Statutory financial statements

AS AT 31 DECEMBER 2016

DEDAGROUP

TABLE OF CONTENTS

Report on operations

Consolidated financial statements

Ordinary financial statements

Attachments

Report on operations

Letter to the shareholders

Dear Shareholders,

2016 was a year of significant transformation for your Group. A transformation (and evolution) that had - as its epicentre – adoption of the new business model launched with the claim "One Group One Brand". But this was not the only evolutionary direction: 2016 saw the deployment of substantial investments in new proprietary software solutions, further integration of software suites for the Global Small Banks market and a decisive change of speed for Cloud and Managed services provided by our Italian data centres.

These important steps have led the Group to further consolidate its positions and to achieve yet another year of revenue growth, amounting to 230M€, with a growth of approx. 4% on the previous year, in the presence of an Italian IT market that has certainly reversed the negative trend of the past years, but which has been limited to growth of 1.5% compared to 2015. The Group, therefore, counting on its solutions, its widespread capacity for innovation and the competence of its people, also in 2016 showed a decisive and accelerated pace of growth, a sign of the vitality and dynamism that continues to distinguish us.

We would like to recall, in this perspective, the prestigious recognition received from the President of the Republic, Sergio Mattarella, at Palazzo del Quirinale: the Award of the Awards for Innovation recognised, as written in the motivation, the value of our innovation management system and process. A system and process that support our approach to solution development and that are driven by the collective intelligence of our Group colleagues.

The new business model adopted, which presents numerous advantages already outlined in the previous report, also makes it possible to address individual markets and individual opportunities with a more "targeted" approach, more focused on their dynamics, leads to greater accountability for results on the part of the various business areas and stimulates higher performance due to the operational leanness that it affords to the individual divisions.

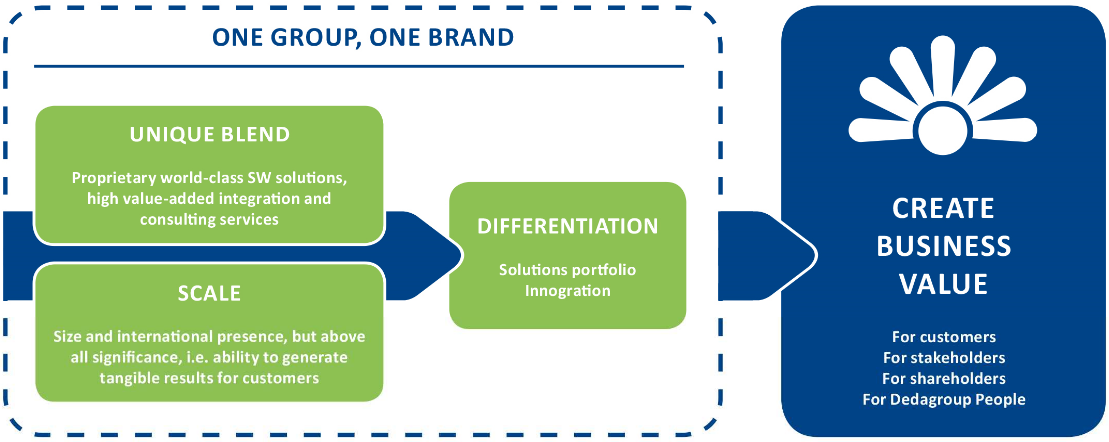
Alongside specialisation, however, we can offer an increasingly wide range of digital services and solutions, to give concrete form to the transformation ambitions of our customers: this positioning and this "deep but wide" approach have allowed us - in 2016 - to gain new spaces, to expand the long-term business backlog (growing by more than 15% over the past year) and to acquire numerous and prestigious customers in all the industrial segments we address.

Based on this new model and these results, at the end of last year, as anticipated in the report on the 2015 financial statements, we have developed, consolidated and approved the new 2017-2020 Business Plan. A Business Plan that is – primarily – focused on the creation of business value for all the Group's stakeholders: customers & partners, shareholders and Dedagroup People. Business Value that we can create by focusing on the typical ingredients of our actions:

1. Unique blend, built around our portfolio of world-class software solutions and our high value-added integration and consulting services
2. "Scale", strengthened by the size, international presence and importance of our solutions for our customers
3. Differentiation, as a result of the solutions and our ability to innovate through integration (Dedagroup Innogration)

GROUP STRATEGIC APPROACH

Elements for value creation (how)



These elements – where implemented according to the guidelines defined in the Plan– will lead us to achieve the new objectives set for the three-year period, which can be summarised as compound growth of approx. 6%, profitability exceeding 11% and full financial equilibrium, with a NFP/EBITDA ratio always below 3. But the list of macro objectives alone does not fully take into account the robustness and ambitions of the Plan: to these must be added international development objectives in order to count on a contribution from "non-domestic" markets of more than 20% (compared to approx. 12% in 2016), growth of the workforce (approx. 400 additional units in the Plan horizon) and volume of investments (approx. 50M€) dedicated to acquisitions (approx. 30%), new solutions (approx. 22%) and the remainder to capital goods for managing the business.

2016, therefore, must be seen as a year of transformation, but also of transition and completion of an important stage in our path of evolution towards "One Group, One Brand" and towards an increasingly "software oriented" company profile. A process that in 2017 will see greater focus on the achievement of business value, i. e. generation of value, margin and cash flow.

We have concluded a further chapter in our history, with important and promising results. We have achieved this because - once again - our team and our people have been able to interpret change, innovate, grow, but above all - as always - express their professionalism and dedication to respond to customers, to their needs and ambitions for development, transformation and creation of innovative value to the utmost. I would like to extend my personal thanks also to all Group colleagues and to the shareholders who encouraged and supported them in 2016. Without them, no one excluded, today we would not be on the threshold of a new, exciting cycle for Dedagroup.

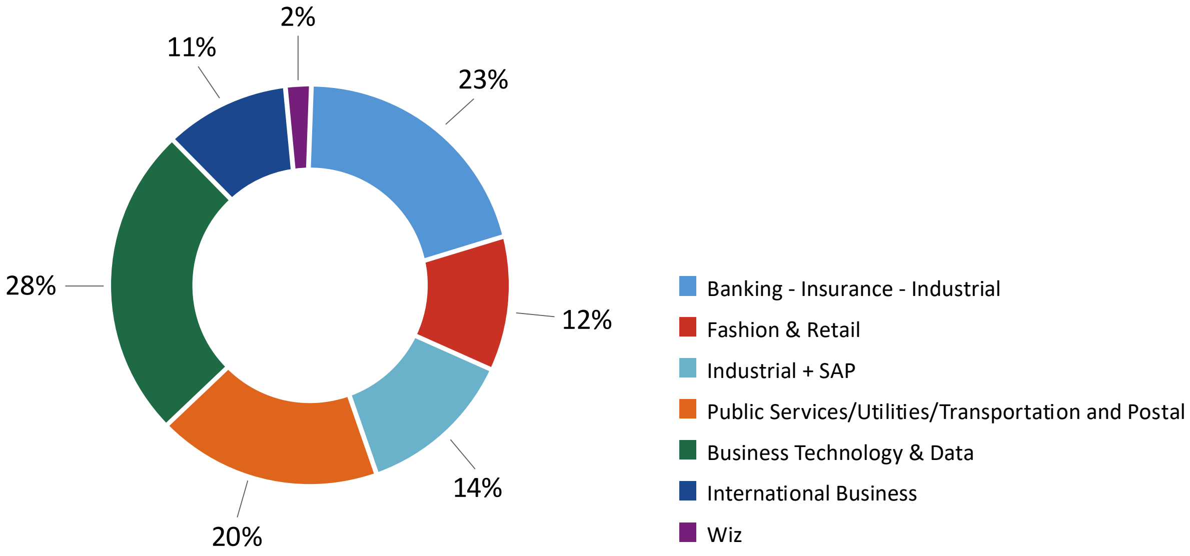
Development and Growth - Revenues

Consolidated Revenues 230M€	Growth +4% y/y	Revenues by geographic area: Italy 206M€ Abroad 24M€

We have already indicated that 2016 closed with an overall growth in revenues of more than 4% compared to 2015 (with the same Group perimeter), decidedly higher than that of the Italian market, which was approx. 1.5%. Growth was not limited to a short-term focus, but also led to the acquisition of important long-term contracts and projects, which generate a general strengthening of the Group's operating model, guaranteeing a flow of revenues also in the coming years. At the end of the 2016 financial year, in fact, the Group's backlog (as indicated in the previous report, consisting of acquired contracts and recurring revenues) had grown – compared to 2015 – by approx. 6% (and therefore more than the total turnover), reaching approx. 165M€. Similarly, the Group's commercial pipeline at the beginning of 2017 (the result of the commercial activities in 2016) was well above 300M€, with large opportunities and a high confidence factor in all markets addressed.

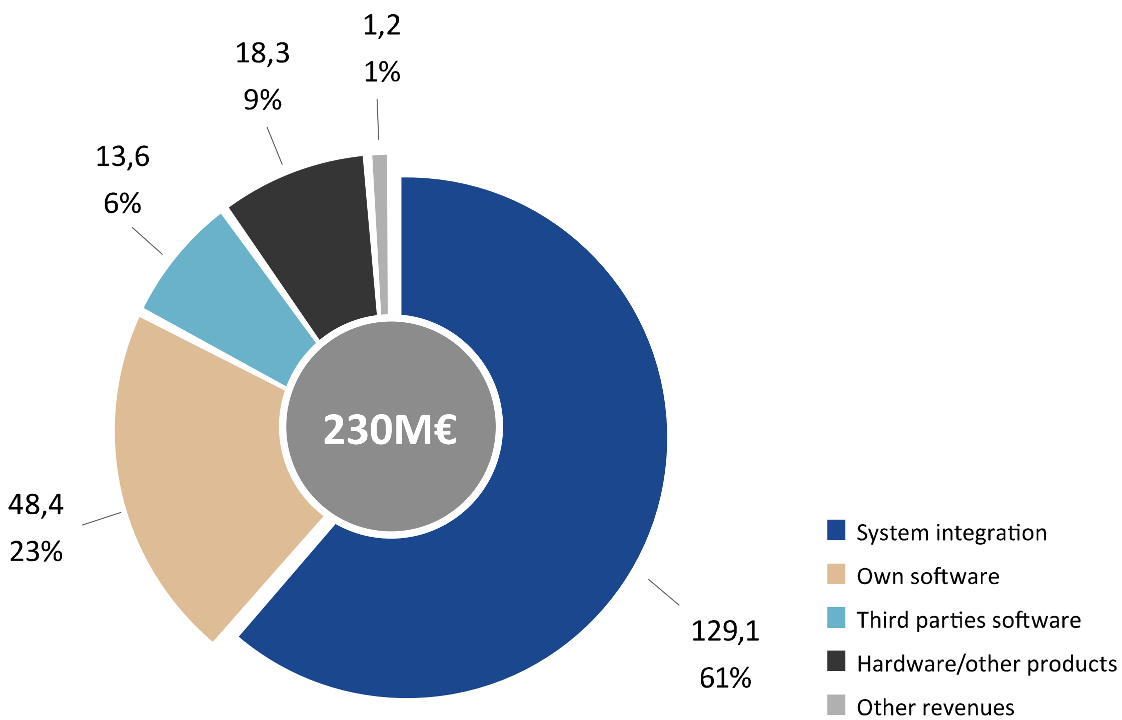
The composition of the Group's revenues shows a contribution of foreign business of approx. 24M€ or 11% overall, substantially stable as a percentage compared to 2015, albeit with an increased business volume. As previously mentioned, the outlook for future years – also linked to some extraordinary operations already completed or started in the first part of the 2017 financial year – is to see the foreign revenues component grow significantly, reaching 20% of the Group's total revenues in 2020.

Also in 2016, growth was widespread and distributed in all the Group's target markets, demonstrating the resilience of our businesses and the potential of the integration model we have adopted. In 2016, Group revenues can be broken down as follows:



Or, by offer segment:

2016 REVENUES (M€, %)



Again on the "growth" theme, it should be noted that the Dedagroup Parent Company achieved a significantly higher business volume than the previous year, amounting to over 96M€ compared to 88M€ in 2015: this growth was driven by the excellent performance of the Small Banks and Cloud & Managed services segment, while it was negatively affected by the performance of the Local Public Sector segment.

It is important to note that the other Group companies also made a significant contribution to the overall growth in volumes (Derga, Dedagroup Wiz, Piteco).

Worthy of note was the performance of DDway, which showed a revenue volume of more than 118M€ compared to the 68M€ of the previous year: this performance was influenced (only for the statutory financial statements of DDway, in fact) by the sale, at the end of 2016, of the Fashion & Retail business to Dedagroup Stealth, for a total amount of approx. 45M€. Even adjusting for the result of this extraordinary transaction, however, DDway recorded a year of growth over the previous year, confirming to have decidedly embarked on a virtuous path, both in terms of revenues and profitability.

Foreign subsidiary revenues remained stable, positively influenced by the growth of Dedagroup Mexico, but limited by the performance slightly down on the previous year of EPL Inc., influenced by commercial phenomena that were already known during the acquisition phase (conversion of a large customer to a competing platform) and by commercial growth not yet up to full speed. Moreover – with a view to 2017 – it should be noted that the end of 2016 and the first few months of the current year, on the other hand, led to the signing of numerous new projects (with new medium and small size Credit Unions), which should lead to an increase in revenues (but also to a recovery of margins) in 2017.

Profitability and financial position

Net profit 4.8M€ (+62% y/y)	EBITDA 16.2M€ (-15% y/y)	NFP 49.5M€ vs. 34M€ in 2015	NFP/EBITDA Ratio 3	Equity strengthening - Shareholders' equity at 49M€ vs. 40M€ in 2015	Investment Grade Rating B1.2

The Group's operating and financial performance was affected in 2016 – in a truly exceptional manner – by certain phenomena linked to the restructuring of the Group's operating model, in addition to the well-known effects of regulatory changes on the preparation of the 2016 financial statements. While, in fact – on the one hand – revenue growth (with the imaginable impact on net working capital), the level of investments and commitments on the Research & Development front, the deployment of substantial production resources on software development laboratories (especially in the Local Public Sector segment) led to a less positive operating and financial performance than in the previous year, on the other – with the creation of Dedagroup Stealth and exploitation of DDway's software assets in the Fashion & Retail segment, the Group generated a significant capital gain (sterilised, moreover, in the consolidated financial statements), which led to a significant net profit for DDWay Srl. It should also be noted, as an impact on margins, that this transaction generated an extraordinary charge of 1.5 M€ linked to the payment of the registration fee on the sale of the related business unit.

Despite the above in terms of operating and financial performance, the Group maintained financial equilibrium and was nevertheless able to meet the objective (which it has set itself for several years now) of a NFP/EBITDA ratio of 3: already in the first months of 2017, moreover, a series of initiatives were launched on the cash management front, on DSO monitoring and on the invoicing of multi-year projects, in order to guarantee the Group a higher cash flow generation than in 2016.

The effort was particularly focused on the Public Administration area, which saw the simultaneous occurrence of certain phenomena that negatively affected its 2016 performance, with clear repercussions on the Group: (1) significant investment in the new Civilia Next platform (which generated disbursements well in excess of 3M€), which also led to a marked slowdown in SW sales in the segment, pending the release of the new platform, which took place at the beginning of 2017; (2) drainage of production resources in favour of the software laboratories (to speed up completion of the Civilia Next platform) to the detriment of production activities in the field and on projects/customers; (3) general inefficiency of the segment generated by the simultaneous occurrence of the phenomena mentioned above. To this must be added the impact (positive on the one hand, but certainly significant on cash generation on the other) of the numerous, important and significant sales transactions at the end of the year in the Technologies segment, which determined the excellent revenue performance of Dedagroup S.p.a., but also generated a very significant amount of trade receivables at the end of the year and a very visible impact on DSO.

In 2016, the Group capitalised costs, linked to the development of the solutions mentioned above and in the subsequent paragraph on strategies, for a total amount of 4.5 M€, to which should be added the similar initiatives of EPL Inc. and of Piteco (please refer to the corresponding financial statements for details).

It should be noted, moreover, that gross profitability, where sterilised by the above-mentioned effects relating to the Local Public Sector area, improved for all the other Group units (Fashion & Retail, Business Technology & Data, Banking & Insurance, Dedagroup Wiz, SAP Area), a sign that the monitoring, project selection and working capital management activities are bearing fruit.

Returning to the Local Public Sector area in terms of 2017, it is worth mentioning that – already in the first quarter of the new financial year – the sales of software licenses for the new Civilia Next platform and the related onboarding services are growing strongly and robustly over the past year and this phenomenon – together with the conclusion of massive development activities and the drainage of project resources – is leading to a decisive recovery in the area's profitability compared to 2016. The expectation is to be able to fully recover the gap of 3M€ generated in 2016, also through rationalisation of the software laboratories and further activities to improve structure efficiency.

The greatest impact of these phenomena mainly concerned the Parent Company Dedagroup S.p.a., where all the activities relating to the Local Public Sector market were concentrated (before sale of the assets to the subsidiary Dedagroup Public Services, which took place at the end of 2016): this – to a large extent – explains the operating result of Dedagroup S.p.a., which closed 2016 with an EBITDA of 2.3M€ compared to the 3.6M€ of the previous year and a net loss of 3.6M€, similar to that of the previous year.

The Group's Net Financial Position amounted to 49.5M€ compared to 34M€ in the previous year, and was affected by the phenomena and dynamics described above. During the year, the equity investments in the companies Beltos, Ecos, ASF and Idea

Futura were liquidated in order to fully implement the new business model, as too was the minority interest held by SIMEST S.p.a. in Dedamex, according to the agreements signed at the time of financing the incorporation of the company in Mexico (moreover, for purely technical reasons, the transfer of shares will not take place until 2017). Dedagroup S.p.a. also benefited from dividends distributed by the subsidiaries DDway, Piteco and Dexit for an amount exceeding 4 million euros.

During the year, the Group's financial structure was supplemented by two additional transactions with respect to the previous year, carried out in order to make operations more efficient and reduce debt costs: (1) during 2016, Dedagroup issued a debenture loan for a total amount of 5.5M€, fully subscribed by Banca Finint with a 7-year maturity (2), in August, a 5-year loan was taken out with Unicredit for a total amount of 10M€ to settle or reduce other more onerous sources for the Group.

As already mentioned in the foreword, the Group's shareholders' equity in 2016 saw a sharp increase from 40M€ in 2015 to 49M€ in the current year, while Dedagroup's shareholders' equity, following the performance described above, decreased from 22M€ to 18.4M€.

Strategic initiatives and key events of the year

One Group One Brand	Digital Transformation	Internationalisation

The strategic development of 2016 focused mainly, if not exclusively, on three main lines, all of which were instrumental to the strategic objectives defined in the 2017-2020 Business Plan:

a. Full operational implementation (the corporate implementation will be completed in 2017) of the One Group One Brand model, with the creation of three "market" Divisions/Companies (Fashion & Retail under the Dedagroup Stealth brand, Dedagroup Public Services and Dedagroup Business Solutions i.e. Banking, Insurance & Industrial), two cross-industry Divisions/Companies (Dedagroup Wiz and Dedagroup Business Technology & Data), one International Business Division (which groups together all the Group's foreign operations) and Companies dedicated to specific offer segments (Piteco, Derga and Dexit)

b. Implementation/completion of innovative and integrated software solutions for the markets served
c. Further development and consolidation of the Group's international presence

The first aspect has already been extensively covered, also in last year' ™s report. In this context, it should be underlined that the new organisation is now fully operational, not only due to the establishment of Dedagroup Stealth and integration of the Beltos team, but also to the numerous and important activities of integration of skills, offers and solutions that the new model has been able to generate: Dedagroup Business Technology & Data was able to benefit from the expertise in Data Science and Advanced Analytics brought by the Ecos team, positioning itself to address the new frontiers of Cognitive Computing. Skills that have already generated important, highly advanced projects in various industry segments: from Retail to Fashion and Manufacturing. Also the integration of the various "souls" of the Public Sector, albeit in a complex year, is also bearing significant fruit in terms of positioning, renewal and expansion of the offer and acquisition of new projects and customers. As already mentioned, the full "formal" implementation of the model (with the creation of Companies dedicated to individual markets and not only Divisions) will take place during 2017, with the aim of entering the 2018 financial year with a model that is also fully defined at the corporate level.

On the second strategic driver, 2016 saw the Group involved on the various development/integration fronts of proprietary software platforms. The developments in the field of Local Public Administration and the potential that the new software platform is starting to express have already been mentioned: market appreciation is excellent, also due to the full alignment of the platform with the guidelines of the Italian Digital Agency, as demonstrated by the success of the ANPR Project implemented – in the very first months of 2017 – on the Municipality of Cesena. The new Civilia Next platform comes already equipped with a measurement model to calculate the CA.RE. index, a thermometer of the degree of digital evolution of the PAs that use it, also in comparison with similar institutions. Divided into four different areas - Digital skills, Digital services, Digital administrations, Digital transparency - CA.RE. differs from other digitisation indicators of institutions and companies since it is based on an in-depth analysis of the DESI, Digital Economy & Society Index of the European Commission. CA.RE. is not only the acronym of Cambiamento Realizzato (Change Achieved) but, as suggested by the similarity with the English word "care", also Dedagroup's contribution to Italian PAs in order for them to be able to optimally take care of the citizens and companies in their territories.

But the development activities have also addressed a number of other areas, including the following:

a. Integration of BankUp core banking with EPL's IPower suite: at the end of 2016, the first installations of the Real Time General Ledger module began on the US market (after the various success stories obtained in Mexico with the local version of the same product). For 2017,15 new installations or migrations are already planned in the USA, on customers based in more than 20 American states and in Hawaii.
b. Implementation of the new In House Credit Card Management and Relationship Pricing modules, again for the US banking market
c. Installation – in approx. 50% of the US customer base – of the new e-banking platform connected to IPower, implemented and integrated in 2016
d. Review of the Entities Treasury solution, which we expect to have significant growth in 2017
e. Continuous strengthening and functional improvement of the solution for the Confidi segment, which continues to assert itself as a leading solution in the Italian market.
f. Strengthening of the BILCE solution for financial statements analysis, which in 2016 saw the acquisition of new and prestigious customers in Italy.
g. Integration of the new production scheduling modules into the Stealth platform, which has also been enriched with new retail features and an ecosystem of "Stealth Apps".
h. Implementation – with a view to Stealth's foreign development as described below – of the Stealth GO! version for partners
i. Completion (and acquisition of the necessary authorisations) of the Pagaflex solution for the management of payment cards in Mexico, which has been generating significant volumes since the end of 2016. In the first five months of 2017, the platform is managing an average monthly volume of 20,000 cards, with an increase of approx. 20% month-on-month and with truly significant prospects for 2017.
j. Maintenance and improvement of the functionality of Dedagroup Wiz's FlexCMP platform, which continues to generate interesting volumes and which, also in 2016, acquired new customers in the Retail world who are continuing to strengthen their e-commerce presence.

It is no surprise, therefore, that the Group's investments in Research & Development – for 2016 – were in excess of 5% of the Group's consolidated Revenues: it is again worth remembering that this figure should be compared with the average of Italian companies, which – according to ISTAT – continues to be well below 1.5% (according to the latest official statistics), while in Europe the absolute peaks of excellence (France) are approx. 2%.

The subsidiary Dedamex also continued its fruitful collaboration with the Mexican Academy and obtained new sources of funding for innovation projects in the field of Business Intelligence applied to solutions for the financial world.

Only the brief description of the previous paragraph is sufficient to demonstrate that the Group is increasingly becoming an innovative, cutting-edge, international software vendor: this characterisation is - as highlighted in the foreword to this report - one of the central development points of the Business Plan for the coming years. Already in 2016, as briefly mentioned above, total revenues from the sale of proprietary software licenses or maintenance amounted to well above approx. 50M€ or 25% of the Group's total revenues. Together with this characterisation, the Group has worked to strengthen its position as an enabler, credible partner and carrier of innovative solutions within the scope of the Digital Transformation of its customers. It would take too long to list the many experiences and references acquired in 2016: from the industrial world, IOT and Manufacturing 4.0, to digital PA, Pharma and Banking solutions, as well as innovative solutions in the world of digital knowledge and digital preservation. It is worth remembering, however – although it is a step taken in the first few months of 2017 – acquisition (which will be formalised at the end of June 2017, with an impact on the 2017 financial statements) of the Bologna-based web agency Officine Digitali S.p.a.: a new, decisive step by the Group to strengthen its presence in the world of advanced digital solutions (e-commerce, digital marketing, mobile apps and proximity marketing) with new professionalism, new customers and new projects. At the end of the acquisition process, Officine Digitali will be fully integrated into Dedagroup Wiz, through a merger operation, bringing to the Group a turnover of approx. 2M€, more than 20 professionals and decidedly positive and best in class margins.

Regarding the "internationalisation" driver, below are some additional comments. Already in the previous paragraph on the development of software solutions, it clearly emerges that the Group's vocation to assert its own proprietary solutions is not limited to the national horizon. Very many of the activities described above concern, in fact, the development of solutions aimed exclusively or prevalently at foreign markets. But the international activity has also addressed other areas:

a. Identification of new opportunities for "stable" development in the US
b. Creation of a network of partners/distributors for the Stealth platform

On the first point – as already announced in recent weeks – the Group has consolidated, after careful analysis, a very important acquisition in the USA, through its subsidiary Piteco S.p.a. The transaction, which was completed in the first quarter of 2017, does not affect the 2016 consolidation perimeter, but saw the Piteco team and the Dedagroup International Business Division engaged for several months at the end of 2016. As from 2017, therefore, the Group will be able to count on a significant new presence in the USA (in Kansas, to be precise) through the new subsidiary Juniper Payments LLC: a company specialised in solutions for the management of payment flows between banks. Juniper Payments represents an excellent channel for Piteco solutions, but also for the integration potential with Credit Union solutions. The company has a turnover that can be estimated at approx. 5M$ (in strong growth) and an excellent level of profitability.

In parallel with the Juniper Payments transaction, a second transaction is being finalised – again in the USA – that should lead to a further strengthening of the Group's presence in the Credit Union segment and of the software product portfolio for this market. The transaction has not yet been completed, but it is assumed that it will be closed by the middle of the current year.

Finally, with the creation of Dedagroup Stealth, the process of creating a network of global partners to sell the platform in several countries worldwide with very high potential has begun with determination: Japan and the UK in the first instance, with hypotheses of further development in the USA and Latin America. The project has been strengthened with the creation of an organisation dedicated to International Business within the Stealth division, acquiring important professional skills of Anglo-Saxon origin from companies that have been working for years on global theatres in the retail world. The Plan envisages the acquisition of 10 partners/main distributors by the end of 2017, which must generate new customers and a new stream of licenses already in the current year: there is every probability that the first significant deal can be closed already in the first half of 2017.

The Group's net investments in 2016 therefore totalled approx. €15M, in line with the historical trend of recent years (the comparison with the previous year is affected by – in the 2015 figure – consolidation of more than 13M€ relating to investments of EPL Inc.).

Therefore, from that described in the previous paragraphs, the Group's strategic structure emerges with clarity also in the years ahead (as detailed in the 2017-2020 Plan): creation of business value through a unique blend of proprietary and world-class software solutions and high added value integration and consulting services. The efforts, investments and important initiatives of 2016 demonstrate the robustness of the Plan and the Group's determination for its full and rapid implementation, in order to seize the expected results.

Marketing and communication

Digital First	Branding	Customer Satisfaction

Consistent with the strategic guidelines (old and new) the Group's (and the various Divisions') marketing and communication activities focused primarily on strengthening the Dedagroup brand through a constant and continuous presence in digital media.

Marketing activity in 2016 was aimed at developing a brand image consistent with the Group's new positioning and strengthening the visibility and positioning of the Dedagroup brand as a "strategic and process consultant in the Digital Transformation of customers". In order to pursue this objective, a content marketing strategy has been implemented to render visible and highlight the value generated by the Group's experiences with customers and those of the Divisions. From an operational point of view, the branding activities implemented followed an omnichannel approach, based on a balanced and sustainable plan of physical events and integrated with a wide use of digital media, while on the lead generation activities front, traditional outbound initiatives were combined with the constant monitoring of inbound initiatives. As always, the focus on internal communication completes the framework of marketing initiatives, with the aim of promoting a sense of belonging to Dedagroup "One Group" and facilitating the dissemination of information and the exchange of knowledge and experience.

The new Group website, www.dedagroup.it, went online during Ignition 2016, the traditional annual kick-off event, on 23 March, with a graphic layout that has incorporated the restyling of the coordinated image of the Group and of the logo. The website has been continuously expanded with new pages both for corporate storytelling and for the development of landing pages to support digital campaigns to promote the Group's services. A few weeks later, the first product website, www.civilianext.it, also went online, in which, around the innovative digital PA platform, user and partner communities that access insight and training resources on the various topics flourish.

Finally, the complete transformation of Marketing and Communication activities in the digital sense was achieved by continuing to be present on social networks, flanking LinkedIn and Twitter, active since 2011, with the Group's first Facebook page entitled Civilia Next.

Yammer and Dedaflash were the main internal information channels.

dedagroup.it website
Single users per year: 86,643 + 30%
Average session duration: 1min 54secs + 8%
Pages viewed: 331,242 + 24%
User origin: organic search more than 50%; direct 16.5%; paid search (inbound) 14%; social media 5%; outbound/email marketing 5%.

LinkedIn Company Page	Twitter
6000 followers; 856.000 impressions	1.800 followers; 250.000 impressions

Total press articles	Digital print articles
504, against 21 press releases, + 30%	395, + 44%

Physical Events	Webinar
40 events, over 16,000 contacts	13

Outbound Campaigns and Newsletters	Inbound Campaigns
78	22

Internal Communication	
Yammer Users	1.700
Dedaflash Editions	10

These digital platforms were flanked by the traditional press office activity, entrusted to a new agency, also interested in evolution in the digital sense.

Once again this year, the Group's attention to its customers was consolidated in a series of events and opportunities for discussion and listening, as well as in the promotion of solutions and specialist skills. Together with these "opportunities", the traditional Customer Satisfaction Survey was also carried out in 2016, involving a very significant number of customers from all sectors addressed by the Group (with a marked increase compared to previous editions). In general, the Survey once again consolidated positive results for the Group: the Group's overall satisfaction sees 8 out of 10 customers declare themselves "completely" or "fairly satisfied", with a net promoter score of 47 and the orientation of 55% customers to "certainly" contact the Group in the future. In particular, worthy of mention is that Dedagroup S.p.a. confirms an absolute and relative profile of the brand with results above the "pass" level (3.5). In particular, elements such as the competence of technicians and sales people, the company's Italian spirit and the ability to keep up to date are appreciated. Compared to competitors, the elements most highlighted are technical competence and ease of relationship.

DDway also confirms the positive trend of last year, with results well above the pass mark, excellent on items such as reliability, timeliness and technical expertise, in addition to the Italianness appreciated by customers since the acquisition by Dedagroup. A significant result is given to the related brand profile, with a very positive evaluation of the services offered on all items analysed and by all DDway business lines, compared to the competitors with which the company competes, in particular on Ease of Relationship and Reliability.

Staff, training and professional development

180 new professional certifications	1300 days of Technical, Project Management and Leadership Skills Training

The key figures of 2016 confirm the Group's attention and level of investment on the competence and technical, professional and managerial updating of its people. Both new certifications and training days maintain a decidedly positive and important trend: at the end of 2016, the Group's overall certifications reached a record level of 1400 in total, demonstrating the technical excellence of the Dedagroup Team on the various platforms and technologies. During 2016, the company took a decisive step towards the extensive use of digital training methods, with widespread use of online platforms, both for technical, regulatory and managerial training: many were the webinar sessions (later adopted on the Group's social platform) and distance learning sessions, also adopted to support customer training on new solutions and integrated in the training offer to the market.

In terms of overall size, the Group's workforce remained at the levels of 2015: the Group closed the year with a total workforce of 1597 employees compared to 1605 of the previous year. Also in 2016, this "balance" does not fully take into account the dynamics of personnel, which saw the recruitment of numerous new professional figures (mainly in the Fashion & Retail, Wiz, Business Technology & Data Divisions) against a reduction in Corporate & Staff personnel and natural attrition in other production areas. Worthy of mention is also the reduction in personnel resulting from the sale of the Small Municipalities business unit in 2016, which involved approximately 30 Group employees.

The Business Plan and the important commercial dynamics of 2016 (and beginning of 2017) lead us to predict that the Group's workforce (even without factoring in the acquisitions made or in progress in 2017) may grow substantially during the new financial year: the Plan in fact envisages the recruitment of approx. 100 new employees in 2017, with a similar trend for the following years.

Group companies - Performance (summary)

New Organisational Model

The new organisational model has led to a significant simplification of the Group's structure and operating model. This simplification therefore makes less relevant the commentary on the specific performance of individual Group companies, many of which - as already pointed out in the previous paragraphs - have been merged (Beltos, ASF, Idea Futura, Agorà). In addition, during 2016, the Group's perimeter was further (although marginally) modified with the sale (in the second half of the year) of the activities carried out by Dedagroup S.p.a. in the Small Municipalities segment: a disposal determined by the Group's new strategic positioning and the desire to converge on a single and innovative software platform for this segment, Civilia Next. The sale had an impact (approx. 1.3M€) on consolidated revenues with the emergence of a capital gain in the consolidated financial statements (see Notes to the financial statements).

As regards the companies that have not been involved in the new business model:

Dexit

It operates in the desktop services, fleet management and operative control of technological services business. In 2016, Dexit recorded a positive performance, substantially confirming 2015 volumes (approx. 7M€ vs. 7.7M€) and very positive gross and net margins: these values are also expected to be confirmed in 2017. From a longer perspective, it should be remembered that – in March 2017 – the Autonomous Province of Trento launched a new tender procedure for award of the services currently managed by Dexit. The Group participated in such tender (RTI Dedagroup and Dexit), but there is no reliable information on the decision deadline for the new award.

Derga Consulting

Derga's 2016 confirmed the growth trend of previous years, bringing total revenues to approx. 22M€ with a gross margin in line with the previous year.

Piteco

Piteco continued its virtuous path, also well underlined by its stock market performance which recorded an increase in excess of 50% on the Italian AIM market. Revenues were fuelled by new and important new license sales and by maintenance and services volumes on existing customers. Piteco closed 2016 therefore with revenues of over 14M€ (+5.5% y/y), EBITDA of 5.6M€, Net Profit of 4.5M€ and a significantly improved NFP at +2M€.

Research, development and investments

Innovation Lab	Financed Research

A detailed account has already been given of 2016 investment, research and development activities, in the paragraph dedicated to 2016 strategic initiatives: for Dedagroup, in fact, development and innovation are at the heart of the Group's Strategic Plan and evolution. Mention has also already been made of the important recognition obtained by the Group in the field of innovation, with the Award of the Awards of the Presidency of the Council of Ministers.

Here, we would like to underline the new path that the Group embarked on in 2016, in order to consolidate and better address the research and innovation field. We are referring to the initiatives launched in 2016 in partnership with the Bruno Kessler Foundation in Trento, which have given rise to a series of very important and promising activities for the Group's future.

The first – Co-Innovation Lab – is an initiative that stems from the creation of the new Technology & Innovation unit within the Dedagroup Corporate team. It was this evolution that led to the desire to give concrete form to the new positioning through the creation of Co-Innovation Lab, the Dedagroup - Bruno Kessler Foundation (FBK) joint initiative dedicated to the development of standards and good practices for Open Data and Open Services and for the creation of new generation digital applications. The Laboratory is in the activation phase through the recruitment of a first nucleus of new resources – dedicated to research and development – to be progressively increased according to the projects launched. The resources will be mainly based at FBK, but will also spend time at Dedagroup.

In parallel, the Group has activated new collaborations with the research world for the development of new project proposals to be submitted to financing bodies (Italian and EU) with the aim of obtaining new sources of funding to support its R&D activities: although there is still no official feedback, we can already say that - during 2017 - this activity will bring new sources of funding, which will be dedicated to the development of innovative data and integration platforms. The 2017-2020 Plan also envisages, even in future years, obtaining a substantial flow of funding for R&D activities, in the order of 1% of Group turnover.

This potential funding will be in addition to that already earmarked for research and innovation activities, which – also in 2016 – exceeded 5% of turnover, confirming the Group's "best in class" positioning on this very important issue.

Strategy and outlook

Generation of business value	Profitable growth & cash generation	New Business Plan

2017 and the coming years will see the Group committed to achieving the objectives of the new 2017-2020 Business Plan, approved by the Board of Directors at the beginning of 2017. A plan which, as already mentioned, aims to create business value for stakeholders, through the leverage of best in class software solutions, combined with a superior capacity to generate added value through consulting and process services. This generation of value requires a strong focus on profitability and cash generation, which are – as from the previous financial year – the Group's primary objectives. 2016 was affected by numerous and diverse adverse events on the issue of profitability and cash generation, linked to the implementation of the "building blocks" of the future strategy. Already in 2017, we expect to be able to minimise these impacts and to partially fulfil the ambitions set out in the Plan, guaranteeing an operating and financial performance that is certainly higher than that of 2016: the expectation is to achieve not only higher revenue growth than that of 2016, but also an EBITDA of 11% on turnover and cash generation that allows the NFP/EBITDA ratio to be reduced to 2.

The effort and investments in 2016 were decidedly exceptional, as were some of the circumstances that accompanied the financial year: we are confident of having embarked on a different path in 2017, of being able to count on a macro economic scenario (in Italy and abroad) different from that of 2016 and certainly more positive, and of having the opportunity to "unleash" that achieved in 2016. These elements, together with the contribution of the new ventures in the USA and the positive developments in Italy of the initiatives already launched, will certainly lead to a better performance in 2017.

Conclusions

We have opened 2017 with an ambitious Strategic Plan, born from the collective intelligence of Dedagroup People and approved by the Board of Directors based on the awareness that the objectives set can be achieved, having fine-tuned the Group's business model, as well as many important management systems, and having drawn a further path of internationalisation of the Group that will leverage our best in class software. But what will make a difference in the coming years – as well described in the Plan's initiatives dedicated to the Human Capital Strategy – will once again be the competence and professionalism of our people, together with their dedication. For this reason, in the Plan, we have designed new training and development programs for the Group's Top Talent, we have planned the recruitment of over 400 new young and dynamic colleagues, and we have created new induction programs - the Dedagroup Academy - as well as robust leadership development programs - the Build (Y)Our Future Program.

We did so because we are well aware that alongside best in class solutions, together with methodologies and technology, we need an extraordinary level of intelligence and dedication to win in global markets and to ensure customers - the most precious resource of any company - that we are able, today and tomorrow, to support them in their Digital Transformation.

As always, therefore, at the end of yet another key year of our journey, I would like to express to you shareholders the thanks of the entire Dedagroup Team for the continuous support of our evolution, and to Dedagroup People an extraordinary round of applause for what they were able to do, with expertise and personal commitment, in 2016.

On behalf of the Board of Directors

The Managing Director

Gianni Camisa

REPORT ON THE FINANCIAL STATEMENTS OF DEDAGROUP S.P.A. 2016

1 - Foreword

This Report on Operations accompanying the statutory financial statements of Dedagroup S.p.a., in many parts supplements the data on the Group's consolidated financial statements in order to also fulfil the latter's disclosure obligations.
In this sense, where appropriate, the report will present data, information and details relating not only to Dedagroup, but to the whole of the consolidation scope.
The companies currently being consolidated according to the line-by-line method are:

DDway S.r.l.
Dedagroup Public Services S.r.l.
Dedamex SA
Derga Consulting S.r.l.
Dexit S.r.l.
Dedagroup Wiz S.r.l.
Dedagroup Stealth S.p.a.
Dedagroup North America
Dedagroup Swiss Sagl
Epl inc
Piteco S.p.A.

The list of associated companies, and, therefore those measured in accordance with the equity method, can be found in the section reserved to transactions with Group companies.

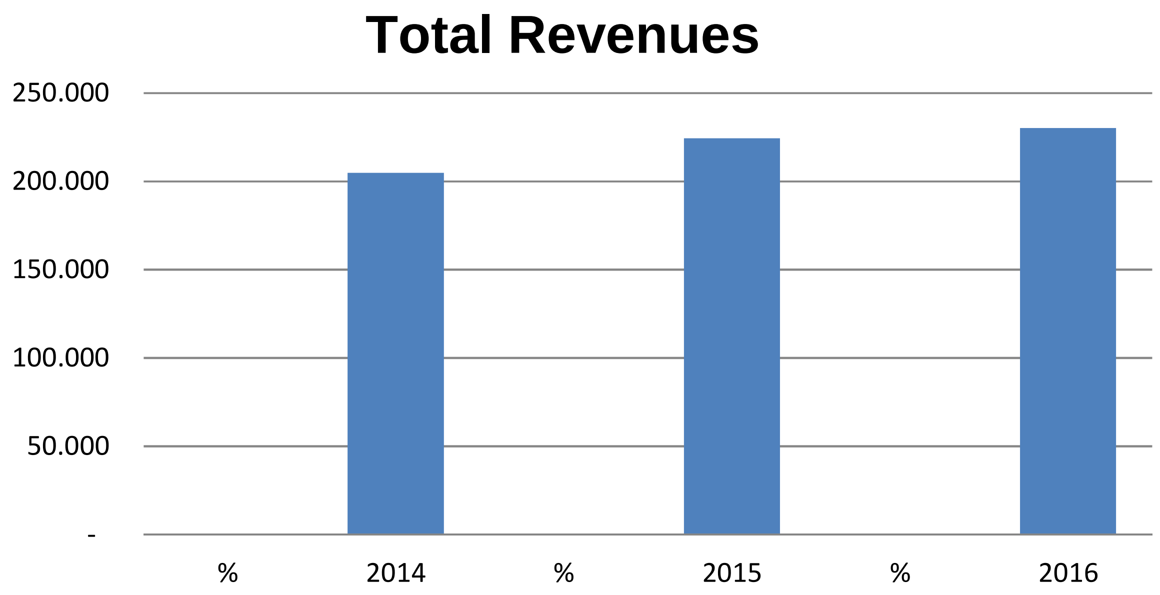
2 - Summary of Group results

Figures in €/000	2016	%	2015	%	2014	%
Revenues	230,142	100.00%	224,357	100.00%	204,757	100.00%
Gross Operating Margin	16,243	7.06%	20,920	9.32%	16,856	8.23%
EBIT	2,415	-1.05%	2,686	1.20%	701	0.31%
Pre-tax result	4,692	-2.04%	214	0.10%	1,743	0.78%
Net result	4,777	2.08%	2,923	1.30%	219	0.10%

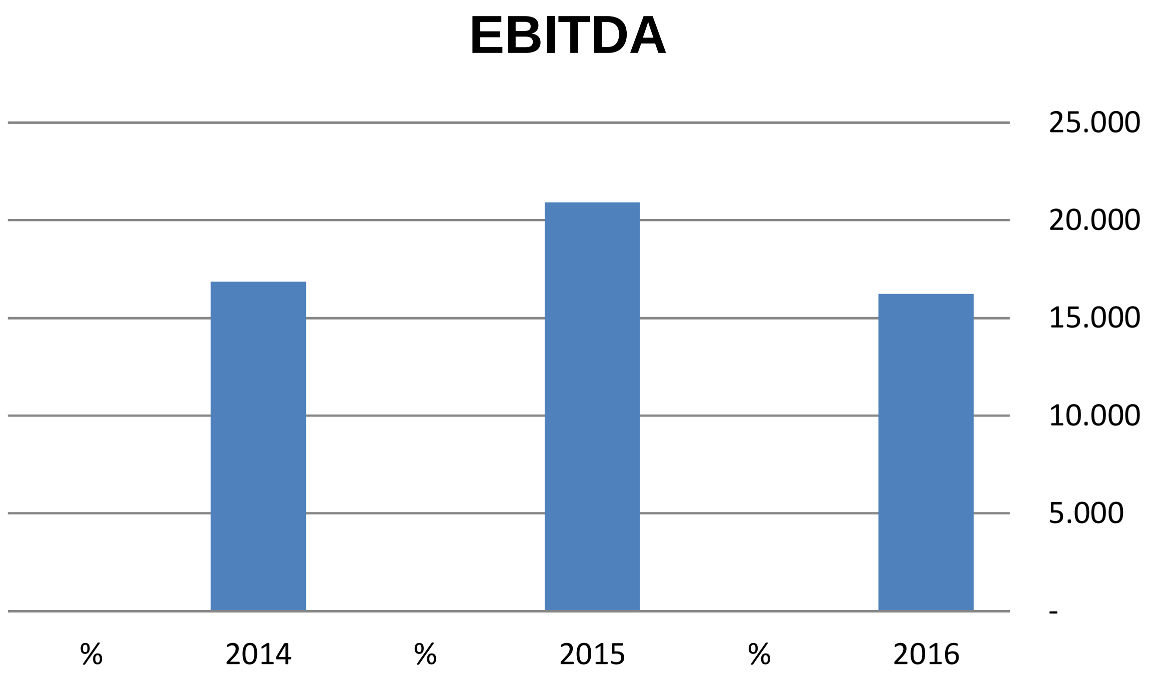
Equity and financial data (€/000)	2016	2015	2014
Shareholders' equity	48,969	40,491	24,287
Total assets	211,222	192,519	178,046
Cash flow	15,433	4,240	17,022
Net financial position	49,551	34,118	38,358

Workforce	2016	2015	2014
	1597	1605	1605

2.1 - Revenues (€/000)



2.2 - Profitability (€/000)



3 - Main corporate operations

3.1 - Dedagroup Public Services

In December 2016, Sinergis S.r.l.:

- Changed its name to Dedagroup Public Services S.r.l.
- Deliberated a capital increase of over 6.6 million euros.
- Acquired the "Local Public Administration" business unit of Dedagroup by conferral
- Acquired the business unit called "Laboratory and development" from the company A Software Factory S.r.l.

3.2 - Dedagroup Wiz S.r.l.

Acquisition of 100% of the company Idea Futura S.r.l. was completed in 2016: at the end of September, the company changed its name to Dedagroup Wiz and merged the company Agorà Med S.r.l. also wholly owned by the Parent Company.

3.3 - Ecos S.r.l.

Acquisition of 100% of the company Ecos S.r.l. was completed in 2016 with the deed of 21 November, but with retroactive effect from 1 January 2016, the company was merged with Dedagroup S.p.a. and integrated in the Business Technology & Data division.

3.4 - Dedagroup Stealth S.p.a.

During 2016,100% of the shares of Beltos S.r.l. were acquired and in December the following corporate acts were carried out:

- Change of name and legal status to Dedagroup Stealth S.p.a.
- At the same time, a capital increase of 24,900,000 euros was deliberated.
- At the end of 2016, the company thus formed acquired the Stealth software business unit from DDway S.r.l.

3.5 - A Software Factory

The shareholding previously held by Dedagroup S.p.a. was entirely sold at the year-end, effectively leaving the scope of consolidation.

3.6 - Miscellaneous corporate reorganisation operations

On 1 January 2016, all the people operating in the various staff departments of DDway S.r.l. were assigned to the Parent Company, in order to concentrate and optimise operations for the entire Group.

4 - Economic-financial indicators for the Dedagroup consolidated financial statements

(Art. 2428 of the Italian Civil Code)

4.1 - Group statement of financial position

As provided for by article 1, paragraph 1 letter c) of Italian Legislative Decree 32/2007, pursuant to the new article 2428 paragraph 2 of the Italian Civil Code, below are a number of financial structure indicators aimed at better illustrating the quantification of the percentage weight of certain aggregates of assets and liabilities in relation to total assets and liabilities, as well as whether or not there is a situation of equilibrium in the balance sheet structure of the company.

Reclassification in accordance with the liquidity criterion	2016	% of Tot. Uses	2015	% of Tot. Uses
WORKING CAPITAL	130,919,723	61.98%	118,469,509	61.54%
Cash on hand	13,924,997	6.59%	16,922,668	8.79%
Liquid funds	13,924,997	6.59%	16,922,668	8.79%
Deferred liquidity	91,705,087	43.42%	78,657,619	40.86%
Amounts due from Shareholders	-	0.00%	-	0.00%
Trade receivable	80,829,263	38.27%	72,110,472	37.46%
Other short-term receivables under CA	7,013,006	3.32%	4,161,362	2.16%
Non-current short-term receivables	-	0.00%	-	0.00%
Financial assets	-	0.00%	-	0.00%
Accrued income and deferred expenses	3,862,818	1.83%	2,385,785	1.24%

Inventories	25,289,639	11.97%	22,889,223	11.89%
FIXED ASSETS	80,301,985	38.02%	74,049,024	38.46%
Intangible fixed assets	49,472,361	23.42%	51,318,744	26.66%
Tangible fixed assets	11,582,904	5.48%	12,452,734	6.47%
Financial fixed assets	1,972,998	0.93%	1,545,365	0.80%
Medium/long-term receivables under CA	17,273,721	8.18%	8,732,181	4.54%
TOTAL COMMITMENTS	211,221,708	100.00%	192,518,533	100.00%

	2016	% of Tot. Sources	2015	% of Tot. Sources
MINORITY INTERESTS IN CAPITAL	187,082,997	-88.57%	170,140,614	88.38%
Current liabilities	108,441,007	-51.34%	108,229,908	56.22%
Trade payables	51,104,772	-24.19%	53,199,927	27.63%
Customer advance payments	5,844,227	-2.77%	4,649,319	2.41%
Short-term financial payables	27,036,946	-12.80%	23,839,674	12.38%
Other short-term payables	21,762,993	-10.30%	22,541,489	11.71%
Accruals and deferrals	2,692,070	-1.27%	3,999,499	2.08%
Consolidated liabilities	53,812,146	-25.48%	43,797,444	22.75%
Medium/long-term payables	36,439,106	-17.25%	27,200,600	14.13%
Other medium/long-term payables	889,414	-0.42%	851,783	0.44%
Provisions for risks and charges	4,518,028	-2.14%	2,823,686	1.47%
Employee severance indemnity (TFR)	11,965,599	-5.66%	12,921,375	6.71%
MINORITY INTERESTS IN CAPITAL	24,829,845	-11.76%	18,113,263	9.41%
Reserves	21,849,110	-10.34%	17,715,507	9.20%
Net profit/loss	2,980,735	-1.41%	397,756	0.21%

SHAREHOLDERS' EQUITY	24,138,711	-11.43%	22,377,919	11.62%
Share capital	1,409,182	-0.67%	1,409,182	0.73%
Reserves	20,576,073	-9.74%	24,304,760	12.62%
Profit/loss carried forward	357,690	-0.17%	-5,861,743	-3.04%
Net profit/loss	1,795,766	-0.85%	2,525,720	1.31%
TOTAL SOURCES OF FUNDS	211,221,708	-100.00%	192,518,534	100.00%

Reclassification for margins	2016	% value of producti on	2015	% value of productio n
VALUE OF PRODUCTION	230,142,174	100.00%	224,357,435	100.00%
- Consumption of materials	55,592,654	24.16%	53,569,897	23.88%
- Expenses on services for production	-	0.00%	-	0.00%
VALUE ADDED	174,549,520	75.84%	170,787,538	76.12%
- Payroll and related costs	92,441,105	40.17%	93,814,914	41.81%
- Expenses for services	63,237,704	27.48%	54,201,433	24.16%
- General expenses	2,628,167	1.14%	1,850,756	0.82%
EBITDA	16,242,544	7.06%	20,920,435	9.32%
- Amortisation, depreciation and write-downs	16,715,055	7.26%	17,152,170	7.65%
- Provisions	1,942,444	0.84%	1,082,000	0.48%
OPERATING RESULT (EBIT)	- 2,414,956	-1.05%	2,686,265	1.20%
EARNINGS BEFORE FINANCIAL OPERATIONS	- 2,414,956	-1.05%	2,686,265	1.20%
+ Financial income	354,919	0.15%	161,840	0.07%
+ Exchange gains and losses	286,607	0.12%	487,020	0.22%
OPERATING RESULT (EBIT)	- 1,773,430	-0.77%	3,335,125	1.49%

- Financial expense	2,812,681	1.22%	3,069,842	1.37%
EARNINGS BEFORE EXTRAORDINARY OPERATIONS	- 4,586,111	-1.99%	265,282	0.12%
+ Value adjustments to financial assets	-106,073	-0.05%	- 51,331	-0.02%
PRE-TAX RESULT	-4,692,185	-2.04%	213,951	0.10%
- Taxation	-9,468,685	-4.11%	- 2,709,525	-1.21%
PROFIT/LOSS	4,776,500	2.08%	2,923,476	1.30%
- Minority share	2,980,735	1.30%	397,756	0.18%
PROFIT/LOSS FOR THE GROUP	1,795,766	0.78%	2,525,720	1.13%

As provided for by article 1, paragraph 1 letter c) of Italian Legislative Decree 32/2007, pursuant to the new article 2428 paragraph 2 of the Italian Civil Code, below are a number of financial and operating situation indicators aimed at better illustrating the degree of solvency of the company, i.e. its ability to meet its obligations in a timely manner, by expressing assets as a function of their ability to transform themselves into monetary income and the liability elements based on the deadline by which the company must meet its obligations:

	2016	2015
NET FINANCIAL POSITION	49,551,055	34,117,606

	2016	2015
ROE	3.34%	5.82%
ROI	-0.84%	1.73%
ROS	-1.05%	1.20%
FIXED ASSET COVER	60.98%	54.68%
SHORT-TERM BANKS ON CURRENT ASSETS:	26.92%	31.26%
DEBT RATIO	88.57%	88.38%
OWN FUNDS/INVESTED CAPITAL	11.43%	11.62%
FINANCIAL EXPENSES/TURNOVER	1.22%	1.37%

NFP/EBITDA	305.07%	163.08%

These indicators were calculated as follows:

- ROE: Period profit/Shareholders' equity prior to profit-loss
- ROI: EBIT/Total commitments
- ROS: EBIT/Value of production
- FIXED ASSET COVER: Own capital/Fixed assets
- SHORT-TERM BANKS ON CURRENT ASSETS: Short-term financial payables/Current assets
- DEBT RATIO: Minority capital/Total commitments
- OWN FUNDS/INVESTED CAPITAL: Own capital/Total commitments
- FINANCIAL EXPENSE ON TURNOVER: Financial expense/Value of production
- NFP/EBITDA: Net financial position/EBITDA

4.2 - Information on the use of financial instruments

The financial assets and liabilities held by the company are closely linked and functional to its core operative business.

More specifically, the company's risk management policies tend to limit market risks.

7 - Economic-financial indicators for the Dedagroup S.p.a. financial statements (Art. 2428 of the Italian Civil Code)

Reclassification in accordance with the liquidity criterion	2016	% of Tot. Uses	2015	% of Tot. Uses
WORKING CAPITAL	56,764,635	40.28%	52,495,747	46.10%
Cash on hand	1,328,068	0.94%	2,931,360	2.57%
Liquid funds	1,328,068	0.94%	2,931,360	2.57%
Deferred liquidity	50,541,891	35.86%	2,868,780	37.65%
Amounts due from Shareholders	-	0.00%	-	0.00%
Trade receivable	43,085,873	30.57%	38,918,073	34.18%
Other short-term receivables under CA	4,013,648	2.85%	2,209,524	1.94%

Non-current short-term receivables	-	0.00%	-	0.00%
Financial assets	1,937,548	1.37%	686,300	0.60%
Accrued income and deferred expenses	1,504,822	1.07%	1,054,882	0.93%
Inventories	4,894,676	3.47%	6,695,607	5.88%
FIXED ASSETS	84,177,265	59.72%	61,380,163	53.90%
Intangible fixed assets	6,110,139	4.34%	11,665,932	10.24%
Tangible fixed assets	8,491,818	6.03%	8,498,132	7.46%
Financial fixed assets	64,563,087	45.81%	36,143,695	31.74%
Medium/long-term receivables under CA	5,012,221	3.56%	5,072,404	4.45%
TOTAL COMMITMENTS	140,941,900	100.00%	113,875,910	100.00%

	2016	% of Tot. Sources	2015	% of Tot. Sources
MINORITY INTERESTS IN CAPITAL	122,556,803	-86.96%	91,783,484	80.60%
Current liabilities	90,081,935	-63.91%	70,277,328	61.71%
Trade payables	63,075,204	-44.75%	48,835,560	42.88%
Customer advance payments	1,530,673	-1.09%	815,759	0.72%
Short-term financial payables	17,825,133	-12.65%	12,741,753	11.19%
Other short-term payables	7,028,744	-4.99%	7,377,220	6.48%
Accruals and deferrals	622,179	-0.44%	507,037	0.45%
Consolidated liabilities	32,474,868	-23.04%	21,506,155	18.89%
Medium/long-term financial payables	28,632,647	-20.32%	17,598,199	15.45%
Other medium/long-term payables	140,910	-0.10%	-	0.00%
Provisions for risks and charges	1,996,333	-1.42%	628,381	0.55%

Employee severance indemnity (TFR)	1,704,978	-1.21%	3,279,576	2.88%
MINORITY INTERESTS IN CAPITAL	-	0.00%	-	0.00%
Reserves	-	0.00%	-	0.00%
Net profit/loss	-	0.00%	-	0.00%
SHAREHOLDERS' EQUITY	18,385,097	-13.04%	22,092,427	19.40%
Share capital	1,409,182	-1.00%	1,409,182	1.24%
Reserves	20,648,271	-14.65%	24,376,958	21.41%
Profit/loss carried forward	-	0.00%	-	0.00%
Net profit/loss	(3,672,356)	2.61%	(3,693,713)	-3.24%
TOTAL SOURCES OF FUNDS	140,941,900	-100.00%	113,875,910	100.00%

Reclassification for margins	2016	% value of productio n	2015	% value of producti on
VALUE OF PRODUCTION	95,887,370	100.00%	87,717,065	100.00%
- Consumption of materials	41,181,672	42.95%	41,046,620	46.79%
- Expenses on services for production	-	0.00%	-	0.00%
VALUE ADDED	54,705,698	57.05%	46,670,445	53.21%
- Payroll and related costs	28,908,670	30.15%	25,270,157	28.81%
- Expenses for services	21,468,098	22.39%	16,879,546	19.24%
- General expenses	2,008,465	2.09%	751,253	0.86%
EBITDA	2,320,466	2.42%	3,769,489	4.30%
- Amortisation, depreciation and write-downs	7,958,441	8.30%	7,572,569	8.63%
- Provisions	1,418,517	1.48%	-	0.00%
OPERATING RESULT (EBIT)	-7,056,492	-7.36%	-3,803,080	-4.34%

EARNINGS BEFORE FINANCIAL OPERATIONS	-7,056,492	-7.36%	- 3,803,080	-4.34%
+ Financial income	3,535,754	3.69%	1,300,199	1.48%
+ Exchange gains and losses	- 5,333	-0.01%	279,546	0.32%
OPERATING RESULT (EBIT)	- 3,526,071	-3.68%	-2,223,335	-2.53%
- Financial expense	2,067,728	2.16%	2,216,186	2.53%
EARNINGS BEFORE EXTRAORDINARY OPERATIONS	- 5,593,798	-5.83%	- 4,439,521	-5.06%
+ Value adjustments to financial assets	- 174,361	-0.18%	-	0.00%
PRE-TAX RESULT	- 5,768,160	-6.02%	- 4,439,521	-5.06%
- Taxation	- 2,095,804	-2.19%	- 745,808	-0.85%
PROFIT/LOSS	- 3,672,356	-3.83%	- 3,693,713	-4.21%
- Minority share	-	0.00%	-	0.00%
GROUP PROFIT/LOSS	- 3,672,356	-3.83%	-3,693,713	-4.21%

	2016	2015
NET FINANCIAL POSITION	45,129,712	27,408,591

	2016	2015
ROE	-24.96%	-20.08%
ROI	-2.50%	-1.95%
ROS	-7.36%	-4.34%
FIXED ASSET COVER	21.84%	35.99%
SHORT-TERM BANKS ON CURRENT ASSETS:	16.31%	18.96%
DEBT RATIO	86.96%	80.60%
OWN FUNDS/INVESTED CAPITAL	13.04%	19.40%
FINANCIAL EXPENSES/TURNOVER	2.16%	2.53%
NFP/EBITDA	1944.86%	727.12%

The method used for calculation is identical to that of the consolidated version, to which we would refer you for details.

8 - Subsidiaries and parent companies

Companies subjected to third party Management and Coordination

With regard to transactions between companies belonging to company groups ("management and coordination activities of companies"), pursuant to art. 2497 et seq of the Italian Civil Code, it should be noted that your company is subject to the management and coordination of Sequenza S.p.a. (with registered office in Rome, Via Paolo di Dono, 73), for which the information obligations indicated by the legislation have been fulfilled.

In consideration of the fact that the considerations for all intercompany transactions are regulated at market conditions and that they meet the criteria of being in the interests of your company, the economic and financial values are not affected by the aforementioned management and coordination activity.

Transactions with parent company

Transactions of a financial and commercial nature with the parent company, regulated at normal market conditions, are highlighted in the relevant sections of the Notes to the Financial Statements, to which reference should be made. Cost and revenue transactions with the parent company Sequenza S.p.a. and other companies in the chain of control (Lillo S.p.a.) are listed below:

	2016 statutory financial statements
REVENUES FROM SALES AND SERVICES	
OTHER REVENUES	
TOTAL REVENUES	
COSTS FOR THE PURCHASE OF GOODS	
COSTS FOR SERVICES AND RENTALS	- 505,200
OTHER COSTS	- 606
TOTAL COSTS	- 505,806
FINANCIAL INCOME AND EXPENSE	- 74,415
BALANCE	-580,221

9 - Workforce

In addition to that specified in the Letter to the Shareholders, please note the total changes to employees within the Group:

COMPANY	Tot. no. employees at 31/12/2015	Employments 2016	Dismissals 2016	Other changes 2016	Tot. no. employees at 31/12/2016
Dedagroup Public Services S.r.l.	73	8	3	154	232
Ecos S.r.l.	30	4	13	-21	-
Derga Consulting S.r.l.	79	14	14	-	79
Dexit S.r.l.	52	1	8	-	45
Agorà Med S.r.l.	18	1	4	- 15	-
DDway S.r.l.	660	43	42	- 176	485
Dedagroup S.p.a.	457	56	48	- 122	343
Piteco S.p.a.	81	5	-	-	86
Dedagroup Stealth S.p.a.	16	40	4	149	201
A Software Factory S.r.l.	22	15	7	- 30	-
Dedamex SA	32	-	-	-	32
Dedagroup North America	-	-	-	-	-
Dedagroup Wiz S.r.l.	13	3	2	15	29
EPL inc	70	7	14	-	63
Dedagroup Swiss Sagl	2	-	-	-	2
TOTAL	1,605	197	159	- 46	1,597

The item "Other changes" refers to changes in the scope of consolidation or to changes arising from mergers and purchases and sales of business units.

These financial statements are presented for approval by the shareholders using the extended terms of 180 days from year end, as established by Art. 26 of the Articles of Association, in order to enable the simultaneous preparation of the consolidated financial statements of the Dedagroup Group.

Baker Tilly Revisa is appointed to audit and certify the financial statements, which will be filed.

The company meets the requirements for the preparation of the Group consolidated financial statements. In accordance with Article 25 of Italian Legislative Decree no. 127 of 09 April 1991, the consolidated financial statements have been prepared for the Dedagroup S.p.a. Group, to which we would refer you for more complete information.

Il Presidente
Dr Marco Podini

DEDAGROUP S.P.A.

Registered office in Loc. Palazzine 120/F - Trento

Tax Code, VAT number and enrolment number with the Registrar of Companies of TRENTO

01763870225 – REA NO. 175519 – Share Capital 1,409,182.00

Company subject to the management and coordination of Sequenza S.p.a.

CONSOLIDATED FINANCIAL STATEMENTS FY 2016

Balance sheet - Assets	31/12/2016	31/12/2015
A) Amounts due from members for payments owing		
Part recalled		
Part to be recalled		
Total receivables due from shareholders for payments owing (A)		
B) Fixed assets		
I - Intangible fixed assets		
1) Start-up and expansion costs	29,156	30,707
2) Development costs	21,888,968	19,974,827
3) Industrial patents and intellectual property rights		
4) Concessions, licences, trademarks and similar rights	916,958	1,956,759
5) Goodwill	19,041,270	22,063,433
5b) Consolidation differences	5,005,673	3,468,527
6) Assets under construction and advances		
7) Other intangible fixed assets	2,590,336	3,824,492
Total intangible fixed assets	49,472,361	51,318,744
II - Tangible fixed assets		
1) Land and buildings	1,763,008	1,821,551
2) Plant and machinery	194,353	262,262
3) Industrial and commercial equipment	222	305
4) Other tangible fixed assets	9,517,669	10,173,741

5) Tangible assets in progress and advance payments	107,652	194,875
Total tangible fixed assets	11,582,904	12,452,734
III – Financial fixed assets		
1) Equity investments in:		
a) subsidiaries		
b) associated companies	95,358	98,039
c) parent companies	32,375	
d) companies subject to the control of parent companies		
d-bis) other companies	1,845,265	1,447,326
Total equity investments	1,972,998	1,545,365
2) Long-term receivables		
a) subsidiaries		
due within 12 months		
due beyond 12 months		
Total receivables due from subsidiary companies		
b) associated companies		
due within 12 months		
due beyond 12 months		
Total receivables due from associated companies		
c) parent companies		
due within 12 months		
due beyond 12 months		
Total receivables due from parent companies		
d) companies subject to the control of parent companies		
due within 12 months		
due beyond 12 months		
Total receivables from companies subject to the control of parent companies		
dbis) from other companies		
due within 12 months		
due beyond 12 months		
Total amounts receivable from other companies		
Total receivables		

3) Other securities		
4) Derivative financial asset instruments		
Total financial fixed assets	1,972,998	1,545,365
Total fixed assets	63,028,264	65,316,844
C) Current assets		
I - Inventories		
1) Raw, ancillary and consumable materials	125,367	211,276
2) Work in progress and semi-finished products		
3) Contract work in progress	22,515,623	19,696,981
4) Finished products and goods for resale	2,361,034	2,836,363
5) Advances	287,615	144,603
Total inventories	25,289,639	22,889,223
Tangible fixed assets destined for sale		
II - Receivables		
1) Trade receivables		
due within 12 months	79,474,780	69,975,851
due beyond 12 months		938,442
Total trade receivables	79,474,780	70,914,292
2) Amounts due from subsidiaries		
due within 12 months		
due beyond 12 months		
Total receivables due from subsidiary companies		
3) Amounts due from associated companies		
due within 12 months	1,049,579	570,293
due beyond 12 months		
Total receivables from associated companies	1,049,579	570,293
4) Amounts due from parent companies		
due within 12 months	301,243	1,564,328
due beyond 12 months		
Total receivables due from parent companies	301,243	1,564,328
5) From companies subject to the control of parent companies		
due within 12 months	3,660	
due beyond 12 months		

Total receivables from companies subject to the control of parent companies	3,660	
5-bis) Tax receivables		
due within 12 months	3,703,002	2,152,101
due beyond 12 months		
Total tax receivables	3,703,002	2,152,101
5-ter) Prepaid tax		
due within 12 months		
due beyond 12 months	17,235,870	7,774,157
Total deferred tax assets	17,235,870	7,774,157
5-quater) others		
due within 12 months	3,310,004	2,009,261
due beyond 12 months	37,851	19,582
Total amounts due from third parties	3,347,855	2,028,842
Total Receivables	105,115,990	85,004,015
III – Short-term financial assets not classed as fixed assets		
1) Investments in subsidiaries		
2) Investments in associated companies		
3) Investments in parent companies		
3-bis) Investments in companies subject to the control of parent companies		
4) Equity investments in other companies		
5) Derivative financial asset instruments		
6) Other securities		
7) Financial assets for centralised cash management		
Total current financial assets		
IV – Liquid funds		
1) Bank and post office deposits	13,910,022	16,910,553
2) Cheques	4,743	
3) Cash and equivalents in hand	10,231	12,114
Total liquid funds	13,924,997	16,922,668
Total current assets	144,330,626	124,815,905

D) Accruals and deferrals	3,862,818	2,385,785
Total assets	211,221,708	192,518,533

Balance Sheet - Liabilities	31/12/2016	31/12/2015
A) Shareholders' equity		
I - Share capital	1,409,182	1,409,182
II - Share premium reserve	20,381,039	24,074,752
III - Revaluation reserves		
IV - Legal reserve	230,007	230,007
V - Statutory reserves		
VI - Other reserves, otherwise indicated		
- Extraordinary reserve		
- Payments towards capital		
- Payments made to cover losses		
- Merger surplus reserve		
- Miscellaneous other reserves		
Total other reserves		
VII - Reserve for hedging operations of derivative financial flows	-34,974	
VIII - Retained earnings (accumulated losses)	357,690	-5,861,743
IX - Profit (loss) for the year	1,795,766	2,525,720
X - Negative reserve for own shares held in portfolio		
Total for Group shareholders' equity	24,138,711	22,377,919
Minority interests in capital and reserves	21,849,110	17,715,507
Minority period profit (loss)	2,980,735	397,756
Total minority shareholders' equity	24,829,845	18,113,263
Total shareholders' equity	48,968,555	40,491,182
B) Provisions for risks and charges		
1) Provision for pensions and similar obligations	82,259	79,392
2) Provision for taxation	7,066	16,737
3) Provisions for derivative financial liability instruments	34,974	
4) Other provisions	4,393,729	2,727,557
Total provisions for risks and charges	4,518,028	2,823,686
C) Employee severance indemnity	11,965,599	12,921,375
D) Payables		
1) Bonds		
due within 12 months	1,660,000	

due beyond 12 months	20,986,550	17,172,000
Total bonds	22,646,550	17,172,000
2) Convertible bonds		
due within 12 months		
due beyond 12 months	4,993,800	4,993,800
Total convertible bonds	4,993,800	4,993,800
3) Amounts payable to shareholders for loans		
due within 12 months		
due beyond 12 months		28,958
Total payables due to shareholders for loans		28,958
4) Amounts payable to banks		
- Reserve for unrealised exchange gains		
due within 12 months	25,376,946	23,720,919
due beyond 12 months	10,458,756	5,005,842
Total amounts due to banks	35,835,701	28,726,762
5) Due to other providers of finance		
due within 12 months		118,754
due beyond 12 months		
Total payables due to other lenders		118,754
6) Advances		
due within 12 months	5,844,227	4,649,319
due beyond 12 months		
Total advances	5,844,227	4,649,319
7) Trade payables		
due within 12 months	50,634,735	51,163,501
due beyond 12 months	140,910	
Total amounts due to suppliers	50,775,645	51,163,501
8) Payables represented by credit instruments		
due within 12 months		
due beyond 12 months		
Total payables represented by credit instruments		
9) Amounts due to subsidiary companies		
due within 12 months		

due beyond 12 months		
Total payables due to subsidiary companies		
10) Amounts due to associated companies		
due within 12 months	448,386	268,250
due beyond 12 months		
Total payables due to associated companies	448,386	268,250
11) Amounts due to parent companies		
due within 12 months	21,651	1,768,176
due beyond 12 months		
Total due to parent companies	21,651	1,768,176
11-bis) Amounts due to companies subject to the control of parent companies		
due within 12 months		
due beyond 12 months		
Total payables due to companies subject to the control of parent companies		
12) Tax payables		
due within 12 months	6,551,547	6,208,342
due beyond 12 months		
Total tax payables	6,551,547	6,208,342
13) Amounts payable to social security and welfare institutions		
due within 12 months	5,896,168	6,024,864
due beyond 12 months		
Total payables due to social security and welfare institutions	5,896,168	6,024,864
14) Other payables		
due within 12 months	9,315,278	10,308,283
due beyond 12 months	748,504	851,783
Total other payables	10,063,781	11,160,066
Total payables	143,077,456	132,282,792
E) Accruals and deferrals	2,692,070	3,999,499
Total liabilities	211,221,708	192,518,534

Income statement	31/12/2016	31/12/2015
A) Value of production		
1) Income from sales and services	215,679,117	210,564,536
2) Change in inventories of products currently being manufactured, semi-worked products and finished products		12,392
3) Changes in contract work in progress	1,077,280	431,542
4) Increases in fixed assets for in-house works	6,664,817	3,600,865
5) Other revenues and income		
- miscellaneous	3,601,784	9,008,921
- operating grants	3,119,177	739,180
- capital grants		
Total other revenues and income	6,720,961	9,748,100
Total value of production	230,142,174	224,357,435
B) Cost of production		
6) For raw, ancillary materials, consumables and goods	55,267,314	54,178,182
7) Services	57,767,600	49,040,733
8) Use of third party assets	5,470,104	5,160,700
9) For employees		
a) Wages and salaries	69,246,709	70,716,542
b) Social security contributions	18,561,360	18,592,372
c) Severance indemnity	4,632,837	4,468,456
d) Pensions and similar commitments		
e) Other payroll costs	199	37,544
Total staff costs	92,441,105	93,814,914
10) Amortisation, depreciation and write-downs		
a) Amortisation of intangible fixed assets	12,133,928	11,806,611
b) Depreciation of tangible fixed assets	4,031,050	4,457,275
c) Write-down of tangible and intangible fixed assets		
d) Impairment of loans including in current assets and liquid funds	550,078	888,284
Total amortisation, depreciation and write-down	16,715,055	17,152,170

11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	325,340	-608,285
12) Provisions for risks		
13) Other provisions	1,942,444	1,082,000
14) Other operating expense	2,628,167	1,850,756
Total cost of production	232,557,130	221,671,170
Difference between value and cost of production (A-B)	-2,414,956	2,686,265
C) Financial income and charges		
15) Income from equity investments		
- from subsidiary companies	1,196	
- from related companies		
- from parent companies		
- from companies subject to the control of parent companies		
- others	143,325	53,820
Total income from equity investments	144,521	53,820
16) Other financial income		
a) from receivables recorded as fixed assets		
- from subsidiary companies		
- from related companies		
- from parent companies		
- from companies subject to the control of parent companies		
- others		
Total financial income from receivables recorded as fixed assets		
b) from securities recorded as fixed assets		
c) from securities recorded as current assets		
d) financial income other than the above		
- from subsidiary companies		
- from related companies		
- from parent companies		
- from companies subject to the control of parent companies		
- others	210,397	108,020
Total incomes other than the above	210,397	108,020

Total other financial income	210,397	108,020
17) Interest and other financial expense		
- from subsidiary companies		
- from related companies		
- from parent companies	15,915	
- from companies subject to the control of parent companies		
- others	2,796,767	3,069,842
Total interest and other financial charges	2,812,681	3,069,842
17 bis) Exchange gains (losses)	286,607	487,020
Total financial income and expense	-2,171,156	-2,420,983
D) Value adjustments to financial assets		
18) Revaluations		
a) of equity interests	4,548	27,379
b) of financial fixed assets		
c) of securities recorded as current assets		
d) of derivative financial instruments		
Total adjustments	4,548	27,379
19) Write-downs		
a) of equity interests	110,621	78,710
b) of financial fixed assets		
c) of securities recorded as current assets		
d) of derivative financial instruments		
Total write-downs	110,621	78,710
Total value adjustments to financial assets	-106,073	-51,331
Result before taxes (A-B+/-C+/-D)	-4,692,184	213,951
20) Income taxes for the year (current, deferred and paid in advance)		
- current taxes	3,861,190	2,143,355
- prior years' taxation	-289,141	-538,390
- deferred and prepaid taxes	-11,073,316	-2,847,566
- income (expense) from adhering to the tax consolidation regime	-1,967,417	-1,466,924
Total income taxes for the current, deferred and prepaid period	-9,468,685	-2,709,525

Profit (loss) for the year	4,776,500	2,923,476
Minority interest profit/loss	2,980,735	397,756
Group profit (loss)	1,795,766	2,525,720

CASH FLOW STATEMENT AS OF 31/12/2016

	2016	2015
A) Cash flow from operating activities (indirect method)		
Profit (loss) for the year	4,776,500	2,923,476
Income tax	(9,468,685)	(2,709,525)
Interest expense / (income)	2,171,156	2,420,983
(Dividends)	(144,521)	(53,820)
(Gains)/losses from the sale of assets		
1) Profit (loss) before income tax, interest, dividends and capital gains/losses on disposals	(2,665,550)	2,581,114
Adjustments for non-cash items that had no counterpart in net working capital		
Allocations to reserves	2,892,563	3,038,033
Amortisation and depreciation of assets	16,164,978	16,263,886
Write-downs for impairment losses	106,073	51,331
Value adjustments to financial assets and liabilities of derivative financial instruments that do not involve monetary movements.		
Other increases/(decreases) in non-cash items		
Total adjustments for non-cash items that had no counterpart in net working capital	19,163,614	19,353,250
2) Cash flow before changes in NWC	16,498,064	21,934,364
Changes to net working capital		
Decrease/(increase) in inventories	(2,400,417)	(601,941)
Decrease/(increase) in trade receivables	(8,313,774)	3,522,598
Increase/(decrease) in trade payables	807,052	1,161,433
Increase/(decrease) in accrued income and prepaid expenses	(1,477,033)	116,493
Increase/(decrease) in accrued liabilities and deferred income	(1,307,429)	(65,725)
Other decreases/(Other Increases) in net working capital	(14,779,791)	(1,532,733)
Total changes in net working capital	(27,471,392)	2,600,124

3) Cash flow after changes in NWC	(10,973,328)	24,534,489
Other adjustments		
Interest received/(paid)	(2,171,156)	(2,420,983)
(Income tax paid)	9,468,685	2,709,525
Dividends received	144,521	53,820
(Uses of the reserves)	(1,620,573)	(9,009,972)
Other funds received/(payments)		
Total other adjustments	5,821,477	(8,667,610)
Cash flow generated by operating activities (A)	(5,151,852)	15,866,879
B) Cash flow from investment activities		
Tangible fixed assets		
(Flows from investments)	(3,161,220)	(4,804,847)
Flows from divestments		
Intangible fixed assets		
(Flows from investments)	(10,287,545)	(20,177,359)
Flows from divestments		
Financial fixed assets		
(Flows from investments)	(533,706)	
Flows from divestments		
Short-term financial assets		
(Flows from investments)		
Flows from divestments		
(Acquisition of business units, net of cash and cash equivalents)		
Sale of business units, net of cash and cash equivalents		
Cash flow from investment activities (B)	(13,982,471)	(24,982,207)
C) Cash flow from financing activities		
Minority interest means		
Increase/(decrease) in short-term payables to banks	7,108,940	8,231,124
Stipulation of loans	5,326,838	

(Loan repayment)		(1,003,872)
Own means		
Capital increase by payment	3,700,874	13,356,201
(Capital reimbursement by payment)	(1,126,702)	146,373
Sale (purchase) of treasury shares		
(Dividends and interim dividends paid)	1,126,702	(146,373)
Cash flow from financing activities (C)	16,136,651	20,583,452
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(2,997,671)	1,468,124
Effect of exchange rates on cash and cash equivalents		
Cash and cash equivalents at year start		
Bank and post office deposits	16,910,553	5,438,632
Cheques		
Cash and equivalents on hand	12,114	15,911
Total cash and cash equivalents at year start	16,922,668	5,454,543
Of which are not freely usable		
Cash and cash equivalents at year end		
Bank and post office deposits	13,910,022	16,910,553
Cheques	4,743	
Cash and equivalents on hand	10,231	12,114
Total cash and cash equivalents at year end	13,924,997	16,922,668
Of which are not freely usable		

DEDAGROUP S.P.A.

Registered office in Loc. Palazzine 120/F - Trento

Tax Code, VAT number and enrolment number with the Registrar of Companies of TRENTO

01763870225 – REA NO. 175519 – Share Capital 1,409,182.00

Company subject to the management and coordination of Sequenza S.p.a.

2016 ORDINARY FINANCIAL STATEMENTS

Balance sheet - Assets	31/12/2016	31/12/2015
A) Amounts due from members for payments owing		
Part recalled		
Part to be recalled		
Total receivables due from shareholders for payments owing (A)		
B) Fixed assets		
I - Intangible fixed assets		
1) Start-up and expansion costs		
2) Development costs	3,605,982	7,583,811
3) Industrial patents and intellectual property rights		
4) Concessions, licences, trademarks and similar rights	789,369	742,119
5) Goodwill	1,330,383	2,710,448
6) Assets under construction and advances		
7) Other intangible fixed assets	384,405	629,554
Total intangible fixed assets	6,110,139	11,665,932
II - Tangible fixed assets		
1) Land and buildings		
2) Plant and machinery	137,548	148,957
3) Industrial and commercial equipment		
4) Other tangible fixed assets	8,308,196	8,154,300
5) Tangible assets in progress and advance payments	46,074	194,875
Total tangible fixed assets	8,491,818	8,498,132
III – Financial fixed assets		
1) Equity investments in:		
a) subsidiaries	62,813,078	34,717,205

b) associated companies		76,481
c) parent companies		
d) companies subject to the control of parent companies		
d-bis) other companies	1,750,008	1,350,008
Total equity investments	64,563,087	36,143,695
2) Long-term receivables		
a) subsidiaries		
due within 12 months		
due beyond 12 months		
Total receivables due from subsidiary companies		
b) associated companies		
due within 12 months		
due beyond 12 months		
Total receivables due from associated companies		
c) parent companies		
due within 12 months		
due beyond 12 months		
Total receivables due from parent companies		
d) companies subject to the control of parent companies		
due within 12 months		
due beyond 12 months		
Total receivables from companies subject to the control of parent companies		
d-bis) from others		
due within 12 months		
due beyond 12 months		
Total receivables due from others		
Total receivables		

3) Other securities		
4) Derivative financial asset instruments		
Total financial fixed assets	64,563,087	36,143,695
Total fixed assets	79,165,044	56,307,759
C) Current assets		
I - Inventories		
1) Raw, ancillary and consumable materials		
2) Work in progress and semi-finished products		
3) Contract work in progress	3,670,765	4,822,581
4) Finished products and goods for resale	985,777	1,778,746
5) Advances	238,133	94,280
Total inventories	4,894,676	6,695,607
Tangible fixed assets destined for sale		
II - Receivables		
1) Trade receivables		
due within 12 months	31,492,338	29,943,667
due beyond 12 months		938,442
Total trade receivables	31,492,338	30,882,109
2) Amounts due from subsidiaries		
due within 12 months	10,919,582	8,249,852
due beyond 12 months	2,295,250	
Total receivables due from subsidiary companies	13,214,832	8,249,852
3) Amounts due from associated companies		
due within 12 months	670,293	570,293
due beyond 12 months		
Total receivables from associated companies	670,293	570,293
4) Amounts due from parent companies		
due within 12 months		154,261
due beyond 12 months		
Total receivables due from parent companies		154,261
5) From companies subject to the control of parent companies		
due within 12 months	3,660	
due beyond 12 months		
Total receivables from companies subject to the control of parent companies	3,660	
5-bis) Tax receivables		
due within 12 months	2,078,739	1,333,388
due beyond 12 months		
Total tax receivables	2,078,739	1,333,388
5-ter) Prepaid tax		
due within 12 months		
due beyond 12 months	2,703,570	4,133,963
Total deferred tax assets	2,703,570	4,133,963

5-quater) others		
due within 12 months	1,934,909	876,136
due beyond 12 months	13,402	
Total receivables due from others	1,948,311	876,136
Total Receivables	52,111,742	46,200,002
III – Financial assets not classified as fixed assets		
1) Investments in subsidiaries		
2) Investments in associated companies		
3) Investments in parent companies		
3-bis) Investments in companies subject to the control of parent companies		
4) Other equity investments		
5) Derivative financial asset instruments		
6) Other securities		
7) Financial assets for centralised cash management	1,937,548	686,300
Total financial assets not classified as fixed assets	1,937,548	686,300
IV – Liquid funds		
1) Bank and post office deposits	1,325,069	2,928,826
2) Cheques		
3) Cash and equivalents in hand	2,999	2,534
Total liquid funds	1,328,068	2,931,360
Total Current assets (C)	60,272,034	56,513,269
D) Accruals and deferrals	1,504,822	1,054,882
Total assets	140,941,900	113,875,910

Balance Sheet - Liabilities	31/12/2016	31/12/2015
A) Shareholders' equity		
I - Share capital	1,409,182	1,409,182
II - Share premium reserve	20,381,039	24,074,752
III - Revaluation reserves		
IV - Legal reserve	230,007	230,007
V - Statutory reserves		
VI - Other reserves, otherwise indicated	72,198	72,198
- Extraordinary reserve		
- Payments towards capital		
- Payments made to cover losses		
- Merger surplus reserve	72,198	72,198
- Reserve for unrealised exchange gains		
- Miscellaneous other reserves		
Total other reserves	72,198	72,198
VII - Reserve for hedging operations of derivative financial flows	-34,974	
VIII - Retained earnings (accumulated losses)		
IX - Profit (loss) for the year	-3,672,356	-3,693,713
X - Negative reserve for own shares held in portfolio		
Total for Group shareholders' equity	18,385,097	22,092,427
Minority interests in capital and reserves		
Minority period profit (loss)		
Total minority shareholders' equity		
Total shareholders' equity	18,385,097	22,092,427
B) Provisions for risks and charges		
1) Provision for pensions and similar obligations	36,060	36,060
2) Provision for taxation	5,371	15,910
3) Provisions for derivative financial liability instruments	34,974	
4) Other provisions	1,919,928	576,411
Total provisions for risks and charges	1,996,333	628,381
C) Employee leaving indemnities	1,704,978	3,279,576
D) Payables		
1) Bonds		
due within 12 months	1,660,000	
due beyond 12 months	20,986,550	17,172,000
Total bonds	22,646,550	17,172,000
2) Convertible bonds		
due within 12 months		
due beyond 12 months		
Total convertible bonds		
3) Amounts due to shareholders for loans		

due within 12 months		
due beyond 12 months		
Total payables due to shareholders for loans		
4) Amounts payable to banks		
due within 12 months	16,165,133	12,741,753
due beyond 12 months	7,646,097	426,199
Total amounts due to banks	23,811,231	13,167,951
5) Due to other providers of finance		
due within 12 months		
due beyond 12 months		
Total payables due to other lenders		
6) Advances		
due within 12 months	1,530,673	815,759
due beyond 12 months		
Total advances	1,530,673	815,759
7) Trade payables		
due within 12 months	31,180,492	32,683,754
due beyond 12 months	140,910	
Total amounts due to suppliers	31,321,402	32,683,754
8) Payables represented by credit instruments		
due within 12 months		
due beyond 12 months		
Total payables represented by credit instruments		
9) Amounts due to subsidiary companies		
due within 12 months	31,873,062	15,118,121
due beyond 12 months		
Total payables due to subsidiary companies	31,873,062	15,118,121
10) Amounts due to associated companies		
due within 12 months		29,740
due beyond 12 months		
Total payables due to associated companies		29,740
11) Amounts due to parent companies		
due within 12 months	21,651	1,003,945
due beyond 12 months		
Total due to parent companies	21,651	1,003,945
11-bis) Amounts due to companies subject to the control of parent companies		
due within 12 months		
due beyond 12 months		
Total payables due to companies subject to the control of parent companies		
12) Tax payables		
due within 12 months	2,183,079	1,879,833
due beyond 12 months		
Total tax payables	2,183,079	1,879,833
13) Amounts payable to social security and welfare institutions		
due within 12 months	1,874,653	1,831,228
due beyond 12 months		

Total payables due to social security and welfare institutions	1,874,653	1,831,228
14) Other payables		
due within 12 months	2,971,012	3,666,159
due beyond 12 months		
Total other payables	2,971,012	3,666,159
Total payables	118,233,313	87,368,490
E) Accruals and deferrals	622,179	507,037
Total liabilities	140,941,900	113,875,910

Income statement	31/12/2016	31/12/2015
A) Value of production		
1) Income from sales and services	85,443,114	79,955,414
2) Change in inventories of products currently being manufactured, semi-worked products and finished products		
3) Changes in contract work in progress	-1,573,810	930,978
4) Increases in fixed assets for in-house works	3,575,665	2,702,496
5) Other revenues and income		
- miscellaneous	7,557,790	4,106,613
- operating grants	884,611	21,564
- capital grants		
Total other revenues and income	8,442,401	4,128,177
Total value of production	95,887,370	87,717,065
B) Cost of production		
6) Raw, ancillary and consumable materials and goods for resale	40,586,233	40,552,951
7) Services	19,351,409	15,045,069
8) Use of third party assets	2,116,688	1,834,476
9) For employees		
a) Wages and salaries	21,252,806	18,629,349
b) Social security contributions	6,147,459	5,326,344
c) Severance indemnity	1,508,406	1,314,464
d) Pensions and similar commitments		
e) Other payroll costs		
Total staff costs	28,908,670	25,270,157
10) Amortisation, depreciation and write-downs		
a) Amortisation of intangible fixed assets	4,691,913	4,131,112
b) Depreciation of tangible fixed assets	3,150,045	3,270,839
c) Write-down of tangible and intangible fixed assets		
d) Impairment of loans including in current assets and liquid funds	116,483	170,618
Total amortisation, depreciation and write-down	7,958,441	7,572,569
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	595,439	493,669
12) Provisions for risks		
13) Other provisions	1,418,517	
14) Other operating expense	2,008,465	751,253
Total cost of production	102,943,862	91,520,144
Difference between value and cost of production (A-B)	-7,056,492	-3,803,080
C) Financial income and charges		
15) Income from equity investments		
- from subsidiary companies	3,467,200	1,137,177
- from related companies		
- from parent companies		

- from companies subject to the control of parent companies		
- others	1,125	48,414
Total income from equity investments	3,468,325	1,185,591
16) Other financial income		
a) from receivables recorded as fixed assets		
- from subsidiary companies		
- from related companies		
- from parent companies		
- from companies subject to the control of parent companies		
- others		
Total financial income from receivables recorded as fixed assets		
b) from securities recorded as fixed assets		
c) from securities recorded as current assets		
d) financial income other than the above		
- from subsidiary companies	66,825	111,900
- from related companies		
- from parent companies		1,991
- from companies subject to the control of parent companies		
- others	605	718
Total incomes other than the above	67,429	114,609
Total other financial income	67,429	114,609
17) Interest and other financial expense		
- from subsidiary companies	178,711	252,589
- from related companies		
- from parent companies	15,915	
- from companies subject to the control of parent companies		
- others	1,873,102	1,963,597
Total interest and other financial charges	2,067,728	2,216,186
17 bis) Exchange gains (losses)	-5,333	279,546
Total financial income and expense	1,462,694	-636,441
D) Value adjustments to financial assets		
18) Revaluations		
a) of equity interests		
b) of financial fixed assets		
c) of securities recorded as current assets		
d) of derivative financial instruments		
Total adjustments		
19) Write-downs		
a) of equity interests	174,361	
b) of financial fixed assets		
c) of securities recorded as current assets		
d) of derivative financial instruments		
Total write-downs	174,361	

Total value adjustments to financial assets	-174,361	
Result before taxes (A-B+/-C+/-D)	-5,768,160	-4,439,521
20) Income taxes for the year (current, deferred and paid in advance)		
- current taxes		
- prior years' taxation	4,746	-70,068
- deferred and prepaid taxes	-201,970	-675,740
- income (expense) from adhering to the tax consolidation regime	-1,898,580	
Total income taxes for the current, deferred and prepaid period	-2,095,804	-745,808
Profit (loss) for the year	-3,672,356	-3,693,713
Minority interest profit/loss		
Group profit (loss)	-3,672,356	-3,693,713

CASH FLOW STATEMENT AS OF 31/12/2016

	2016	2015
A) Cash flow from operating activities (indirect method)		
Profit (loss) for the year	(3,672,356)	(3,693,713)
Income tax	(2,095,804)	(745,808)
Interest expense / (income)	(1,462,694)	636,441
(Dividends)	(3,468,325)	(1,185,591)
(Gains)/losses from the sale of assets		
1) Profit (loss) before income tax, interest, dividends and capital gains/losses on disposals	(10,699,178)	(4,988,670)
Adjustments for non-cash items that had no counterpart in net working capital		
Allocations to reserves	1,534,196	225,215
Amortisation and depreciation of assets	7,841,958	7,401,950
Write-downs for impairment losses	174,361	
Value adjustments to financial assets and liabilities of derivative financial instruments that do not involve monetary movements.		
Other increases/(decreases) in non-cash items		
Total adjustments for non-cash items that had no counterpart in net working capital	9,550,515	7,627,165
2) Cash flow before changes in NWC	(1,148,663)	2,638,495
Changes to net working capital		
Decrease/(increase) in inventories	1,427,925	(76,271)
Decrease/(increase) in trade receivables	(10,948,592)	(309,525)
Increase/(decrease) in trade payables	(645,810)	(1,273,485)
Increase/(decrease) in accrued income and prepaid expenses	(521,985)	492,742
Increase/(decrease) in accrued liabilities and deferred income	133,627	(323,788)
Other decreases/(Other Increases) in net working capital	17,658,026	(1,977,436)
Total changes in net working capital	7,103,191	(3,467,764)

3) Cash flow after changes in NWC	5,954,528	(829,269)
Other adjustments		
Interest received/(paid)	1,462,694	(636,441)
(Income tax paid)	2,095,804	745,808
Dividends received	3,468,325	1,185,591
(Uses of the reserves)	(655,351)	(120,269)
Other funds received/(payments)		
Total other adjustments	6,371,471	1,174,688
Cash flow generated by operating activities (A)	12,326,000	345,419
B) Cash flow from investment activities		
Tangible fixed assets		
(Flows from investments)	(3,196,961)	(3,258,696)
Flows from divestments		
Intangible fixed assets		
(Flows from investments)	(3,617,762)	(4,630,951)
Flows from divestments		
Financial fixed assets		
(Flows from investments)	(21,981,150)	(1,141,646)
Flows from divestments		
Short-term financial assets		
(Flows from investments)	(1,251,247)	
Flows from divestments		3,513,816
(Acquisition of business units, net of cash and cash equivalents)		
Sale of business units, net of cash and cash equivalents		
Cash flow from investment activities (B)	(30,047,120)	(5,517,477)
C) Cash flow from financing activities		
Minority interest means		
Increase/(decrease) in short-term payables to banks	10,643,280	6,667,826
Stipulation of loans	5,474,550	
(Loan repayment)		(5,000,000)
Own means		
Capital increase by payment		4,999,998
(Capital reimbursement by payment)		

Sale (purchase) of treasury shares		
(Dividends and interim dividends paid)		
Cash flow from financing activities (C)	16,117,830	6,667,824
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(1,603,291)	1,495,766
Effect of exchange rates on cash and cash equivalents		
Cash and cash equivalents at year start		
Bank and post office deposits	2,928,826	1,432,396
Cheques		
Cash and equivalents on hand	2,534	3,197
Total cash and cash equivalents at year start	2,931,360	1,435,593
Of which are not freely usable		
Cash and cash equivalents at year end		
Bank and post office deposits	1,325,069	2,928,826
Cheques		
Cash and equivalents on hand	2,999	2,534
Total cash and cash equivalents at year end	1,328,068	2,931,360
Of which are not freely usable		

DEDAGROUP S.P.A.

Registered and Administrative Offices

Via di Spini, 50 - 38121 Trento

Share Capital € 1,409,182.00

VAT No. 01763870225

www.dedagroup.it

Company subject to the
management and
coordination of Sequenza