash and cash equivalents at end of period	-955	-8,261



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 30 SEPTEMBER 2017

Description	Attributed to the shareholders of the parent company										
	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	-
Profit/(loss) for the period										2,067	2,067
Other comprehensive income/(loss)						26	-	-1,158			-1,132
Total comprehensive income/(loss)	-	-	-	-	-	26	-	-1,158	-	2,067	935
Share capital increase											-
Other equity instruments					238						238
Balance at 30 Sept. 2017	2,836	33,098	950	19,215	699	-148	-92	-9,750	5,207	2,067	54,083

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 30 SEPTEMBER 2016

Description	Attributed to the shareholders of the parent company										
	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	-
Profit/(loss) for the period										191	191
Other comprehensive income/(loss)						-17	-39	-6,913	-	-	-6,970
Total comprehensive income/(loss)	-	-	-	-	-	-17	-39	-6,913	-	191	-6,779
Share capital increase											-
Other equity instruments					143						143
Balance at 30 September 2016	2,836	33,098	950	19,215	412	-116	-110	-8,807	5,030	191	52,699

## EXPLANATORY NOTES

### 1. Company information

DADA S.p.A. is a joint-stock company incorporated in Italy and listed in the Florence Company Register, and an issuer of shares traded in the STAR segment of the MTA (screen-based market) managed by the Milan Stock Exchange. The address of its registered office is shown on Page 1 of this Quarterly Financial Report.

See the Directors' Report for further information.

### 2. Preparation criteria

This Quarterly Financial Report has been prepared in accordance with the historical cost convention, with the exception of financial assets held for sale, measured at fair value.

This Quarterly 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.

### Statement of compliance with IAS/IFRS

The accounting standards adopted for the preparation of this Quarterly Financial Report at 30 September 2017 are the same as those used in the Group's annual financial statements for the year ended 31 December 2016, with the exception of the new standards and interpretations applicable from 1 January 2017.

Mention should be made of the effectiveness, beginning from 1 January 2018, of the new accounting standard IFRS 15 Revenue from Contracts with Customers. The standard will establish a single model to determine if, when and to what extent revenue is recognized. In this context, the DADA Group launched a preliminary analysis to identify the impacts on the Consolidated Financial Statements from the first-time adoption.

The analysis shows that the adoption of the new standard may have, to date, negative effects on consolidated equity of up to a maximum of 5%, offset against deferred income.

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

Currency	Exchange rate on 30.09.2017	Average exchange rate 9M17	Exchange rate on 30.09.2016	Average exchange rate 9M16
US Dollar	1.1806	1.11403	1.1161	1.1162
British Pound	0.8818	0.87318	0.8610	0.8030

### 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 is shown in Annex 3.

## Main Risks and Uncertainties

Details of the risks borne by the DADA Group are found in the consolidated Half-Year Financial Report at 30 June 2017.

## 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..

With one single BU and all the business activities falling under the operating segment, the income statement basically corresponds to the consolidated income statement. The table below shows the breakdown of revenue generated in Italy and abroad:

Description	30/09/2017 (9 months)		30/09/2016 (9 months)	
	Amount	% of total	Amount	% of total
Revenue - Italy	24,379	48%	21,350	45%
Revenue - abroad	26,550	52%	26,366	55%
<b>Total</b>	<b>50,929</b>		<b>47,716</b>	

## 4. Related party transactions

Transactions carried out with related parties fall within the Company's ordinary operations and are settled at arm's length. They are similar to those described in the notes to the 2016 consolidated financial statements, to which reference is made. Related-party transactions are

governed by a specific procedure approved by DADA S.p.A.'s Board of Directors. For further information, reference should be made to the section on significant events in 9M17.

## 5. Non-recurring income and charges

In 9M17, non-recurring charges amounted to €0.3 million and refer mainly to the costs for the optimization of the Group's organizational structure. Non-recurring charges had amounted to the same figure in 9M16.

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

The share of profit/(loss) of associates at 30 September 2017 had no significant impact on the consolidated income statement, as in the first three months of the prior year.

## 7. Other property, plant and equipment

Investments in property, plant and equipment in 9M17 amounted to €1.3 million, down versus €2.7 million in 9M16, and consisted almost exclusively of the purchase of network servers and the installation of new systems to expand the server farm, and to networking and storage systems mainly for the Register.it subsidiaries and for Namesco and Poundhost in the UK.

## 8. Intangible assets

Increases in intangible assets in 9M17 amounted to approximately €1.5 million versus €1.8 million in 9M16.

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

Specifically, these activities in 9M17 focused on the gradual implementation of the new suite of Microsoft products, on cPanel Hosting, dedicated servers, SPID, Email Provisioning, Site Lock and so forth, on the development of new shared hosting and the DADA store.

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

### Equity investments in associates:

Equity investments in associates include the recognition of the amount of the 25% interest acquired in the share capital of 4W MarketPlace S.p.A. on 30 June 2015, following the transfer of the ProAdv/Simply BU to 4W.

The amount is based on a sworn appraisal prepared at transfer, which determined the value of the BU at approximately €2.2 million, since the book value at transfer was basically equal to zero.

**Financial assets:**

Other financial assets, recognized in the amount of €0.2 million, mainly include security deposits issued by the Group to various service providers, as well as the medium/long-term escrow deposit for the acquisition of Sfera Networks.

**Deferred tax assets:**

Deferred tax assets are recognized in this Quarterly Financial Report in the amount of €5.1 million (versus €5.5 million at 31 December 2016), and are the result of tax determined on tax losses expected to be recovered in the short to medium term, and of temporary differences between statutory and tax regulations. Tax losses that can be carried forward to subsequent years amount to €37.9 million. These can be fully carried forward indefinitely and are 80% recoverable in each financial year under the new Italian tax law.

**10. Trade receivables**

Consolidated trade receivables at 30 September 2017 amounted to €4.8 million, net of the provision for doubtful accounts, increasing by 14% versus €4.2 million at 31 December 2016. The increase is also due to the abovementioned growth in consolidated revenue.

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

**11. Cash and cash equivalents and net debt**

Description	Balance at 30/09/17	Balance at 31/12/16	Change	% change
Bank and post office deposits	6,444	4,799	1,645	34%
Cash and valuables on hand	10	18	-9	-45%
<b>Total cash and cash equivalents</b>	<b>6,453</b>	<b>4,817</b>	<b>1,636</b>	<b>34%</b>
Non-current portion of other financial receivables	0	150	-150	-100%
Current portion of other financial receivables	150	150	0	0%
<b>Total financial receivables</b>	<b>150</b>	<b>300</b>	<b>-150</b>	<b>-50%</b>
<b>Total</b>	<b>6,603</b>	<b>5,117</b>	<b>1,486</b>	<b>29%</b>

- Total liquidity, which comprises liquidity at major banks, cash on hand and current financial receivables, amounted to €6.6 million at 30 September 2017, up by 34% versus €5.1 million at 31 December 2016.

The table below shows loans and borrowings and their movements between 31 December 2016 and 30 September 2017:

Description	Balance at 31/12/16	Increases	Decreases	Other changes	Balance at 30/09/17
<b>PAYABLES</b>					
Banks - non-current	27,312	140	- 5,118	- 8	22,325
Other non-current financial payables	1,150				1,150
<b>Total non-current financial payables</b>	<b>28,462</b>	<b>140</b>	<b>- 5,118</b>	<b>- 8</b>	<b>23,475</b>
Account overdrafts	-	25	-	-	25
Payables - current	5,799	5,096	- 3,496	- 16	7,383
Other payables	150	-	-	-	150
<b>Total current financial payables</b>	<b>5,949</b>	<b>5,121</b>	<b>- 3,496</b>	<b>- 16</b>	<b>7,558</b>
<b>Grand total</b>	<b>34,411</b>	<b>5,261</b>	<b>- 8,615</b>	<b>- 24</b>	<b>31,034</b>

The DADA Group's non-current loan agreements are mainly those taken out to finance the acquisitions, investments in equity interests and other fixed assets made over the past few years. Details on outstanding loans and the trend in the reporting period are found in the financial statements at 31 December 2016.

Below is a description of the main increases and decreases in the period:

**Increases in the period:**

- 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

It includes the reclassification of the outstanding loans of the Group for €5.1 million from the non-current to the current portion. It is comprised mainly of the loans respectively with Banca IMI of €3.1 million, with Cariparma of €0.9 million, and with Iccrea of €0.4 million.

**Decreases for the period:**

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

The same as above for the short-term loans with opposite sign.

- Banks and leasing companies for loans - current portion

Repayment for a total of €3.5 million, referring mainly to the two loans with Credit Agricole/Cariparma of €1.3 million, to the loan with Banca Sella of €0.2 million, to the first instalment of the pool loan with Banca IMI of €1 million, and to Euro 0.8 million from the outstanding loans and leases held by UK companies.

## 12. Provisions for payroll, risks and charges

At 30 September 2017, the provision for termination indemnities (or TFR, *trattamento di fine rapporto*) amounted to €0.8 million (in line with the figure at 31 December 2016), and covers the liability accrued to employees, in accordance with the current law and the collective employment contract.

At 30 September 2017, the provision for risks and charges amounted to €0.2 million, with no significant changes reported versus the prior year. The provision for risks and charges referred entirely to charges from business/legal disputes.

### 13. Trade payables

"Trade payables" comprises the amounts regarding trade-related purchases and other types of costs for services directly linked to the Group's business. Trade payables amounted to €6.7 million at 30 September 2017 versus €6.8 million at 31 December 2016.

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

### 14. Other payables and liabilities

Taxes payable, amounting to €3.1 million, up versus €2.2 million at 31 December 2016, include withholding tax on salaries and consultants' pay for the month of September and income taxes pertaining to the period. The latter consist mainly of IRAP (regional tax) for the Group's Italian companies and of local taxes for subsidiaries abroad.

"Other payables", amounting to €19.6 million (€18.2 million at 31 December 2016), mainly comprises:

- bonus salaries due to employees (tredicesima and quattordicesima), pay in lieu of holiday and other amounts payable, and bonuses to employees in the reporting period amounting to €2.5 million;

- €0.3 million in social security payments due;

- deferred income of €15.1 million (€14.1 million at 31 December 2016), originating from the accrual accounting of contract revenue on domain and hosting, and other resale services pertaining to future periods after this Quarterly Financial Report.

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

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

The table below shows movements in non-current tangible and intangible assets from 31 December 2016 to 30 September 2017:

Description	31/12/16	Increases	Decreases	Other mov.	Exchange diff.	Amortization	30/09/17
<i>Intangible assets</i>							
Goodwill	79,411	-	-	-	-1,181	-	78,230
Product/service development	4,887	1,499	-	-	-5	-1,798	4,584
Concessions, licenses, brands	15	25	-	-11	-	-3	25
Other	312	10	-	11	-	-131	202
<b>Total</b>	<b>84,625</b>	<b>1,534</b>	<b>-</b>	<b>-</b>	<b>-1,186</b>	<b>-1,933</b>	<b>83,041</b>

<i>Tangible assets</i>								
Plant and equipment	8,252	1,280	-5	-	-115	-2,361	7,051	
Furniture and fittings	105	28	-	-	-	-36	97	
Other	258	12	-	-	-2	-40	228	
<b>TOTAL</b>	<b>8,615</b>	<b>1,320</b>	<b>-5</b>	<b>-</b>	<b>-117</b>	<b>-2,437</b>	<b>7,376</b>	

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

In this regard, at the end of the first half of 2017, an assessment had been made (with a negative outcome) to verify whether there were substantial differences between the quarterly forecasts used in the 2016 impairment test and the actual results achieved. For further details, see the Annual Financial Report at 31 December 2016 and the 2017 Half-Year Financial Report.

## 16. Change in equity reserves

At 30 September 2017, DADA S.p.A.'s share capital was comprised of no. 16,680,069 ordinary shares with a par value of €0.17 each, for a total of €2,836 thousand. There were no increases in 9M17.

Movements in equity items in 9M17 are shown in the statements at page 30.

The main changes (in addition to profit for the period) regarded the adjustment of the translation reserves related to goodwill denominated in foreign currency, and the translation of financial statements of foreign subsidiaries, as well as the accounting of stock option costs.

## 17. 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	30/09/17	31/12/16
<b>Change in total consolidated Net Financial Position</b>	<b>5,039</b>	<b>-1,635</b>
Increase in medium/long-term loans	140	25,349
Repayment (and reclassification to current portion) of medium/long-term loans	-5,118	-18,306
Other changes in medium/long-term loans	-8	-62
Change in non-cash derivatives	-24	92
Financial payables from acquisition of Sfera	-	1,300
Earn-out Moqu and Etnet	-	910
Change on financial receivables	-	200
<b>Change in cash and cash equivalents per cash flow statement</b>	<b>28</b>	<b>7,849</b>



## 18. Commitments

Commitments at 30 September 2017 amounted to €2.7 million versus €3.4 million at 31 December 2016. The main changes are attributable to the reduction in guarantees for VAT refunds received in prior years of €0.7 million.

Florence, 15 November 2017

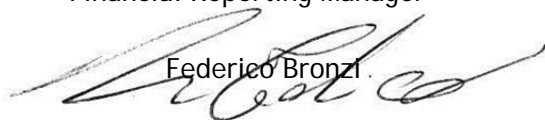
For the Board of Directors  
The Chief Executive Officer  
Claudio Corbetta



### Statement by the Financial Reporting Manager

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

Financial Reporting Manager



Federico Bronzi

**ANNEX 1****RECLASSIFIED CONSOLIDATED PROFIT/LOSS STATEMENT AT 30 SEPTEMBER 2017**

EUR/000	30-Sept.-17 9 months		30-Sept.-16 9 months		DIFFERENCE	
	Amount	% of	Amount	% of	Absolute	%
<b>Net revenue</b>	<b>50,929</b>	<b>100%</b>	<b>47,716</b>	<b>100%</b>	<b>3,213</b>	<b>7%</b>
Chg. in inventories & inc. in own wk. capitalized	1,490	3%	1,660	3%	-170	-10%
Service costs and other operating expenses	-27,463	-54%	-26,575	-56%	-888	3%
Payroll costs	-15,197	-30%	-14,624	-31%	-573	4%
<b>EBITDA</b>	<b>9,759</b>	<b>19%</b>	<b>8,177</b>	<b>17%</b>	<b>1,583</b>	<b>19%</b>
Depreciation and amortization	-4,370	-9%	-4,679	-10%	309	-7%
Impairment losses and other provisions	-286	-1%	-149	0%	-136	91%
Non-recurring income/(charges)	-64	0%	-134	0%	71	-53%
<b>EBIT</b>	<b>5,040</b>	<b>10%</b>	<b>3,215</b>	<b>7%</b>	<b>1,826</b>	<b>57%</b>
Financial income	93	0%	220	0%	-127	-58%
Financial charges	-2,007	-4%	-2,523	-5%	516	-20%
Other income/(charges) from financial assets and liabilities	0	0%	-1	0%	0	-99%
<b>Comprehensive profit/(loss) before taxes</b>	<b>3,126</b>	<b>6%</b>	<b>911</b>	<b>2%</b>	<b>2,215</b>	<b>243%</b>
Income taxes	-1,059	-2%	-720	-2%	-339	47%
<b>Group net profit/(loss)</b>	<b>2,067</b>	<b>4%</b>	<b>191</b>	<b>0%</b>	<b>1,876</b>	<b>982%</b>

**ANNEX 2****RECLASSIFIED CONSOLIDATED PROFIT/LOSS STATEMENT AT 30 SEPTEMBER 2017**

EUR/000	3Q17		3Q16		DIFFERENCE	
	Amount	% of	Amount	% of	Absolute	%
<b>Net revenue</b>	<b>32,944</b>	<b>100%</b>	<b>30,874</b>	<b>100%</b>	<b>2,069</b>	<b>7%</b>
Chg. in inventories & inc. in own wk. capitalized	939	3%	1,072	3%	-132	-12%
Service costs and other operating expenses	-17,531	-53%	-17,095	-55%	-436	3%
Payroll costs	-9,766	-30%	-9,649	-31%	-117	1%
<b>EBITDA</b>	<b>6,587</b>	<b>20%</b>	<b>5,203</b>	<b>17%</b>	<b>1,384</b>	<b>27%</b>
Depreciation and amortization	-2,945	-9%	-3,110	-10%	165	-5%
Impairment losses and other provisions	-209	-1%	-149	0%	-59	40%
Non-recurring income/(charges)	-63	0%	-125	0%	61	-49%
<b>EBIT</b>	<b>3,370</b>	<b>10%</b>	<b>1,819</b>	<b>6%</b>	<b>1,551</b>	<b>85%</b>
Financial income	57	0%	133	0%	-76	-57%
Financial charges	-1,345	-4%	-1,559	-5%	213	-14%
Other income/(charges) from financial assets and liabilities	0	0%	0	0%	0	
<b>Comprehensive profit/(loss) before taxes</b>	<b>2,082</b>	<b>6%</b>	<b>393</b>	<b>1%</b>	<b>1,689</b>	<b>429%</b>
Income taxes	-710	-2%	-342	-1%	-368	108%
<b>Group net profit/(loss)</b>	<b>1,372</b>	<b>4%</b>	<b>51</b>	<b>0%</b>	<b>1,321</b>	<b>2591%</b>

**ANNEX 3****DADA GROUP NET WORKING CAPITAL AND NET FINANCIAL POSITION AT 30 SEPTEMBER 2017**

EUR/000	30-Sept.- 17	31-Dec.-16	DIFFERENCE	
			Absolute	%
<b>Fixed assets</b>	<b>92,797</b>	<b>95,623</b>	<b>-2,826</b>	<b>-3%</b>
Current operating assets	16,056	14,969	1,087	7%
Current operating liabilities	-29,337	-27,139	-2,198	8%
<b>Net working capital</b>	<b>-13,281</b>	<b>-12,170</b>	<b>-1,111</b>	<b>8%</b>
Provision for termination indemnities	-728	-789	61	-8%
Provision for risks and charges	-219	-229	11	-5%
Other liabilities due beyond one year	0	0	0	#DIV/0!
<b>Net capital employed</b>	<b>78,569</b>	<b>82,435</b>	<b>-3,866</b>	<b>-5%</b>
Non-current financial receivables	0	150	-150	-100%
Non-current financial payables and derivatives	-23,432	-28,623	5,191	-18%
<b>Equity</b>	<b>-54,083</b>	<b>-52,910</b>	<b>-1,173</b>	<b>2%</b>
Current bank debt	-7,408	-5,801	-1,608	28%
Current financial receivables and derivatives	152	151	1	1%
Current financial payables and derivatives	-251	-219	-32	15%
Cash and cash equivalents	6,453	4,817	1,636	34%
<b>Current net financial position</b>	<b>-1,055</b>	<b>-1,052</b>	<b>-3</b>	<b>0%</b>
<b>Total net financial position</b>	<b>-24,487</b>	<b>-29,525</b>	<b>5,039</b>	<b>-17%</b>

**ANNEX 4****DADA GROUP SCOPE OF CONSOLIDATION AT 30 SEPTEMBER 2017**

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

\*Consolidated at equity