

# FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2017





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# Report on operations

## Letter to the shareholders

Dear Shareholders,

ten years have passed since the foundation of Dedagroup, i.e. from the moment in which our new brand was adopted to underline a new and superior ambition.

Since then, Dedagroup has never stopped growing and developing, trying to give substance to the promise of becoming not only a significant player in the national and international ICT world, but above all a reliable and competent partner for the digital transformation of Companies, Financial Institutions and Public Administrations.

The 2017 results consolidate - once again - that ambition. The Group has developed its revenues for the twelfth consecutive year, with a 4% increase over the previous year, recording total volumes in excess of 240M€; the improvement is also visible in terms of gross profitability, with EBITDA at 19.5M€, an increase of 20% on 2016.

We believe this result is a demonstration of the robustness of the business model adopted between 2016 and 2017, which led to the consolidation of the Group's activities in Italy and abroad in companies/divisions specialised by market (Stealth, Public Services, Business Solutions, EPL, Intech, Juniper Payments, Dedagroup México) or by line of business (Business Technology & Data, Wiz, Piteco, Derga, Dexit). In 2017, the process of creation of the new business model of the Group further continued with the consolidation of all the activities concerning the public sector as a whole in Dedagroup Public Services, and of all activities towards banks, financial institutions and industrial companies in Dedagroup Business Solutions, which incorporated the Banking division of Dedagroup Spa at the end of the financial year.

The substantial completion of the new Business Model led to important business synergies, operational simplifications and management efficiencies that have not only generated visible results in terms of improving the gross profitability of 2017, but also laid the foundations for further benefits in 2018 and beyond.

During 2017, the Group also grew due to the contribution of newly acquired business: Dedagroup Wiz added the the skills, projects and customers of Officine Digitali, acquired in June 2017 (fully consolidated in 2017); Piteco expanded its horizon of activity towards the USA with the establishment of Piteco North America and the acquisition of Juniper Payments (consolidated only since May); while the Group's International Banking business expanded its presence in the US with the acquisition of

Intech (consolidated starting from July), active in the Credit Union segment with proprietary software solutions, complementary to the existing offering.

Following these operations, we believe that our development objective outlined in the Strategic Plan approved last year and which has - as its fulcrum - the scale, differentiation and relevance for our customers, is even more realistic.

## GROUP STRATEGIC APPROACH Elements for value creation (how)



2017 was also a year of development and investment on another, very important front.

The Group in fact launched a series of initiatives aimed at the acquisition of new resources, the development of Talent and the creation of training courses for staff, turning with conviction to the implementation of the Human Capital Strategy outlined in the Strategic Plan.

As mentioned in the last report, two editions of the Dedagroup Digital Academy were successfully held, leading to the hiring of dozens of new young talented people in the various units of the Group and - in parallel - the design of the Dedagroup Master Build (Y) Our Future was completed, which started its first edition in the first half of 2018.

These initiatives, together with others already undertaken in previous years, produced important results:

1. The Group now has a total workforce of 1,700 resources, an increase of approx. 30 units compared to the previous year. The "net" growth does not fully take into account the dynamics of the year: in 2017 over 145 new high-profile resources were added to strengthen the Group's expertise.

2. The significant reduction in the average age of the Group from 46 to 44 years, obtained thanks to the numerous hirings of young talent. A still high average for an innovative IT company, but definitely better than the figure of a few years ago.
3. A visible and measurable improvement in terms of attractiveness of the Dedagroup in terms of employer branding and satisfaction of the people who work there.

The work of rationalisation, efficiency, operational and organisational review carried out in 2017, combined with investment in innovation, new solutions, skills and training will certainly bear further fruit during 2018 and beyond: not only in terms of growth, but also of profitability, for a better distribution of resources, for a more streamlined production organisation and for greater operational simplification.

Our process certainly does not end with the results of 2017 and the Group's prospects appear positive and interesting, in terms of development, growth, profitability and significance, also for the years to come and for 2018 in particular. Prospects that can be consolidated if we are able to interpret the change taking place - finally and fully digital - and exploit the potential of technology through process and industry expertise, to support our customers in their innovation processes and in the search for differentiation enabled by digital. We are optimistic about these challenges, because we know we can count on an ever-broader, deeper and more innovative portfolio of offerings and solutions, on a loyal and close customer and partner base, but above all on a team of people who have grown and grow every day in competence and professionalism, aware that only these attributes create value for their customers, for the Group and for themselves.

Therefore, as always, special thanks must go to all those who have been able to interpret the values and ambitions of Dedagroup, contributing with intelligence and dedication to our development and our success.

## Development and Growth - Revenues

Consolidated Revenues 240M€	Growth +4% y/y	Revenues by geographic area: Italy 215M€ Abroad 25M€
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In 2017 the Italian ICT market recorded a growth of just under 2%, confirming analysts' forecasts at the end of 2016. Moderate growth, but which confirms the recovery of this segment after years of decline or stagnation.

In this scenario it is gratifying to record a performance of the Group well above the growth of the reference market: an important sign, especially considering the size achieved by the Group and the fact that the growth of 2017 follows that of the previous 11 consecutive years.

The best performances are attributable to certain areas of the Group's offer: the Fashion & Luxury Retail segment represented by **Dedagroup Stealth** saw a sharp acceleration in 2017, as too did the Digital world of **Dedagroup Wiz**, Technology Services and Enabling Technologies, the Small Banks segment and the Local Public Sector component, driven by the growth of the Civilia Next platform and associated services, which visibly contributed to the improvement of the results of **Dedagroup Public Services**.

The new business model and the implementation of the guidelines of the Strategic Plan that envisaged orientating certain business lines towards a model of recurring fees (or "as a service") allowed the Group to improve one of its strengths: the creation and maintenance of a significant business backlog for subsequent years, the guarantee of a resilient and robust operating model. This "heritage", consisting of contracts acquired and recurring revenues, had increased by 13% at the end of 2017, amounting to approx. 190M€, and, as a demonstration of its importance, allowed the first quarter of 2018 to be closed with Group revenues increasing by more than 10% (over the same period of 2017).

The Group's sales results benefited from the strong growth of its proprietary Software and its fee-based services linked to the "as a service" model: this type of revenue contributed over 47M€ and grew by 7.6% compared to the previous year.

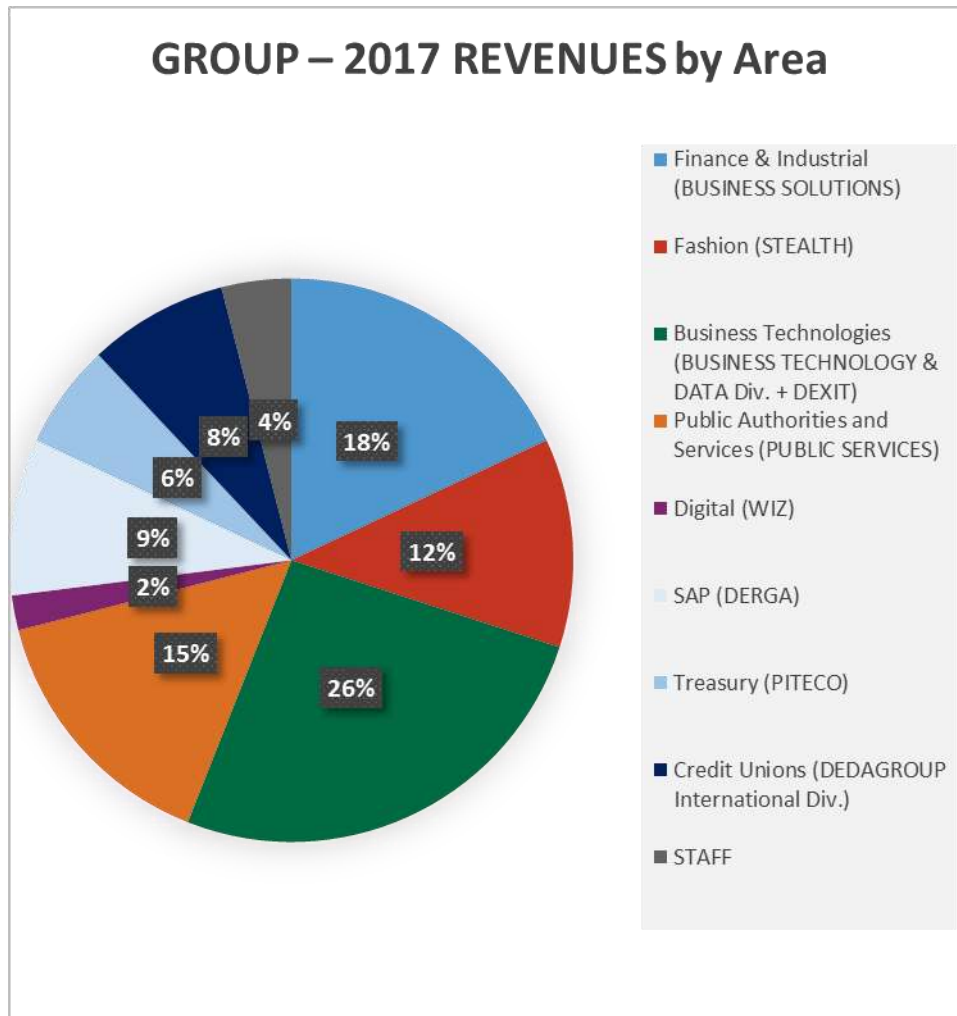
Likewise, the Group's commercial pipeline at the beginning of 2018 (the result of commercial activities in 2017) was close to 400M€, with large and high -certainty opportunities on all markets covered and net of large public tenders (framework agreements or individual projects) that cannot be accounted for, for obvious reasons of uncertainty on the outcome and the final value of the potential award.

The contribution of individual markets and segments to Group revenues did not undergo significant changes in 2017 compared to the previous year, as did the contribution of the international business



(which grew in absolute terms, but not in percentage terms, since the volume of total consolidated revenues also grew), as shown in the chart below.

The Group's consolidated revenues had a similar distribution by industry to that of 2016 and an international contribution of around 11%, destined to grow in 2018 due to the full consolidation of the Juniper Payments business in Piteco (in 2017 only partially consolidated) and to expectations on the developments in the Fashion & Retail segment through the Business Partner Network activated in 2017.



At the Italian level, it is important to recall the performance of the **Business Technology & Data Division** of Dedagroup that, also in 2017, developed its business along both traditional lines as well as on the digital frontier. The Division's performance certainly made a fundamental contribution to the Group's growth in 2017, through the acquisition of numerous and prestigious Technology Service, Cloud, Managed Services and architecture design and construction contracts. Numerous Cloud and Managed Services contracts were concluded in the second half of 2017, contributing in an insignificant manner to last year's performance: they will therefore be able to give an important impetus (as outlined above in mentioning the backlog at the end of 2017) to revenues and profitability in 2018.

The subsidiary **Dedagroup Business Solutions** (focused on financial markets and industry) also closed a very important year, laying the foundations for a solid 2018. New important projects and customers were acquired in the banking segment, relying on the skills of our people in migration, M&A and digital payments, following the transformation of the Italian banking market. Innovative projects were proposed and launched also in the Insurance segment, taking advantage of the Industry 4.0 expertise consolidated in the Industrial sector. In the Industrial segment, also due to the turmoil generated by government incentive measures, there were numerous implementations in the areas of Servitization, Industry 4.0 and the application of digital technologies to manufacturing and logistics.

It should be emphasised that in 2017 also **Dexit** maintained the levels of excellence of the past, above all in terms of gross and net margins, albeit in a period of transition to the new contract which - as mentioned below (see Strategic Initiatives and Key Events of the Year Section) was awarded to the Group. Dexit closed 2017 with revenues exceeding 7M€ and EBITDA of around 1M€.

The performance of the subsidiary **Piteco**, which closed 2017 with excellent profitability and interesting development prospects, linked to international expansion and the growing popularity of its software solutions, was positive and in continuity with 2016 (even before the partial consolidation of Juniper Payments, widely commented in this report).

Growth also for **Derga Consulting**, with margins in line with last year.

Again on the issue of the performance of the specific companies, we recall that the Parent Company Dedagroup developed a business volume of over 93M€, down on last year (although the comparison appears complex due to the corporate transactions carried out in 2017).

As for Dedagroup and as indicated below, it recorded profitability definitely higher than the previous year, supported by a focus on value-added business, operating efficiency and very careful management of the corporate activities provided to the Group.

## Profitability and financial position

EBITDA 19.5M€ vs 16.2M€ In 2016	NFP 53M€ vs 49.5M€ in 2016	NFP/EBITDA Ratio <3	Investment Grade Rating B1.2
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In the report on the 2016 financial statements, we had indicated that the Group's gross profitability had been penalised by certain extraordinary phenomena linked to a large extent to the reorganisation of the Group, but also to several other specific initiatives of that year.

2017 therefore recorded an important recovery in gross profitability compared to 2016: consolidated EBITDA rose from 16.2M€ in 2016 to 19.5M€ in 2017. In reality, the recovery was even greater if one considers the lower volume of capitalisation of the Italian companies recorded in the 2017 financial statements, approx. 1M€ lower than the previous year.

Worthy of note here is the decidedly positive performance of the Parent Company Dedagroup Spa, which achieved very positive profitability in 2017: the improved performance was expressed in a marked increase in gross margins which rose from 2.3M€ in 2016 to 6.7M€ in 2017, operating profit which amounted to over 25.4M€ in 2017 and net profit which closed at 23M€ compared to -3.7€M in 2016. The operating and net profit are obviously positively affected by the non-recurring event of the distribution of dividends by the subsidiary Dedagroup Business Solutions (formerly DDway Srl) following the corporate restructuring of 2017.

The Group recorded a net loss of 6.9M€, due to an important series of negative and non-recurring phenomena, which had an effect exceeding 5M€:

1. Exchange charges of approx. 1.5M€, deriving - for Dedagroup Spa - from the current exchange rate valuation of the loans granted by the same to Dedagroup North America and EPL inc. of approx. 440K€ and - for Piteco Spa - from the current exchange rate valuation of the loan disbursed to Piteco North America Corp. of approx. 1M€. Obviously it would be risky to venture into forecasts on the USD/€ exchange rate at the end of 2018, but we can certainly state that - at constant exchange rates - no further revision of the book values of the aforementioned items will be made. The impact of exchange rates on the previous year was not significant.
2. Writedown of receivables amounting to over 2.5M€ in total (compared to less than 1M€ in 2016). These writedowns involved, in addition to the usual allocation of 0.5% of total trade receivables, certain items of Dedagroup Spa (approx. 1.9M€ to cover certain receivables related to customers admitted to bankruptcy proceedings), Dedagroup Public Services

(approx. 200K€ to cover a dispute with a supplier) and Dedagroup Stealth (approx. 120K€), also in this case for positions vis-a-vis bankrupt customers or those admitted to bankruptcy proceedings.

3. Writedown of the Dedagroup investment (through Dedamex) in Dedapay, of approx. 800K€ following the non-positive performance of the subsidiary in 2017.

We can affirm, albeit with the caution that must be the basis of future forecasts, that all these items can be qualified as "extraordinary" and that the 2018 result will therefore not be negatively impacted in terms of net profitability in 2018.

The significant figure to be underlined - with regard to the gross profitability of 2017 - is that the improvement initiatives implemented last year will have (and are already having) positive effects also in 2018: we refer, in particular, to the gradual reduction in the development effort of the Civilia Next platform, to the consolidation (with recovery of efficiency) of the SW development laboratories of Dedagroup Public Services, to the initiatives to improve the efficiency of the EPL structure in the USA with the simultaneous development of a SW laboratory in Guadalajara at Dedagroup México, to the efficiency improvement of the Corporate Services structures provided by Dedagroup Spa and, last but not least, to the greater volumes of Cloud services and Managed Services that will be delivered in 2018 in execution of contracts signed in the second half of 2017.

The evidence of the above is also shown in the profitability of the first quarter of the current year, which sees markedly improved EBITDA over the same period of 2017.

During 2017, as mentioned in the first part of the Report, the Group completed three extraordinary transactions that impacted the NFP: the acquisitions of Officine Digitali, Intech and Juniper Payments. The profitability of 2017, the disbursements for the aforementioned acquisitions and the adjustment of the Share Capital led to a year-end NFP of 53€M, up compared to 2016 ( 49.5€M), but in line with the objectives of the Plan. As mentioned above, Dedagroup SpA resolved a capital increase that was subscribed for a total of 12M€, of which 9.5M€ by 31 December 2017.

The full consolidation of Intech and Juniper Payments in 2018 - moreover - will increase profitability estimated at over 1.5M€.

In 2017, 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 3M€, to which should be added the similar initiatives of EPL Inc. and of Piteco (please refer to the corresponding financial statements for details): as underlined above, the total amount of capitalisation in 2017 was approx. 1M€ lower than in 2016.

The Group's shareholders' equity went from 49M€ in 2016 to 48M€ in the current year, while the shareholders' equity of Dedagroup, following the performance described above and the capital

increase, rose from 18.4M€ to 50.5M€, with a decidedly extraordinary increase that must be underlined with a view to the formidable strengthening of the Parent Company's capital.

## Strategic initiatives and key events of the year

Internationalisation

Digital

"Best in class" SW solutions

In 2017, numerous initiatives aimed at achieving the objectives of the Plan were implemented. In particular, the Group focused on strengthening its presence abroad, through the two already mentioned transactions for the acquisition of Juniper Payments (announced in the report on the 2016 Financial Statements) and Intech (cited in a generic manner in the same report).

Both transactions - which required significant financial effort - were aimed at strengthening the Group's presence in the Software and Value-Added Services segment for US financial institutions and creating a hub for aggregating future initiatives in the US Banking segment which presents opportunities for consolidation and M&A due to its high fragmentation.

With the two transactions finalised in 2017, the Group's presence in the US became articulated and significant with a positive outlook: there are clear potential synergies between EPL, Juniper Payments and Intech, which can now offer (in the Credit Unions segment but not only), banking management platforms and integrated, vertical or stand-alone software solutions. These include, for example, Real Time General Ledger and Credit and Debit Card management modules, Remote Banking solutions and integrated payment services.

Just a few months after the acquisition, Dedagroup's US facilities started collaborating to integrate their offerings, exploit cross-selling opportunities and optimise their organisations: there are ample opportunities on all fronts, which will certainly bear fruit in the coming years. This is accompanied by the effort of integration between EPL and Dedagroup México for the creation of an EPL SW development hub in Guadalajara, aimed at optimising the costs of EPL, but also at exploiting the extraordinary intellectual heritage offered by the Mexican team, derived from experience gained in recent years in BankUp implementation projects. In recent weeks, moreover, the Italo-Mexican team completed the largest, most complex and prestigious installation of BankUp at a foreign customer (one of the largest Mexican Cooperative Banks) that will certainly have an important impact on the figures of Dedagroup México in the 2018, but also a significant commercial effect locally. This renewed US/Mexican collaboration will result in significant growth of the Mexican team (expected to be around 100 units at the end of 2018) and an acceleration in SW development initiatives for American Credit Unions.

The result of this consolidation and expansion effort is impressive: to date, approx. one million US citizens receive their banking services through the Dedagroup platforms, over 300,000 Mexican users

benefit from the power of BankUp and approx. six billion dollars of daily transactions are managed by the Juniper Payment platform.

The line of international development is completed with the full deployment of the Stealth Business Partner Network, which was already mentioned in the report on the 2016 Financial Statements. 2017 - in fact - witnessed its consolidation with the formalisation of agreements in France (Viseo), UK (Pinnaca), China (D1M) and Japan (Cyberlink).

The support activities for foreign partners covered numerous areas: the Stealth GO! Product, training through the Stealth Learning Center and marketing and communication support in conjunction with the Fieldworks agency in the UK. Given this extraordinary launch effort, important commercial results were achieved in France and the UK, where Stealth has "won over" important and well-known luxury brands, which auger well for a marked increase in Stealth's foreign sales over the course of 2018.

Alongside this international and overseas development, as already mentioned, the strengthening in the Digital segment continued through the acquisition of Officine Digitali Spa, a historic company in the Web world based in Bologna. The transaction, finalised in June 2017, responds to the purpose of creating a significant, multi-sector player, with extensive technological presence in the world of Web services. With the acquisition of Officine Digitali, Dedagroup Wiz decisively increases its operating capacity, development potential and its customer base, but also and above all the possibility of offering customers a broad and deep range of technological and process skills. Already in the second part of 2017 Wiz was able to expand its activity towards previously unaddressed customer segments and with a decidedly richer and more articulated offering than in the past. In 2018, it is planned to further exploit this new positioning to achieve significant growth (revenues expected at over 6M€), with an important profit margin, making available the solutions and references created the field of **Omnichannel, e-Commerce and Digital marketing** to the entire Group.

The issue of Digital Transformation is now central to the agenda of Italian companies and also involves the Business Technology & Data Division, which has continued the offering innovation process to bring customers new solutions in the field of **Artificial Intelligence and Cognitive Computing**, but also in the segment of **Digital Knowledge Preservation**, segments that have generated great interest on the market (above all, but not only, around conversational platforms - chatbots and virtual assistants). This has allowed the Group to position itself among the first in Italy on these issues, central to the future of the sector, and to accompany the branding activity by demonstrating it with achievements both in the B2B and in the B2C area, on which it is further extending its capability to engage other potential customers.

Other projects concerned the issues of **Visual Recognition** for applications aimed at the recognition of objects for the automatic management of supplies and for the measurement of sell-out data associated with consumer clusters. Our laboratories can today boast the skills and experience acquired

on the most popular cloud platforms that offer cognitive services. Specific knowledge was also acquired on the use of humanoid robots interfaced with application systems able to interact with the various interlocutors of our customers.

Again in terms of innovation and new solutions, we worked to render the Digital Knowledge Life vision and offer concrete, through design experiences with prestigious and international customers, and created two **Laboratories** open to our customers to explore and experiment processes, technologies and specific models for digital curation, multimedia digital asset management, long-term digital preservation, enhancement, innovative use of digital objects and interoperability between cultural heritage, education and the scientific world. Finally, Dedagroup's ties with the national and international network were strengthened through active participation in the community of experts, in research and in application in projects in Italy of international technologies and standards for digital preservation and the development of knowledge concerning archives, virtual museums, arts and crafts. This important and promising segment combines innovation and digital with one of the country's major assets, that is its extraordinary cultural, artistic, documental and historical heritage, giving the proposition a truly unique value.

In parallel with the extraordinary strengthening and expansion operations, the development of the Group's proprietary solutions continued: 2017 saw the consolidation of the **Civilia Next** suite which – right at the end of 2017 – recorded an important commercial success.

To date, more than 240 administrations have adopted Civilia Next for their digital transformation and the platform is gathering important success stories from advanced and prestigious Administrations. This derives from the full correspondence of Civilia Next with the most recent provisions and guidelines of the Digital Agency, but also with the needs of innovation and service of Public Administration regarding payments, online services, centralised registry, taxes and dematerialisation. The substantial completion of the new suite also, as previously mentioned, led to significant operating efficiencies which (also in 2018) will contribute to a probable and expected increase in margins of Dedagroup Public Services.

The volumes managed by Civilia Next give a truly flattering picture, if we consider its success in terms of services provided and citizens managed. To date, more than 1,200,000 Italian citizens receive municipal services through the Civilia platform, which has managed over 2,200,000 protocols, 2,000,000 payment mandates, 1,300,000 digital invoices, 300,000 payslips and nearly 13,000,000 registry changes. Volumes that only the functional robustness and completeness of the Civilia Next application could guarantee and ensure.

Finally, it is worth mentioning a significant event in 2018 which, however, has its origins in 2017: in February 2018, the **temporary consortium of Dedagroup and Dexit** was awarded the tender for managing the workstations and supplying the equipment tendered by the Autonomous Province of



Trento. The tender, with a total value of approximately 30M€ over 4 years, is the continuation of the service provided - in the last 9 years - by Dexit itself following the award of the previous tender called in 2009. The prestigious and important award guarantees continuity of the activities of Dexit and its people, consolidates a significant presence in the “desktop & fleet management” segment and contributes to the backlog of the Group for the next few years. The contract will be formalised following the ongoing technical checks by the contracting authority: in the meantime, Dexit and Dedagroup guarantee current services based on existing contracts.

Therefore, also this year, it is not surprising to note that the Group's total investments (in research and development, intangible, tangible and financial assets) exceed 33M€, with a total impact of approx. 14% on turnover.

In particular:

1. Approximately 5.6M€ were capitalised in 2017, with a reduction of around 1€M compared to the previous year.
2. Over 24M€ are investments for the acquisition of equity investments, in particular in Officine Digitali, Intech and Juniper Payments, through the newly-incorporated Piteco North America.

Once again, therefore, Dedagroup confirms its willingness to keep a good pace in terms of innovation and research, aimed at creating world-class software solutions, digital platforms and vertical know-how in the different industry segments. A pace that seems necessary to us to continue the Group's development, in Italy and abroad, in terms of competition, competence and importance.

# Marketing and communication

Brand & Ambassador

Marketing Automation

Customer Satisfaction

The 2017 Marketing and Communication activities - in partial continuity with 2016 - focused on certain specific objectives:

- Strengthen the visibility and positioning of the Dedagroup brand of "strategic and process consultant in the digital transformation of Customers" and "unique blend of software + business integration + digital design".
- Make visible and bring out the value generated by the Group's customer experiences, leveraging the skills of Dedagroup People.
- Implement a balanced, sustainable and effective event plan to promote the Group's positioning.
- Improve the ability to generate leads and feed the pipelines, improving the integration between marketing and sales and automating the Marketing processes as much as possible.
- Promote the sense of belonging to Dedagroup "One Group", internal information and knowledge dissemination.

These priorities were pursued with determination and perseverance by the Corporate Marketing Team along with the business divisions, achieving significant results in all areas:

- Over 18,000 unique users/month for the website, at the centre of an integrated content strategy that starts from media precisely to extend the narration of the skills and excellence of the Group on traditional and social media.
- Over 600 press releases, narrating the Dedagroup success stories, permanently present in the most prestigious national general newspapers (Corriere della Sera, Repubblica Affari e Finanza, Il Sole 24 Ore, Nova, Wired, Corriere Innovazione, etc.).
- The launch of the Ambassador project, which fed an editorial calendar of approx. 50 articles by as many colleagues, expression of the Group's "thought leadership" on all the main topics of innovation, with an engagement rate on LinkedIn that exceeded 5%.
- The management of an integrated Employer Branding plan that promoted Dedagroup as a "good place to work" supporting the recruitment of new talent.

- Approx. 1,000 leads generated during the year, thanks to a mix of inbound and traditional activities (including over 60 events for customers and partners) managed with greater efficiency thanks to process automation.
- The 10% reduction in marketing expenses, despite the proliferation of brands linked to the new business model.

As always, the figures do not give full visibility of the quality of the work done and the extent of the activities carried out. Moreover, the attention to the customer relationship and to the key elements of a mature and professional relationship with the same is demonstrated by the gratifying results recorded in the 2017 Customer Satisfaction Survey. The result of the Survey basically confirmed the excellent performance of the last few years, consolidating the image of a reliable, proximate, timely and transparent Group, competent in its commercial and technical teams. A profile that strengthens our Brand and is very aligned with the founding values of Dedagroup.

During 2017 and in the first few months of 2018, the Group also launched the new websites of the companies that were created or transformed as part of the review of the Group's operating model: a profound revision of the digital presence of Dedagroup which - as always - wants to transmit an image of specialisation and depth (by market and by industry segment), together with an integrated and unique approach. The operation completes the launch of the [www.dedagroupstealth.com](http://www.dedagroupstealth.com) site, entirely in English, developed to support the internationalisation of operations in the Fashion & Luxury Retail segment with a specific marketing and communication plan.

## Staff, training and professional development

145 hires	1,600 professional certifications	33,000 days of Technical, Project Management and Leadership Skills Training
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We already mentioned in the previous paragraphs the significant effort put in place to implement the first initiatives of the Human Capital Strategy outlined in the Business Plan. Initiatives aimed at the recruitment of new talented people (over 145 hires), their training (two sessions of Dedagroup Digital Academy) and the consolidation of the skills of our people.

On this point in particular we would like to underline that, in 2017, the training effort of Dedagroup staff generated an unprecedented volume and quality of initiatives: during the year, over 33,000 hours of training were delivered, i.e. over 260% more than in the previous year.

The record of 33,000 hours of training is not an end in itself, but arises from the obvious need to maintain a very high standard of competence on digital issues, which is essential to guarantee our customers the level of professionalism they demand from a partner like Dedagroup. This effort was also consolidated in over 1,600 professional certifications, which are the evidence of not only the effort, but also of the result.

Also in 2017, therefore, Dedagroup kept its promise of being a Group that ensures constant and continuous training of its people, not only in the recruitment phase, but also in the successive stages of their career: a focus on the development of talent that in 2018, as already mentioned, will see the launch of a new ambitious and prestigious initiative, that of the Dedagroup Master Build (Y) Our Future, aimed at Top Talent (professionals and managers) destined to hold top positions in the Group in the near future.

Our attention to people and the desire to create a stimulating, professionally solid and attractive work environment, in 2017 saw the birth of the work/family reconciliation initiative of the Family Audit. In 2017, this project led to the certification of Dedagroup "Family Audit", a recognition of current and future initiatives for work/family reconciliation. A project that goes well beyond the certification of 2017 and which has a time horizon of three years, during which the Company undertakes to implement actions and initiatives agreed and defined with staff, which are aimed at creating a work environment that allows better reconciliation between work and company needs and family constraints and responsibilities. By way of example, we would like to mention the initiatives already started, such as daily working hours flexibility, regulation of part-time, leave for new fathers, home-based teleworking, the reward system, advance on transport expenses and membership of the Family District. These will

be followed by those implemented within the scope of the Family Audit plan, as approved by the certifying body, i.e. the creation of the working hours bank and the solidarity bank, tutoring on return from maternity leave or other leave, the transfer of holidays and leave to colleagues in need.

All the initiatives described above form a "project" on Dedagroup resources that is very robust, transformational and aimed at collective growth. Recruitment of young talent, capillary and high-level training, attention to development, innovative tutoring initiatives and employee attention: a great effort to make Dedagroup, even more than today, a positive place to work and a company able to attract and retain the best talent.

## Research, Development and Investments

Innovation Lab

Financed Research

Relations with the Start  
Up ecosystem

Also in 2017, a consistent level of investment was maintained for the release of new software solutions, completion of existing suites with new functionalities or technological releases and for strengthening and consolidation of the Group's Data Centers.

As already mentioned, these activities generated capitalised costs of approx. 5.6M€ compared to 6.6M€ last year, not due to a reduction in activity, but due to the decision to reduce the impact of amortisation on future years, thus charging part of the investments made to the 2017 income statement.

As seen previously, the total investment in R&D, in fact, did not undergo a significant reduction compared to 2016, reaching absolute and percentage values (on total revenues) of the "best-in-class" players and comparable to those of previous years.

The areas and major R&D initiatives and investment can be summarised as follows:

1. Functional enrichment of the suite for American Credit Unions: release of the Credit & Debit Card Management modules (already put into production at two CUs in the state of New York at the end of 2017), Domestic payments & clearing, ACH, wires and check clearing modules.
2. Functional alignment of the mobile banking solution for American Credit Unions made available by the acquisition of Intech.
3. Development of additional functionalities for the BankUp solution in Mexico, aimed at large projects.
4. Completion of the Civilia Next suite, as already indicated.
5. Functional developments on the Stealth Platform and on Stealth GO! for the Italian large account market and for international customers served by the newly-established partner network.
6. Development of solutions and application platforms in the Cognitive Computing segment, aimed at the acquisition of specialised know-how and the creation of pre-configured systems on specific areas.

Obviously, the overall activities developed in 2017 are much more numerous, but the list referred to in the previous paragraph appears sufficiently long to give the sense and dimension of the effort - also in 2017 - to foster and support the Group's innovation.

Particular mention should be made of the development of the collaboration with the research world and with academia, which is obviously closely linked to the "industrial" development activities mentioned above.

In this perspective, it is worth remembering:

1. The approval by the Autonomous Province of Trento of a funded research project ("Digital Hub") for a total amount of approx. 3M€ aimed at the creation, in partnership with the Bruno Kessler Foundation of Trento and other local entities, of an interoperability platform to be made available to different parties and segments for the implementation of "smart" and data driven solutions that go beyond physical and virtual confines of legacy organisations and applications. The project, launched in 2017 through the Co-Innovation Lab, will enter the operational phase in 2018 with a significant involvement of FBK and Dedagroup Business Solutions, and will see its formalisation in June 2018 following certain administrative steps that are in progress. The centrality and strategic nature of the project are demonstrated by the great interest shown by numerous public and private entities, among which the same Autonomous Province of Trento is worth mentioning.
2. The activity carried out with the aforementioned Bruno Kessler Foundation within the context of the Co-Innovation Lab formally constituted last year and brought to full status at the beginning of 2018 with the 4 resources envisaged (2 from Dedagroup and 2 from FBK) which today represents the fulcrum of the collaboration and development of joint projects involving Dedagroup and FBK. Activities aimed at joint participation in national and European tenders, already with some concrete results including the European projects Smash, CityEnGov and Stardust, which sees us involved in the development of the software platform able to make the city of Trento a model for European Smart Cities.
3. The partnerships initiated with national and international incubators and accelerators - such as HIT (Trentino Innovation Hub) and Business France - French Tech - for the development of partnerships with the Start-up world.
4. The forthcoming presentation of new funded research projects, which continue and consolidate the development activities for the "Augmented City" on mobility, energy redevelopment, "Sensing City", and the development of significant projects on the Ministry of Economic Development Sustainable Growth Fund call concerning the Digital Agenda, aimed at supporting the development of the Civilia Next platform.

These R&D activities and the search for additional sources of funding are part of the objectives of the Plan, which foresees a strong acceleration on the issues of data integration, the creation of collaboration and interoperability platforms and on the new frontiers of Data Science. Issues that the Group will have to address due to market forces, but which we would like to be able to manage with

partnerships of high standing and with research contributions to optimise the economic and financial impact on future years.



## Strategy and outlook

2018 prospects

Profitable growth  
& cash generation

2017 was the first year in which the new Group Business Model saw its (almost) complete application. The results achieved are certainly encouraging, considering the growth achieved and the recovery of profitability. Nevertheless, we cannot fail to recognise that the Group has accumulated a certain delay with respect to the Plan's objectives, largely due to the "turbulence" induced by the adoption of the new model, by the postponement of the closing of extraordinary transactions in Italy and the USA (which were assumed for the beginning of 2017) and by the delay in the consolidation of important commercial negotiations (in the Fashion, Cloud and Public segments) which generated the postponement of high-margin revenues. This delay may be offset, at least in part, in the course of 2018, about which we are optimistic and positive: we believe that in 2018 - as already mentioned in other sections of this report - we can activate different drivers that will simultaneously sustain growth and profitability.

In particular:

1. Full consolidation of the new acquisitions in the USA.
2. Increase in sales of Civilia SW licenses due to the completion of the suite and the deployment of effective marketing actions on the product.
3. Contribution of the Stealth international business due to the completion of the distribution network and the full implementation of the activities.
4. Contribution to the 2018 results of the new Cloud and Managed Service contracts concluded by the Business Technology & Data Division towards the end of 2017.
5. Full benefit of the EPL efficiency improvement and creation of the SW development laboratory in Guadalajara.
6. Further improvement in the efficiency of the activities of Dedagroup Corporate for the supply of central services, through the adoption of new procedures and tools.
7. Positive impact on the average labour cost of the recruitment of junior figures in the various production divisions through the 2017 Academy and hiring programmes.

The combination of these main activities (and other minor activities that have already been defined in the Plan) makes it possible to see 2018 in a positive light: as already indicated, the results of the first few months of this year confirm this vision.

In fact, the first quarter of 2018 closed with double-digit revenue growth over 2017 and with a significant improvement in EBITDA, consolidating an important part of the expected recoveries described in the previous paragraphs of this report.

The expectation for 2018 is for revenue growth in line with 2017 with a marked increase in margins, generating a positive net result at the end of the year and reduction of the NFP significantly below 50M€ (without considering the impact of any extraordinary operations during the year).

In this light, it should also be recalled that in the first few months of the year, the Group also repaid approx. 15M€ of medium-term payables with conditions (in terms of rate or guarantees) no longer in line with the current financial market, also in order to activate new and more efficient credit lines.

## Conclusions

Our development path in 2017 saw a new important phase, characterised by the consolidation, growth and recovery of gross profitability.

2018 therefore starts with a positive and well-defined trend, albeit in an ever complex and hyper-competitive context. We know - certainly not since 2017 - that our "destiny" is that of growth and significance: this was true in 2008 when Dedagroup was founded, but it is true (perhaps even more so) also today, because we have to face increasingly global competitors, enterprise-class customers and mission-critical projects, even more so than in the past. We know we have the necessary expertise and adequate resources, but we also know that the trends that have characterised the recent years of our industry will not stop and indeed will undergo a further and decisive acceleration.

This is why we are acquiring new talent, adopting a more decisive approach to foreign markets, with renewed and important investments in R&D and in our software solutions, with a more resilient and more efficient business model.

We are confident about the route taken and about Dedagroup's ability to successfully meet future challenges, because we know we can count on the Dedagroup people, on their dedication, perseverance and competence.

To them and to our Shareholders goes my personal gratitude and that of the entire Management for the support and proximity shown also in 2017.

On behalf of the Board of Directors

The Managing Director

Gianni Camisa





# Report on the financial statements of the Dedagroup Spa 2017

## Introduction

This Report on Operations accompanying the statutory financial statements of Dedagroup Spa, 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:

- Dedagroup Business Solutions Srl
- Dedagroup Public Services Srl
- Dedamex SA
- Derga Consulting Srl
- Dexit Srl
- Dedagroup Wiz Srl
- Dedagroup Stealth Spa
- Dedagroup North America Inc.
- Dedagroup Swiss Sagl
- Epl Inc.
- Piteco Spa
- Piteco North America Corp.
- Innovation Technology Inc.
- Juniper Payments Llc
- Webpart Srl

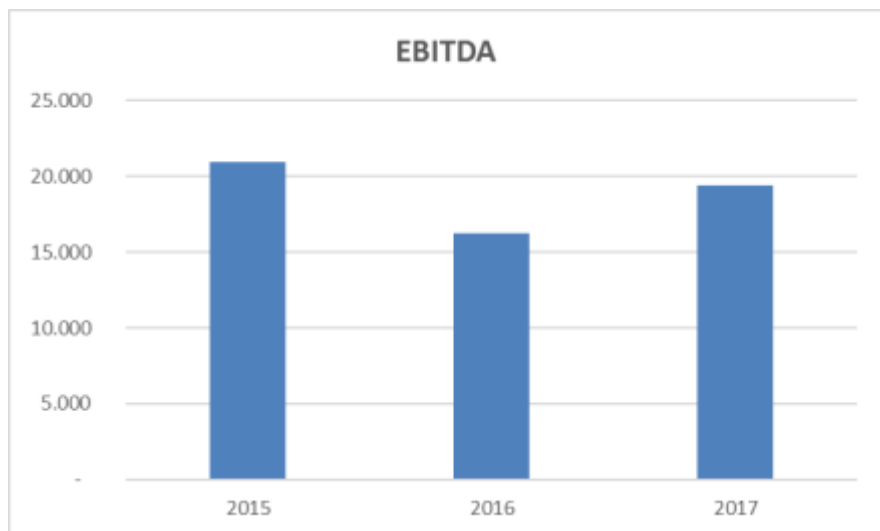
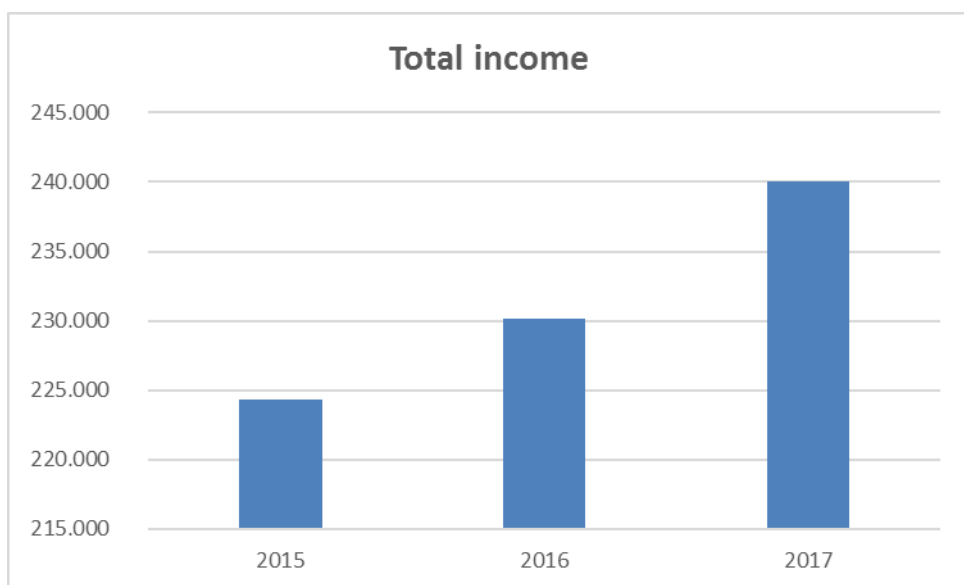
The list of associated companies, and, therefore those measured in accordance with the equity method, can be found in the section reserved to transactions with Group companies.

## Summary of Group results

<b>Economic data (*)</b>	<b>2017</b>	<b>%</b>	<b>2016</b>	<b>%</b>	<b>2015</b>	<b>%</b>
Revenues	240.061		230.142		224.357	
EBITDA	19.420	8,09%	16.243	7,06%	20.920	9,32%
EBIT	- 870	-0,36%	2.415	-1,05%	2.686	1,20%
Profit before tax	- 6.632	-2,76%	4.692	-2,04%	214	0,10%
Net profit	- 6.932	-2,89%	4.777	2,08%	2.923	1,30%

<b>Economic and Financial data (*)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Shareholders' equity	47.914	48.969	40.491
Total assets	220.615	211.222	192.519
Cash flow	- 3.371	- 15.433	4.240
Net financial position	52.922	49.551	34.118

<b>Workforce</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	1.696	1.597	1.605



## Main corporate operations

### **Dedagroup Public Services Srl**

In December 2017, Dedagroup Public Services acquired by demerger the business unit relating to central public administration, previously conducted by DDway Srl from the Rome office.

### **Dedagroup Business Solutions Srl**

During the year, the company:

- Changed its name from DDway Srl
- With the operation mentioned above, it transferred its Public Administration business unit to Dedagroup Public Services
- At the end of the financial year, the Banking business unit previously belonging to Dedagroup Spa was transferred to it

### **Dedagroup Wiz Srl**

During 2017 the company merged Officine Digitali acquired in June 2017 from Dedagroup Spa. The merger entailed the acquisition of the equity investment in Webpart Srl.

### **Dedagroup Stealth Spa**

The company completed a further capital increase which brought it to the amount of 30 million euros.

### **Piteco Spa**

During the year, the company first established a subsidiary in the USA called Piteco North America, which later became the vehicle for the acquisition of Juniper Payments Llc.

# Economic-financial indicators for the Dedagroup consolidated financial statements (Art. 2428 of the Italian Civil Code)

## 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	2017	% of Tot. Uses	2016	% of Tot. Uses
<b>WORKING CAPITAL</b>	<b>136.693.879</b>	<b>61,96%</b>	<b>130.919.723</b>	<b>61,98%</b>
<b>Cash on hand</b>	<b>17.045.542</b>	<b>7,73%</b>	<b>13.924.997</b>	<b>6,59%</b>
Liquid funds	17.045.542	7,73%	13.924.997	6,59%
<b>Deferred liquidity</b>	<b>92.545.295</b>	<b>41,95%</b>	<b>91.705.087</b>	<b>43,42%</b>
Amounts due from Sheareholders	-	0,00%	-	0,00%
Trade receivables	84.539.376	38,32%	80.829.263	38,27%
Other short-term receivables under CA	4.278.256	1,94%	7.013.006	3,32%
Non-current short-term receivables	-	0,00%	-	0,00%
Financial assets	1.033	0,00%	-	0,00%
Accrued income and deferred expenses	3.726.630	1,69%	3.862.818	1,83%
<b>Inventories</b>	<b>27.103.042</b>	<b>12,29%</b>	<b>25.289.639</b>	<b>11,97%</b>
<b>FIXED ASSET</b>	<b>83.920.774</b>	<b>38,04%</b>	<b>80.301.985</b>	<b>38,02%</b>
Intangibles fixed asset	54.672.206	24,78%	49.472.361	23,42%
Tangible fixed assets	10.815.673	4,90%	11.582.904	5,48%
Financial fixed assets	414.122	0,19%	1.972.998	0,93%
Medium/long-term receivables under CA	18.018.773	8,17%	17.273.721	8,18%
<b>TOAL COMMITMENTS</b>	<b>220.614.653</b>	<b>100,00%</b>	<b>211.221.708</b>	<b>100,00%</b>



	2017	% of Tot. Sources	2016	% of Tot. Sources
<b>THIRD PARTIES CAPITAL</b>	<b>195.011.478</b>	<b>88,39%</b>	<b>187.082.997</b>	<b>88,57%</b>
<b>Current liabilities</b>	<b>146.373.962</b>	<b>66,35%</b>	<b>108.441.007</b>	<b>51,34%</b>
Trade payables	55.590.311	25,20%	51.104.772	24,19%
Customer advance payments	6.235.480	2,83%	5.844.227	2,77%
Short-term financial payables	56.969.338	25,82%	27.036.946	12,80%
Other short-term payables	24.558.201	11,13%	21.762.993	10,30%
Accruals and deferrals	3.020.633	1,37%	2.692.070	1,27%
<b>Consolidated liabilities</b>	<b>26.326.872</b>	<b>11,93%</b>	<b>53.812.146</b>	<b>25,48%</b>
Medium/long-term payables	12.998.464	5,89%	36.439.106	17,25%
Other medium/long-term payables	30.970	0,01%	889.414	0,42%
Provisions for risks and charges	1.246.901	0,57%	4.518.028	2,14%
Employee severance indemnity	12.050.536	5,46%	11.965.599	5,66%
<b>MINORITY INTERESTS IN CAPITAL</b>	<b>22.310.644</b>	<b>10,11%</b>	<b>24.829.845</b>	<b>11,76%</b>
Reserves	21.766.960	9,87%	21.849.110	10,34%
Net profit/loss	543.684	0,25%	2.980.735	1,41%
<b>SHAREHOLDERS' EQUITY</b>	<b>25.603.175</b>	<b>11,61%</b>	<b>24.138.711</b>	<b>11,43%</b>
Share capital	1.409.182	0,64%	1.409.182	0,67%
Reserves	25.372.293	11,50%	20.576.073	9,74%
Profit/loss carried forward	5.753.614	2,61%	357.690	0,17%
Net profit/loss	-6.931.914	-3,14%	1.795.766	0,85%
<b>TOTAL SOURCES OF FUNDS</b>	<b>220.614.653</b>	<b>100,00%</b>	<b>211.221.708</b>	<b>100,00%</b>

Reclassification for margins	2017	% su Valore Prod.	2016	% su Valore Prod.
<b>VALUE OF PRODUCTION</b>	<b>235.420.348</b>	<b>100,00%</b>	<b>223.421.213</b>	<b>100,00%</b>
- Consumption of materials	63.619.222	27,02%	55.592.654	24,88%
- Expenses on services for production	-	0,00%	-	0,00%
<b>VALUE ADDED</b>	<b>171.801.126</b>	<b>72,98%</b>	<b>167.828.559</b>	<b>75,12%</b>
- Payroll and related costs	97.348.210	41,35%	92.441.105	41,38%
- Expenses for services	58.560.548	24,87%	63.237.704	28,30%
- General expenses	1.112.906	0,47%	2.628.167	1,18%
<b>EBITDA</b>	<b>14.779.462</b>	<b>6,28%</b>	<b>9.521.583</b>	<b>4,26%</b>
- Amortization, depreciation and write-downs	19.510.959	8,29%	16.715.055	7,48%
- Provisions	779.796	0,33%	1.942.444	0,87%
<b>EBIT</b>	<b>- 5.511.293</b>	<b>-2,34%</b>	<b>9.135.917</b>	<b>-4,09%</b>
<b>PROFIT/LOSS FROM FINANCIAL OPERATIONS</b>	<b>- 5.511.293</b>	<b>-2,34%</b>	<b>9.135.917</b>	<b>-4,09%</b>
+ Financial Income	74.661	0,03%	354.919	0,16%
+ Exchange gains and losses	- 1.693.621	-0,72%	286.607	0,13%
<b>EBIT</b>	<b>- 7.130.254</b>	<b>-3,03%</b>	<b>8.494.391</b>	<b>-3,80%</b>
- Financial expenses	3.284.576	1,40%	2.812.681	1,26%
<b>REARNINGS BEFORE EXTRAORDINARY OPERATIONS</b>	<b>- 10.414.830</b>	<b>-4,42%</b>	<b>11.307.072</b>	<b>-5,06%</b>
+ Value adjustments to financial assets	- 858.451	-0,36%	106.073	-0,05%
<b>PRE-TAX RESULT</b>	<b>- 11.273.280</b>	<b>-4,79%</b>	<b>11.413.145</b>	<b>-5,11%</b>
- Taxes	- 244.130	-0,10%	9.468.685	-4,24%
<b>PROFIT/LOSS</b>	<b>- 11.029.150</b>	<b>-4,68%</b>	<b>1.944.461</b>	<b>-0,87%</b>
- Minority share	543.684	0,23%	2.980.735	1,33%
<b>GROUP PROFIT/LOSS</b>	<b>- 11.572.835</b>	<b>-4,92%</b>	<b>4.925.195</b>	<b>-2,20%</b>

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:

	<b>2017</b>	<b>2016</b>
Net financial position	52.922.260	49.551.055

	<b>2017</b>	<b>2016</b>
ROE	-14,47%	3,67%
ROI	-2,74%	-2,33%
ROS	-0,36%	-1,05%
Fixed asset coverage	57,09%	60,98%
Banks on working capital	51,19%	48,48%
Short-term banks on working capital	31,43%	20,65%
Debt ratio	460,44%	431,34%
Own funds/Invested capital	21,72%	23,18%
Financial expenses/Turnover	1,37%	1,22%
NFP/EBITDA	2,73%	3,05%

These indicators were calculated as follows:

- ROE: Net income on shareholders' equity
- ROI: EBIT/Net invested working capital
- 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: Total commitments/Equity
- OWN FUNDS/INVESTED CAPITAL: Own funds/Total commitments
- FINANCIAL EXPENSE ON TURNOVER: Financial expense/Value of production
- NFP/EBITDA: Net financial position/EBITDA

## 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.

# Main risks to which Dedagroup Spa and the Group are exposed

## Information on financial risks

With regard to the management of exposure to financial risks, also pursuant to Art. 2428, paragraph 2, number 6 bis, of the Italian Civil Code, below are the main risk categories to which your company is exposed.

### Credit risk

The maximum theoretical credit risk exposure is represented by the carrying amount of the financial assets represented in the financial statements. Outstanding receivables at the end of the year are essentially from customers, parent companies and from the tax authorities. For receivables for which collection difficulties may arise, a specific impairment provision of adequate capacity has been provided.

### Liquidity risk

The liquidity risk can manifest itself with the inability to raise, at suitable conditions, the financial resources necessary for operations. Dedagroup Spa, with its own available financial resources, has the capacity to meet the commitments of the coming years.

Today, but even more so at the end of the restructuring process, it is considered that the provisions and credit lines currently available, in addition to those that will be generated by operations and loans, will allow the Group to meet demands deriving from investment, working capital management and the repayment of payables at their natural maturity.

### Exchange rate risk

Dedagroup has considerably increased investment abroad and therefore holds controlling interests in companies that prepare financial statements in currencies other than the euro used for the preparation of the consolidated financial statements. This exposes the Group to the exchange rate risk due to the conversion into euros of the assets and liabilities of subsidiaries operating in currencies other than the euro. The main exposures to the exchange rate risk are constantly monitored, and at present has been decided not to adopt specific hedging policies for these exposures.

## **Interest rate risk**

Exposure to the interest rate risk derives from the need to finance operations and M&A investing activities. The change in market interest rates can have a negative or positive impact on the Group's operating result, indirectly affecting the costs and returns of financing and investment operations.

The interest rate risk to which the Group is exposed derives from bank loans; to mitigate these risks, the Group has resorted, when deemed necessary, to the definition of fixed rates or the partial hedging of rates.

## **Other risks on derivative financial instruments**

Please note that your company uses instruments to hedge the interest rate risk linked to variable rate loans and therefore exclusively for non-speculative hedging purposes. Further details are provided in the Explanatory Notes.

## **Internal risks**

### **Financial**

The credit risk connected with the exposures towards counterparties is connected with the normal pursuit of commercial operations and is monitored according to formalised procedures for the evaluation and reliance of commercial partners. As at 31 December 2017, there was no significant concentration of the credit risk not covered by specific provisions.

The company's strategy envisaged and envisages significant investments that required intervention both through own funds (2017 capital increase of approximately 9.5 million euros) and through the use of certain debenture loans issued during 2014 and the end of 2016. In this way, the company believes that, through the generation of cash flows, the extensive diversification of sources of finance and the availability of suitable credit facilities, it has access to sufficient funds to cope with its current and probable financial requirements.

As in the last few years, the Parent Company, the subsidiary Dedagroup Business Solutions and, from this year Dedagroup Stealth Spa, always with a view to guaranteeing the Group financial flows necessary for the development of the business, continued the sale of receivables without recourse through a close agreement with Banca IMI.

### **Customer dependency-related**

The unique position of the Group, which operates on various markets that are not directly inter-related, such as businesses, public administration and the finance sector, considerably attenuates the risks of an excessive concentration of business on just a few customers.

**Key staff dependency-related**

The Group adopts specific procedures by which to monitor its capacity to retain its key resources in the company. Much of today's management has many years of experience with a modest turnover rate and a good level of operative inter-changeability.

## Parent company business

In 2017, the Parent Company Dedagroup Spa was active in the following segments:

- Solutions for the Finance sector (until 31 December 2017)
- Solutions for the sector of medium-sized businesses
- Technological and infrastructural solutions.

Each of these three sectors has its own internal division, with specialised, dedicated resources.

It also manages administrative, quality and process-related aspects, human resources and marketing connected with the Dedagroup brand, on its own behalf and for the companies of the Group.

Dedagroup Spa also acts as central buying office on behalf of the Group companies operating in the sector of the retail of infrastructural solutions.

## Economic-financial indicators for the Dedagroup Spa financial statements (Art. 2428 of the Italian Civil Code)

Reclassification in accordance with the liquidity	2017	% of Tot. Uses	2016	% of Tot. Uses
<b>WORKING CAPITAL</b>	<b>69.824.070</b>	<b>44,13%</b>	<b>59.073.287</b>	<b>41,91%</b>
<b>Cash on hand</b>	<b>9.529.242</b>	<b>6,02%</b>	<b>1.328.068</b>	<b>0,94%</b>
Liquid funds	9.529.242	6,02%	1.328.068	0,94%
<b>Deferred liquidity</b>	<b>54.926.431</b>	<b>34,71%</b>	<b>52.850.543</b>	<b>37,50%</b>
Amounts due from Shareholders	-	0,00%	-	0,00%
Trade receivables	44.850.303	28,34%	45.381.123	32,20%
Other short-term receivables under CA	2.469.595	1,56%	4.027.050	2,86%
Non-current short-term receivables	-	0,00%	-	0,00%
Financial assets	5.832.107	3,69%	1.937.548	1,37%
Accrued income and deferred expenses	1.774.426	1,12%	1.504.822	1,07%
<b>Inventories</b>	<b>5.368.397</b>	<b>3,39%</b>	<b>4.894.676</b>	<b>3,47%</b>
<b>FIXED ASSET</b>	<b>88.414.082</b>	<b>55,87%</b>	<b>81.868.613</b>	<b>58,09%</b>
Intangibles fixed asset	2.961.666	1,87%	6.110.139	4,34%
Tangible fixed assets	7.905.661	5,00%	8.491.818	6,03%
Financial fixed assets	74.012.240	46,77%	64.563.087	45,81%
Medium/long-term receivables under CA	3.534.516	2,23%	2.703.570	1,92%
<b>TOTAL COMMITMENTS</b>	<b>158.238.152</b>	<b>100,00%</b>	<b>140.941.900</b>	<b>100,00%</b>

	2017	% of Tot. Sources	2016	% of Tot. Sources
<b>THIRD PARTIES CAPITAL</b>	<b>107.766.954</b>	<b>68,10%</b>	<b>122.556.803</b>	<b>86,96%</b>
<b>Current liabilities</b>	<b>84.290.597</b>	<b>53,27%</b>	<b>88.562.845</b>	<b>62,84%</b>
Trade payables	60.616.055	38,31%	63.216.114	44,85%
Customer advance payments	448.042	0,28%	1.530.673	1,09%
Short-term financial payables	16.190.691	10,23%	16.165.133	11,47%
Other short-term payables	6.350.455	4,01%	7.028.744	4,99%
Accruals and deferrals	685.354	0,43%	622.179	0,44%
<b>Consolidated liabilities</b>	<b>23.476.357</b>	<b>14,84%</b>	<b>33.993.958</b>	<b>24,12%</b>
Medium/long-term payables	21.459.626	13,56%	30.292.647	21,49%
Other medium/long-term payables	-	0,00%	-	0,00%
Provisions for risks and charges	701.017	0,44%	1.996.333	1,42%
Employee severance indemnity	1.315.714	0,83%	1.704.978	1,21%
<b>MINORITY INTERESTS IN CAPITAL</b>	<b>-</b>	<b>0,00%</b>	<b>-</b>	<b>0,00%</b>
Reserves	-	0,00%	-	0,00%
Net profit/loss	-	0,00%	-	0,00%
<b>SHAREHOLDERS' EQUITY</b>	<b>50.471.198</b>	<b>31,90%</b>	<b>18.385.097</b>	<b>13,04%</b>
Share capital	1.409.182	0,89%	1.409.182	1,00%
Reserves	26.499.538	16,75%	20.648.271	14,65%
Profit/loss carried forward	-	0,00%	-	0,00%
Net profit/loss	22.562.478	14,26%	3.672.356	-2,61%
<b>TOTAL SOURCES OF FUNDS</b>	<b>158.238.152</b>	<b>100,00%</b>	<b>140.941.900</b>	<b>100,00%</b>

Reclassification fro margins	2017	% value of production	2016	% value of production
<b>VALUE OF PRODUCTION</b>	<b>93.227.994</b>	<b>100,00%</b>	<b>95.887.370</b>	<b>100,00%</b>
- Consumption of materials	43.778.653	46,96%	41.181.672	42,95%
- Expenses on services for production	-	0,00%	-	0,00%
<b>VALUE ADDED</b>	<b>49.449.341</b>	<b>53,04%</b>	<b>54.705.698</b>	<b>57,05%</b>
- Payroll and related costs	21.815.671	23,40%	28.908.670	30,15%
- Expenses for services	20.431.373	21,92%	21.468.098	22,39%
- General expenses	444.698	0,48%	2.008.465	2,09%
<b>EBITDA</b>	<b>6.757.600</b>	<b>7,25%</b>	<b>2.320.466</b>	<b>2,42%</b>
- Amortization, deprecation and write-downs	7.855.567	8,43%	7.958.441	8,30%
- Provisions	400.000	0,43%	1.418.517	1,48%
<b>EBIT</b>	<b>1.497.967</b>	<b>-1,61%</b>	<b>7.056.492</b>	<b>-7,36%</b>
<b>PROFIT/LOSS FROM FINANCIAL OPERATIONS</b>	<b>1.497.967</b>	<b>-1,61%</b>	<b>7.056.492</b>	<b>-7,36%</b>
+ Financial Income	27.040.169	29,00%	3.535.754	3,69%
+ Exchange gains and losses	460.513	-0,49%	5.333	-0,01%
<b>EBIT</b>	<b>25.081.688</b>	<b>26,90%</b>	<b>3.526.071</b>	<b>-3,68%</b>
- Financial expenses	2.592.169	2,78%	2.067.728	2,16%
<b>INCOME FROM ORDINARY ACTIVITIES</b>	<b>22.489.519</b>	<b>24,12%</b>	<b>5.593.798</b>	<b>-5,83%</b>
+ Value adjustments to financial assets	18.345	-0,02%	174.361	-0,18%
<b>PRE-TAX RESULT</b>	<b>22.471.175</b>	<b>24,10%</b>	<b>5.768.160</b>	<b>-6,02%</b>
- Taxes	91.304	-0,10%	2.095.804	-2,19%
<b>PROFIT/LOSS</b>	<b>22.562.478</b>	<b>24,20%</b>	<b>3.672.356</b>	<b>-3,83%</b>

	2017	2016
Net financial position	28.121.075	45.129.712

	2017	2016
ROE	44,70%	-19,97%
ROI	37,63%	-10,21%
ROS	-1,61%	-7,36%
Fixed asset coverage	57,09%	22,46%
Banks on working capital	53,92%	78,64%
Short-term banks on working capital	23,19%	27,36%
Debt ratio	313,52%	766,61%
Own funds/Invested capital	31,90%	13,04%
Financial expenses/Turnover	2,78%	2,16%
NFP/EBITDA	4,16%	19,45%

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



## 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 Spa (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.

Details of all the financial and economic relationships existing with the various group companies are indicated in the appropriate sections of the explanatory notes.

### 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 Spa and other companies in the chain of control (Lillo Spa) are listed below:

2017 Statutory financial statement	
REVENUES FROM SALES AND SERVICES	3.000,00
OTHER REVENUES	
<b>TOTAL REVENUES</b>	<b>3.000,00</b>
COSTS FOR THE PURCHASE OF GOODS	
COSTS FOR SERVICES AND RENTALS	- 505.000,00
OTHER COSTS	- 4,00
<b>TOTAL COSTS</b>	<b>- 505.004,00</b>
FINANCIAL INCOME AND EXPENSES	- 73.913,00
<b>BALANCE</b>	<b>- 575.917,00</b>

## Workforce

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

COMPANY	Total employees 31/12/2016	Hyred in 2017	Resigned in 2017	Other changes 2017	Total employees 31/12/2017
Dedagroup Public Services Srl	232	16	15	190	423
Derga Consulting Srl	79	19	12	0	86
Dexit Srl	45	2	1	0	46
Dedagroup Business Solutions Srl	485	21	46	-65	395
Dedagroup Spa	343	37	32	-127	221
Dedagroup Stealth Spa	201	44	15	2	232
Dedamex SA	32	26	-	0	58
Dedagroup North America Inc	-	-	-	0	-
Dedagroup Swiss Sagl	2	-	-	0	2
Dedagroup Wiz Srl	29	9	11	20	47
EPL Inc	63	4	-	0	67
Innovation Technology Inc	-	-	-	16	16
Piteco Spa	86	-	2	0	84
Piteco North America Corp	-	-	-	0	-
Juniper Llc	-	-	-	19	19
<b>TOTAL</b>	<b>1.597</b>	<b>178</b>	<b>134</b>	<b>55</b>	<b>1.696</b>

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.

## Research and development

As mentioned in the Letter to Shareholders, significant investments in development have been made in the Dedagroup Spa Group. Details with the list of projects can be found in the Explanatory Notes. It should be noted that only a minor part of all development expenses have been capitalised.

## Ownership structure

Dedagroup Spa is a subsidiary of Sequenza Spa, a company active in the financial sector: Sequenza is in turn a subsidiary of Lillo Spa. The main data of Sequenza is provided in the Explanatory Notes to the financial statements.

The table below shows the ownership structure as at 31/12/2017 with the percentage stake and number of shares held by the major shareholders:

<b>Shareholder</b>	<b>Shares</b>	<b>Interest</b>
Sequenza SpA	1.363.341	96,75%
Dedagroup Wiz Srl	1.295	0,09%
Gianni Camisa	44.546	3,16%
<b>TOTAL</b>	<b>1.409.182</b>	<b>100,00%</b>

## Further information

### Notes on the tax consolidation

The Parent Company together with all the Italian subsidiaries participate in the national consolidation scheme. This scheme enables the optimisation of the tax burden between the Group companies, at the same time concentrating financial management.

### Disclosure obligations

#### Further information

To complete the obligations provided for by Art. 2428 of the Italian Civil Code, the following information is provided which supplements the foregoing:

1. The Company does not hold any treasury shares nor stocks or shares in parent companies, neither directly nor through a trustee company or third party.

#### Environment, safety, health

The company has implemented all the obligations provided for by Legislative Decree 81/08 relating to occupational health and safety by carrying out the risk assessment, appointing the envisaged roles (H&SM, company doctor, first aid and emergency management officers), defining the evacuation and emergency procedures and implementing the appropriate information and training of workers.

#### Personal data protection

For the provisions contained in the Code regarding the protection of personal data (pursuant to Legislative Decree No. 196 of 30 June 2003), in compliance with the provisions of Art. 34 lett. "G", of said Code, as well as, in accordance with the provisions of the aforementioned provisions defined in the technical specification referred to in Annex "B" (also of the above Code), it should be noted that your company has adopted a Corporate Data Organisational Management Model that includes all the technical/organisational measures adopted and is available for consultation by all employees/collaborators on the company intranet.

#### Secondary offices

In order to satisfy the requirements of paragraph 4 of Art. 2428 of the Italian Civil Code, below is the list of secondary offices of the company:

- BERGAMO – Via Maglio del Lotto, 36

- BOLZANO – Via Lucia Frischin, 3
- CASALECCHIO DI RENO (BO) – Via del Lavoro, 67
- CASSINA DE PECCHI (MI) – Centro Cassina Plaza – Via Roma, 108
- CESENA (FC) – Piazzale Gennaro Biguzzi, 20/1
- NAPLES – Via Ferrante Imparato, 192
- PADUA – Via San Crispino, 28
- RENDE (CS) – Contrada Cutura, 1
- ROME – Via Paolo di Dono, 73
- TRENTO – via Jacopo Aconcio, 9
- TRENTO – Via Segantini, 16/18
- TURIN – Strada Pianezza, 289
- TORTONA (AL) – Corso Romita, 71
- VECCHIANO (PI) – Via della canapiglia, 15
- VILLANOVA DI CASTENASO (BO) – Via Toscanini, 7/2

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 Spa Group, to which we would refer you for more complete information.

Trento, 30<sup>th</sup> June 2018

Il Presidente  
Dr Marco Podini



## DEDAGROUP S.P.A.

Registered office in Trento

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

01763870225

ECON. & ADMIN. INDEX (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 2017

## Balance Sheet as of 31/12/2017

Balance sheet - Assets	31/12/2017	31/12/2016
<b>A) Amounts due from members for payments owing</b>		
Part recalled		
Part to be recalled		
<b>Total receivables due from shareholders for payments owing (A)</b>		
<b>B) Fixed assets</b>		
<b>I - Intangible fixed assets</b>		
1) Start-up and expansion costs	36,493	29,156
2) Development costs	20,528,228	21,888,968
3) Industrial patents and intellectual property rights		
4) Concessions, licences, trademarks and similar	8,230,385	916,958
5) Goodwill	24,248,128	24,046,943
6) Assets under construction and advances		0
7) Other intangible fixed assets	1,628,974	2,590,336
<b>Total intangible fixed assets</b>	<b>54,672,206</b>	<b>49,472,361</b>
<b>II - Tangible fixed assets</b>		
1) Land and buildings	1,711,039	1,763,008
2) Plant and machinery	151,318	194,353
3) Industrial and commercial equipment	142	222
4) Other tangible fixed assets	8,609,052	9,517,669
5) Tangible assets in progress and advance payments	344,123	107,652
<b>Total tangible fixed assets</b>	<b>10,815,673</b>	<b>11,582,904</b>
<b>III - Financial fixed assets</b>		
1) Equity investments in:		
a) subsidiaries		
b) associated companies	253,797	1,095,358
c) parent companies		32,375
d) companies subject to the control of parent companies		
d-bis) other companies	160,324	845,265
<b>Total equity investments</b>	<b>414,122</b>	<b>1,972,998</b>



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		
<b>Total receivables</b>		
<b>3) Other securities</b>		
<b>4) Derivative financial asset instruments</b>		
<b>Total financial fixed assets</b>	<b>414,122</b>	<b>1,972,998</b>
<b>Total fixed assets</b>	<b>65,902,001</b>	<b>63,028,264</b>
<b>C) Current assets</b>		
<b>I - Inventories</b>		
1) Raw, ancillary and consumable materials	106,959	125,367
2) Work in progress and semi-finished products		
3) Contract work in progress	24,500,114	22,515,623
4) Finished products and goods for resale	2,034,930	2,361,034
5) Advances	461,039	287,615
<b>Total inventories</b>	<b>27,103,042</b>	<b>25,289,639</b>
<b>Tangible fixed assets destined for sale</b>		
<b>II - Receivables</b>		
1) Trade receivables		

due within 12 months	82,839,911	79,474,780
due beyond 12 months	300,000	
<b>Total trade receivables</b>	<b>83,139,911</b>	<b>79,474,780</b>
2) Amounts due from subsidiaries		
due within 12 months		
due beyond 12 months		
<b>Total receivables due from subsidiary companies</b>		
3) Amounts due from associated companies		
due within 12 months	573,157	1,049,579
due beyond 12 months		
<b>Total receivables from associated companies</b>	<b>573,157</b>	<b>1,049,579</b>
4) Amounts due from parent companies		
due within 12 months	574,306	301,243
due beyond 12 months		
<b>Total receivables due from parent companies</b>	<b>574,306</b>	<b>301,243</b>
5) From companies subject to the control of parent companies		
due within 12 months	552,001	3,660
due beyond 12 months		
<b>Total receivables from companies subject to the control of parent companies</b>	<b>552,001</b>	<b>3,660</b>
5-bis) Tax receivables		
due within 12 months	3,222,151	3,703,002
due beyond 12 months		
<b>Total tax receivables</b>	<b>3,222,151</b>	<b>3,703,002</b>
5-ter) Prepaid tax		
due within 12 months		
due beyond 12 months	17,621,134	17,235,870
<b>Total deferred tax assets</b>	<b>17,621,134</b>	<b>17,235,870</b>
5-quater) others		
due within 12 months	1,056,106	3,310,004
due beyond 12 months	97,639	37,851
<b>Total amounts due from third parties</b>	<b>1,153,745</b>	<b>3,347,855</b>
<b>Total Receivables</b>	<b>106,836,406</b>	<b>105,115,990</b>
<b>III - Short-term financial assets</b>		
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	1,033	
7) Financial assets for centralised cash management		
<b>Total financial assets not classified as fixed assets</b>	<b>1,033</b>	
<b>IV - Liquid funds</b>		
1) Bank and post office deposits	16,716,815	13,910,022
2) Cheques	316,206	4,743
3) Cash and equivalents in hand	12,521	10,231
<b>Total liquid funds</b>	<b>17,045,542</b>	<b>13,924,997</b>
<b>Total current assets</b>	<b>150,986,023</b>	<b>144,330,626</b>
<b>D) Accruals and deferrals</b>	<b>3,726,630</b>	<b>3,862,818</b>
<b>Total assets</b>	<b>220,614,653</b>	<b>211,221,708</b>

Balance Sheet - Liabilities	31/12/2017	31/12/2016
<b>A) Shareholders' equity</b>		
I - Share capital	1,409,182	1,409,182
II - Share premium reserve	16,780,881	20,381,039
III - Revaluation reserves		
IV - Legal reserve	230,007	230,007
V - Statutory reserves		
VI - Other reserves, otherwise indicated	8,405,130	
- Extraordinary reserve		
- Payments towards capital	9,500,000	
- Payments made to cover losses		
- Merger surplus reserve		
- Reserve for unrealised exchange gains		
- Miscellaneous other reserves	-1,094,870	
Total other reserves	8,405,130	
VII - Reserve for hedging operations of derivative financial flows	-11,350	-34,974
VIII - Retained earnings (accumulated losses)	5,753,614	357,690
IX - Profit (loss) for the year	-6,931,914	1,795,766
X - Negative reserve for own shares held in portfolio	-32,375	
<b>Total for group shareholders' equity</b>	<b>25,603,175</b>	<b>24,138,711</b>
Minority interests in capital and reserves	21,766,960	21,849,110
Minority period profit (loss)	543,684	2,980,735
<b>Total minority shareholders' equity</b>	<b>22,310,644</b>	<b>24,829,845</b>
<b>Total shareholders' equity</b>	<b>47,913,819</b>	<b>48,968,555</b>
<b>B) Provisions for risks and charges</b>		
1) Provision for pensions and similar obligations	94,850	82,259
2) Provision for taxation	421	7,066
3) Provisions for derivative financial liability instruments	60,024	34,974
4) Other provisions	1,091,607	4,393,729
<b>Total provisions for contingencies and other liabilities</b>	<b>1,246,901</b>	<b>4,518,028</b>
<b>C) Employee leaving indemnities</b>	<b>12,050,536</b>	<b>11,965,599</b>
<b>D) Payables</b>		
1) Bonds		

due within 12 months	18,406,977	1,660,000
due beyond 12 months	2,580,000	20,986,550
Total bonds	20,986,977	22,646,550
2) Convertible bonds		
due within 12 months		
due beyond 12 months	4,657,633	4,993,800
Total convertible bonds	4,657,633	4,993,800
3) Amounts payable to shareholders for loans		
due within 12 months	833,820	
due beyond 12 months		
Total payables due to shareholders for loans	833,820	
4) Amounts payable to banks		
due within 12 months	37,722,190	25,376,946
due beyond 12 months	5,760,831	10,458,756
Total amounts due to banks	43,483,022	35,835,701
5) Amounts due to other providers of finance		
due within 12 months	6,351	
due beyond 12 months		
Total payables due to other lenders	6,351	
6) Advances		
due within 12 months	6,235,480	5,844,227
due beyond 12 months		
Total advances	6,235,480	5,844,227
7) Trade payables		
due within 12 months	53,022,144	50,634,735
due beyond 12 months		140,910
Total amounts payable to suppliers	53,022,144	50,775,645
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	800,947	448,386
due beyond 12 months		
Total payables due to associated companies	800,947	448,386
11) Amounts due to parent companies		
due within 12 months	1,767,220	21,651
due beyond 12 months		
Total due to parent companies	1,767,220	21,651
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	3,753,142	6,551,547
due beyond 12 months		
Total tax payables	3,753,142	6,551,547
13) Payables to social security and welfare institutions		
due within 12 months	6,263,607	5,896,168
due beyond 12 months		
Total payables due to social security and welfare institutions	6,263,607	5,896,168
14) Other payables		
due within 12 months	14,541,452	9,315,278
due beyond 12 months	30,970	748,504
Total other payables	14,572,423	10,063,781
<b>Total payables</b>	<b>156,382,764</b>	<b>143,077,456</b>
<b>E) Accruals and deferrals</b>	<b>3,020,633</b>	<b>2,692,070</b>
<b>Total liabilities</b>	<b>220,614,653</b>	<b>211,221,708</b>

## Conto Economico al 31/12/2017

Income statement	31/12/2017	31/12/2016
<b>A) Value of production</b>		
1) Income from sales and services	228,772,091	215,679,117
2) Change in inventories of products currently being manufactured, semi-worked products and finished products	-40,016	
3) Changes in contract work in progress	1,656,742	1,077,280
4) Increases in fixed assets for in-house works	5,031,531	6,664,817
5) Other revenues and income		
- various items	3,115,181	3,601,784
- contributions to operations	1,525,740	3,119,177
- capital grants		
Total other revenues and income	4,640,921	6,720,961
<b>Total value of production</b>	<b>240,061,269</b>	<b>230,142,174</b>
<b>B) Costi della produzione</b>		
6) Raw, ancillary and consumable materials and goods for resale	63,896,679	55,267,314
7) Services	52,420,940	57,767,600
8) Use of third party assets	6,139,608	5,470,104
9) For employees		
a) Wages and salaries	73,042,101	69,246,709
b) Social security contributions	19,356,892	18,561,360
c) Employee severance indemnity	4,844,105	4,632,837
d) Pensions and similar commitments		
e) Other payroll costs	105,112	199
Total staff costs	97,348,210	92,441,105
10) Amortisation/depreciation and write-downs		
a) Amortisation of intangible fixed assets	13,152,077	12,133,928
b) Depreciation of tangible fixed assets	3,852,362	4,031,050
c) Write-down of tangible and intangible fixed assets		
d) Impairment of loans including in current assets and liquid	2,506,520	550,078
Total amortisation, depreciation and write-down	19,510,959	16,715,055

11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	(277,458)	325,340
12) Provisions for risks		
13) Other provisions	779,796	1,942,444
14) Sundry operating expenses	1,112,906	2,628,167
<b>Total cost of production</b>	<b>240,931,641</b>	<b>232,557,130</b>
<b>Difference between value and cost of production (A-B)</b>	<b>(870,372)</b>	<b>(2,414,956)</b>
<b>C) Financial income and charges</b>		
15) Income from equity investments		
- subsidiaries		1,196
- from related companies		
- from parent companies		
- from companies subject to the control of parent companies		
- others	17,904	143,325
Total income from equity investments	17,904	144,521
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	56,757	210,397
Total incomes other than the above	56,757	210,397
Total other financial income	56,757	210,397
17) Interest and other financial expense		
- from subsidiary companies		
- from related companies		
- from parent companies	508	15,915
- from companies subject to the control of parent companies		



- others	3,284,068	2,796,767
Total interest and other financial expenses	3,284,576	2,812,681
17 bis) Exchange gains (losses)	(1,693,621)	286,607
<b>Total financial income and expense</b>	<b>(4,903,536)</b>	<b>(2,171,156)</b>
<b>D) Value adjustments to financial assets</b>		
18) Revaluations		
a) of equity interests	8,379	4,548
b) of financial fixed assets		
c) of securities recorded as current assets		
d) of derivative financial instruments		
Total adjustments	8,379	4,548
19) Write-downs		
a) of equity interests	866,829	110,621
b) of financial fixed assets		
c) of securities recorded as current assets		
d) of derivative financial instruments		
Total write-downs	866,829	110,621
<b>Total value adjustments to financial assets</b>	<b>(858,451)</b>	<b>(106,073)</b>
<b>Result before taxes (A-B+/-C+/-D)</b>	<b>(6,632,359)</b>	<b>(4,692,185)</b>
20) Income taxes for the year (current, deferred and prepaid)		
- current taxes	1,306,987	3,861,190
- prior years' taxation	(234,849)	(289,141)
- deferred and prepaid taxes	374,125	(11,073,316)
- income (expense) from adhering to the tax consolidation regime	(1,690,393)	(1,967,417)
d) of derivative financial instruments	(244,130)	(9,468,685)
<b>Net profit/loss for the year</b>	<b>(6,388,230)</b>	<b>4,776,500</b>
<b>Minority net share</b>	<b>543,684</b>	<b>2,980,735</b>
<b>Group net profit/loss</b>	<b>(6,931,914)</b>	<b>1,795,766</b>

## Cash Flow Statement as of 31/12/2017

	2017	2016
<b>A) Cash flow from operating activities (indirect method)</b>		
Profit (loss) for the year	(6,388,230)	4,776,500
Income tax	(244,130)	(9,468,685)
Interest expense / (income)	4,921,440	2,315,677
(Dividends)	(17,904)	(144,521)
(Gains)/losses from the sale of assets		
<b>1) Profit (loss) before income tax, interest, dividends and capital gains/losses on disposals</b>	<b>(1,728,823)</b>	<b>(2,521,029)</b>
<b>Adjustments for non-cash items that had no counterpart in net working capital</b>		
Allocations to reserves	4,390,775	2,892,563
Amortisation and depreciation of assets	17,004,439	16,164,978
Write-downs for impairment losses	858,451	106,073
Value adjustments to financial assets and liabilities of derivative financial instruments that do not involve monetary movements.		
Other increases/(decreases) in non-cash items		
<b>Total adjustments for non-cash items that had no counterpart in net working capital</b>	<b>22,253,664</b>	<b>19,163,614</b>
<b>2) Cash flow before changes in NWC</b>	<b>20,524,842</b>	<b>16,642,585</b>
<b>Changes to net working capital</b>		
Decrease/(increase) in inventories	(1,813,403)	(2,400,417)
Decrease/(increase) in trade receivables	(6,307,827)	(9,093,912)
Increase/(decrease) in trade payables	2,637,753	807,052
Decrease/(increase) in accrued income and prepaid expenses	136,189	(1,477,033)
Increase/(decrease) in accrued liabilities and deferred income	328,563	(1,307,429)
Other decreases/(Other Increases) in net working capital	6,120,519	(13,999,652)
<b>Total changes in net working capital</b>	<b>1,101,794</b>	<b>(27,471,392)</b>
<b>3) Cash flow after changes in NWC</b>	<b>21,626,635</b>	<b>(10,828,807)</b>
Other adjustments		
Interest received/(paid)	(4,921,440)	(2,315,677)
(Income tax paid)	244,130	9,468,685
Dividends received	17,904	144,521
(Uses of the reserves)	(4,934,268)	(1,620,573)
Other funds received/(payments)		
<b>Total other adjustments</b>	<b>(9,593,674)</b>	<b>5,676,956</b>
<b>Cash flow generated by operating activities (A)</b>	<b>12,032,961</b>	<b>(5,151,852)</b>
<b>B) Cash flow from investment activities</b>		
<b>Tangible fixed assets</b>		
(Investment flows)	(3,085,131)	(3,161,220)
(Disinvestment flows)		
<b>Intangible fixed assets</b>		
(Flows from investments)	(18,351,922)	(10,287,545)
(Disinvestment flows)		

<b>Financial fixed assets</b>		
(Flows from investments)		(533,706)
(Disinvestment flows)	700,426	
<b>Short-term financial assets</b>		
(Flows from investments)	(1,033)	
(Disinvestment flows)		
(Acquisition of business units, net of cash and cash equivalents)		
Sale of business units, net of cash and cash equivalents		
<b>Cash flow from investment activities (B)</b>	<b>(20,737,659)</b>	<b>(13,982,471)</b>
<b>C) Cash flow from financing activities</b>		
<b>Minority interest funds</b>		
Increase/(decrease) in short-term payables to banks	7,647,320	7,108,940
Loans taken out		5,326,838
(Loans repaid)	(1,155,570)	
<b>Own means</b>		
Capital increase by payment	5,333,493	3,700,874
(Capital reimbursement by payment)		
Sale (purchase) of treasury shares		
(Dividends and interim dividends paid)		
<b>Cash flow from financing activities (C)</b>	<b>11,825,244</b>	<b>16,136,651</b>
<b>Increase (decrease) in cash and cash equivalents (A ± B ± C)</b>	<b>3,120,546</b>	<b>(2,997,671)</b>
Effect of exchange rates on cash and cash equivalents		
Cash and cash equivalents at year start		
Bank and post office deposits	13,910,022	16,910,553
Cheques	4,743	
Cash and equivalents on hand	10,231	12,114
<b>Total cash and cash equivalents at year start</b>	<b>13,924,997</b>	<b>16,922,668</b>
Of which are not freely usable		
Cash and cash equivalents at year end		
Bank and post office deposits	16,716,815	13,910,022
Cheques	316,206	4,743
Cash and equivalents on hand	12,521	10,231
<b>Total cash and cash equivalents at year end</b>	<b>17,045,542</b>	<b>13,924,997</b>
Of which are not freely usable		



## **DEDAGROUP S.P.A.**

Registered office in

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

01763870225

ECON. & ADMIN. INDEX (REA) NO. 175519

Share capital 1,409,182.00

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

# **2017 Ordinary Financial Statements**

## Balance sheet as of 31/12/2017

Balance sheet - Assets	31/12/2017	31/12/2016
<b>A) Amounts due from members for payments owing</b>		
Part recalled		
Part to be recalled		
Total receivables due from shareholders for payments owing (A)	0	0
<b>B) Fixed assets</b>		
<b>I - Intangible fixed assets</b>		
1) Start-up and expansion costs		
2) Development costs	971,320	3,605,982
3) Industrial patents and intellectual property rights		
4) Concessions, licences, trademarks and similar	646,428	789,369
5) Goodwill	1,103,824	1,330,383
6) Assets under construction and advances		
7) Other intangible fixed assets	240,094	384,405
Total intangible fixed assets	2,961,666	6,110,139
<b>II - Tangible fixed assets</b>		
1) Land and buildings	0	0
2) Plant and machinery	113,727	137,548
3) Industrial and commercial equipment	0	0
4) Other tangible fixed assets	7,447,811	8,308,196
5) Tangible assets in progress and advance payments	344,123	46,074
Total tangible fixed assets	7,905,661	8,491,818
<b>III - Financial fixed assets</b>		
1) Equity investments in:		
a) subsidiaries	72,852,305	62,813,078
b) related companies	1,000,000	1,000,000
c) parent companies		
d) companies subject to the control of parent companies		
d-bis) other companies	159,935	750,008
Total equity investments	74,012,240	64,563,087
2) Long-term receivables		
a) subsidiaries		
due within 12 months		
due beyond 12 months		
Total receivables due from subsidiary companies	0	0
b) related companies		
due within 12 months		
due beyond 12 months		
Total receivables due from associated companies	0	0
c) parent companies		

due within 12 months		
due beyond 12 months		
Total receivables due from parent companies	0	0
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	0	0
d-bis) from others		
due within 12 months		
due beyond 12 months		
Total receivables due from others	0	0
Total receivables	0	0
3) Other securities		
4) Derivative financial asset instruments		
Total financial fixed assets	74,012,240	64,563,087
<b>Total fixed assets</b>	<b>84,879,567</b>	<b>79,165,044</b>
<b>C) Current assets</b>		
<b>I - Inventories</b>		
1) Raw, ancillary and consumable materials		
2) Work in progress and semi-finished products		
3) Contract work in progress	3,557,551	3,670,765
4) Finished products and goods for resale	1,494,602	985,777
5) Advances	316,244	238,133
Total inventories	5,368,397	4,894,676
<b>II - Receivables</b>		
1) Trade receivables		
due within 12 months	31,992,746	31,492,338
due beyond 12 months		0
Total trade receivables	31,992,746	31,492,338
2) Amounts due from subsidiaries		
due within 12 months	8,363,497	10,919,582
due beyond 12 months	3,585,207	2,295,250
Total amounts due from subsidiary companies	11,948,704	13,214,832
3) Amounts due from associated companies		
due within 12 months	62,099	670,293
due beyond 12 months		
Total receivables from associated companies	62,099	670,293
4) Amounts due from parent companies		
due within 12 months	570,000	0
due beyond 12 months		
Total receivables due from parent companies	570,000	0
5) From companies subject to the control of parent companies		
due within 12 months	276,755	3,660

due beyond 12 months		
Total receivables from companies subject to the control of parent companies	276,755	3,660
5-bis) Tax receivables		
due within 12 months	2,010,786	2,078,739
due beyond 12 months		
Total tax receivables	2,010,786	2,078,739
5-ter) Prepaid tax		
due within 12 months		
due beyond 12 months	3,534,516	2,703,570
Total deferred tax assets	3,534,516	2,703,570
5-quater) others		
due within 12 months	443,381	1,934,909
due beyond 12 months	15,427	13,402
Total amounts due from third parties	458,808	1,948,311
Total Receivables	50,854,414	52,111,742
<b>III - Short-term financial assets</b>		
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	5,832,107	1,937,548
Total financial assets not classified as fixed assets	5,832,107	1,937,548
<b>IV - Liquid funds</b>		
1) Bank and post office deposits	9,525,241	1,325,069
2) Cheques		
3) Cash and equivalents in hand	4,001	2,999
<b>Total liquid funds</b>	<b>9,529,242</b>	<b>1,328,068</b>
<b>Total Current assets (C)</b>	<b>71,584,160</b>	<b>60,272,034</b>
<b>D) Accruals and deferrals</b>	<b>1,774,426</b>	<b>1,504,822</b>
<b>Total assets</b>	<b>158,238,153</b>	<b>140,941,900</b>



Balance Sheet - Liabilities	31/12/2017	31/12/2016
<b>A) Shareholders' equity</b>		
<b>I - Share capital</b>	<b>1,409,182</b>	<b>1,409,182</b>
II - Share premium reserve	16,780,881	20,381,039
III - Revaluation reserves		
IV - Legal reserve	230,007	230,007
V - Statutory reserves		
VI - Other reserves, otherwise indicated		
- Extraordinary reserve		
- Payments towards capital	9,500,000	
- Payments made to cover losses		
- Merger surplus reserve	0	72,198
- Reserve for unrealised exchange gains		
- Miscellaneous other reserves		
Total other reserves	9,500,000	72,198
VII - Reserve for hedging operations of derivative financial flows	-11,350	-34,974
VIII - Retained earnings (accumulated losses)		0
IX - Profit (loss) for the year	22,562,479	-3,672,356
X - Negative reserve for own shares held in portfolio		
<b>Total shareholders' equity</b>	<b>50,471,199</b>	<b>18,385,097</b>
<b>B) Provisions for risks and charges</b>		
1) Provision for pensions and similar obligations	36,060	36,060
2) Provision for taxation	0	5,371
3) Provisions for derivative financial liability instruments	11,350	34,974
4) Other provisions	653,607	1,919,928
<b>Total provisions for contingencies and other liabilities</b>	<b>701,017</b>	<b>1,996,333</b>
<b>C) Employee leaving indemnities</b>	<b>1,315,714</b>	<b>1,704,978</b>
<b>D) Payables</b>	<b>0</b>	<b>0</b>
1) Bonds		
due within 12 months	18,406,977	1,660,000
due beyond 12 months	2,580,000	20,986,550
Total bonds	20,986,977	22,646,550
2) Convertible bonds		
due within 12 months		
due beyond 12 months		0
Total convertible bonds	0	0
3) Amounts payable to shareholders for loans		
due within 12 months		
due beyond 12 months		
Total payables due to shareholders for loans	0	0
4) Amounts payable to banks		
due within 12 months	16,190,691	16,165,133
due beyond 12 months	472,649	7,646,097

Total amounts due to banks	16,663,340	23,811,231
5) Amounts due to other providers of finance		
due within 12 months		
due beyond 12 months		
Total payables due to other lenders	0	0
6) Advances		
due within 12 months	448,042	1,530,673
due beyond 12 months		
Total advances	448,042	1,530,673
7) Trade payables		
due within 12 months	35,097,600	31,180,492
due beyond 12 months	0	140,910
Total amounts payable to suppliers	35,097,600	31,321,402
8) Payables represented by credit instruments		
due within 12 months		
due beyond 12 months		
Total payables represented by credit instruments	0	0
9) Amounts due to subsidiary companies		
due within 12 months	23,751,689	31,873,062
due beyond 12 months		
Total payables due to subsidiary companies	23,751,689	31,873,062
10) Amounts due from associated companies		
due within 12 months		
due beyond 12 months		
Total payables due to associated companies	0	0
11) Amounts due to parent companies		
due within 12 months	1,766,766	21,651
due beyond 12 months		
Total due to parent companies	1,766,766	21,651
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	0	0
12) Tax payables		
due within 12 months	1,059,755	2,183,079
due beyond 12 months		
Total tax payables	1,059,755	2,183,079
13) Payables to social security and welfare institutions		
due within 12 months	1,432,194	1,874,653
due beyond 12 months		
Total payables due to social security and welfare institutions	1,432,194	1,874,653
14) Other payables		

due within 12 months	3,858,505	2,971,012
due beyond 12 months		
Total other payables	3,858,505	2,971,012
<b>Total payables</b>	<b>105,064,868</b>	<b>118,233,313</b>
E) Accruals and deferrals	685,354	622,179
<b>Total liabilities</b>	<b>158,238,153</b>	<b>140,941,900</b>

## Income statement as of 31/12/2017

Income statement	31/12/2017	31/12/2016
<b>A) Value of production</b>	<b>0</b>	<b>0</b>
1) Income from sales and services	82,476,708	85,443,114
2) Change in inventories of products currently being manufactured, semi-worked products and finished products		
3) Changes in contract work in progress	-45,419	-1,573,810
4) Increases in fixed assets for in-house works		3,575,665
5) Other revenues and income		
- various items	10,383,625	7,557,790
- contributions to operations	413,081	884,611
- capital grants		
Total other revenues and income	10,796,705	8,442,401
<b>Total value of production</b>	<b>93,227,994</b>	<b>95,887,370</b>
<b>B) Cost of production</b>	<b>0</b>	<b>0</b>
6) Raw, ancillary and consumable materials and goods for resale	44,338,987	40,586,233
7) Services	16,794,136	19,351,409
8) Use of third party assets	3,637,237	2,116,688
9) For employees		
a) Wages and salaries	16,071,726	21,252,806
b) Social security contributions	4,623,923	6,147,459
c) Employee severance indemnity	1,120,022	1,508,406
d) Pensions and similar commitments		
e) Other payroll costs		
Total staff costs	21,815,671	28,908,670
10) Amortisation/depreciation and write-downs		
a) Amortisation of intangible fixed assets	2,791,587	4,691,913
b) Depreciation of tangible fixed assets	3,153,980	3,150,045
c) Write-down of tangible and intangible fixed assets		
d) Impairment of loans including in current assets and liquid funds	1,910,000	116,483
Total amortisation, depreciation and write-down	7,855,567	7,958,441
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	-560,334	595,439
12) Provisions for risks		
13) Other provisions	400,000	1,418,517
14) Sundry operating expenses	444,698	2,008,465
<b>Total cost of production</b>	<b>94,725,962</b>	<b>102,943,862</b>
<b>Difference between value and cost of production (A-B)</b>	<b>-1,497,967</b>	<b>-7,056,492</b>
<b>C) Financial income and charges</b>	<b>0</b>	<b>0</b>
15) Income from equity investments		
- subsidiaries	26,850,737	3,467,200

- from related companies		
- from parent companies		
- from companies subject to the control of parent companies		
- others	17,904	1,125
Total income from equity investments	26,868,641	3,468,325
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	0	0
b) from securities recorded as fixed assets		
c) from securities recorded as current assets		
d) financial income other than the above		
- from subsidiary companies	160,944	66,825
- from related companies		
- from parent companies		
- from companies subject to the control of parent companies		
- others	10,584	605
Total incomes other than the above	171,528	67,429
Total other financial income	171,528	67,429
17) Interest and other financial expense		
- from subsidiary companies	485,723	178,711
- from related companies		
- from parent companies	508	15,915
- from companies subject to the control of parent companies		
- others	2,105,938	1,873,102
Total interest and other financial expenses	2,592,169	2,067,728
17 bis) Exchange gains (losses)	-460,513	-5,333
<b>Total financial income and expense</b>	<b>23,987,486</b>	<b>1,462,694</b>
<b>D) Value adjustments to financial assets</b>	<b>0</b>	<b>0</b>
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	0	0
19) Write-downs		
a) of equity interests	18,345	174,361
b) of financial fixed assets		

c) of securities recorded as current assets		
d) of derivative financial instruments		
Total write-downs	18,345	174,361
<b>Total value adjustments to financial assets</b>	<b>-18,345</b>	<b>-174,361</b>
<b>Result before taxes (A-B+/-C+/-D)</b>	<b>22,471,175</b>	<b>-5,768,160</b>
20) Income taxes for the year (current, deferred and prepaid)		
- current taxes	37,570	
- prior years' taxation	1,664	4,746
- deferred and prepaid taxes	-140,396	-201,970
- income (expense) from adhering to the tax consolidation regime	9,858	-1,898,580
<b>Total income taxes for the year, current, deferred and prepaid</b>	<b>-91,304</b>	<b>-2,095,804</b>
<b>Net profit (loss) for the year</b>	<b>22,562,479</b>	<b>-3,672,356</b>

## Cash Flow Statement as of 31/12/2017

	2017	2016
<b>A) Cash flow from operating activities (indirect method)</b>		
Profit (loss) for the year	22,562,478	(3,672,356)
Income tax	(91,304)	(2,095,804)
Interest expense / (income)	2,881,155	(1,462,694)
(Dividends)	(26,868,641)	(3,468,325)
(Gains)/losses from the sale of assets		
<b>1) Profit (loss) before income tax, interest, dividends and capital gains/losses on disposals</b>	<b>(1,516,311)</b>	<b>(10,699,178)</b>
<b>Adjustments for non-cash items that had no counterpart in net working capital</b>		
Allocations to reserves	2,346,270	1,534,196
Amortisation and depreciation of assets	5,945,567	7,841,958
Write-downs for impairment losses	18,345	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		
<b>Total adjustments for non-cash items that had no counterpart in net working capital</b>	<b>8,310,182</b>	<b>9,550,515</b>
<b>2) Cash flow before changes in NWC</b>	<b>6,793,870</b>	<b>(1,148,663)</b>
<b>Changes to net working capital</b>		
Decrease/(increase) in inventories	403,031	1,427,925
Decrease/(increase) in trade receivables	(2,339,115)	(10,948,592)
Increase/(decrease) in trade payables	2,693,567	(645,810)
Decrease/(increase) in accrued income and prepaid expenses	(427,904)	(521,985)
Increase/(decrease) in accrued liabilities and deferred income	199,383	133,627
Other decreases/(Other Increases) in net working capital	(5,837,566)	17,658,026
<b>Total changes in net working capital</b>	<b>(5,308,605)</b>	<b>7,103,191</b>
<b>3) Cash flow after changes in NWC</b>	<b>1,485,265</b>	<b>5,954,528</b>
Other adjustments		
Interest received/(paid)	(2,881,155)	1,462,694
(Income tax paid)	91,304	2,095,804
Dividends received	26,868,641	3,468,325
(Uses of the reserves)	(1,843,013)	(655,351)
Other funds received/(payments)		
<b>Total other adjustments</b>	<b>22,235,777</b>	<b>6,371,472</b>
<b>Cash flow generated by operating activities (A)</b>	<b>23,721,042</b>	<b>12,326,000</b>
<b>B) Cash flow from investment activities</b>		
Tangible fixed assets		

(Investment flows)	(2,595,017)	(3,196,961)
(Disinvestment flows)		
<b>Intangible fixed assets</b>		
(Flows from investments)	(944,059)	(4,481,642)
(Disinvestment flows)	356,887	863,880
<b>Financial fixed assets</b>		
(Flows from investments)	(8,967,497)	(21,981,150)
(Disinvestment flows)		
<b>Short-term financial assets</b>		
(Flows from investments)	(3,894,559)	(1,251,247)
(Disinvestment flows)		
(Acquisition of business units, net of cash and cash equivalents)	(191,783)	
Sale of business units, net of cash and cash equivalents		
<b>Cash flow from investment activities (B)</b>	<b>(16,236,028)</b>	<b>(30,047,120)</b>
<b>C) Cash flow from financing activities</b>		
<b>Minority interest funds</b>		
Increase/(decrease) in short-term payables to banks	(7,147,891)	10,643,280
Loans taken out		5,474,550
(Loans repaid)	(1,659,573)	
<b>Own means</b>		
Capital increase by payment	9,523,624	
(Capital reimbursement by payment)		
Sale (purchase) of treasury shares		
(Dividends and interim dividends paid)		
<b>Cash flow from financing activities (C)</b>	<b>716,159</b>	<b>16,117,830</b>
<b>Increase (decrease) in cash and cash equivalents (A ± B ± C)</b>	<b>8,201,173</b>	<b>(1,603,291)</b>
Effect of exchange rates on cash and cash equivalents		
Cash and cash equivalents at year start		
Bank and post office deposits	1,325,069	2,928,826
Cheques		
Cash and equivalents on hand	2,999	2,534
<b>Total cash and cash equivalents at year start</b>	<b>1,328,068</b>	<b>2,931,360</b>
Of which are not freely usable		
Cash and cash equivalents at year end		
Bank and post office deposits	9,525,241	1,325,069
Cheques		
Cash and equivalents on hand	4,001	2,999
<b>Total cash and cash equivalents at year end</b>	<b>9,529,242</b>	<b>1,328,068</b>
Of which are not freely usable		



# Independent Auditors' Report

Consolidated financial statements as of  
31 December 2017

Gruppo Dedagroup

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Bilancio Consolidato al 31 dicembre 2017

Relazione della società di revisione indipendente



Società di Revisione in  
Organizzazione Contabile

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## **RELAZIONE DELLA SOCIETA' DI REVISIONE INDIPENDENTE AI SENSI DEGLI ARTT. 14 DEL D.LGS. 27 GENNAIO 2010, N.39**

Agli Azionisti di Dedagroup S.p.A.

### **RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO CONSOLIDATO**

#### **Giudizio**

Abbiamo svolto la revisione contabile del bilancio consolidato del Gruppo Dedagroup (il Gruppo), costituito dallo stato patrimoniale al 31 dicembre 2017, dal conto economico, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2017, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione.

#### **Elementi alla base del giudizio**

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione Responsabilità della società di revisione per la revisione contabile del bilancio consolidato della presente relazione. Siamo indipendenti rispetto alla società Innova S.p.A. in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

#### **Richiamo d'informativa**

Gli amministratori nella nota integrativa indicano che nell'esercizio 2017 alcune società del gruppo hanno riclassificato tra i debiti a breve obbligazioni e mutui, formalmente a medio-lungo termine a causa della non completa

BAKER TILLY REVISIA S.P.A. - CAP. SOC. EURO 1.537.103.819 - REG. IMP. BO. COD. FISC. EPFLN201585017 - REA BO. 30388  
REGISTRO DEI REVISORI LEGALI N. 7838 - SOCIETÀ DI REVISIONE CHIA RICHTER AL N. 3 DELL'ALBO SPECIALE CONSOB  
SEDE LEGALE: VIA SEPELUNSA, 39 - 40131 BOLOGNA - CONSIGLIERI NEI PRINCIPALI PAESI DEL MONDO  
UFFICI REGIONALI - SCLERANO - BRESCIA - FIRENZE - GENOVA - MILANO - ROMA - TORINO - TREVISO - VERONA  
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soddisfazione di alcuni parametri finanziari ("covenants") gravanti sui prestiti contratti. In particolare i debiti interessati da questa riclassifica sono:

Per Dedagroup Spa le obbligazioni Finint che ammontano ad euro 5.500.000 e il mutuo acceso con Unicredit per la quota oltre i 12 mesi di euro 5.564.823;

Per Dedagroup Stealth Spa il mutuo Unicredit aperto nel corso dell'esercizio per euro 14.000.000 (anche in questo caso si tratta della quota oltre i 12 mesi).

Gli amministratori informano dell'avvenuta concessione di una deroga ("waiver") alla data di approvazione del bilancio per quanto riguarda i mutui Unicredit di entrambe le società mentre, relativamente al prestito obbligazionario, l'iter di ottenimento non è ancora del tutto completato ma le prospettive sono comunque favorevoli. Il nostro giudizio non è espresso con rilievi in relazione a tale aspetto.

**Responsabilità degli amministratori e del collegio sindacale per il bilancio consolidato**

Gli amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo Dedagroup S.p.A. o per l'interruzione dell'attività o non abbia alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

**Responsabilità della società di revisione per la revisione contabile del bilancio consolidato**

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un



livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio consolidato.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate degli amministratori, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che il Gruppo cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione;

# **Independent Auditors' Report**

Financial Statements as at 31 December 2017



Dedagroup S.p.A.

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Bilancio al 31 dicembre 2017

Relazione della società di revisione indipendente

An independent member of Baker Tilly International



Società di Revisione e  
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## **RELAZIONE DELLA SOCIETA' DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 14 DEL D.LGS. 27 GENNAIO 2010, N.39**

Agli Azionisti della Dedagroup S.p.A.

### **RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO D'ESERCIZIO**

#### **Giudizio**

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Società Dedagroup S.p.A. (la Società) costituito dallo stato patrimoniale al 31 dicembre 2017, dal conto economico, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2017, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione.

#### **Elementi alla base del giudizio**

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

#### **Richiamo d'informativa**

Gli amministratori nella nota integrativa indicano che la società ha riclassificato tra i debiti a breve obbligazioni e mutui formalmente a medio e lungo termine rispettivamente per euro 5.500.000 e euro 5.564.823 (quota oltre i 12 mesi) a causa della non completa soddisfazione di alcuni parametri finanziari ("covenants") gravanti sui prestiti contratti. Informano inoltre dell'avvenuta concessione di una deroga ("waiver") per quanto riguarda il





mutuo Unicredit mentre per quanto riguarda il prestito obbligazionario l'iter di ottenimento non è ancora del tutto completato ma le prospettive sono comunque favorevoli. Il nostro giudizio non è espresso con rilievi in relazione a tale aspetto.

#### **Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio**

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

#### **Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio**

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dall'Amministratore Unico, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte dell'Amministratore Unico del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.



#### **RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI**

##### **Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10**

Gli amministratori di Dedagroup S.p.A. sono responsabili per la predisposizione della relazione sulla gestione della Dedagroup S.p.A. al 31 dicembre 2017, incluse la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio della Dedagroup S.p.A. al 31 dicembre 2017 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio della Dedagroup S.p.A. al 31 dicembre 2017 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Roma, 28 giugno 2018

Baker Tilly Revisa S.p.A.

Marco Sacchetta  
Socio Procuratore

- abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo per esprimere un giudizio sul bilancio consolidato. Siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile del Gruppo. Siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

#### **RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI**

##### **Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10**

Gli amministratori della Dedagroup S.p.A. sono responsabili per la predisposizione della relazione sulla gestione del Gruppo al 31 dicembre 2017, incluse la sua coerenza con il relativo bilancio consolidato e la sua conformità alle norme di legge.

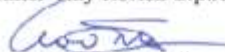
Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio consolidato del Gruppo al 31 dicembre 2017 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio consolidato del Gruppo S.p.A. al 31 dicembre 2017 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Roma, 28 giugno 2018

Baker Tilly Revisa S.p.A.



Marco Sacchetta  
Socio Procuratore





DEDAGROUP SPA

Registered and Administrative Offices

Via di Spini, 50 - 38121 Trento

Share Capital € 1,409,182.00

VAT No. 01763870225

[www.dedagroup.it](http://www.dedagroup.it)

Company subject to the  
management and coordination  
of Sequenza SpA