# DEDAGROUP
## S.p.A.

### Analytical Rating Report

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| **Responsibility for approval:** | Rating Committee |

**DEDAGROUP S.p.A.**

Località Palazzine, 120 - Gardolo
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# Analytical Rating Report

# Rating

Rating

## Rating and probability of insolvency

*The rating is an opinion relating to a party's capacity to honour its debts which stems from objective elements combined with subjective evaluations made by a rating analyst. Cerved Group issues long term ratings that express an opinion on the reliability of a debtor that is independent of the technical debt structure.*

### Rating e probabilità di insolvenza

*E' la valutazione delle capacità di un soggetto economico di onorare puntualmente gli impegni finanziari assunti.*

| | |
|---|---|
| **Rating:** | **Good credit worthiness (B1.2)** |
| **Probability of insolvency:**<br>**(at 12 months)** | **Medium (1.63%)** |

Company characterized by good foundamentals with good capacity to meet commitments financial. Credit risk is relatively low.

**Subject**

| C2.1 | C1.2 | C1.1 | B2.2 | B2.1 | **B1.2** | B1.1 | A3.1 | A2.2 | A2.1 | A1.3 | A1.2 | A1.1 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|

*Low credit worthiness* *High credit worthiness*

OUTLOOK: *positive*

Rating

# Overall assessment

DEDAGROUP is a company that has been active in the IT sector for more than thirty years that has succeeded over time in progressively expanding its know-how and territorial coverage through a constant growth both internally and externally (i.e. through strategic acquisitions and incorporations of other companies in the sector, that have very often been complementary in terms of available know-how and market segments). It effectively originates form the companies DATOR Srl and DELTA INFORMATICA S.p.A. that were incorporated at the start of the ’80s and were mainly active at a regional level (Trentino Alto Adige). The real turning point took place during the course of 2000, when the PODINI family, that was already successfully involved in the large-scale retail trade, decided to expand the scope of its business; the family acquired the control of both DATOR Srl and DELTA INFORMATICA S.p.A. which were then merged in 2001 to effectively create what is now DEDAGROUP.

As specified, through the control of SEQUENZA S.p.A., DEDAGROUP became part of LILLO (linked to the PODINI family and active in the market with the brand “MD DISCOUNT”), a group that had been active for decades in the large-scale retail trade, with a significant turnover (with regard to 2014, thanks to the acquisition of the brand “LD MARKET”, the forecasted revenue is in the order of Euro 2 billion), that normally generated very satisfactory income margins, and above all characterised by a significant level of capital and as a result by a very solid financial structure.

As of 2008, thanks also to a new management team for the company, DEDAGROUP has really changed gear, embarking on a process of development which led to it being one of the top ten players (with Italian capital) in the national IT sector. Over the years it has built consolidated relationships with a very wide base of customers, thanks to the development of proprietary software solutions (a real competitive advantage compared to many of its competitors). Today the Group is a specialist in the production of software for banks, central and local government authorities, the fashion sector, for the treasury control of public and private companies and more generally software used by companies operating in all industrial sectors for governing their core processes. DEDAGROUP has a customer portfolio of more than 250 banks, insurance companies and financial institutions, circa 1,400 Government Bodies, more than 180 companies from the fashion sector (virtually all of the major names in national fashion, from GUCCI to PRADA, from VERSACE to DOLCE & GABBANA) and on more than 1,800 leading industrial and commercial companies 1 (FIAT, FERRARI, DOMPE’ FARMACEUTICI, FERRERO, LAVAZZA, etc.).

However, DEDAGROUP now finds itself operating within an economic and market context which is certainly not easy; in 2013 the national IT market experienced a 5 percent reduction. The general economic crisis that has affected the entire production system in Italy has resulted in a negative trends for investments in new technologies, and therefore also in the IT sphere. This context has resulted in a significant increase in competition (many competitors in the last two year period have gone out of business, many have been involved in spin-offs, sales, unions, merger, while many more still have been taken over by large multinationals within the sector) and an increasingly aggressive policy in terms of price (it is sufficient to think of the falling levels of professional fees) which have had a major negative impact on the gross margins of companies. However, despite these circumstances, DEDAGROUP has not adopted a defensive strategy but has instead, thanks to the far-sighted vision of its management, has decided to make all of the investments and choices necessary to become a main player within its sector. In the last financial years the foundations have been poste for guaranteeing a growth in structural and turnover terms, given its conviction of the importance of size in such a competitive market; from this perspective the efforts sustained for acquiring companies that could add value, not only in terms of greater revenues or income, but above all in terms of new know-how and market niches to approach (of note is the acquisition of DDway, a former business division of the multinational CSC, and the investments made to bring within the perimeter of consolidation of PITECO, companies which since 2008 were already effectively within the sphere of influence of DEDAGROUP, the undisputed leader in the sector of treasury software). A new drive was given to the process of internationalisation for the business, in the conviction that many foreign markets, which may at first glance not appear to be of a top level, can offer business opportunities that are extremely interesting. In this context it is worth remembering the creation of the Mexican subsidiary DEDAMEX, through which DEDAGROUP is successfully exporting its banking software “BankUp” in the market of the small Mexican Credit Cooperatives, the development of a strategy that was put in place to also bring the same product to the US market of Credit Unions, the creation of commercial offices or commercial agreements and joint ventures with local operators, that are necessary to penetrate some foreign markets (like France and Pakistan, in terms especially of the fashion sector, and in the Arab peninsula, in terms of the spread of SAP applications). A model of federated business was implemented and adopted, based on know-how and specialization, in order to guarantee on the one hand an increasingly complete offer with a high added value to its customers and on the other to promote an effective improvement in the efficiency with a resulting reduction of costs and an improvement of margins.

Thanks to the actions it has adopted, DEDAGROUP has shown (at least at a Group level), even in the last financial years, a constant growth in turnover, i.e. a trend that runs counter to that for the market and many of its direct competitors. 2013 was characterised at the consolidated level by revenues in the order of Euro 191.3 million, i.e. an increase of 62,3% compared to the previous financial year; it should be highlighted that this growth has been guaranteed by the centralisation of the results of DDway (acquired in November /December 2012), but also, even with the same business perimeter there would have been an increase of about 5% in revenue. Despite this, the income results obtained in the two year period 2012/2013, cannot be considered positive; despite an improvement in the trend for the gross margins, including in virtue of the efforts made to rationalise  the costs structure, even 2013 ended with a significant net loss, of Euro 3.9 million. A negative contribution, especially in terms of the performance of the parent company, came from some causes which are considered non-recurring and this not repeatable during the course of the next financial years (thus guaranteeing a recovery in terms of margins achieved), which are in part linked to the strategies adopted internally (e.g. the “hidden” costs sustained to promote the integration of DDway, the costs sustained for international development, the logistics costs sustained in order to rationalise the Group’s trading headquarters), while a part is linked to external market factors (decrease in professional fees, continual change of regulations for local government authorities, a reduction in the margins of the “technological” business). It should also be considered that the efforts made by DEDAGROUP during the course of 2013, aimed especially to integrate DDway and fully implement the respective restructuring plan (which above all involved the reduction of the employee/managers workforce), which was necessary for guaranteeing for the company, that is characterised by a major turnover potential, an improvement from an income perspective (it should be noted that the is under the “old” CSC management, DEDAGROUP was characterised in the last years by losses of millions of Euro in the financial years). This process was effectively completed almost entirely at the end of the 2013 financial year (although part of the staff that has been made redundant will only be leaving the company during the course of the first semester of 2014). It should also be noted that, despite the ongoing restructuring, DDway has been able not to suffer a reduction in turnover (which actually increased in 2013 by circa 10% and, during the course of the last quarter, after years, it returned to positive gross margins).

The necessary investments which have been made should provide the desired returns in the following financial years. Already in 2014 the company should achieve a significant increase in revenues. The process of development should also continue, at the same rates as the 2014 financial year, even in the following two year period which will allow DEDAGROUP to close the 2016 financial year with potential revenues of Euro 259 million and a net profit of Euro 16.3 million. The company will also achieve cash flows, which will guarantee the possibility to consolidate equity and to proceed with the self-financing of the development of the business. In the future the real challenge to be won by DEDAGROUP, will be that of sustaining through careful strategies, the spread and visibility of its brand, by reducing the gap which exists to date between the real potential of its offer and the perceived value of this in the market.

Under the equity/financial aspect it emerges that the owners have been supporting the structural growth, through the contribution of relevant equity. At the end of 2013 an increase of capital was made of Euro 7 million (between the nominal value of the new shares issues and the share premium), new finances used in part to cover the losses generated in the last financial year and which was in part use to improve the capital base. On the whole DEDAGROUP will continue to be characterised by an overall level of indebtedness that is clearly sustainable.

On the whole it is a position characterised by structural factors that guarantee a suitable capacity to meet the financial commitments that have been taken on, in both the short and medium to long term, thus implying a positive credit worthiness. The credit worthiness can be improved if the process of development that is being pursued leads to the actual obtainment of that which has been forecasted in the Business Plan, i.e. the pursuit of a significant increase in turnover which will result in an improvement in the income margins, along with a progressive improvement in the equity and a reduction of net financial indebtedness

Rating

## Strengths

- The high level of quality shown by the management
- Offer of proprietary software solutions in the various business areas
- Know-how and distinctive software in the individual markets
- Good positioning thanks to partnerships with the best vendors
- Presence in market niches (PITECO)
- Company owned data centre with ISO 27001 certification
- Constant investments to increase the presence in foreign markets
- Distribution agreements signed with COMPUTER GROSS ITALIA, a company from the SESA Group, between the main Italian players in the Information Technology sector
- Centralised staff.
- Continual investments in training, strengthening of the know-how and development of the Group's professionalism that have allowed it to maintain the "Top Employer Italia" certification for the fourth year running.
- The company can count on a solid corporate basis which has always provided its contribution in terms of new equity
- Ample support by the credit system

Rating

## Weaknesses and risk factors

- Value profile of the brand: reduce the gap between the actual value of the offer and the value perceived by the market
- The "technological" area still maintains an excessive weight within the offer and is characterised by low margins and a prolonged fall in demand
- Constant delays in payments by Government Authorities
- Up until the end of 2013 the company had income results that were not acceptable

Rating

# Performance trends

The 2013 financial year has effectively been a strategic year in the process of growth and development for DEDAGROUP as a whole. In fact numerous extraordinary ventures and transactions that have resulted in a significant extension of the Group's perimeter with a resulting development in terms of turnover levels. These transactions therefore guarantee continuity in the process of the company's growth, despite a general economic and sector situation which is certainly not easy (in 2013 many direct competitors have experienced a reduction in turnover and only some have had positive performances in terms of growth, albeit with very low growth rates which are lower than those experienced by DEDAGROUP).

It should be noted that the increase achieved in turnover (2013 closed with revenues in the order of Euro 191.3 million, i.e. an increase of 62.3% compared to 2012), is in large part due to the complete consolidation of DDway (a company acquired in December 2012 and that, therefore, it contributed to the obtainment of the 2012 results for DEDAGROUP for just one month). From a more careful analysis of the available data we note that in any case, even with the same perimeter as 2012, DEDAGROUP has been able to achieve during the course of 2013 a significant growth that is quantifiable as circa +5%; this growth is diffused and distributed in all the main market served by the Group (the "banks and finance" sector grew by circa 9.5%, the "industrial & consumer" sector grew by 3.5%, the "fashion & retail" sector by 2% and also the Government Authorities sector, despite the spending review and this the trend towards a lower propensity in investment in IT, has experienced an encouraging growth of circa 8%). The results obtained in 2013 make DEDAGROUP one of the main players in the national IT market, in which it is one of the top ten companies with Italian companies. The increased size also allow the company to better face the challenge at an international level, in which the structural dimension is an even more important competitive factor.

| (thousands of euro) | Consolidated financial statements | | | |
|---|---|---|---|---|
| | 2012 | % on revenue | 2013 | % on revenue |
| **TOTAL REVENUE** | **117.884** | **100,00%** | **191.346** | **100,00%** |
| **EBITDA** | **8.623** | **7,31%** | **17.089** | **8,93%** |
| Deprecetation and amortization | 7.599 | 6,45% | 9.258 | 4,84% |
| **EBIT** | **1.024** | **0,87%** | **7.831** | **4,09%** |
| Financial charges | 1.259 | 1,07% | 724 | 0,38% |
| Extraordinary income and charges | -267 | -0,23% | -15.609 | -8,16% |
| **PROFIT BEFORE TAXES** | **-481** | **-0,41%** | **-8.809** | **-4,60%** |
| Taxes | 1.140 | 0,97% | -4.866 | -2,54% |
| **PROFIT/LOSS** | **-1.621** | **-1,38%** | **-3.943** | **-2,06%** |

Another key challenge pursued by DEDAGROUP during the course of 2013 related to the process of restructuring and relaunching of DDway, that was necessary to allow the company CSC that was acquired in 2012 to better exploit the enormous potential and thus return in the shortest possible timeframe to positive income results, as well as favour the full integration of the DDway business within DEDAGROUP. It emerged that the process for the reduction of the overall workforce and the review of the general costs of DDway was successfully concluded in the established timeframe, with a significant saving, in terms of costs, compared to that which was forecasted at the time of the acquisition in December 2012. The real plus point of the operation has been the fact that DDway has retained its revenues from the large corporate customers and on the onging processes, which was made possible by the focused actions of the management with regard to improving efficiency and productivity, as well as the optimal exploitation of the synergies that were created at the Group level. In 2013 DDway grew by circa 10% (it ended the financial year with revenues of circa Euro 66.3 million) and, during the course of the last quarter, after years is returned to a situation of positive gross margins. Alongside the parent company and DDway, even all of the other companies in the DEDAGROUP sphere reported interesting growth rates during the course of 2013 or in any case similar levels to the previous financial year.

On the basis of the revenue that was generated (it should be noted that the Euro 191.3 million include "other revenues for use of reserves" of circa Euro 15 million, i.e. the actual use made by DEDAGROUP during the course of the financial year of the reserves set aside by CSC at the time of the sale of DDway- that amounted originally to Euro 26.5 million – for covering the losses of the extraordinary charges stemming from the restructuring plan), there were EBITDA of Euro 17.1 million, with gross margins in relation to revenues of 9%, which was just more than 2% more than the previous financial year. With amortization and depreciation costs which were essentially the same in terms of the overall sum there was also a positive EBIT of Euro 7.8 million (during the course of 2012 the EBIT was circa Euro 8 million).

With a financial management that was not very significant, from the balance of the extraordinary operations that was on the whole negative to the tune of Euro 15.6 million (as highlighted already, in the financial year the accounts include Euro 15 million of restructuring costs, even if a part of these – Euro 5 million – will actually be sustained during the course of 2014, in order to have in 2014 a financial statement that does not include these extraordinary costs and which will therefore better reflect the real management results of DDway and the Group itself) and recovery of Euro 4.9 million in taxes, the 2013 financial year closes with a net loss of Euro 3.9 million.

| (thousands of euro) | Consolidated financial statements | | | |
|---|---|---|---|---|
| | 2012 | % on revenue | 2013 | % on revenue |
| **TOTAL REVENUE** | **63.389** | **100,00%** | **83.466** | **100,00%** |
| **EBITDA** | **5.364** | **8,46%** | **4.028** | **4,83%** |
| Deprecetation and amortization | 5.340 | 8,42% | 6.983 | 8,37% |
| **EBIT** | **24** | **0,04%** | **-2.956** | **-3,54%** |
| Financial charges | 1.082 | 1,71% | 795 | 0,95% |
| Extraordinary income and charges | 281 | 0,44% | -612 | -0,73% |
| **PROFIT BEFORE TAXES** | **-1.127** | **-1,78%** | **-4.662** | **-5,59%** |
| Taxes | 57 | 0,09% | -756 | -0,91% |
| **PROFIT/LOSS** | **-1.184** | **-1,87%** | **-3.906** | **-4,68%** |

Even the parent company registered in 2013, after the fall in 2012, a significant improvement in turnover; it concluded the financial year with revenues of Euro 83,5 million, i.e. a growth of 31.7% compared to the previous financial year. It should be stressed that this increase in large part attributable to the incorporation which took place in 2013 of DEDANEXT Srl (a company that was already part of the Group and characterised during the course of 2012 by a net profit of Euro 154 thousand with revenues of Euro 15.6 million and positive EBITDA of Euro 593 thousand) and SINTECOP S.p.A. (which was also part of the DEDAGROUP Group and characterised in 2012 by negative EBITDA of Euro 337 thousand and revenues of Euro 3.1 million). However, even for DEDAGROUP S.p.A. 2013 was characterised by a growth (of circa 2/3% circa) even considering the same perimeter of consolidation.

With regard to the gross margins, while at the Group level there was a positive performance and an improvement compared to 2012, DEDAGROUP S.p.A. did not have a positive result as it was not line with that which had been forecasted; EBITDA of circa Euro 4 million (in 2012, despite much smaller revenues, the EBITDA was Euro 5.4 million), equal to circa 4.8% of revenues, a fall of 2/3 % compared to 2012. This unsatisfactory result was due to six different causes (which on the whole had a negative impact on EBITDA of circa Euro 5 million), that are almost all considered non-recurring by the management and which therefore should be repeated during the current financial year. Firstly, a negative effect derived from a reduction of the average margin on the technological business: as well as a significant reduction in terms of volumes this sector also registered a significant reduction in the margins against a high level of competition on sale prices. A greater focus on negotiations with a greater added and perceived value along with an increase in the volumes of “managed” services should guarantee that such an event will not take place again in the near future, or in any case that its negative impact would be significantly reduced. The efforts sustained by DEDAGROUP S.p.A. to complete the process of integration and reorganisation of the Group involved “hidden” costs. The process of reorganisation of the Group’s business also involved the rationalisation of the presence of DEDAGROUP in the national territory, through the closing of certain offices and the joining of others. This operation will guarantee clear benefits as of 2014 but during the course of 2013 it involved the extraordinary costs, that were attributable to penalties paid, the overlapping of rental payments, removals and the reallocation of resources. There were of costs relating to the operations sustained for the international development of the business; specifically expenses relating to the international scouting activity (such as those which led to the definition of the penetration plan for the US market in terms of the banking sector), linked to support, marketing and “business development” initiatives which, unlike the investment costs that were capitalised amongst the fixed assets, are entirely charged to the income statement. Returning to the reasons that are not directly attributable to the will of DEDAGROUP and its strategic choices, during the course of 2013 there was an unusually marked legislative uncertainty with regard to local taxes (e.g. the issue of IMU), a factor which for DEDAGROUP involved the need to carry out extraordinary operations (which were not therefore forecasted in the maintenance contracts agreed with the local government authorities) for the adaptation of the software suites “Civilia” and “Evolx”. Finally, this factor is hard to contrast in the coming financial years and will be presumably less impacting only when there is an actual improvement in the economic climate, DEDAGROUP, as with the others players in the IT sector, suffered even in 2013 a significant pressure on professional fees, with negative consequences on the profitability of recurring services to Government Authorities, applied projects in the world of cooperative credit banks and on the profitability of public tenders in general.

The reduction of the EBITDA, with amortizations and depreciations/provisions which are essentially the same in terms of incidence on revenues (as in 2012 a little more than 8% of the overall revenues will be eroded), has as a natural consequence the worsening of the EBIT, which was just under Euro 3 million. The financial year therefore closed for the parent company, given balances of the financial management and extraordinary operations of little weight and recovery of taxes of Euro 756 thousand, with a net loss of Euro 3,9 million.

Rating

# Scenarios

## Rating in the event of the least favourable scenario

The least favourable scenario, barring catastrophic events, regarding the company and its business sector, could lead to the opinion on credit worthiness to be downgraded. In particular it is estimated that the minimum rating value could be B2.1, which would represent a situation of vulnerability for the company in question (with a high “Probability of Insolvency” within a range of 3.51% to 6.70%).

## Rating in the event of the most favourable scenario

The most favourable scenario regarding the company and its business sector could involve, in consideration of the company’s operational development plan, an upgrading of the rating, bringing the credit worthiness to a superior class, i.e. A3.1, which corresponds to a situation of security, with a resulting credit risk that is even lower than the present level (with a “Probability of Insolvency” that is low and within a range of 0.40% and 0.77%).

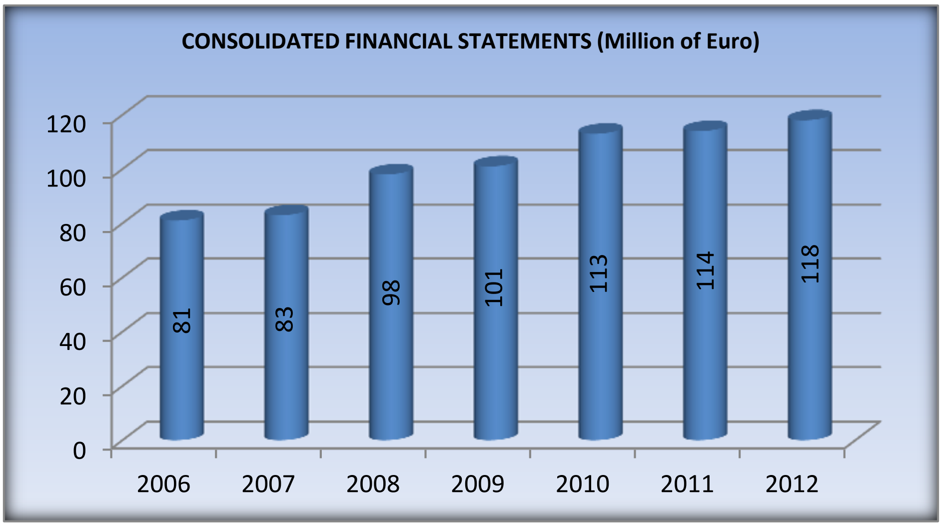
# Rating Factors

Rating Factors

## Trend

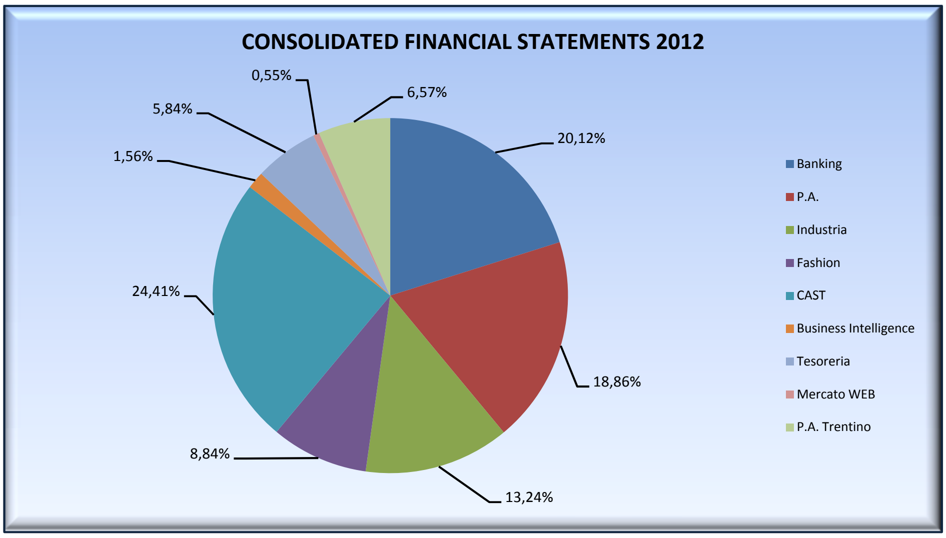
DEDAGROUP now finds itself operating within a reference economic context that is far from simple, in consideration also of the difficulties that have that have characterized the overall national economy for some time. Specifically, the national IT market appears to be in a period of marked stagnation; during the course of 2013 it lost almost 3% compared to the previous financial year, with a reduction in terms of absolute value of Euro 800 million. The general framework that emerges is one of an increasingly lower propensity to invest in IT, with a resulting ever more aggressive competition, with inevitable impacts in terms of lesser achievable gross margins and a constant lowering of professional fees.

Despite these situations, DEDAGROUP, on the basis of the strategic choice made over the years by its management and thanks especially to its distinctive know-how which allow it to constantly create value for its customers, appears to have been partially shielded from the effects of this recession and from the turbulence which characterize the markets in which it operates; in fact, at least at the consolidated level, DEDAGROUP over the last financial years has had a constant and significant growth in terms of revenues.




On the basis also of the contribution of its subsidiaries, 2012 was closed at the Group level with overall revenues of Euro 117.9 million, with a growth compared to the previous financial year (when total revenues were just under Euro 113.7 million) of circa +3.7%. At the end of the 2012 financial year there was still a very limited foreign activity by DEDAGROUP; in fact the Group only derived 3.7% of its revenues in international markets, while the remaining 96.3% of turnover was achieved nationally. It should be noted, however that greater internationalisation of the business is a primary objective of DEDAGROUOP's management, in order to exploit the numerous possibilities that some international markets can offer; this explains the efforts made especially in the two year period 2012/2013 which aimed to consolidate the presence in Mexico (through the subsidiary DEDAMEX), to the penetration of the

American market in terms of the "banking " sector (through the creation, which took place during the second half of 2013, of DEDAGROUP NORTH AMERICA, which is 100% controlled, and the joint venture COOP CORE DEVELOPMENT Llc that was set up along with the NATIONAL FEDERATION OF COMMUNITY DEVELOPMENT CREDIT UNIONS), to an entry into the French market of fashion and retail thanks to the creation of DEDAGROUP FRANCE (that is for the time being a local office covered by two sales persons but which during the course of 2014 will evolve into a genuine foreign branch). Of equal significance are the projects for the acquisition of clients from the "pharma" sector in India and Europe (thanks to the "Pheedit" solution for the management of "drug discovery", in the automotive sector (through the management of "product costing" solutions in Brazil, Argentina and USA), in the "fashion and retail" sector in Switzerland, in other European Countries and above all in Pakistan (where the partnership is already active with an important local player that produces fabrics, including on behalf of the famous Italian fashion house ARMANI, as well as clothing for women and children, but where there is a very large reservoir of new potential customers). While these projects have thus far involved for DEDAGROUP an inevitable outlay in terms of costs (even though these have in large part been capitalised), on the other hand they guarantee for the company in its entirety an important development in business and turnover as well as an increasing visibility for the brand and its distinctive know-how on an increasingly global scale. The declared objective is that of reaching within the space of a few years a percentage of revenues generated abroad of around 10%; it should be noted that already in 2014 a level of "internationalisation" of the business of circa 5% is expected.




From an analysis of the figure above, which divides up the revenues of the Group for 2012 in relation to the market in which they have been generated (please note that for the purpose of a more "truthful" analysis consideration was given to the total of the revenues generated in the entire financial year by DDway, even though in reality this company became a part of DEDAGROUP only during the course of November/December 2012, as well as all of the revenues of PITECO, a company in which DEDAGROUP, at least until the end of 2013, does not have a majority shareholding, but which can be introduced within the perimeter of consolidation through the control of SEQUENZA), it clearly emerges that the three main market sectors in which DEDAGROUP operates are "CAST" (Cloud – Applications – Services – Technology), i.e. the "historic" division of the company that resulted from the merging of the know-how of DEDAGROUP and DEDANEXT in Business Technology and IT Transformation , and which during the course of 2012 generated almost 25% of the overall revenue, the “banking” market (in 2012 this division accounted for circa 20% of revenues) and finally the market of Government Authorities, which on the whole makes up 25% of revenues (a part of these, i.e., circa 6.5%, relates solely to the Government Authorities of Trento, a market division overseen by the subsidiary DEXIT). In terms of turnover there was also a significant contribution from the so-called “Industrial” market (13.2%) and the “Fashion” market (8.8%); the latter in particular, is the real novelty brought by the acquisition of DDway, a company which thanks to the “Stealth” software, the undisputed leading solution for the management of production and logistics of fashion companies, has in its customer portfolio virtually all of the most important national fashion houses. There was also an important contribution by PITECO (which as of 2014 will to all effects be within the perimeter of consolidation in that DEDAGROUP S.p.A. will increase its shareholding in this from the current level of 21% until 61%), the most important company in Italy in the design and implementation of management solutions in the “Treasury” area, a sector in which it has a market share of almost 50% and in which it effectively competes with only one competitor, i.e. SAP. PITECO (an acronym for PIanificazione TEsoreria COmputerizzata, i.e. computerised planned treasury), is a company that has a turnover of Euro 11 million which are normally translated into excellent income margins (2013 was characterised by a gross margin in relation to revenues of almost 40%).

The actions carried out for a general improvement of operational efficiency (reduction of the proportional cost of labour, a better use of resources on various projects, a reduction of projects that are considered “critical”, or with the use of extra budgetary resources compared to the initial forecasts for the project, limiting of general and administrative costs, the logistics costs, energy costs and those linked to consultancy), have also allowed DEDAGROUP to achieve an improvement of its gross margins compared to 2011; in fact EBITDA is circa Euro 8.6 million (an improvement, in absolute terms, of circa 30% compared to the previous financial year), with a gross margin of 7.3%.

On the other hand, if we consider only the economic/income data of the parent company (DEDAGROUP S.p.A.), it emerges that 2012 was in reality characterised by a reduction in turnover of -12.6%, as it closed with operating revenues of circa Euro 61 million compared to the Euro 69.8 million of 2011. This decrease was in large part attributable to the negative performance of the business linked to technologies and technological projects, a segment that s exposed more than others to the low propensity to make investments by customers (please note that during the course of 2013 the segment of technologies actually decreased by more than 16 percent at a national level and that some players of global dimensions registered have had a reduction in this segment of more than 26% with operating losses of very significant margins). Moreover, the reduction in turnover described above, did not affect the gross margins which, thanks precisely to the efforts and initiatives implemented for the optimisation and improvement in the efficiency for the operating process, improved with respect to the previous financial year by more than 2 percent (in relation to revenues). The increase of gross margins, despite amortizations and deprecations that were slightly higher in percentage terms than 2011 (appear to be significant on the basis of the major investments in software solutions made during the last financial years), also involved for the parent company DEDAGROUP S.p.A. a return to a positive operating income (albeit of only Euro 96 thousand) after a few difficulty years in terms of EBIT. In any case, the 2012 financial closed with a net loss of just under Euro 1.2 million. It should be noted that both the financial year 2010 and the financial year 2011 had closed with a profit (respectively of Euro 1.8 million and Euro 1.1 million) thanks only to the entering in the accounts of significant financial proceeds, linked in particular to the, in two different tranche, to the sister company SAN MARCO IMMOBILIARE, of the shareholding (of 30% of the Share Capital) that DEDAGROUP S.p.A. had in PITECO.

The same argument can be made by taking into consideration the DEDAGROUP Group in its entirety; in fact, even in this case, thanks to the recovery in terms of gross margins, in 2012 we returned to a positive EBIT (one million Euros), which is however not sufficient to guarantee that the year closes with a profit: there is in fact a net loss of circa Euro 1.6 million.

Rating Factors

## Negative trend information

**Negative events**

No black-listings were noted with regard to the company, or parties related to the company. Controls carried out on “dubious” entries during cross-checks involved procedures to rule out any coincidence of names .

**Bankruptcies and insolvency proceedings**

No Bankruptcies and/or Insolvency Proceedings were noted with regard to the company, or for parties related to the company.

**Negative entries in the real estate archives**

No negative entries were noted in the real estate archives for the company, or for parties related to the company.

**Negative press clippings**

From our press database, which includes a daily analysis of 100 national, regional and above all provincial newspapers, no significant negative news emerged on the company in question.

Rating Factors

# Competitive positioning

In Italy, DEDAGROUP operates in a sector which even in 2013 was characterised by a negative trend (-2.8%) which was not too dissimilar to the performance for the previous two years. Both in the service and software areas it has been estimated that compared to 2012 a further reduction of 3.8% and 0.9% respectively is forecasted. The only growth areas were, in terms of services, the “embedded” systems (+0.8% on 2012), while in terms of the software, the “middleware” software (+1.6% on 2012).

Competition involves all of the main operators, although the extent varies according to the three business areas.

- *Software*: the offer is characterised by a large number operators, that operate as distributors for the large global producers. It is an area that is less subject than the others to down-pricing, because the prices of the "suites" are set by the large software producers

- *IT Services*: the offer is characterised by the presence of large sized companies with a complete range of services and by small companies operating in a small number of segments. Competition is high, especially on prices

- *Cloud Computing*: the number of operators is still limited but there is an upward trend, in a market with excellent growth prospects.

The leaders of the market for software and IT services are (in order of size): IBM ITALIA, ACCENTURE (CONS.), MICROSOFT, ENGINEERING INGEGNERIA INFORMATICA (CONS.), that overall have in 2012 a share just above 35% of the market. IBM ITALIA, the main operator, has experienced a reduction (-0.6 %) in its market share because of the negative trend for IT services. However, there was an increase (+0.3 %) in the market share of ACCENTURE (CONS.), thanks to the increase in the specific turnover for certain activities (outsourcing) in 2 business divisions. The third and fourth positions are held respectively by MICROSOFT that increased its market share (+0.6 %) thanks to the good performance of software and ENGINEERING INGEGNERIA INFORMATICA (CONS.) (+0.2 %). They are followed by ORACLE ITALIA (+0.4 %), HP ENTERPRISE SERVICES ITALIA (+0.2 %) and HEWLETT PACKARD ITALIANA (-0.2 %). The main Italian operator is ENGINEERING INGEGNERIA INFORMATICA (CONS.), with a 2012 market share of 5.8%. In 2013, the positions of the main operators did not change. The share of the top 4 increased slightly to 35.6% (+0.4 %).

There were three main types of strategies adopted by the competitors in the market: the evolution of the offer, acquisitions, evolution of the "go to market" models. The current economic situation has prompted operators to base the offer on products/services that are increasingly specialised and focused on customer requirements, that are able to promote a considerable improvement of efficiency and an increase of effectiveness. An important choice for some software vendors has been that of making their solutions and services usable through a browser and the internet. There have also been important processes of internationalisation with acquisitions or creations of foreign companies which allow large national groups to increase their customer base and thus revenues in foreign markets in a situation of weakness for the national market. Amongst the initiatives for the evolution of the "go to market" for the development of new commercial offers, a key role has been played by interventions on the network of commercial partners and on the interventions on the network of commercial partners and on the channel.

In this scenario, DEDAGROUP has put in place a series of actions in order to further improve the already fair positioning of its solutions in the reference markets: the Group has aimed to strengthen in the segments with the best prospects for growth or holding and has conducted extraordinary operations, which include the acquisition of DDway, the incorporation of DEDAGROUP NORTH AMERICA, the opening of an office in Paris, the acquisition of new share in the capital of PITECO, the leader in the Italian market in the segment of industrial treasury, with the aim of strengthening in terms of technologies and know-how.

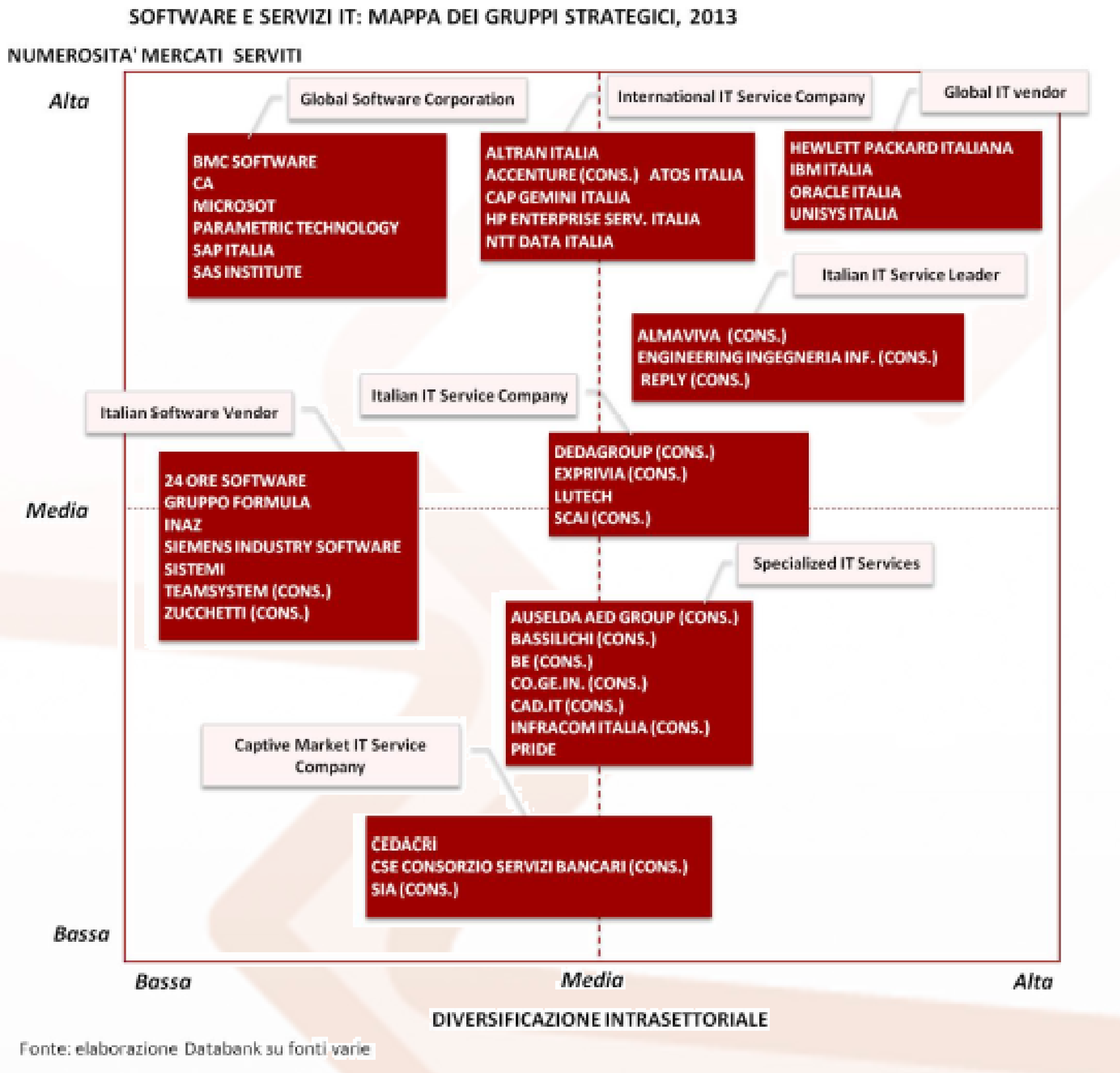
DEDAGROUP sets itself apart from many competitors through its offer of proprietary software solutions in different business areas, unlike the most important competitor in the Italian market, in terms of revenues and margins, i.e. ENGINEERING. Other operators, on the other hand, although they have proprietary software they are present only in specific markets or segments, like MAGGIOLI for the Local Government Authority market. Finally, there are operators that exclusively offer technological services like CLOUD ITALIA and LUTECH.

Amongst the products that set DEDAGROUP part from its competitors, especially at an international level, we must certainly include “BankUp”, a software which is based on automation systems for bank offices following a European model (bank services integrated in accounting). A strength of DEDAGROUP in this context is also its capacity to manage in the most effective manner possible the delicate migration operations of the data in the banking sector (operations which were completed during a weekend), the availability of outsourced service centres which guarantee reliability and security, as well as the progressive modernisation of the services offered at a limited cost (“cloud”).

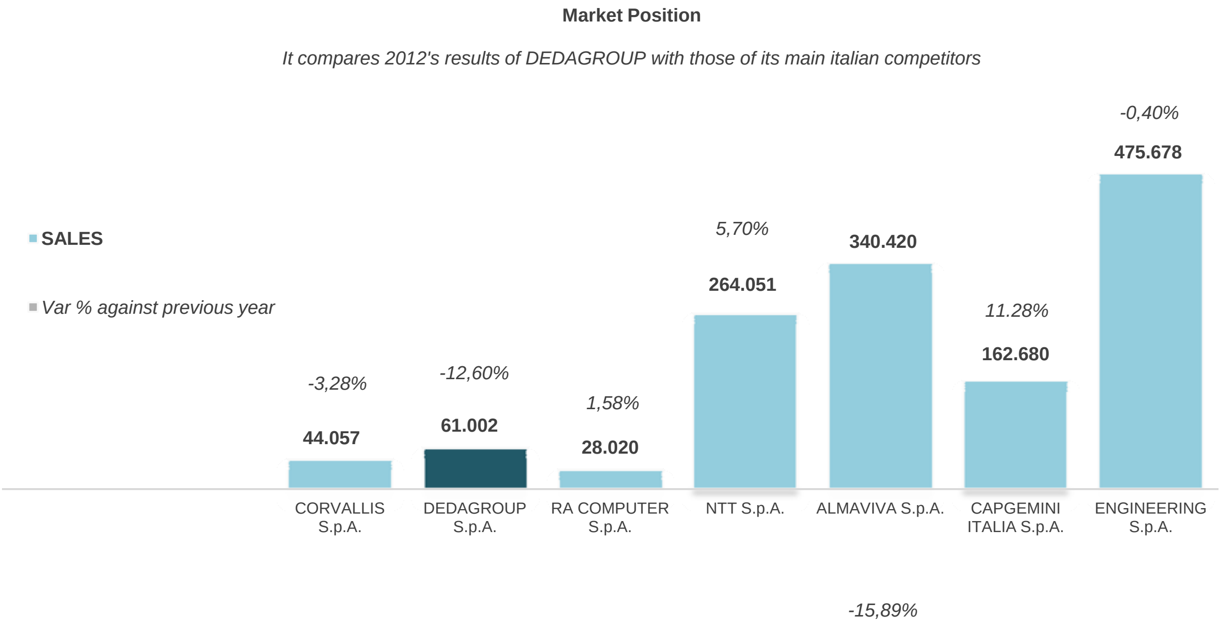
There follows the strategic map of the groups which was made in consideration of the following variables:

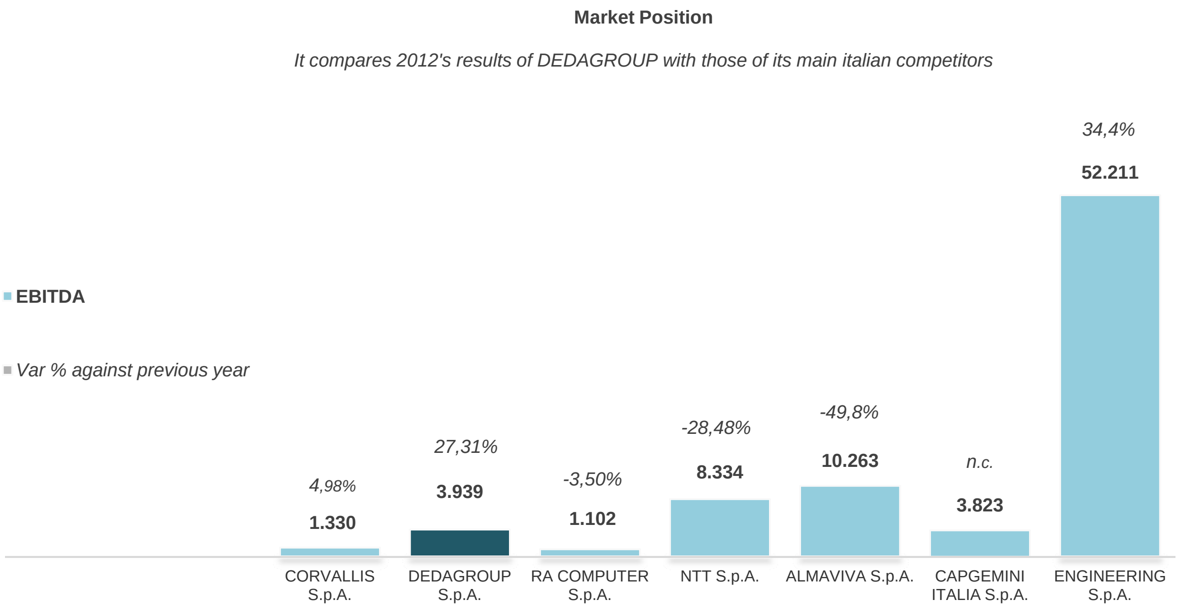
- Intra-sector diversification, i.e. the presence of one or more business areas (software products, IT services, cloud computing);
- Number of markers served, i.e. a presence in one or more economic sectors.

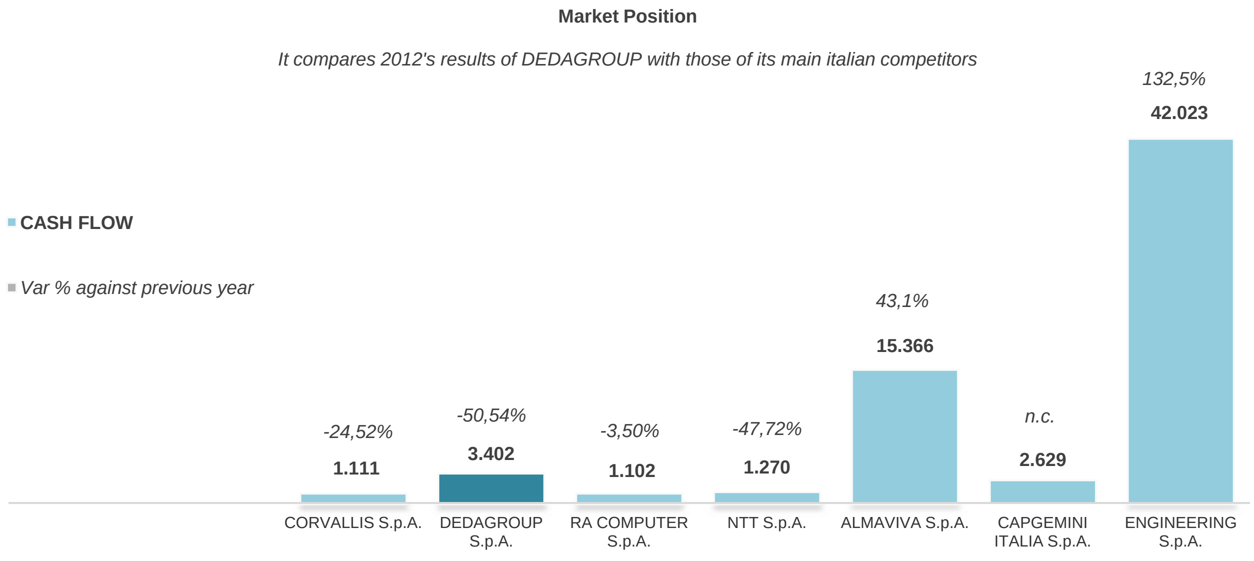
We can this identify 8 strategic groups of suppliers, with business models, differentiated offer portfolio and degree of specialization.

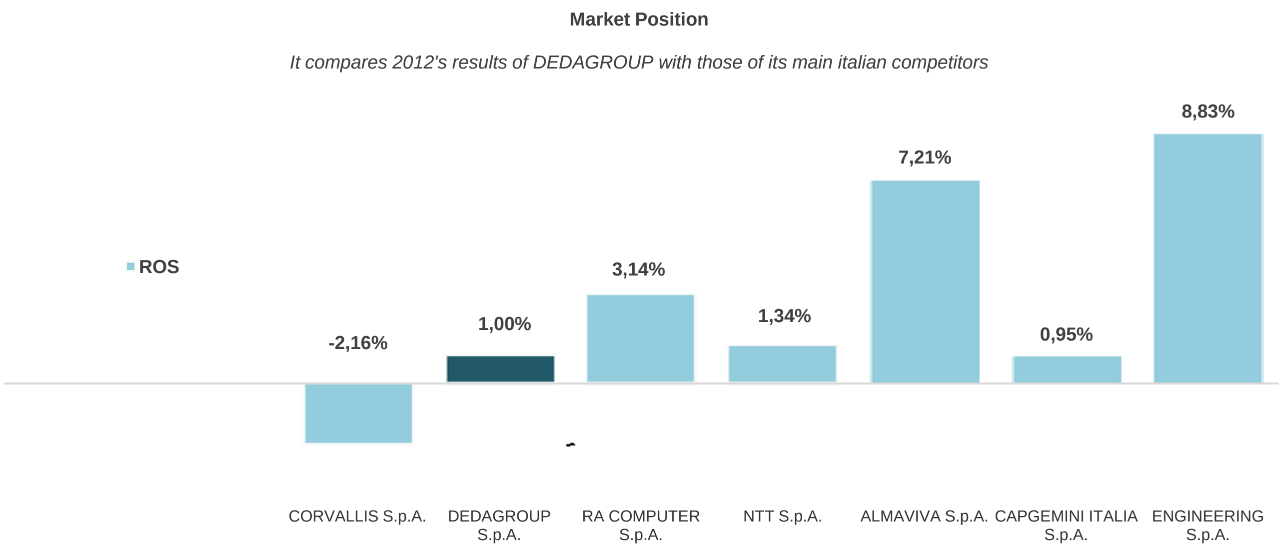


## ✓ FINANCIAL INSTITUTIONS ITALY



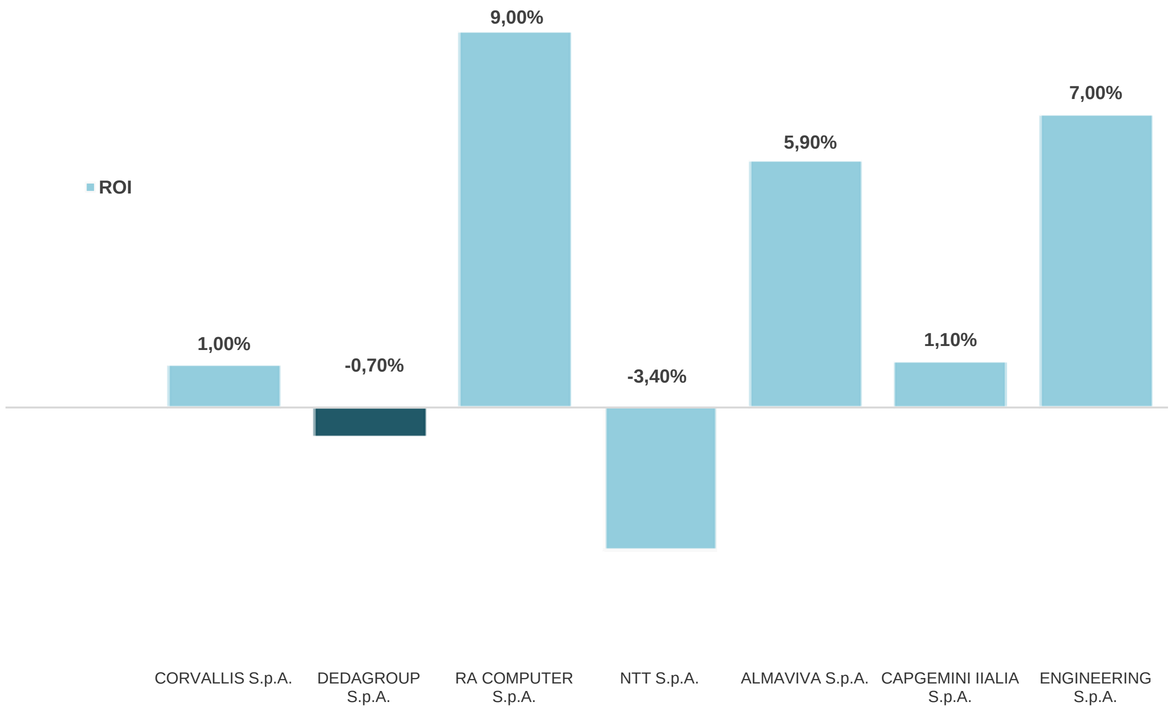




Market Position
It compares 2012's results of DEDAGROUP with those of its main italian competitors
CASH FLOW
Var % against previous year
-24,52%
1.111
-50,54%
3.402
-3,50%
1.102
-47,72%
1.270
43,1%
15.366
n.c.
2.629
132,5%
42.023
CORVALLIS S.p.A.
DEDAGROUP S.p.A.
RA COMPUTER S.p.A.
NTT S.p.A.
ALMAVIVA S.p.A.
CAPGEMINI ITALIA S.p.A.
ENGINEERING S.p.A.


Market Position
It compares 2012's results of DEDAGROUP with those of its main italian competitors
ROS
-2,16%
1,00%
3,14%
1,34%
7,21%
0,95%
8,83%
CORVALLIS S.p.A.
DEDAGROUP S.p.A.
RA COMPUTER S.p.A.
NTT S.p.A.
ALMAVIVA S.p.A.
CAPGEMINI ITALIA S.p.A.
ENGINEERING S.p.A.

**Market Position**

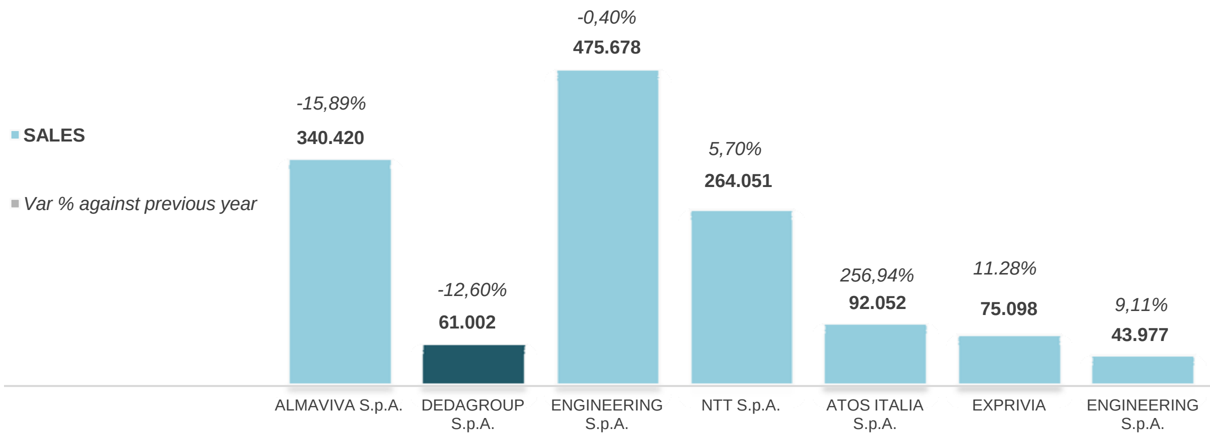
*It compares 2012's results of DEDAGROUP with those of its main italian competitors*




✓ ***CENTRAL GOVERNMENT AUTHORITIES***

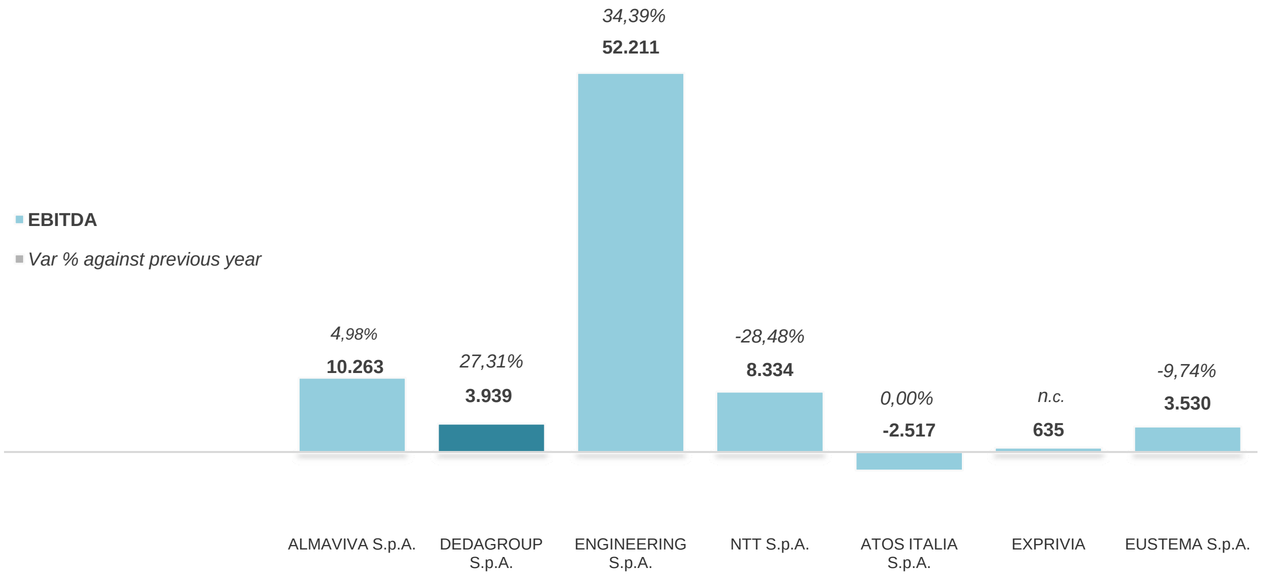
**Market Position**

*It compares 2012's EBITDA growth of DEDAGROUP with that of main italian competitors*



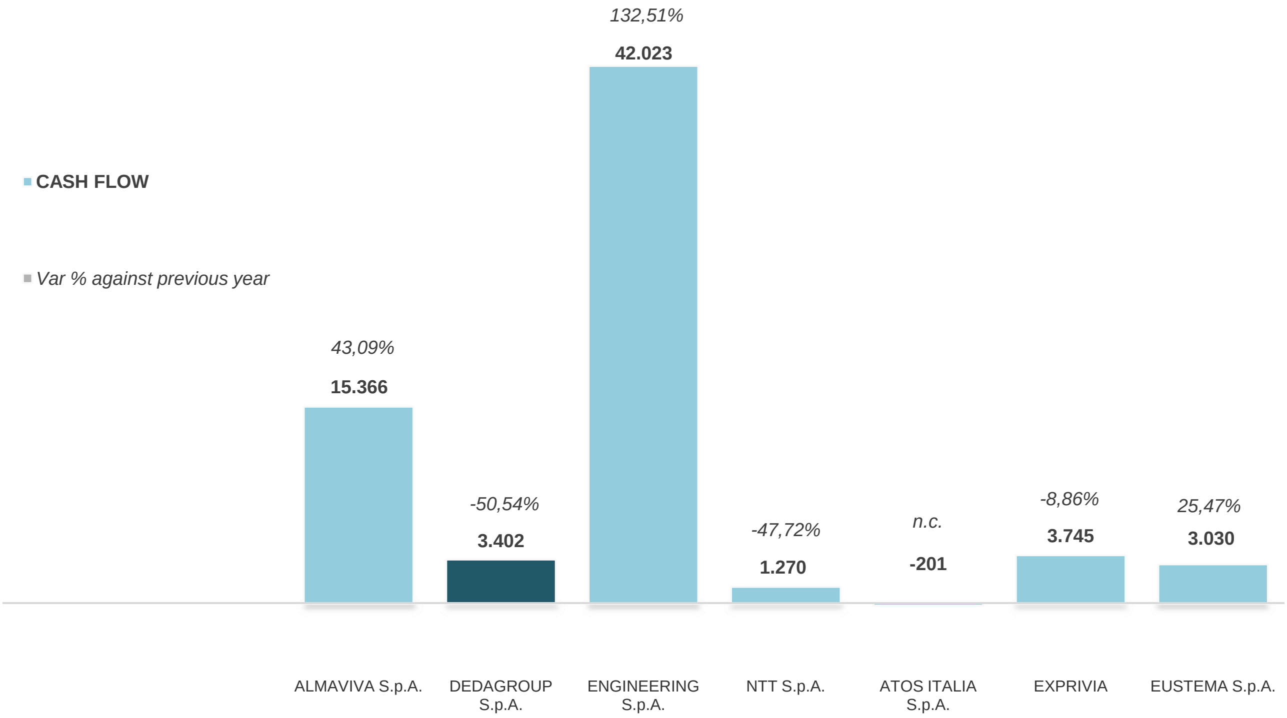
**Market Position**

*It compares 2012's results of DEDAGROUP with those of its main italian competitors*



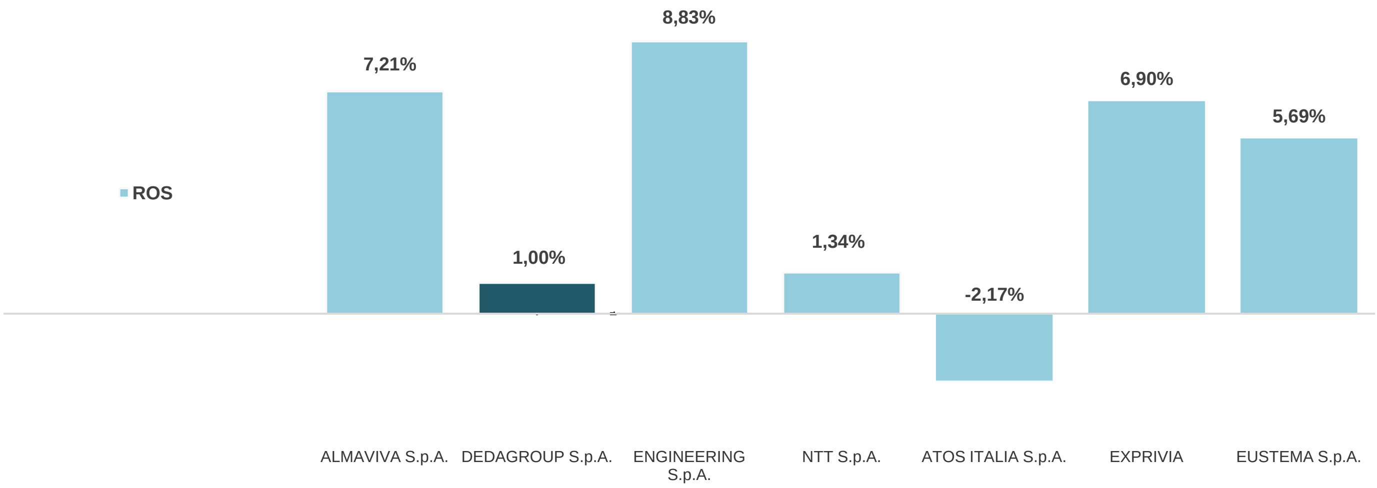

**Market Position**

*It compares 2012's results of DEDAGROUP with those of its main italian competitors*



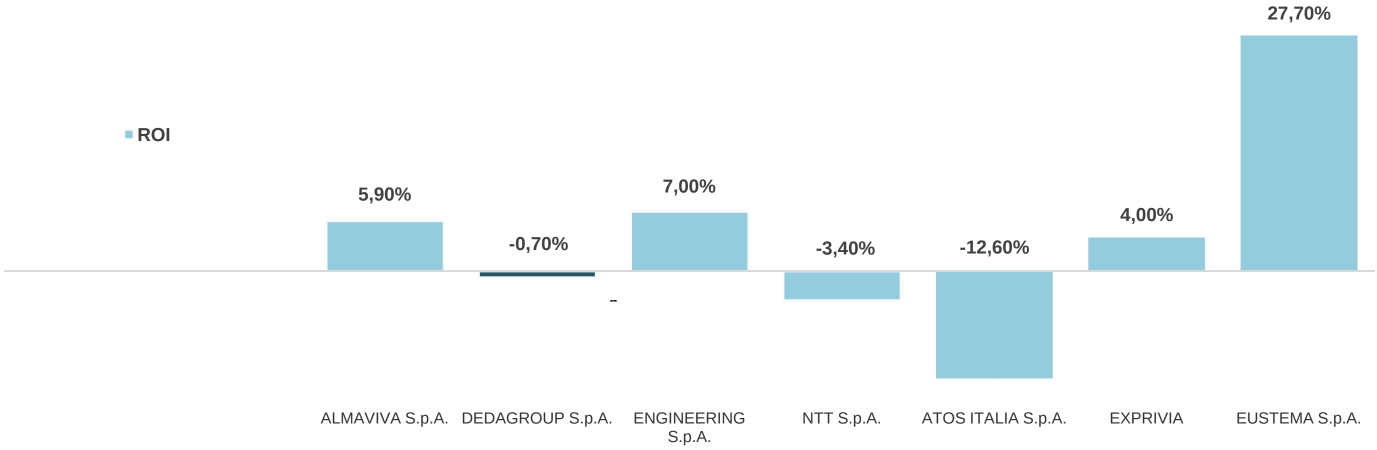
**Market Position**

*It compares 2012's results of DEDAGROUP with those of its main italian competitors*

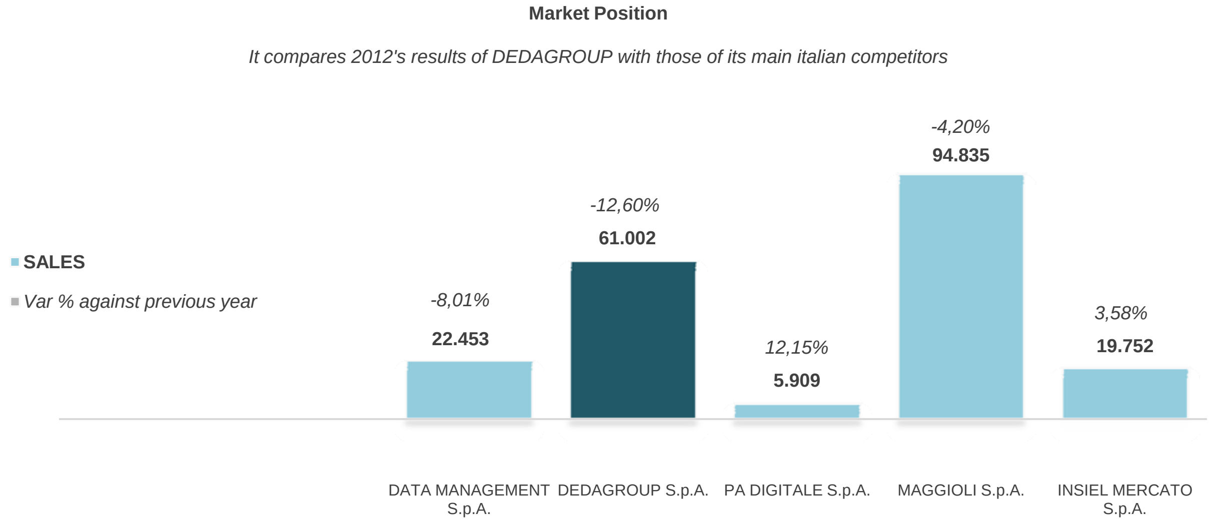


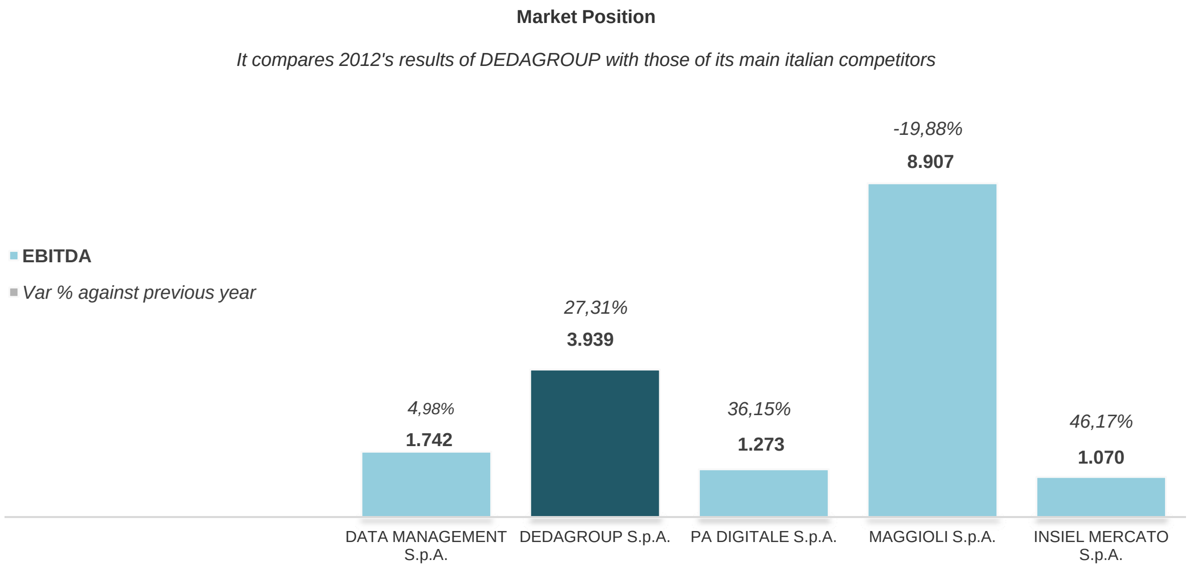

**Market Position**

*It compares 2012's results of DEDAGROUP with those of its main italian competitors*



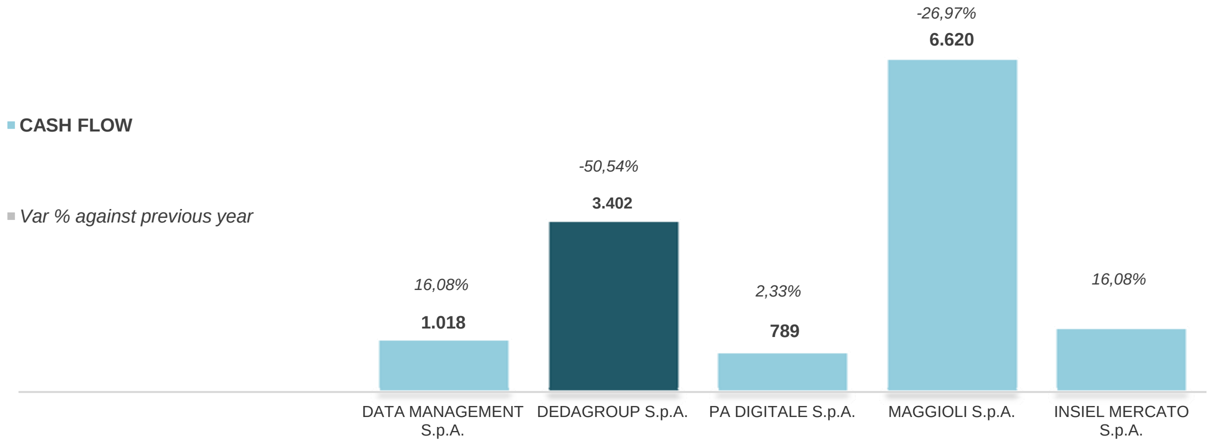
## LOCAL GOVERNMENT AUTHORITIES



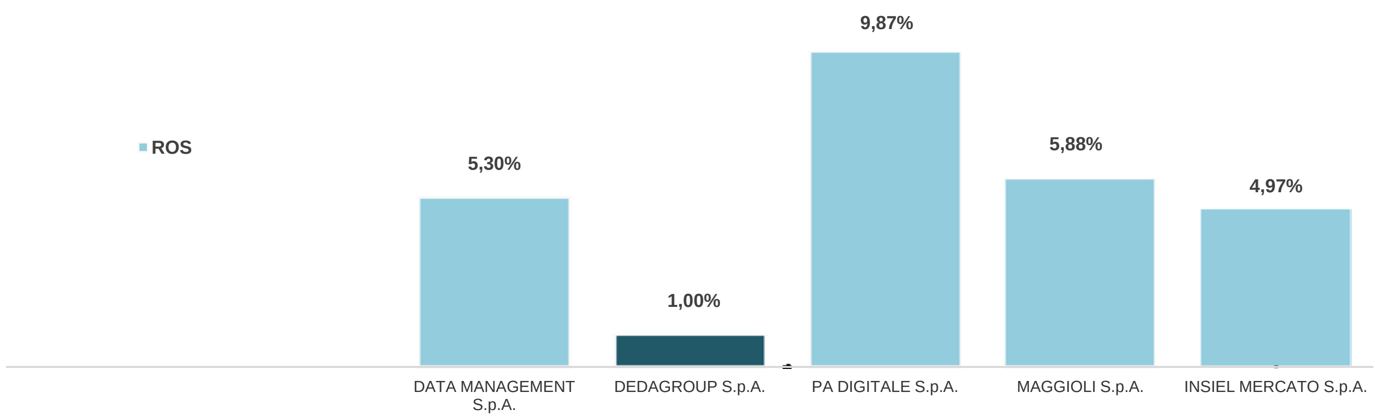
**Market Position**

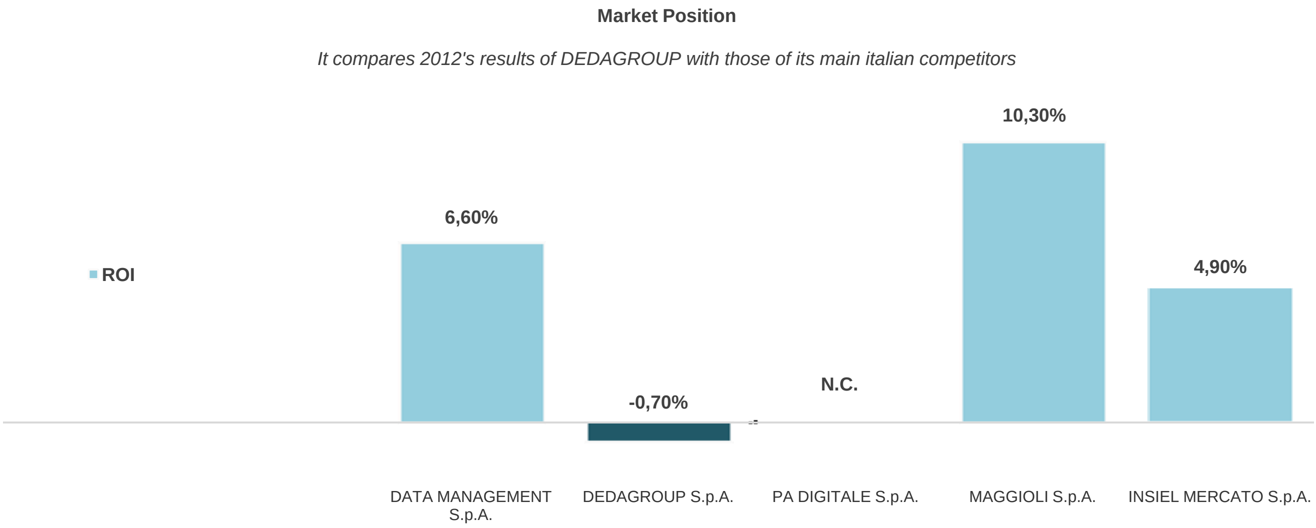
*It compares 2012's results of DEDAGROUP with those of its main italian competitors*



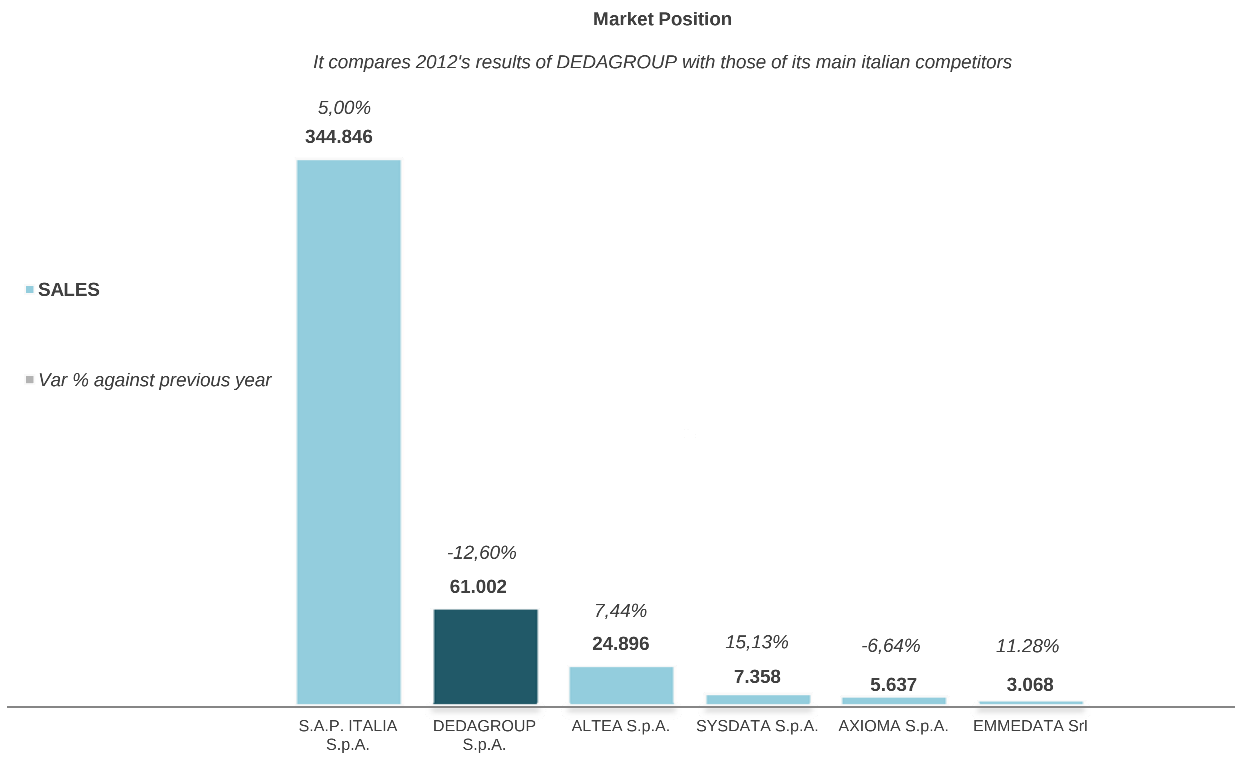

**Market Position**

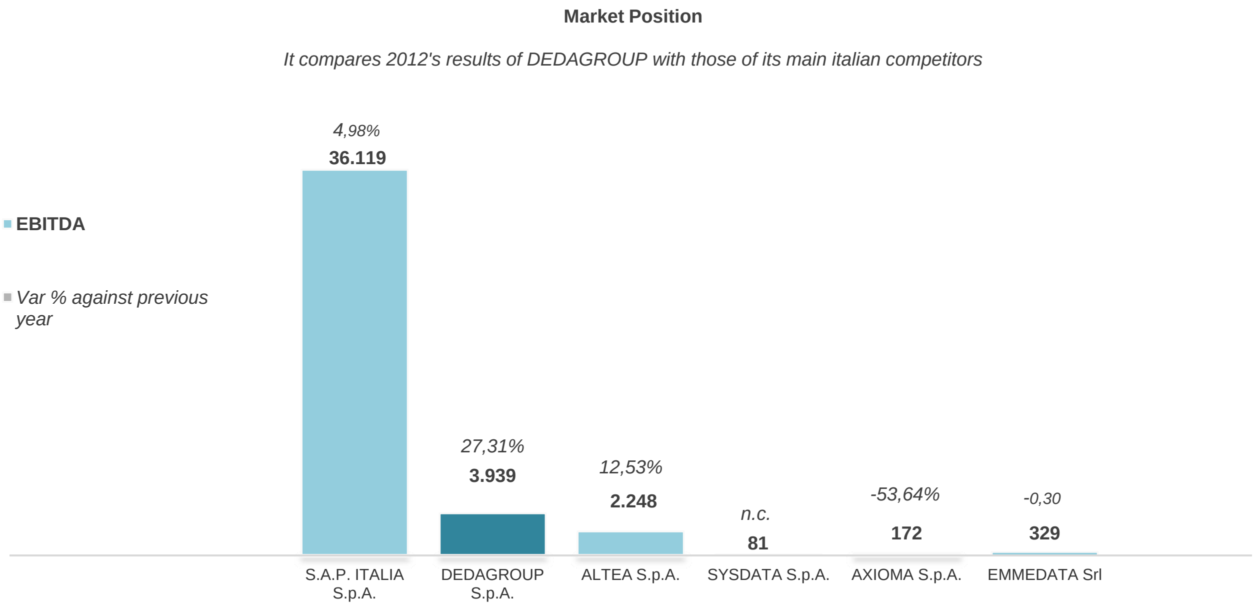
*It compares 2012's results of DEDAGROUP with those of its main italian competitors*

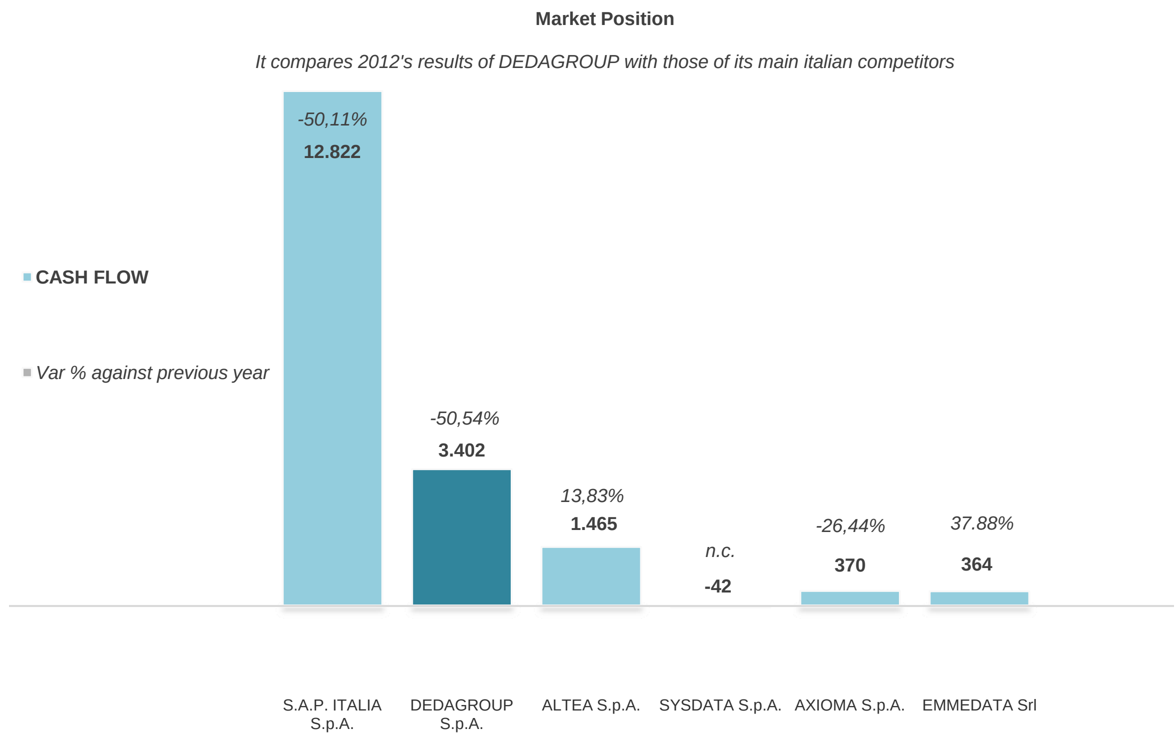





✓ ***FASHION AND RETAIL***

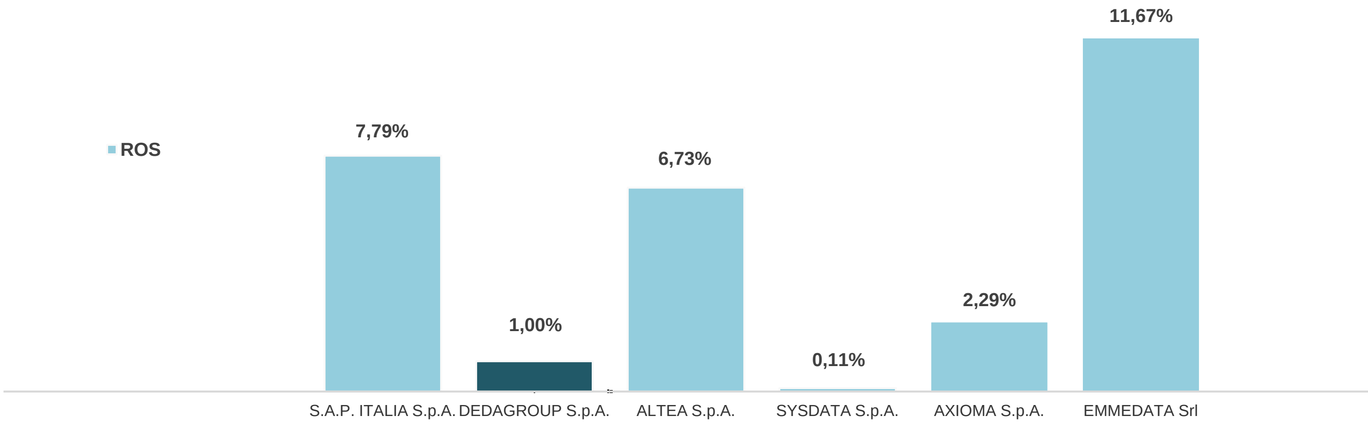



Market Position
It compares 2012's results of DEDAGROUP with those of its main italian competitors
EBITDA
Var % against previous year
4,98%
36.119
27,31%
3.939
12,53%
2.248
n.c.
81
-53,64%
172
-0,30
329
S.A.P. ITALIA S.p.A.
DEDAGROUP S.p.A.
ALTEA S.p.A.
SYSDATA S.p.A.
AXIOMA S.p.A.
EMMEDATA Srl


Market Position
It compares 2012's results of DEDAGROUP with those of its main italian competitors
CASH FLOW
Var % against previous year
-50,11%
12.822
-50,54%
3.402
13,83%
1.465
n.c.
-42
-26,44%
370
37.88%
364
S.A.P. ITALIA S.p.A.
DEDAGROUP S.p.A.
ALTEA S.p.A.
SYSDATA S.p.A.
AXIOMA S.p.A.
EMMEDATA Srl

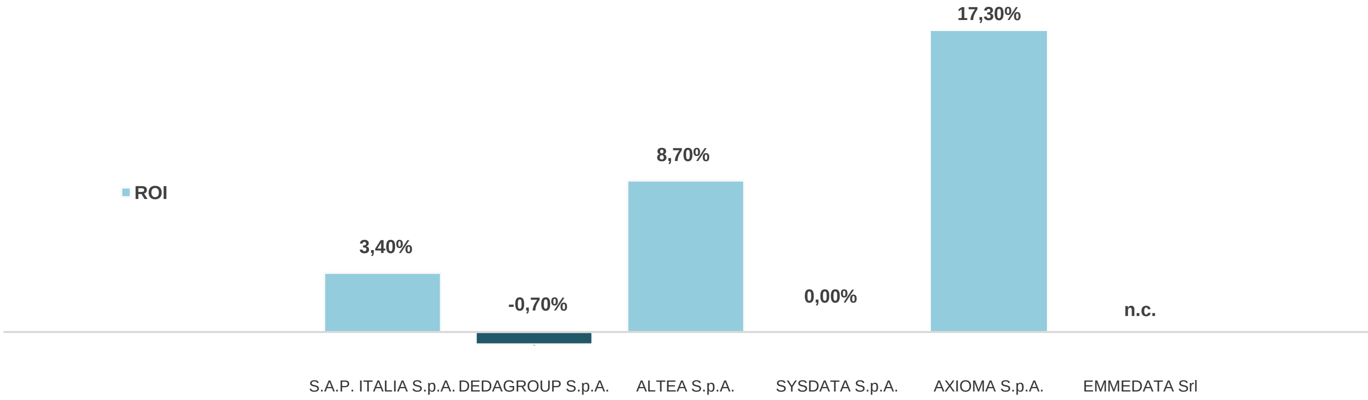
**Market Position**

*It compares 2012's results of DEDAGROUP with those of its main italian competitors*

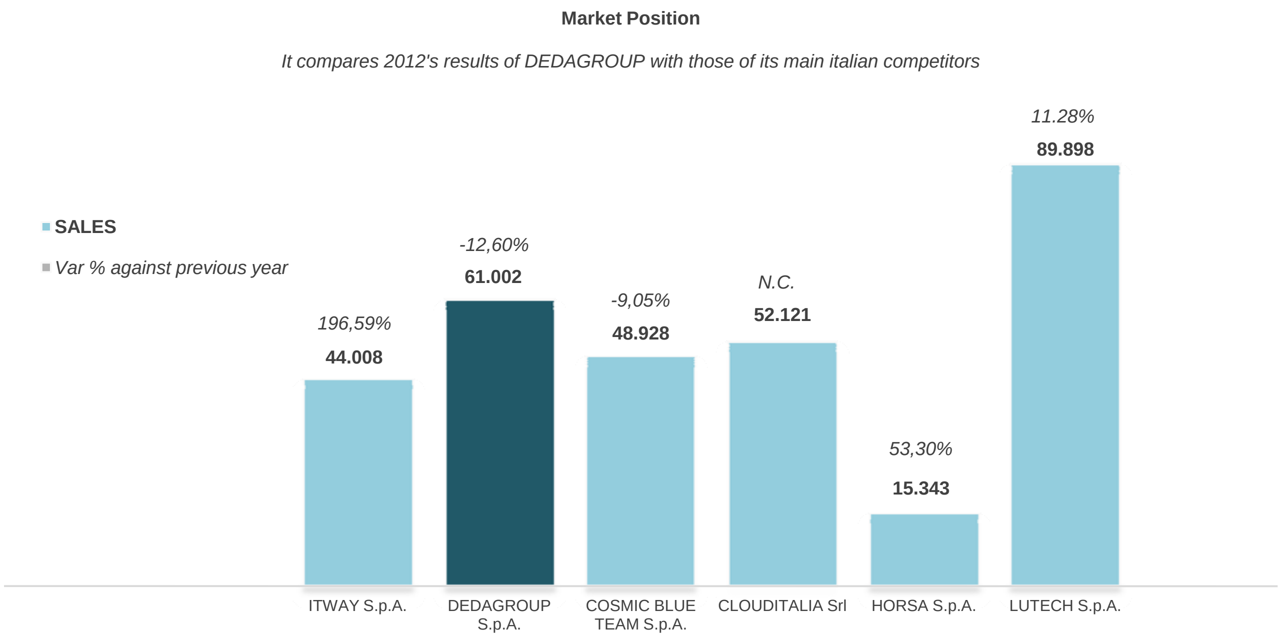


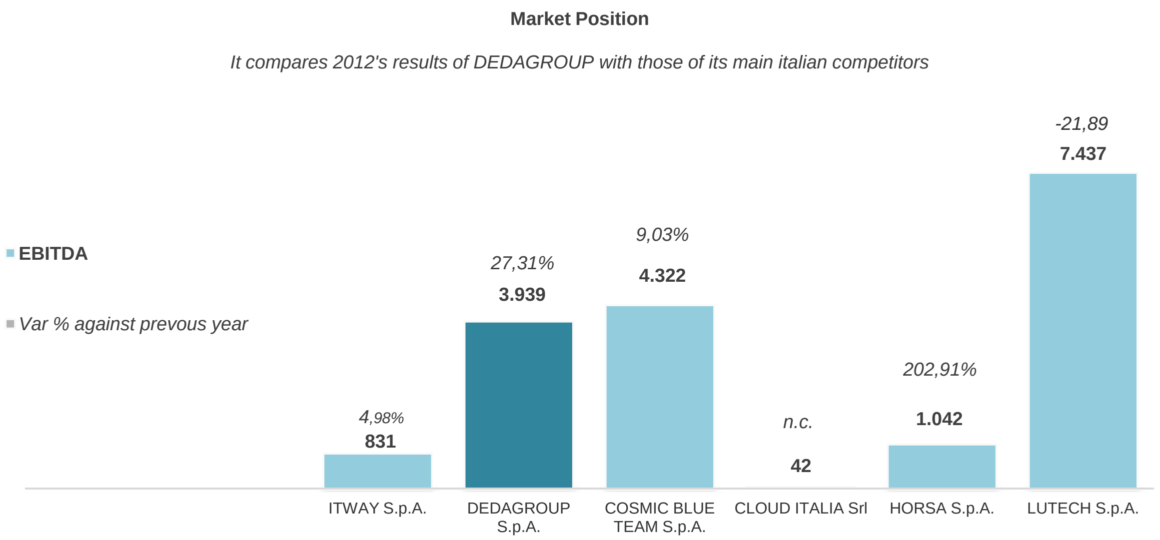

**Market Position**

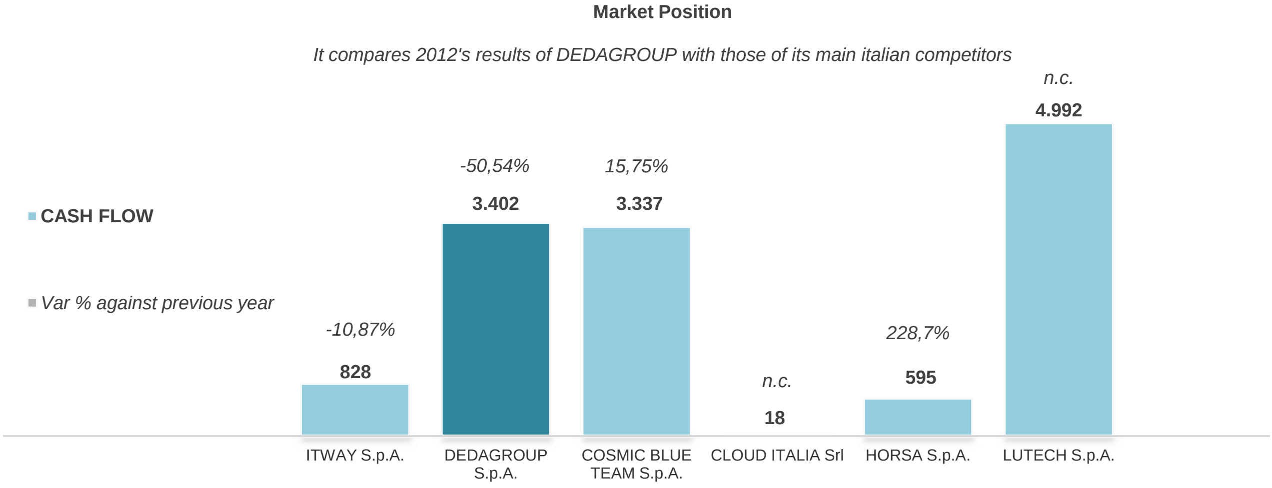
*It compares 2012's results of DEDAGROUP with those of its main italian competitors*

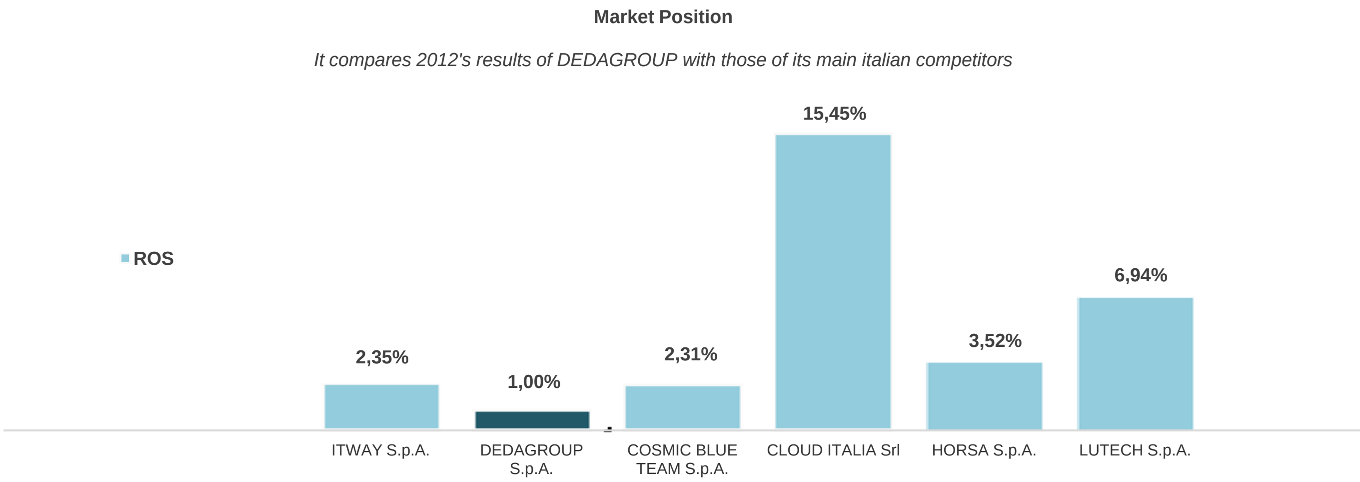


✓ ***CAST – Technological Solutions and Cloud***



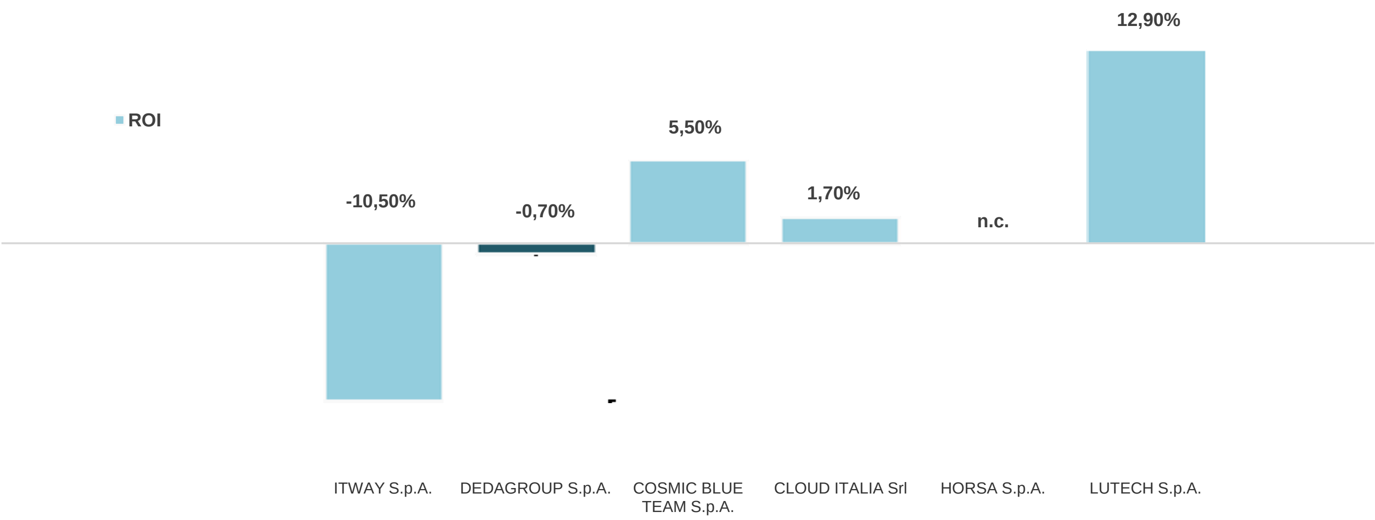




Market Position
It compares 2012's results of DEDAGROUP with those of its main italian competitors
CASH FLOW
Var % against previous year
-10,87%
828
-50,54%
3.402
15,75%
3.337
n.c.
18
228,7%
595
n.c.
4.992
ITWAY S.p.A.
DEDAGROUP S.p.A.
COSMIC BLUE TEAM S.p.A.
CLOUD ITALIA Srl
HORSA S.p.A.
LUTECH S.p.A.


Market Position
It compares 2012's results of DEDAGROUP with those of its main italian competitors
ROS
2,35%
1,00%
2,31%
15,45%
3,52%
6,94%
ITWAY S.p.A.
DEDAGROUP S.p.A.
COSMIC BLUE TEAM S.p.A.
CLOUD ITALIA Srl
HORSA S.p.A.
LUTECH S.p.A.

**Market Position**

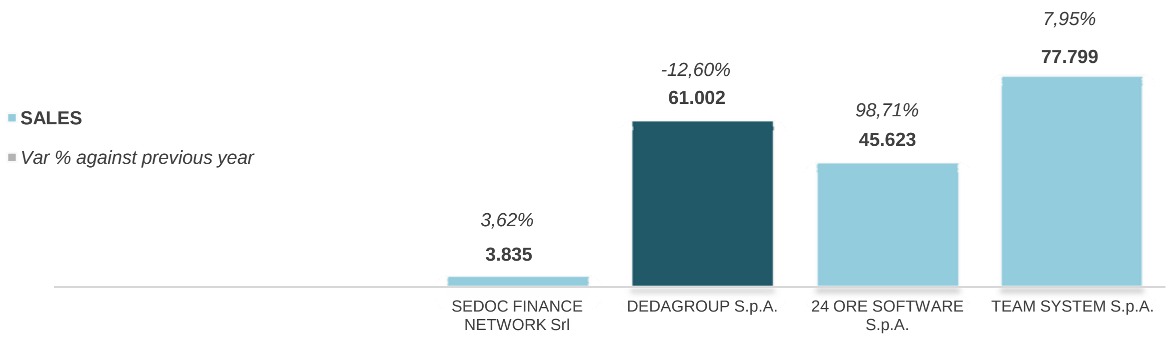
*It compares 2012's results of DEDAGROUP with those of its main italian competitors*

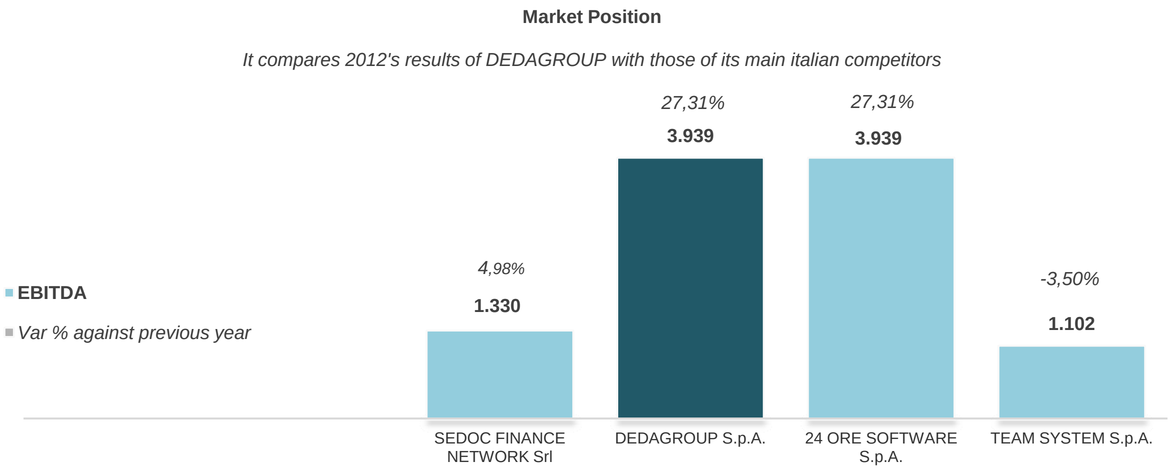


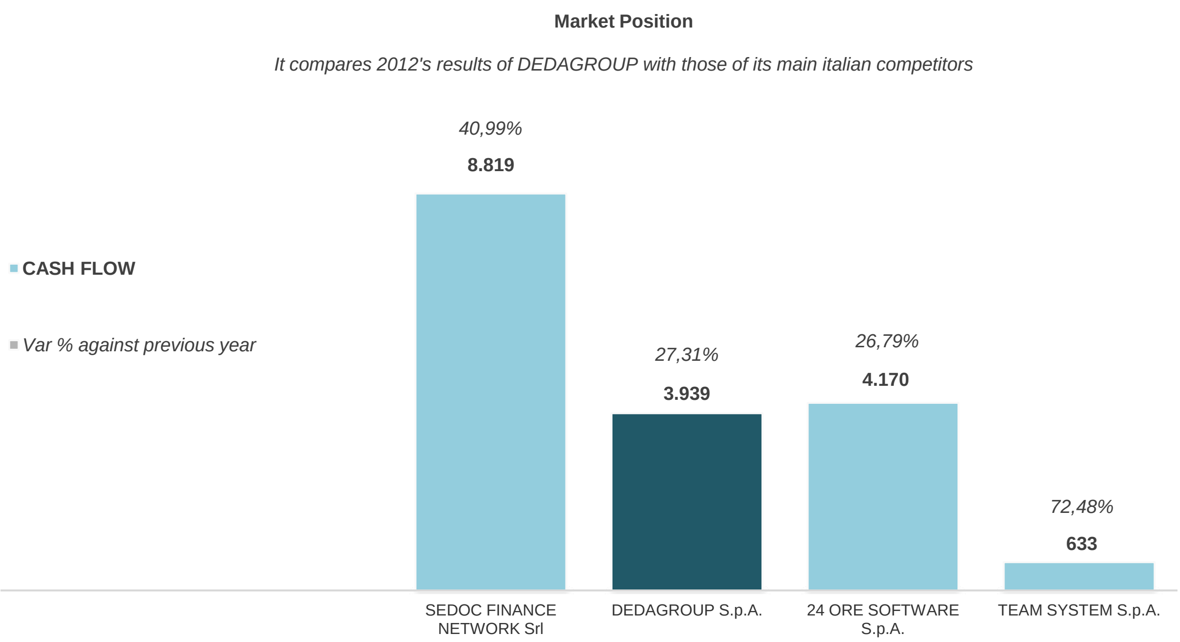

✓ ***TREASURY AND CASH MANAGEMENT***

**Market Position**

*It compares 2012's results of DEDAGROUP with those of its main italian competitors*

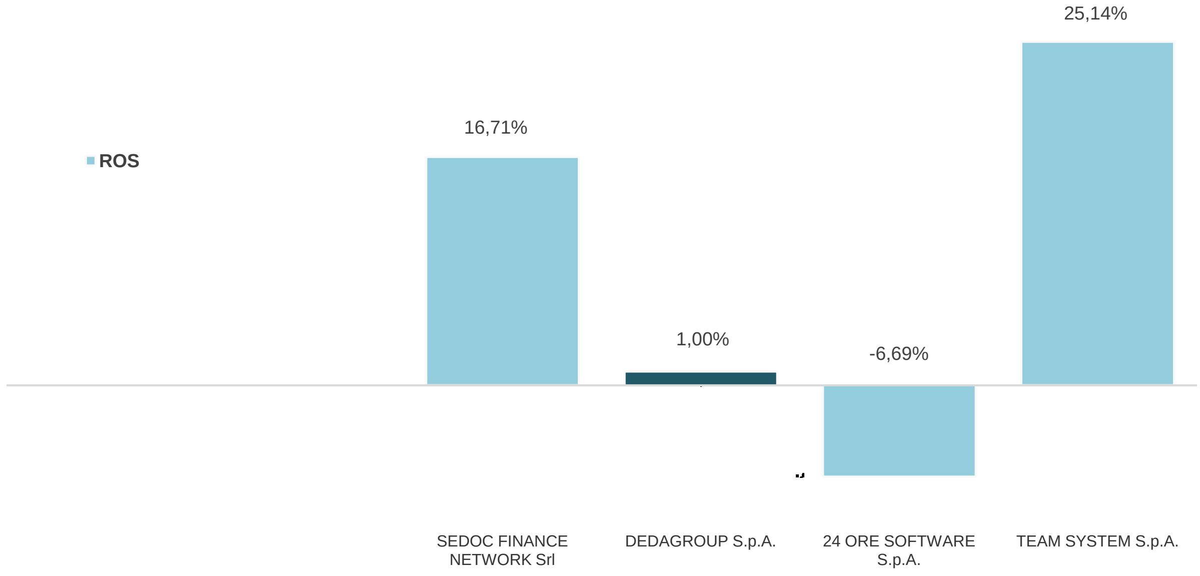



Market Position
It compares 2012's results of DEDAGROUP with those of its main italian competitors
EBITDA
Var % against previous year
4,98%
1.330
27,31%
3.939
27,31%
3.939
-3,50%
1.102
SEDOC FINANCE NETWORK Srl
DEDAGROUP S.p.A.
24 ORE SOFTWARE S.p.A.
TEAM SYSTEM S.p.A.


Market Position
It compares 2012's results of DEDAGROUP with those of its main italian competitors
CASH FLOW
Var % against previous year
40,99%
8.819
27,31%
3.939
26,79%
4.170
72,48%
633
SEDOC FINANCE NETWORK Srl
DEDAGROUP S.p.A.
24 ORE SOFTWARE S.p.A.
TEAM SYSTEM S.p.A.

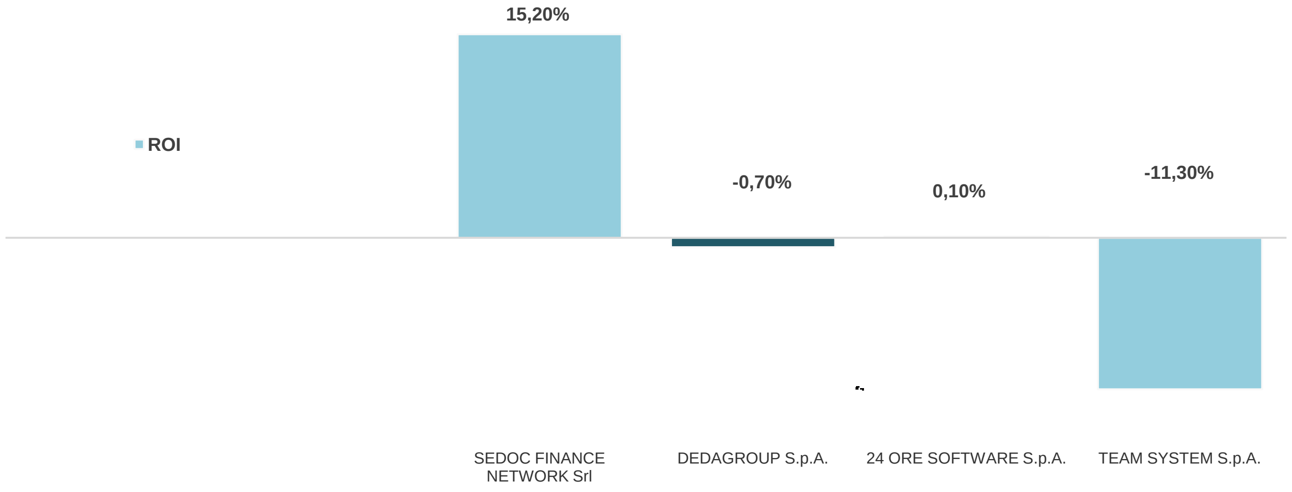
**Market Position**

*It compares 2012's results of DEDAGROUP with those of its main italian competitors*




**Market Position**

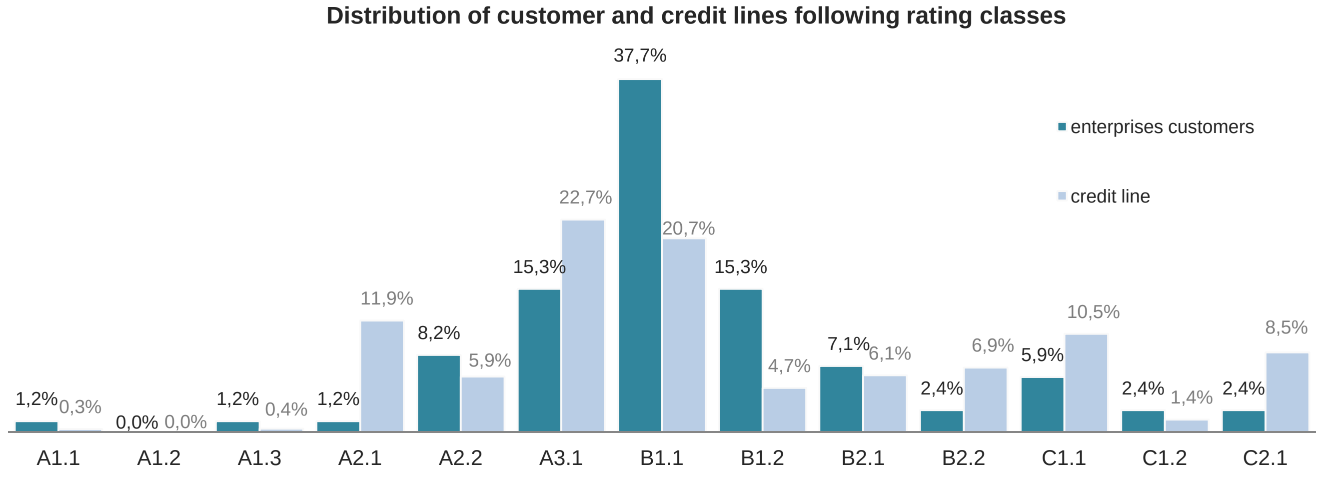
*It compares 2012's results of DEDAGROUP with those of its main italian competitors*

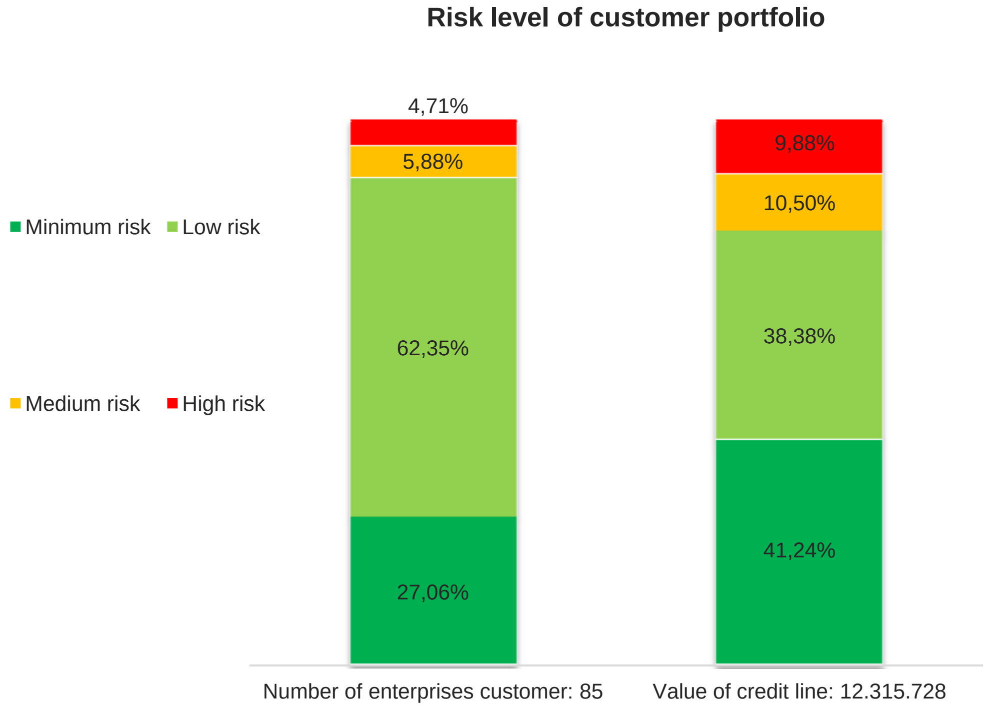


Rating Factors

# Customer portfolio

On the basis of the data provided by the company DEDAGROUP S.p.A. with regard to its customer portfolio in Italy, on 31 December 2012 and 31 December 2013 respectively, an analysis was made of the level of risk in terms of the numbers of clients and the respective level of exposure. The first figure shows the distribution of the number of companies and the exposure in the database per CGR (Rating Cerved Group) class, while the second figure shows the break-down of the customer companies and the exposure within the customer portfolio in terms of class of credit worthiness.



From the analysis it emerges that more than 89% of the customers are in a position of “high” or at lest “good” credit worthiness”, 5.88% of them are within the class of “low” credit worthiness while the remaining 4.71% of customers is characterised by a “minimum” credit worthiness. It can also be seen that more than 79% of the total exposure of DEDAGROUP is towards companies with a “high” or “good” credit worthiness.

The score of the customer portfolio, that expresses in a summary form an assessment on risk, is in the “B” class which indicates a medium risk of insolvency and a moderate value of the risk capital, a situation that has remained unvaried since that in 31 December 2012. The forecasted losses are equal to Euro 946 thousand, which means 7.68% circa of the total exposure. There are no significant variations compared to 31/12/2012, when the forecasted loss was circa Euro 975 thousand, i.e. circa 7.44% of total exposure.

## Level of customer concentration

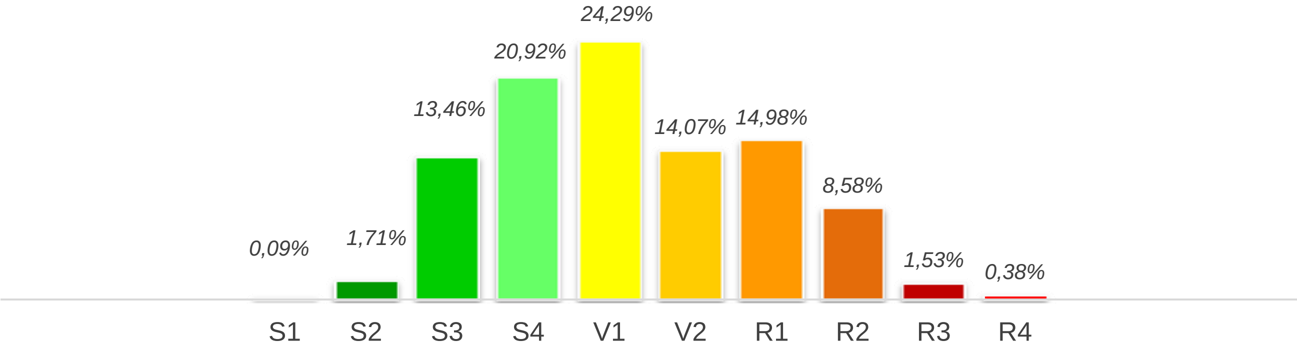
The high degree of loyalty of the customers of DEDAGROUP S.p.A. demonstrates firstly the quality of the products offered by the company, which in turn can proceed to schedule its business with less pressure with resulting benefits at an operating, economic and financial level.

The customer portfolio of DEDAGROUP Spa, that is made up exclusively of Italian companies, is diversified, in that it is made up of banking institutions / insurance companies, Government Authorities, technology vendors and industries in different merceological sectors.

Aside from some physiological instances of delays in receipt of payments from public sector customers (with average payment times of about 300 days), the composition of the customer portfolio is of a good qualitative level.

Rating Factors

# Balance sheet and financial situation




PD 1 anno

| | | PD 1 year |
|---|---|---|
| 31/12/2012 | | 0,59% |
| 31/12/2011 | | 0,56% |
| 31/12/2010 | | 0,55% |

subject sector

S1 High safety
S2 Safety
S3 High solvency
S4 Solvency
V1 Limited solvency
V2 Low solvency
R1 Limited risk
R2 Risk
R3 High risk
R4 Very high risk

*In the last year under consideration, the company being assessed is in class V1 of the scale of economic-financial evaluation, which entails a level of risk that is in line with the median level for its business sector*.Rating Factors

## Balance sheet and financial situation

DEDAGROUP S.p.A. appears to be characterised by a sufficient level of equity; the Shareholders' Equity, which amounted to Euro 14.5 million at the end of 2012, represented 17.5% of the overall sources.

The exposure towards third parties, at the end of the 2012 financial year, appeared on the whole to be significant, although sustainable for the company. More specifically, the consolidated liabilities amounted to circa Euro 5.5 million at the end of the 2012 financial year (i.e. a reduction of 16% compared to 2011), representing "only" 6.7% of the sources. M/L term bank loans amounted to Euro 2.2 million. At the end of the 2012 there were 4 mortgages in place (respectively with CASSA CENTRALE, MEDIO CREDITO, MPS-ANTONVENETA and CASSA RURALE di LAVIS); during the course of the 2013 financial year there were no significant variations in this regard (the only variation was the taking over by DEDAGROUP S.p.A. with regard to the incorporation of DEDANEXT, of an existing loan from CASSA DI RISPARMIO DI CENTO for a residual debt of circa Euro 116 thousand, of which Euro 86 thousand is to be repaid by the end of 2014). At the end of 2012 the current exposure was much larger current exposure; overall the short-term liabilities amounted to Euro 62.8 million (with an increase of 20% compared to the previous financial year), representing more than 3/4 of the overall sources. More specifically, the short term payable to banks, which are equal to Euro 15.4 million, have grown progressively during the course of the three year period 2010/2012. On the other hand, commercial payables, which are equal to Euro 20.3 million (of which, Euro 1.9 million relate to intragroup supply relations), had fallen by 7.4% compared to 2011, with this reduction being in line wit the overall reduction of acquisitions/services. The weight of the "other short term liabilities" is very significant (Euro 27.1 million, more than double the value in 2011), which include intragroup financial payables of Euro 16.4 million (which are in part, i.e. Euro 5.3 million, relative to "cash pooling" operations). Overall, at the end of the 2012 financial year DEDAGROUP S.p.A. had a net financial position of Euro 17.5 million. On the other hand, at the Group level, at the end of 2012 the net financial position was equal to Euro 13.8 million, which was greatly improved from the previous financial year (especially thanks to the positive contribution deriving from the acquisition of DDway).

With regard to 2013 it should firstly be noted that the owners did not fail to support the development plan that was devised by DEDAGROUP, through the contribution of a significant level of equity, that were necessary to strengthen the company from that perspective and provide the resources necessary to sustain the growth strategies adopted by the management. In the month of November an increase in capital was authorised, that was in large part (circa Euro 6.1 million) subscribed and paid-up already the following December while the remaining part (circa Euro 935 thousand) was subscribed and paid-up in January 2014, leading to an increase of equity totalling Euro 7 million. These resources were also used to cover the losses from the two year period 2012/2013 as well as to improve equity; it follows that DEDAGROUP S.p.A. has at the end of 2013 a Shareholders' Equity of Euro 18.2 million (i.e. Euro 3.2 million more than at the end of 2012), while at the Group level there is a Shareholders' Equity of Euro 13.1 million (compared to Euro 9.4 million at the end of 2012).

From an analysis of the balance sheet entries relating to DEDAGROUP S.p.A., it emerges that during the course of 2013 there was an increase in invested capital, that was due both to new investments made (adaptation and improvement of the proprietary software solutions, investments sustained for the internationalisation operations of the business, efforts sustained for the uptake of the Group's new information system and for the improvement of the data-centre in Trento and Rome) and the increase of the shareholdings in the portfolio; in particular the investment made (circa Euro 2.8 million) to increase the shareholding in PITECO from the previous level of 7% to the current 21%. Even the situation in terms of working capital (with a growth in current assets that was much greater that the growth of the current operating liabilities) resulted in the use of resources of more than Euro 3 million. Therefore, despite the consolidation of the equity, at the end of the 2013 financial year DEDAGROUP S.p.A. improved its net financial position, which is equal to circa Euro 18 million.

Of even greater significance was the growth of the net financial position considering the situation within the Group; in fact this went from Euro 13.8 million in 2012 to the more than Euro 19.9 million at the end of the 2013 financial year, despite a series of factors linked to the ongoing process of development. Despite this, the overall indebtedness of the Group remain within the threshold of sustainability and within the objectives set by management within the plan, for which a target was a ratio of the Net Financial Position /EBITDA less than 3% (it should be noted that at the end of the 2013 financial year this ratio is just under 1.2 %).

Rating Factors

## Short-term credit relations

With regard to short term credit relations there are no clearly prejudicial elements which emerge with regard to the party in question, that maintains a commercial conduct that is based on the utmost correctness.

From a commercial perspective the DEDAGROUP Group is not exposed to a high credit risk. This can also be seen by the percentage, which is normally rather small, of outstanding credits in the portfolio. While in terms of the contracts with the “private” sector this statement has even more significance, there are some additional problems with regard to contracts closed with the “public” sector. In fact the payment terms from the Government Authorities, a sector that has always represented a significant share of the revenues of DEDAGROUP, are not always line with the terms of the contracts, and in some cases there are delays which are rather significant. In this sense, however, there should be an improvement as of 2014 when the so-called “decreto del fare" (action decree) should come into effect) which should place some constraints on the payment means and timeframes from Government Authorities.

With regard to payments, the company is considered in the market to be an excellent payer; it usually adopts short timeframes with suppliers that are considered most strategic and which are in general characterised with a high degree of bargaining power, while it usually adopts more relaxed payment timeframes with suppliers that are considered less important.

On the whole DEDAGROUP is characterised by the absence of relevant problems in terms of liquidity (in this regard the adoption of the “cash pooling” system within the Group promotes a more effective management of liquidity, limiting to a minimum the occurrence of possible pressure). Any moments characterised by a lower availability of liquidity might take place at the end of the financial years (November/December), given that the total level of commercial credits tends to be higher in that part of the year because of an effective seasonality in certain specific areas.

DEDAGROUP is in any case supported by the credit system in both the short and medium to long term. Overall we report an average use of overdrafts that were granted during the course of 2013 and there are no particular problems to report.

Rating Factors

## Quality of the management

The opinion on the management is highly positive, both in terms of their technical and managerial know-how. The promptness in grasping in the best way the opportunities offered by a market that is not easy and which is constantly changing, the capacity to develop strategies that can guarantee for the company a constant competitive advantage not just in the present but also and above all in the M/L term, as well as the careful management of the restructuring and integration process that was commenced during the two year period 2012/2013 for DDway but also for the Group as a whole, are key components of the success of DEDAGROUP.

# Information

Information

## Company profile

### Company Details

| | |
|---|---|
| Name | DEDAGROUP |
| Address | LOCALITA' PALAZZINE, 120 (GARDOLO) – TRENTO (TN) |
| Telephone | +39 0461 997111 |
| Fax | +39 0461 997110 |
| Address Internet | http://www.dedagroup.it |
| E-mail | info@dedagroup.it |
| Certified e-mail address | DEDAGROUP@LEGALMAIL.IT |
| Legal form | JOINT STOCK COMPANY |
| State of the Business | Operational |
| Date of incorporation | 19/11/2001 |
| Business start date | 19/11/2011 |
| Share capital | 1.185.000,00 |
| REA number / registered on | TN 175519, registered on 30/11/2001 |
| Fiscal code | 01763870225 |
| VAT code | 01763870225 |
| Istat code | 62.09.09 |
| Nace code | 62.01 |
| Rae code | 830 |
| Sae code | 430 |
| Number of trading offices | 21 |

## Historic news

The company was officially incorporated in November 2001 and registered at the Chamber of Commerce of Trento with index number 175519. The history of DEDAGROUP has its roots at the start of the ’80s with the founding of some companies which, following a process of centralisation and reorganisation, contributed to the creation of that which represents a leading Group at a national level in the IT sector.

In 1982 in Bolzano DATA COMPUTER Srl was incorporated by Alfredo GUARRIELLO; subsequently, in 1985 DATA SYSTEM  Srl, was incorporated, with registered offices in Trento. In 1995 DATA SYSTEM became a joint stock company, an S.p.A., and the company name was changed to DELTA INFORMATICA S.p.A. It was managed at that time by the Chairman Diego SCHELFI with the support of the Managing Director Fulvio RIGOTTI. In 1998 the company became an official partner of IBM; during the course of 1998 DATOR COMPUTER merged in to DATOR Srl.

The real turning point came during the course of 2000, when the PODINI family, that was already successful in the large-scale retail trade, decided to extend the scope of its business; it acquired the control of both DATOR Srl and DELTA INFORMATICA S.p.A. Marco PODINI then became the Chairman of DATOR Srl. The following year, in 2001, DELTA INFORMATICA S.p.A. and DATOR Srl merged in a single company with the name of DELTADATOR S.p.A. which was initially managed by Fulvio RIGOTTI as MD and Patrizio PODINI as Chairman.

2008 was another key year in the history of DEDAGROUP; DELTADATOR S.p.A. took on the current company name of DEDAGROUP S.p.A. the pinnacle of a group of federate companies that were capable of developing between them a business model based on know-how and specialisation. From the outset DEDAGROUP represents a point of reference, firstly at a territorial level (Trentino Alto Adige) and then across the national territory in the IT sector. Also during the course of 2008 DEDAGROUP acquired 30% of the shares of PITECO, a prominent company specialising in the design and implementation of management solutions for “treasuries”, where it is a true leader.

During the course of 2009 we report the acquisition by DEDAGROUP S.p.A. of the control of SINTECOP S.p.A. (from the joining of forces of the “Government Authority” Segment of DEDAGROUP and SINTECOP, a leading polo in the creation of IT systems was created for Italian Municipalities of all sizes). DEDAGROUP also acquired the control of DEXIT Srl. ALPIKOM was acquired and merged with MC-LINK which therefore became a partecipata of DEDAGROUP. 2009 also marked the start of the process of internationalization for DEDAGROUP; DEDAMEX was founded (with registered offices in Mexico the Group’s first foreign subsidiary, the purpose of which is the penetration of the Mexican banking market with the “BankUp” solution.

In 2010 Marco PODINI became the Chairman of the Board of Directors. It is worth highlighting the acquisition by DEDAGROUP of ECOS Srl, an operation which confirmed the Group’s willingness to continue its expansion following the federate model, by strengthening in the sector of “Business Intelligence” and “Performance Management”. Through the acquisition of ECOS, DEDAGROUP  also became a partner of IBM.

Also during the course of  2010, DEXER Srl and INFOLAB Srl merged to create DEDANEXT, a company which contributed to the  growth of the “Information Technology” district in Bologna and which strengthened the presence of the DEDAGROUP network in Emilia-Romagna.

During the course of 2011 DEDAGROUP obtained for the first time the “Top Employers Italia” certification (a recognition that was also confirmed for the next three years). INTEGRA Srl, a company specialising in “storage” and “High Availability” solutions for all markets, and DEXEA Srl merged into the parent company.

In 2012 there was another key stage in the growth process of DEDAGROUP; by exploiting an opportunity that is unlikely to repeat itself in terms of advantages at an economic level, DEDAGROUP succeeded in acquiring from the multinational CSC, one of the two Italian branches and with this a leading player in the sector, that contributed a significant customer portfolio to DEDAGROUP in terms of numbers and importance and a high level know-how (particularly in relation to the “Stealth” software, the undisputed leader in the “fashion and retail” sector). The operation also involved the organisation of a necessary and profound process of restructuring of the company that had just been acquired, which was entirely expensed by CSC itself (in virtue of an agreement made at the time of the sale), which eliminated all of the inefficiencies that characterise it at an operational and management level and which allowed it to fully exploit its potential and as a result return to a position of positive income margins (it should be noted with the old CSC management at the helm, DDway had ended the last financial years with significant losses).

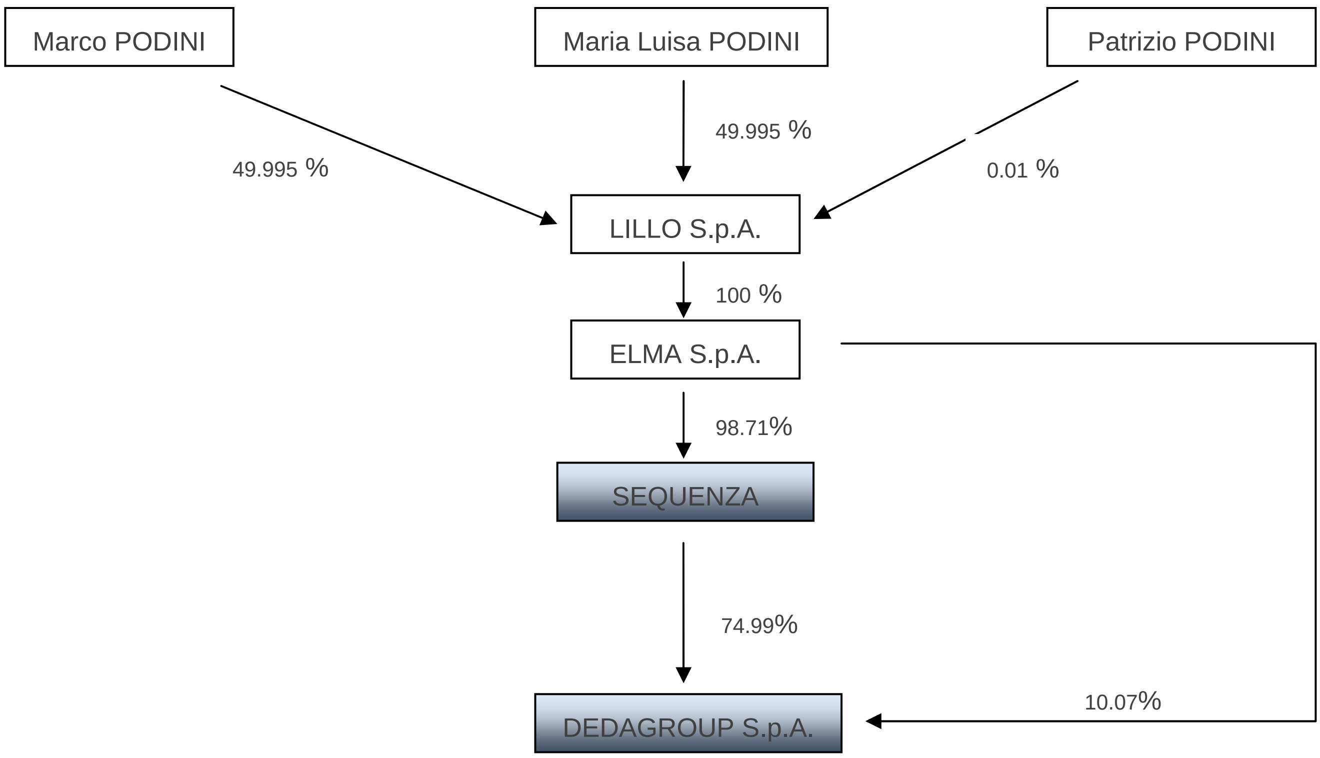
It should also be noted that in 2013 DEDAGROUP is continuing to implement its strategy of internationalisation by opening an office in France (Paris) and establishing the foundations for moving into new Countries. Also in 2013 the merger by incorporation in DEDAGROUP S.p.A. was completed of DEDANEXT (an operation which aimed to create the new CAST division - Cloud, Applications, Services and Technology), and SINTECOP. One of the last of the extraordinary operations completed in 2014 by DEDAGROUP involved the acquisition of a majority shareholding in BELTOS.

## Ownership

The Share Capital is currently subscribed and paid-up to the tune of Euro 1,185,000. It is made up of 1,185,000 ordinary shares, each of which has a nominal value of Euro 1.

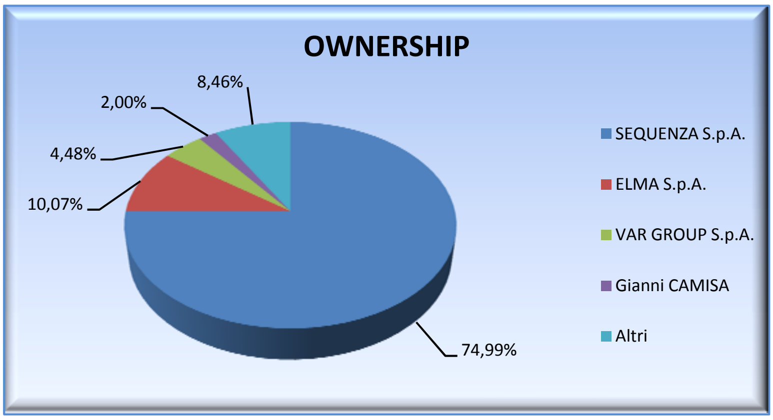
Already subscribed and paid-up to the tune of Euro 961,600. On 10 December 2012 the shareholders' assembly authorised an increase in Capital for a total of Euro 46,875 (with a share premium of Euro 1,453,125, leading to an increase of equity totalling Euro 1.5 million), an operation which was conducted to allow the entry in the ownership structure of VAR GROUP S.p.A. (a company of the SESA Group, which is listed in the national Stock Exchange and a national leader in the distribution of IT solutions of value for companies). This increase in capital was subscribed and paid-up by VAR GROUP in January 2013. At the end of this operation the Share Capital was there fore equal to Euro 1,009,475.

On 25 November 2013 the Shareholders' Assembly authorised a new increase in Capital, through the issuing of 176,525 thousand new shares (with a nominal value of Euro 1), with an overall share premium of Euro 6,884,475 (which led to an increase in equity totalling Euro 7,061,000). Part of this increase in capital (i.e. 153,139 shares, with a share premium of Euro 5,972,421, for an injection of new equity totalling Euro 6,125,560) was already subscribed and paid-up in December 2013. The remaining part (23,386 shares, for an injection of new equity, on the basis of the share premium, totalling Euro 935,440) was subscribed and paid-up during the course of January 2014.



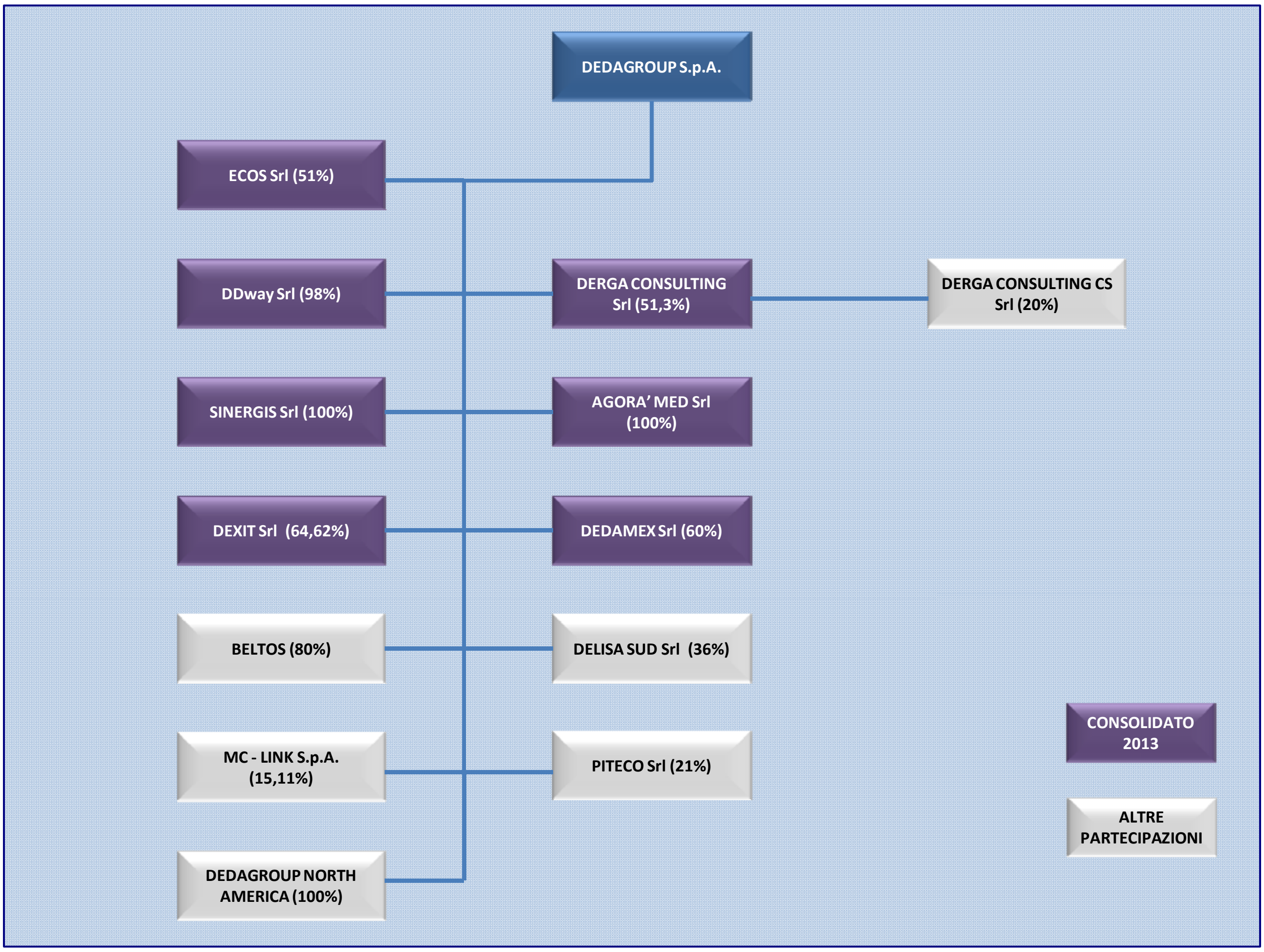

The ownership is linked to the PODINI family, which in parte through SEQUENZA S.p.A. (74.99%) and in part through ELMA S.p.A. (10.07%) currently controls 85.06% of the entire stake of DEDAGROUP.

Formally the main shareholder is SEQUENZA S.p.A. (Fiscal Code 02215750213), that owns 74.99% of the stake. With registered offices in Rome in Via Paolo di Dono 73, the company in question operates mainly as a holding company and in the sector of integrated logistics. As of 2011 it added to these activities an activity relating to the production of energy from renewable sources through the use of a photovoltaic plant installed in the roofing of the building in Gricignano d' Aversa (which started functioning in April 2011, with a power of 2,235 MW and guarantees an annual production of energy of 2,900 MWh) and a photovoltaic plant installed in the roofing of the building in Dittaino (which started functioning in December 2011, with a power of 0,642 MW and guarantees an annual production of circa 964 MWh). With regard to the logistics sector, SEQUENZA S.p.A. operates as an "outsourcer" for the reference parent company, i.e. LILLO S.p.A. (a company that operates directly and indirectly, with almost 400 retail outlets across Centre/South Italy and characterised by the commercial fascia "MD – DISCOUNT", in the sale of food and non-food products). More specifically SEQUENZA S.p.A. deals with the management of the process of movement and storage of the goods within the three distribution centres of Gricignano d' Aversa (CE), Dittaino (EN) and Bitonto (BA). SEQUENZA S.p.A. is in turn characterised by a subscribed and paid-up Share of Euro 65 million; the main shareholder is ELMA S.p.A. (Chamber of Commerce of Bolzano REA n 124094 – Fiscal Code 01480200219), which controls 98.71% of the shares. ELMA S.p.A. operates as a property/holding company and is owned by LILLO S.p.A. (Chamber of Commerce of Caserta REA n 144144 – Fiscal Code 06744850634), that is directly and entirely controlled by members of the PODINI family. During the course of the 2013 financial year SEQUENZA S.p.A. had a net profit of Euro 2.6 million, with revenues of Euro 15.4 million (i.e. up from the previous financial year) and a gross margin significantly above 60%.




ELMA S.p.A. which is also linked to the PODINI family has a stake of 10.07%. The minority shareholders include the above mentioned la VAR GROUP S.p.A. (Fiscal Code 03301640482*),* which became part of the share ownership structure in January 2013; it has 4.48% of the shares. Gianni CAMISA, the current Managing Director of DEDAGROUP, has a stake of 2% of the Share Capital (a shareholding that has just increased). Other minority shareholders (other directors of the company, former directors and third party shareholders) that together account for the remaining 8.46% of the Capital.

# Group




*VARIATIONS IN 2012/2013 IN THE CONSOLIDATION PERIMETER*

- During the course of 2012 DEDAGROUP increased its shareholding in *MC – LINK* (FISCAL CODE 05646921006), a company with registered offices in Trento in Via Farnesina 23 but with its main trading address in Rome. To date DEDAGROUP S.p.A. has 15.11% of *MC – LINK*. In the past *MC – LINK* had in turn acquired ALPIKOM (a company in which DEDAGROUP had a relevant shareholding). *MC - LINK* is the specialist partner in the activities linked to connectivity, management of networks. More specifically *MC –LINK* owns the data centres, situated in the national territory, connected by a broad band backbone and ISO 27001:2005 certified, on which the “cloud” services of DEDAGROUP are based. *MC – LINK*, which in January 2013 positively concluded its listing process in the Italian AIM market, closed 2012 with revenues of circa Euro 35 million and EBITDA of more than Euro 6 million.

- In 2012 the company *SWING Srl* (FISCAL CODE 01828040228) was wound-up/liquidated. The company - with registered offices in Trento - had effectively been inactive for some while and in which DEDAGROUP S.p.A. had a minority shareholding of 30% (valued in the 2012 financial statement at just under Euro 30 thousand). This company was cancelled from the Companies Registry on 24 January 2014.

- Also in 2012 there was a write-down in the financial statement of the shareholding (40%) in *AR TECNOIMPIANTI Srl* (FISCAL CODE 01300610225), a company with registered offices in Trento. The value of the shareholding went from Euro 153 thousand at the end of 2011 to just over Euro 76 thousand. The company in question, which had effectively not been operational for a few years, on 30 October 2012 was wound-up/liquidated. It is currently no longer within the sphere of DEDAGROUP.

- In January 2013 a shareholding (60%) was sold in *ERA INFORMATICA* (FISCAL CODE 02452200922), a company with registered offices in Cagliari, with revenues in 2012 of Euro 600 thousand and positive EBITDA of Euro 16 thousand. The collaboration with *ERA INFORMATICA* proved to be important in the recent past in order to better cover the Government Authorities market in Sardinia. Because of the change of the operating conditions in this market, DEDAGROUP no longer considered this shareholding strategic and it was sold to its founding partner.

- During the course of 2013 DEDAGROUP incorporated the subsidiary (at the end of 2012 it had a shareholding of 51%) *DEDANEXT Srl* (FISCAL CODE 04211410370), a company that is active in the segment of technological projects and solutions, which in 2012 had achieved a significant growth in terms of volumes and revenues (equal to just under Euro 16 million), with positive EBITDA of Euro 700 thousand. During the course of 2012 there was significant level of business managed by *DEDANEXT*: in particular we report the project, that was conducted in collaboration with EMC and the Japanese company NTT DATA, relating to the digitalisation of ancient manuscripts on behalf of the VATICAN LIBRARY (a first part of the project completed during the course of 2013 had proceeds of circa Euro 4 million, while during the course of 2014 a second part of the project should be completed with revenues in the order of Euro 5 million), an activity that is characterised by significant margins. With regard to the development of SAP projects with leading companies and Bodies in the territory of Emilia-Romagna we also report the development of projects for the design and subsequent realisation of last generation technological solutions for customers in the transport, production and services sectors.

  The incorporation of *DEDANEXT* is part of the process of creation within DEDAGROUP S.p.A. di of a new division dedicated to technological solutions, “*cloud computing*” and the supply of applicative solutions in “as – a – service” mode (solutions that represent for the end customer major savings in terms of financial outlay). This division, which is called “CAST” (Cloud Applications Services and Technologies), is therefore the result of the union of all the Group’s companies that are active in the sector of technologies and managed services and in the provision of ERP application services in an innovative manner.

In order to proceed with the incorporation of *DEDANEXT*, it became necessary for DEDAGROUP S.p.A. to acquire the minority shareholding (totalling 49%), with a value of circa Euro 1.1 million. This acquisition was agreed in August 2013; in November 2013 the incorporation was completed (with effectiveness as of 1 January 2013).

It can ultimately be seen as a strategic operation for the entire DEDAGROUP Group in order to better develop the "*cloud services*" project, a segment characterised by a significant future growth potential, but which in any case already within 2013 allowed the Group to acquire important customers such as ARTONI TRASPORTI (with a five year contract of circa Euro 1 million per year for services managed in a data centre), MACCAFERRI (a similar contract with an annual fee of less than one million Euro), ITAS ASSICURAZIONI (a contract of more than 1 million per year for 3 years with an option for an additional two year period), DOMPE' FARMACEUTICI (a contract which entails a "full technological and application outsourcing" for more than one million per year).

- During the course of 2013 (in the month of November) DEDAGROUP S.p.A. also proceeded with the merger by incorporation of *SINTECOP S.p.A.* (FISCAL CODE 02684580018), a company with registered offices in Ivrea (TO) which was already 100% controlled. This operation was necessary in order to formalise a situation of already finalised and completed full integration between the business of *SINTECOP* itself and that carried out by the "Government Authority" division of the parent company. During 2012 *SINTECOP* was also characterised by a performance that was in line with the previous financial year, with revenues in the order of Euro 3.5 million and positive EBITDA of Euro 21 thousand.

- In the first semester of 2013 there was the demerging (in favour of DEDAGROUP S.p.A.) of the business division "development laboratory of the PAL software" by *DELISA SUD Srl* (FISCAL CODE 04834560825), a company with registered offices in Palermo (PA), in which, until 2012, DEDAGROUP S.p.A. was the majority shareholder with a stake of more than 50% and which during the course of 2012 had revenues of Euro 1.8 million with income results that were essentially positive. Through this operation, which led to the sale of a shareholding of 16% by DEDAGROUP (it now has 36% of the Share Capital), made it possible for DEDAGROUP to acquire full control of the laboratory (with its respective resources and know how) and on the other hand it allowed the exit of *DELISA SUD* from the consolidation perimeter (the Sicilian subsidiary was no longer considered strategic within DEDAGROUP's development plan).

- A different argument applies to the company *PITECO S.p.A.* (FISCAL CODE 04109050965) - PIanificazione TEsoreria Computerizzata (planning computerised treasury), a company with registered offices in Milano that has been active for more than 30 years in the division of the production of software for the management of corporate treasuries (a business which, on the basis of the growth of companies and an ever more stringent legislation in terms of payment systems, is becoming all the more critical within the staff functions). In this market *PITECO* today occupies a role of unchallenged complete leadership (it has a market share of 50% in terms of value, with only one potential competitor, i.e. SAP, which has a disadvantage at a national level because of a product, which unlike *PITECO*, was not specifically devised and developed only for the Italian market). *PITECO*, with just under 500 installations of its software and a customer portfolio if more than 1,200 customers that include the main national companies in the most diverse industrial sectors, represents a true strength from a business/income perspective.

| (Million of Euro) | PITECO | | | |
|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 |
| **TOTAL REVENUE** | **9,9** | **10,9** | **10,8** | **11,2** |
| **EBITDA** | **3,5** | **4,2** | **4,3** | **4,4** |
| % on revenue | 35,3% | 38,4% | 39,8% | 39,2% |

*PITECO* closed 2013 with EBITDA of Euro 4.4 million and total revenues of Euro 11.2 million (up by 3.7% compared to 2012) with a margin of 38% in relation to revenues). Over the years the company has experienced a gradual increase in profitability due to the fact that the maintenance fees (that are now circa 4 million per annum), which are entirely invoiced in the month of January, increase in line with the continual expansion of the customer base following the introduction of new technologies. It is also a company that is capable of generating cash flows that are constantly positive and quite large, on the basis of the complete amortisation of the proprietary software.

DEDAGROUP has been linked to *PITECO* since 2008, when the company in question was acquired (a 30% stake) during a bankruptcy proceeding; the remaining 70% of the shares is held by individuals, the managers of the “old” *PITECO*. Within this acquisition, DEDAGROUP had the option of acquiring within 5 years, i.e. by the end of 2012, all of *PITECO*.

In the meantime, during the course of the two year period 2010/2011, DEDAGROUP S.p.A. sold, in two different tranche, its 30% stake in *PITECO* to the sister company SAN MARCO IMMOBILIARE Srl (FISCAL CODE 02503970218), a company which is still owned by the PODINI family, which resulted in a capital gain in the financial statement.

During the course of 2012 DEDAGROUP therefore decided to exercise its option, by acquiring the majority stake in the shares of *PITECO*; the transaction was concluded through the SPV company that was incorporated specifically, ALTO Srl (FISCAL CODE 02767370212), a company that is 66% controlled by SEQUENZA S.p.A. (the parent comany of DEDAGROUP S.p.A.), 8% from the above mentioned SAN MARCO IMMOBILIARE Srl, 7% from DEDAGROUP S.p.A. itself and the remaining 19% from third party shareholders (specifically 10% from MEDIOCREDITO TRENTINO ALTO ADIGE and 9% from three former managers, in order of 3% each). The need to insert in the negotiation SEQUENZA S.p.A. is due to the fact that, as a company with a better level of equity and with an overall indebtedness that is less than that of DEDAGROUP S.p.A. this could represent for the banking system a more solid counterparty in the issuing of loans necessary for completing the acquisition and therefore lower interest rates (consideration should also be offered for the period, i.e. July/August 2012, which was already characterised by a deep crisis in the banking and financial system as a whole). The operation was completed for a consideration of Euro 34 million, of which Euro 12 million was financed through a “senior” loan provided by a pool of banks made comprising BANCA POPOLARE DI VICENZA (Euro 7 million), MPS (Euro 3 million) and CASSA DI RISPARMIO DI BOLZANO (Euro 2 million), with Euro 3.4 million coming through a “*vendor’s loan*” (to be reimbursed in three different instalments and which must be paid off by the end of 2014), 3 million through a shareholders’ loan (Euro 2 million from SEQUENZA and Euro 250 thousand from DEDAGROUP S.p.A. both of which were subordinated to the bank loan, and Euro 750 thousand from the remaining shareholders, to be reimbursed during the course of 2015), and the remaining Euro 15,550 thousand through payment in to the Share Capital of ALTO Srl .

The transaction was then definitively concluded on 8 July 2013 with the incorporation of ALTO Srl in the subsidiary *PITECO*. Also in 2013 DEDAGROUP S.p.A. increased its shareholding in *PITECO* S.p.A. taking from the previous level of 7% to the current level of 21%, acquiring from SEQUENZA S.p.A. a stake of 14% of the Share Capital (in the meantime SEQUENZA S.p.A. had in turn acquired from SAN MARCO IMMOBILARE its entire stake in *PITECO S.p.A.* which was equal to 8% of the Share Capital) for a consideration of circa Euro 2,3 million. Therefore PITECO S.p.A. is currently 60% controlled by SEQUENZA, 21% y DEDAGROUP S.p.A., 10% byMEDIOCREDITO TRENTINO ALTO ADIGE and the remaining 9% from former managers.

It should be noted that a primary objective of DEDAGROUP S.p.A. to acquire, during the course of 2014, an additional shareholding from SEQUENZA S.p.A. (equal to 40% of the Share Capital), this becoming the main shareholder of *PITECO* with 61% of shares. This operation will have a consideration of Euro 8.8 million (with a capital gain for SEQUENZA), and shall in part be financed through an increase in the Share Capital (that will be completed by the end of March 2014 / start of April 2014) and in part through the issuing of three separate bond loans, one which will be convertible with a value of Euro 5 million (offered via an option to the shareholders, with SEQUENZA that shall undertake to subscribe any amount for which the option is not exercised), another of Euro 5 million, offered to employees of DEDAGROUP, and a third (Euro 5 million) offered to shareholders and institutional investors.

As of 2014 DEDAGROUP will therefore have the chance to fully consolidate in its financial statement *PITECO*’s results (circa Euro 12 million of revenues with a positive EBITDA of Euro 4,6 million, as well as a net financial position of just over Euro 9 million).

- In November 2013 *DEDAGROUP NORTH AMERICA Inc* was incorporated with a trading address in New York, the second foreign sister company (after the Mexican DEDAMEX), which is 1005 controlled and at least until now with an Italian workforce that is momentarily dedicated to it. This operation is connected to the aim to approach the American market of small cooperative credit banks, i.e. the “Credit Unions” with the product “BankUp” that was already successfully commercialised at a national level, in some countries in Eastern Europe and finally exported successfully to Mexico. There is a potential reservoir of circa 15 thousand customers (circa 7 thousand “Credit Unions” plus as many “Local Community Banks”) characterised by 100 million current accounts and a penetration of 40% of the economically US population.

In this regard DEDAGROUP has developed an inside track with one of the Federations of local Credit Unions, i.e. the NATIONAL FEDERATION OF COMMUNITY DEVELOPMENT CREDIT UNIONS, an important federate body which includes about 250 “Credit Unions”. An agreement has been reached with them to create four pilot projects with associated “Credit Unions”, specifically the LOWER EASTSIDE PEOPLE’S CREDIT UNION and the NEIGHBOURHOOD TRUST FEDERAL CREDIT UNION of New York, the ASI FEDERAL CREDIT UNION of New Orleans and the CARTER FEDERAL CREDIT UNION of Shreveport (Louisiana). The prototype software, which is effectively the same one used in Mexico which has been adapted with functions for the American banking market, should be ready in autumn 2014 and the pilot projects should begin immediately; the test period should last a few months and, if they end with positive results, as of the start of 2015 DEDAGROUP should successfully commence the preparation of the first service (issued in “full outsourcing”) in favour of ASI FEDERAL CREDIT UNION of New Orleans. At least initially the software will be offered exclusively to the NATIONAL FEDERATION OF COMMUNITY DEVELOPMENT CREDIT UNIONS. It should be stressed that a joint venture has been created (called COOP CORE DEVELOPMENT Llc), in DEDAGROUP NORTH AMERICA has a 205 stake and an 80% stake is held by the NATIONAL FEDERATION OF COMMUNITY DEVELOPMENT CREDIT UNIONS, the first objective of which will be to identify the solution and create the data centre in US territory, i.e. a common technological platform that is able to potentially serve all the associated “Credit Unions”.

The whole project will require investments of circa USD 13 million (DEDAGROUP will provide circa USD 3 million while the rest shall be covered by the NATIONAL FEDERATION OF COMMUNITY DEVELOPMENT CREDIT UNIONS), with returns expected as of 2015.

To date the need to develop relations in USA, to define the economic perimeter of the operation, to design the new core American banking solution based on “BankUp”, to analyse the functional specifications with the US market, to develop the first application modules, required significant costs (more or less Euro 4 million during the course of 2013), of which a part (Euro 3,2 million) is capitalised amongst the fixed assets.

- In January 2014 an 80% stake was acquired in *BELTOS Srl* (FISCAL CODE 02042940508), a company with a registered office in Pisa (PI), which operates in the Tuscan territory, with a high quality customer portfolio, offering solutions and services in the business intelligence, “*cloud*” and outsourcing sectors.

## Shareholdings

- **DDway Srl**

*FISCAL CODE* 07374190580

*REGISTERED OFFICE:* Trento – Via di Spini 50

*SHARE CAPITAL:* Euro 6,750,000

*% CONTROLLED:* 98% (the remaining 2% is owned by SEQUENZA)

*VALUE OF THE STAKE IN THE 2012 FINANCIAL STATEMENT:* 4,641,066

*VALUATION CRITERIA:* cost

| (/000 Euro) | 2012* | 2013 |
|---|---|---|
| Revenue | 4.284 | 66.259 |
| EBITDA | -1.092 | -4.214 |
| Net result | -2.132 | -15.031 |
| P.N. | 29.137 | 14.138 |
| PFN | -6.820 | 128 |

* *the 2012 data relate only to the month of December*

The company has been existence since February '86, previously called CSC ITALIA Srl, it was effectively the Italian branch of the multinational CSC – Computer Sciences Corporation. In 2012 the company had a turnover of Euro 67 million, with a portfolio of more than 300 clients and workforce of about 1,200 employees.

It was acquired by DEDAGROUP at the end of the 2012 financial year (on 1 December a stake of 85% of the Share Capital was acquired, which was increased to the current level of 98% during the course of December 2012), with respective amendment of the company name to the current DDway Srl. It should be noted that the contribution of DDway to the Group's results in 2012 relates to the consolidation of only the month of December. The operation originated from the need for CSC to disinvest in certain geographical areas that were considered be low growth and not sufficiently profitable and to assign businesses that were no longer in line with its core business. Therefore DEDAGROUP was able to acquire a company, that was similar in terms of structure and organisation and with complementary know-how to its own (which were therefore strategic for guaranteeing to DEDAGROUP significant growth and development opportunities, as well as prospects of internationalisation on the basis of the renown and visibility which a company like CSC has globally), and a very favourable price if we consider the actual potential of DDway.
It should be considered that CSC ITALIA Srl was a company characterised by an inefficient management, with high organisational costs (e.g. consider the "weight" of too large a workforce, with many superfluous roles, which is a typical feature of many local branches of multinationals) which did

not allow the company to have positive income margins (the average net loss in the last years was Euro 10 million).

The reorganisation plan was completed successfully with limited repercussions at the “company’ level with the closing of the 2013 financial year. The restructuring was charged completely to the financial year (even though a part of the costs will only actually be sustained during the course of 2014) and involved the reduction of the number of former CSC managers, with a net benefit on the cost of labour (which will be seen in the financial statement as of 2014).

Aside from benefits on lower costs of labour, the restructuring will involve, once completed, also a reduction in the general costs sustained by the Group; this occurred especially thanks to the centralisation process via the bringing into a single location of the unneeded offices of the various companies, the renegotiation of the lease contracts that were in place and the supply contracts for general services.

If on the one hand the restructuring plan brought clear advantages in terms of lesser costs, thanks to the implementation of a an incisive and all pervasive series of integration initiatives, DDway was able to maintain the existing relationships with all the old customers, even acquiring dozens of new ones, and experiencing a growth in revenues (in 2013 DDway closed the year with a turnover of Euro 66.3 million, up circa 10% on 2012, while for 2014 the forecast is for a potential growth of circa 20%). It should also be reported that the efforts made by the management have started to yield the desired results as of the last months of 2013; in fact, starting from October the company returned to a positive EBITDA, after various financial years.

Returning to the Group context, it should be remembered that the acquisition of DDway is turning out to be strategic for DEDAGROUP in terms of fulfilling its growth plans. The acquisition has in fact brought to the Group a large reservoir of high level customers and has allowed DEDAGROUP to acquire a top level set of software solutions and industry know-how which are complementary to those the Group already had. DDWAY has brought professionals in the “banks and insurance company segments”, “Central Government Authorities”, “fashion” e “retail”, “manufacturing”, “utilities”, “food”, “pharma”. There has also been a significant contribution in terms of specific software solutions especially for the “fashion” and “retail” market, but also for “documents”, “payment systems”, “credits”. DDway also has a strong capabilities in terms of system integration *“intelligence”* and in the field of IT consultancy, dell’ “application maintenance” and in the management of the core processes of some evolved industrial segments.

From a competitive perspective, the acquisition of DDway allows DEDAGROUP to enter the top 10 player in the national reference market and guarantees interesting development opportunities at an international level. DEDAGROUP also increases its market offer.

Specifically, a great interest stems from the management application “STEALTH”, the undisputed leader in the “fashion” and “retail” sector. During the course of 2012 DDway signed an important agreement with FENDI, part of the LVMH Group, for a renewal and harmonisation project of the production and distribution of the products of the renowned brand. In 2013 this application benefited from significant new investments to enrich it in functional terms, improve its navigability and interface, extend the functions linked to “retail” and “mobile”, with the creation of a light version of the product (for small/medium size companies) and the development of a “cloud” offer for those not wanting to invest in fixed infrastructures (therefore a more flexible and innovative formula).

- **SINERGIS Srl**

*FISCAL CODE* 03188950103

*REGISTERED OFFICE:* Trento – Località Palazzine 120/F, Località Gardolo

*SHARE CAPITAL:* Euro 129,010

*% CONTROLLED:* 100%

*VALUE OF THE STAKE IN THE 2012 FINANCIAL STATEMENT:* 5,819,075

*VALUATION CRITERIA:* cost adjusted

| (/000 Euro) | 2012 | 2013 |
|---|---|---|
| Revenue | 8.387 | 8.643 |
| EBITDA | 88 | 219 |
| Net result | -603 | -713 |
| P.N. | 598 | -115 |
| PFN | 1.296 | 1.009 |

SINERGIS has significant know-how in the field of geographic information, “open geo data”, management of complex geographical databases. Over the years the historic know-how have been joined by know-how in the sphere of the management of technological networks (energy, fibre optics, distribution of gas and water), that are particularly interesting for the future.

During the course of the 2012 financial year DEDAGROUP intervened to cover the losses of SINERGIS through waiving credits of Euro 700 thousand; for this, net of the loss of Euro 603 thousand, the value of the shareholding at the end of 2012 was written up in the financial statement by circa Euro 97 thousand. It contributed to the development of a solution, with the Emilia Romagna Region, which allows their provision as “open data” and “link open data” of geographical data and metadata, establishing a reference model for geographical data. Also during the course of 2012 SINERGIS supported DOLOMITI ENERGIA in the management of the distribution network of electrical energy and the service interruptions for customers attached to this, according to service quality parameters established by AEEG.

With regard to 2013 SINERGIS closed 2013 with a loss of more than Euro 700 thousand despite in growth in revenues (Euro 8.6 million), albeit a marginal one, and a recovery in terms of gross margins. For the future the company aims to increasingly exploit the synergies with other companies of the Group, to promote an integrated offer with a high added value in the reference sectors, i.e. regional and local territorial solutions. The objective is that of fully exploiting the possibilities that will stem from the implementation of the “Italian Digital Agency”.

- **DEXIT Srl**

*FISCAL CODE* 01829680220

*REGISTERED OFFICES:* Trento – Via Gilli 2

*SHARE CAPITAL:* Euro 700,000

*% CONTROLLED:* 64.62%

*VALUE OF THE STAKE IN THE 2012 FINANCIAL STATEMENT:* 2,541,168

*VALUATION CRITERIA:* cost

| (/000 Euro) | 2012 | 2013 |
|---|---|---|
| Revenue | 9.269 | 9.026 |
| EBITDA | 1.163 | 1.039 |
| Net result | 762 | 644 |
| P.N. | 1.917 | 2.104 |
| PFN | -315 | -12 |

During the course of 2012 there was an increase in the stake of DEDAGROUP S.p.A. in DEXIT, a subsidiary which manages, following a tender that took place in 2010, the fleet of equipment for the individual IT systems of the Autonomous Province of Trento (and also many other customers and Entities that are not necessarily connected with the Province itself). DEDAGROUP, following the decision by the shareholder ALDEBRA S.p.A. to sell a significant part of its stake (of 14.52%) in DEXIT, exercised during the course of 2012 its option right to bring its stake to the current level of 64.62% (with an investment of Euro 590 thousand).

In 2012 the performance of DEXIT was positive both in terms of revenues and margins; revenues exceeded Euro 9 million (up on 2011), while gross margins stayed at a reasonable level of 13%, despite pressure on prices linked to efficiency programmes and spending reviews by government authorities.

The margins achieved during 2013 were also positive and the financial year itself closed with a positive net result of Euro 644 thousand and revenues of Euro 9 million (the same as the previous financial year) and a positive EBITDA of circa one million Euro (circa 11.5% of revenues).

- **ECOS Srl**

*FISCAL CODE 01600410060*

*REGISTERED OFFICES: Tortona (AL) – Corso Romita 71*

*SHARE CAPITAL: 10.200 Euro*

*% CONTROLLED: 51%*

*VALUE OF THE STAKE IN THE 2012 FINANCIAL STATEMENT: 139,800*

*VALUATION CRITERIA: cost*

| (/000 Euro) | 2012 | 2013 |
|---|---|---|
| Revenue | 2.765 | 2.741 |
| EBITDA | 309 | 273 |
| Net result | 155 | 238 |
| P.N. | 173 | 411 |
| PFN | 218 | 154 |

ECOS is the company from the Group that is active in the segment of “business analytics” and “business intelligence” (alongside its experience in “controlling”, “reporting” and “data warehouse”, it has also added know-how in “evolved analytics” in the context of planning, simulation and “big data”), that is an interesting sector in terms of the dynamic thrust in innovation, know-how and technology and therefore has significant growth opportunities. In this market ECOS represents one of the key players; in 2012 its turnover grew by +60%, and it closed the financial year with revenues of  Euro 2.8 million, with a gross margins of more than 11%.

ECOS works with leading national industrial groups, in both the public and private sector, in health, manufacturing, and large-scale retail trade. It appears to be increasingly able to offer “pre configured” solutions on cutting-edge technological platforms which allow customers to manage in an optimal manner their “forecasting” and “economic financial and industrial planning”. As with other companies of the Group, even ECOS will be able to exploit in the coming years the important synergies with DDway: during the course of 2013 ECOS developed “FashionInsight” for “Stealth”, i.e. an instrument panel of performance management which allows the advanced business intelligence functions of “Stealth” to operated alongside a reporting system which is even “mobile” (iPad) that is fundamental for distributing control over information to the sales channels. In addition, ECOS is working with the “banks” and “International business” divisions of the Group to produce intelligence modules to be integrated with the “BankUp” solution that is being introduced to the US market.

There were also positive figures obtained in 2013, a financial year  which closed with a net profit of Euro 238 thousand and revenues of Euro 2.7 million a positive EBITDA of Euro 273 thousand (circa 10% in relation to revenues).

- **DERGA CONSULTING Srl**

*FISCAL CODE 00759940216*

*REGISTERED OFFICES: Bolzano (BZ) – Via Lucia Frischin 3*

*SHARE CAPITAL: Euro 99,500*

*% CONTROLLED: 51.3%*

*VALUE OF THE STAKE IN THE 2012 FINANCIAL STATEMENT: Euro 556,002*

*VALUATION CRITERIA: cost*

| (/000 Euro) | 2012 | 2013 |
| --- | --- | --- |
| Revenue | 14.297 | 14.527 |
| EBITDA | 1.022 | 1.004 |
| Net result | 714 | 556 |
| P.N. | 2.706 | 3.002 |
| PFN | 479 | 734 |

DERGA CONSULTING is one of the three main Italian partners of SAP. In particular it is the first ever partner at a mid-market level (which was a good level of experience in the “food&beverage” sector). In turn DERGA CONSULTING controls 20% of DERGA CONSULTING CS Srl (FISCAL CODE 04472330655), a company with registered offices in Battipaglia (BA) which effectively covers the local market.

Despite a less than favourable economic climate and a low propensity for customers to innovate and invest, even in 2012 DERGA CONSULTING enjoyed a significant growth (with 30 new names added to the customer portfolio). It had revenues of Euro 14 million with gross margins of more than Euro 1 million.

DERGA CONSULTING closed 2013 with revenues of Euro 14.5 million (i.e. just higher than those achieved in 2012), with a net profit of Euro 556 thousand and positive EBITDA of Euro 1 million.

For the future, there are strong expectations for the collaboration between DERGA CONSULTING and DDway, in order to face together in an integrated and planned manner the numerous opportunities offered by the Group’s new customer portfolio.

Also for the future, it has emerged that SAP has chosen DERGA CONSULTING as the company to whom to entrust the market opportunities in the Middle-East, in particular in Countries overlooking the Arabian Gulf. The scouting activity that was carried out highlighted the existence of important opportunities linked to the rapid economic development of the area. In this context a joint venture (DERGA MIDDLE EAST) was set up with a major local partner (MIDIS GROUP, with registered offices in Dubai, a large group with more than 40 companies and a staff of 3,500), in which DERGA CONSULTING has a 30% stake, that will be dedicated to the development of the Middle-Eastern market.

- **AGORA' MED Srl**

*FISCAL CODE 03018811210*

*REGISTERED OFFICES: Napoli (NA) – Via ferrante Imparato 192*

*SHARE CAPITAL: Euro 100,000*

*% CONTROLLED: 100%*

*VALUE OF THE STAKE IN THE 2012 FINANCIAL STATEMENT: EURO 475,000*

*VALUATION CRITERIA: adjusted cost*

| (/000 Euro) | 2012 | 2013 |
|---|---|---|
| Revenue | 941 | 1.083 |
| EBITDA | -248 | 35 |
| Net result | -466 | -206 |
| P.N. | 360 | -96 |
| PFN | -94 | -152 |

AGORA' MED is a company that is able to offer "web-based solutions" to support digitalization strategies of business models, not just from the perspective of digital marketing communication, but also from a multichannel perspective ( "rewarding" programmes, "mobile payment" systems, "e-commerce", "social commerce").

Until now the company in question has not had the results that DEDAGROUP expected. In addition, despite the operations implemented to contain running costs, even 2012 was not characterised by positive results. EBITDA is negative to the tune of Euro 248 thousand with revenues of just under Euro 1 million (down from 2011). Also during 2012 DEDAGROUP S.p.A. recapitalised the company in question by waiving a credit of Euro 190 thousand (that was subsequently written-down).

For the future, as well as continuing in the process of containing costs, DEDAGROUP during the course of 2013 demonstrated an ability to grasp opportunities for integration and expansion offered by the new configuration of the Group, contributing amongst other things in an active manner to many negotiations, tenders and opportunities in the markets it operates in. The data show a slight improvement in this regard, with revenues (of just under Euro 1.1 million) that are slightly up and EBITDA which is once again positive, albeit not optimal.

- **<u>DEDAMEX Srl</u>**

*REGISTERED OFFICES: Durango (Mexico)*

*SHARE CAPITAL: Euro 2,589,550*

*% CONTROLLED: 60%*

*VALUE OF THE STAKE IN THE 2012 FINANCIAL STATEMENT: Euro 2,349,504*

*VALUATION CRITERIA: cost*

| (/000 Euro) | 2012 | 2013 |
|---|---|---|
| Revenue | 595 | 816 |
| EBITDA | 1 | -56 |
| Net result | -594 | -315 |
| P.N. | 2.590 | 2.325 |
| PFN | -137 | 17 |

DEDAMEX was incorporated in 2009 and effectively represented the first step towards an actual internationalisation by DEDAGROUP. To date DEDAGROUP controls 60% di DEDAMEX (a percentage which increased during the course of 2013), while the remaining 40% is owned by SIMEST, a comlany that provides assistance to Italian companies in the process of internationalization (before 2017 DEDAGROUP should in any case acquire the whole shareholding of SIMEST).

DEDAMEX, which is today operates from three different offices (Durango, Guadalajara and Mexico City) and which is effectively completely independent from a managerial, commercial and technical perspective (while in terms of the marketing activities has enjoyed the support of the parent company), was created with the specific objective of first identifying and then commercialising (after a first attempt, conducted along with BANCO POPOLARE, of some pilot installations in Countries in Eastern Europe), within the Mexican market, the “BankUp” software, i.e. a core banking system that is able to manage all of the back office and front office processes of a multichannel bank. In this regard it should be noted that the Mexican market present a wealth of opportunities in relation within an economy with positive growth trends, the strong presence of cooperative credit banks (the target customer for this programme) and the need (a factor that is expressly requested by the Mexican central bank in exchange for providing the guarantee on deposits even for cooperative credit banking institutions) for the latter to acquire innovative instruments that can guarantee a greater efficiency in terms of the management of information.

To date DEDAMEX, a company with about fifty employees that is able to operate on behalf of customer banks as an actual “outsourcing centre” (as well as providing the software it directly conducts the migration operations), has in its portfolio about ten middle/large customers (which includes CAJA POPULARES DI GUADALAJARA) as well as another 30/40 banks of a smaller size. While the core functions of the product are developed in the Italian laboratories of DEDAGROUP S.p.A. in the Durango laboratory we find the functions for the Mexican functions (and going forwards also for the US market) managing in an autonomous manner the delivery of the projects, the maintenance of the software and customer service.

The business/economic performance of DEDAMEX during the course of 2012 was not completely positive if compared with the expectations (even if we need to consider that the 2012 result was affected by a series of non recurring factors). The delays and criticalities of the project have been fully recovered at the end of 2012, allowing DEDAMEX to overcome the test and audit phases on the project. It has also emerged that the COMISION NACIONAL BANCARIA Y DEL VALORES (CNBV), the Mexican supervisory authority for the financial system, has made, during the course of 2012, two inspections with the above CAJA POPULARES DI GUADALAJARA, that concluded positively; this indirectly represented a sort of certification of the conformity with the prevailing products and service regulations proposed by DEDAMEX, with evident possible repercussions for the future (in this perspective we should highlight the appreciation that was expressly confirmed for the product by CNBV and BANCO DEL MEXICO).

During the course of 2013 DEDAMEX was instead able to acquire important contracts from new customers; in particular agreements were signed with COOPDESARROLLO (one of the main popular cooperative banks) and with numerous rural cooperative banks, including CAJA HERENCIA RURAL DE MORELIA, CAJA TEPORAKAS DE GUERRERO of Chihuahua and CAJA SOLIDARIA VICENTE GUERRERO of Durango. In the sector of the “Cajas Populares” an important merger took place between 4 different small banks. Da ultimo DEDAMEX acquired a project, based on the “BankUp” platform, to create the IT system for a financial company of Mexico City, specialising in the issuing of multi-circuit debit and credit cards. The financial year closed with a net loss of Euro 315 thousand with revenues of Euro 816 thousand and negative EBITDA of Euro 56 thousand.

The revenues forecasted for 2014, having overcome the typical difficulties of this first phase of the “start-up”, are expected to grow by more than 50%, with margins improving significantly, which are expected to be in the order of 20% of revenues.

## Extraordinary events registered in last 12 months

- <u>SALE AND PURCHASE</u>

  Date of deed 27/06/2013
  Record date 25/07/2013
  Date deposited 25/07/2013
  File number 68.110/17.779
  Notary DOLZANI MARCO

  *Purchaser*
  Name: DEDAGROUP S.p.A.
  Fiscal code 01763870225

  *Vendor*
  Name: DELISA SUD Srl
  Fiscal code 04834560825

- *RENTAL /LOAN*

  Date of deed 31/05/2013
  Record date 24/06/2013
  Date deposited 24/06/2013
  File number 68.015/17.715
  Notary DOLZANI MARCO

  *Purchaser*
  Name: DEDAGROUP S.p.A.
  Fiscal code 01763870225

  *Vendor*
  Name: OPERA21 NORDEST Srl
  Fiscal code 04417330968

  THE DEED BECOMES LEGALLY BINDING AS OF 1 JUNE 2013

- Merger by incorporation of :

  DEDANEXT Srl
  Registered offices: Casalecchio di Reno (BO)
  Fiscal code: 04211410370
  REA number / Company registration number: BO 355472
  Registration date: 09/08/2013
  Date amended: 22/11/2013
  Deliberation date: 05/08/2013
  Date of deed of execution: 01/12/2013

- Merger by incorporation of:

  SOLUZIONI INFORMATICHE TELEMATICHE CONSULENZA PROGETTAZIONE S.p.A.
  Registered offices: Ivrea (TO)
  Fiscal code: 02684580018
  REA number / Company registration number: TO 584583
  Registration date: 09/08/2013
  Date amended: 22/11/2013
  Deliberation date: 05/08/2013
  Date of deed of execution: 01/12/2013

## Shareholders

| Shareholder | Number of Shares | Type of Shares | Nominal value | % stake | Type of right |
|---|---|---|---|---|---|
| **SEQUENZA S.p.A.** Fiscal code: *02215750213* | 888,585 | Ordinary shares | 888,585 € | 74.99% | OWNERSHIP |
| **ELMA S.p.A.** Fiscal code: *01480200219* | 119,298 | Ordinary shares | 119,298 € | 10.07% | OWNERSHIP |
| **VAR GROUP S.p.A.** Fiscal code: *03301640482* | 53,029 | Ordinary shares | 53,029 € | 4.48% | OWNERSHIP |
| **CAMISA GIANNI** Fiscal code: *CMSGNN60E02D612R* | 17,511 | Ordinary shares | 17,511 € | 1.48% | OWNERSHIP |
| **TORBOL FRANCESCA** Fiscal code: *TRBFNC58B59H612D* | 13,668 | Ordinary shares | 13,668 € | 1.15% | OWNERSHIP |
| **REVOLTI MAURIZIO** Fiscal code: *RVLMRZ54P11L378N* | 13,426 | Ordinary shares | 13,426 € | 1.13% | OWNERSHIP |
| **DOSSI MARIA ROSA** Fiscal code: *DSSMRS54A59H612R* | 13,426 | Ordinary shares | 13,426 € | 1.13% | OWNERSHIP |
| **BRUGNARA LORELLA** Fiscal code: *BRGLLL60C46E500L* | 8,793 | Ordinary shares | 8,793 € | 0.74% | OWNERSHIP |
| **POSTAL ROBERTO** Fiscal code: *PSTRRT52L03L378T* | 8,792 | Ordinary shares | 8,792 € | 0.74% | OWNERSHIP |
| **KELLER CRISTIANA** Fiscal code: *KLLCST58L63C794V* | 6,940 | Ordinary shares | 6,940 € | 0.59% | OWNERSHIP |
| **ACABA SAS** Fiscal code: *01123980219* | 6,740 | Ordinary shares | 6,740 € | 0.57% | OWNERSHIP |
| **FILIPPI PAOLO** Fiscal code: *FLPPLA64P28H612N* | 3,899 | Ordinary shares | 3,899 € | 0.33% | OWNERSHIP |
| **SEAC LEASING S.p.A.** Fiscal code: *00591210224* | 3,736 | Ordinary shares | 3,736 € | 0.32% | OWNERSHIP |
| **MILANI GISELLA** Fiscal code: *MLNGLL52A50L219A* | 3,370 | Ordinary shares | 3,370 € | 0.28% | OWNERSHIP |
| **ZANOTTO EZIO** Fiscal code: *ZNTZEI52T07H340B* | 3,370 | Ordinary shares | 3,370 € | 0.28% | OWNERSHIP |
| **CONSOLATI PIETRO** Fiscal code: *CNSPTR51M11Z102J* | 3,129 | Ordinary shares | 3,129 € | 0.26% | OWNERSHIP |

| | | | | | |
|---|---|---|---|---|---|
| **PIZZINI MAURIZIO**<br>Fiscal code: *PGNGUO49A01A326E* | 2,498 | Ordinary shares | 2,498 € | 0.21% | OWNERSHIP |
| **MARTINELLI PIERINO**<br>Fiscal code: *MRTPRN62B27H612T* | 1,630 | Ordinary shares | 1,630 € | 0.14% | OWNERSHIP |
| **RANGONI GIANNI**<br>Fiscal code: *PGNGUO49A01A326E* | 1,525 | Ordinary shares | 1,525 € | 0.13% | OWNERSHIP |
| **DELLIGUANTI POALO**<br>Fiscal code: *DLLPLA63E11H612T* | 1,457 | Ordinary shares | 1,457 € | 0.12% | OWNERSHIP |
| **DEL FREO FEDERICO**<br>Fiscal code: *DLFFRC60L24F023N* | 1,295 | Ordinary shares | 1,295 € | 0.11% | OWNERSHIP |
| **PEDROTTI FRANCO**<br>Fiscal code: *PDRFNC49S24C393D* | 1,248 | Ordinary shares | 1,248 € | 0.11% | OWNERSHIP |
| **RIGOTTI FULVIO**<br>Fiscal code: *RGTFLV53C06L378I* | 1,074 | Ordinary shares | 1,074 € | 0.09% | OWNERSHIP |
| **ZENI LORENZO**<br>Fiscal code: *ZNELNZ65M27Z103I* | 713 | Ordinary shares | 713 € | 0.06% | OWNERSHIP |
| **RAOSS MARCO**<br>Fiscal code: *RSSMRC64R01H612L* | 702 | Ordinary shares | 702 € | 0.06% | OWNERSHIP |
| **BAROZZI MASSIMO**<br>Fiscal code:*BRZMSM66M08H612G* | 540 | Ordinary shares | 540 € | 0.05% | OWNERSHIP |
| **GIULIANI NICOLA**<br>Fiscal code: *GLNNCL66B05H612H* | 409 | Ordinary shares | 409 € | 0.03% | OWNERSHIP |
| **PANIZZA PAOLO**<br>Fiscal code: *PNZPLA65M26E507R* | 409 | Ordinary shares | 409 € | 0.03% | OWNERSHIP |
| **DE PAOLI DOMENICO**<br>Fiscal code: *DPLDNC56B24G291X* | 381 | Ordinary shares | 381 € | 0.03% | OWNERSHIP |
| **ZANETTI ROBERTO**<br>Fiscal code: *ZNTRRT63T27L378H* | 324 | Ordinary shares | 324 € | 0.03% | OWNERSHIP |
| **GALVAN BRUNO**<br>Fiscal code: *GLVBRN56P19L378Q* | 278 | Ordinary shares | 278 € | 0.02% | OWNERSHIP |
| **BAROZZI MASSIMO**<br>Fiscal code: *BSSMHL66H30L378A* | 278 | Ordinary shares | 278 € | 0.02% | OWNERSHIP |

## Main official representatives

| Representative | | Position |
|---|---|---|
| **Marco PODINI** | Fiscal code: PDNMRC66H05A952A<br>Born in Bolzano (BZ) on 05/06/1966<br>Resident in Via Fago 16, 39100 Bolzano (BZ) | **Chairman of the Board**<br>in office since 06/08/2010<br><br>**Board member**<br>in office since 03/12/2001 |
| **Gianni CAMISA** | Fiscal code: CMSGNN60E02D612R<br>Born in Firenze (FI) on 02/05/1960<br>Resident in Via Trivulziana 18/I, 20097 San Donato Milanese (MI) | **Managing Director**<br>in office since 01/04/2008<br><br>**Board member**<br>In office since 01/04/2008 |
| **Maria Luisa PODINI** | Fiscal code: PDNMLS65C71A952T<br>Born in Bolzano (BZ) on 31/03/1965<br>Resident in Via Fago 16, 39100 Bolzano (BZ) | **Board member**<br>In office since 24/06/2002 |
| **Patrizio PODINI** | Fiscal code: PDNPRZ39A28A952N<br>Born in Bolzano (BZ) on 28/01/1939<br>Resident in Via Fago 16/03, 39100 Bolzano (BZ) | **Board member**<br>in office since 24/06/2002 |
| **Diego SCHELFI** | Fiscal code: SCHDGI51H09B153S<br>Born in Brentonico (TN) on 09/06/1951<br>Resident in Via della Rozola 37, 38060 Trento (TN) | **Board member**<br>in office since 24/06/2002 |

## Positions held by the Representatives within other companies

| **Marco PODINI** | Fiscal code: PDNMRC66H05A952A<br>Born in Bolzano (BZ) il 05/06/1966<br>**CHAIRMAN OF THE BOARD** |
|---|---|
| *Company* | *Position* |
| **ECOS Srl**<br>Address: Corso Romita 71 - 15057 Tortona (AL)<br>Company situation: ACTIVE since 12/01/1994<br>Business: Production of software; software consultancy<br>Share capital: 10,200 Euro<br>REA N.: AL172344<br>Fiscal code: 01600410060 | **BOARD MEMBER**<br>since 10705/2011 |
| **LDD S.p.A.**<br>Address: Via Provinciale 80 – 24044 Dalmine (BG)<br>Company situation: ACTIVE since 31/07/2013<br>Business: Retail sale in non specialist premises of food and drinks<br>Share capital: 10,000 Euro<br>REA N.: BG420487<br>Fiscal code: 03930380161 | **BOARD MEMBER**<br>since 30/09/2013 |
| **DERGA CONSULTING Srl**<br>Address: Via Lucia Fraschin 3 – 39100 Bolzano (BZ)<br>Company situation: ACTIVE since 24/02/1997<br>Business: Production of software; software consultancy<br>Share capital: 99,500 Euro<br>REA N.: BZ153518<br>Fiscal code: 00759940216 | **CHAIRMAN OF THE BOARD**<br>since 29/04/2011<br><br>**BOARD MEMBER**<br>since 13/04/2007 |
| **CONSORZIO DIAS**<br>Address: Via Fago 60 – 39100 Bolzano (BZ)<br>Company situation: ACTIVE since 23/05/1995<br>Business: Administrative-management consultancy and corporate planning<br>Share capital: 10,329 Euro<br>REA N.: BZ203914<br>Fiscal code: 11541790157 | **BOARD MEMBER**<br>since 18/02/2014 |

| | | |
|---|---|---|
| **PITECO S.p.A.** | | **CHAIRMAN OF THE BOARD**<br>since 26/10/2012<br><br>**BOARD MEMBER**<br>since 26/10/2012 |
| Address: | Via Mercalli 16 - 20122 Milano (MI) | |
| Company situation: | ACTIVE since 24/10/2003 | |
| Business: | Production of software; software consultancy | |
| Share capital: | 15,550,000 Euro | |
| REA N.: | MI1726096 | |
| Fiscal code: | 04109050965 | |

| | | |
|---|---|---|
| **AGORA' MED Srl** | | **BOARD MEMBER**<br>since 04/05/2012 |
| Address: | Via Ferrante Imparato 192 – 80146 Napoli (NA) | |
| Company situation: | ACTIVE since 19/05/1995 | |
| Business: | Creation of graphics in web environment | |
| Share capital: | 100,000 Euro | |
| REA N.: | NA537779 | |
| Fiscal code: | 03018811210 | |

| | | |
|---|---|---|
| **CENTRO DI PRODUZIONE S.p.A.** | | **BOARD MEMBER**<br>since 10/05/2013 |
| Address: | Via Principe Amedeo 2 – 00185 Roma (RM) | |
| Company situation: | ACTIVE since 30/01/1979 | |
| Business: | Radio and television activities, excluding the management of transmission networks of radio and television signals | |
| Share capital: | 2,099,500 Euro | |
| REA N.: | RM437318 | |
| Fiscal code: | 03434490581 | |

| | | |
|---|---|---|
| **SINERGIS Srl** | | **CHAIRMAN OF THE BOARD**<br>since 24/04/2012<br><br>**BOARD MEMBER**<br>since 24/04/2012 |
| Address: | Località Palazzine 120/F – 38121 Trento (TN) | |
| Company situation: | ACTIVE since 24/05/1990 | |
| Business: | Production of software; software consultancy | |
| Share capital: | 129,010 Euro | |
| REA N.: | TN172914 | |
| Fiscal code: | 03188950103 | |

| | | |
|---|---|---|
| **DEXIT srl** | | **CHAIRMAN OF THE BOARD**<br>since 15/04/2013<br><br>**BOARD MEMBER**<br>since 15/04/2013 |
| Address: | Via Gilli 2 – 38121 Trento (TN) | |
| Company situation: | ACTIVE since 31/03/2003 | |
| Business: | Installation, maintenance and reparation of office machinery and IT equipment | |
| Share capital: | 700,000 Euro | |
| REA N.: | TN180601 | |
| Fiscal code: | 01829680220 | |

| | | |
|---|---|---|
| **DDWAY Srl** | | **CHAIRMAN OF THE BOARD**<br>since 30/11/2012<br><br>**BOARD MEMBER**<br>since 30/11/2012 |
| Address: | Via di Spini 50 – 38121 Trento (TN) | |
| Company situation: | ACTIVE since 17/02/1986 | |
| Business: | Production of software; software consultancy | |
| Share capital: | 6,750,000 Euro | |
| REA N.: | TN212293 | |
| Fiscal code: | 07374190580 | |

| | | |
|---|---|---|
| **ELMA S.p.A.** | | **CEO**<br>since 09/05/2012<br><br>**BOARD MEMBER**<br>since 27/04/2012 |
| Address: | Via Fago 60 – 39100 Bolzano (BZ) | |
| Company situation: | ACTIVE since 24/11/1992 | |
| Business: | Property activities on own assets | |
| Share capital: | 62,656,202 Euro | |
| REA N.: | BZ124094 | |
| Fiscal code: | 01480200219 | |

| | | |
|---|---|---|
| **SEQUENZA S.p.A.** | | **CEO**<br>since 16/04/2013<br><br>**BOARD MEMBER**<br>since 16/04/2013 |
| Address: | Via Paolo di Dono 73 – 00142 Roma (RM) | |
| Company situation: | ACTIVE since 16/03/2000 | |
| Business: | External company logistics and feedback | |
| Share capital: | 65,000,000 Euro | |
| REA N.: | RM1057188 | |
| Fiscal code: | 02215750213 | |

| | | |
|---|---|---|
| **ANTURIUM S.S.** | | **MANAGING PARTNER**<br>since 30/01/2014 |
| Address: | Piazza Pozzo 2 – 37017 Lazise (VR) | |
| Company situation: | ACTIVE since 03/08/1971 | |
| Business: | General construction works for buildings | |
| Share capital: | 72.303 Euro | |
| REA N.: | VR127037 | |
| Fiscal code: | 00673750238 | |

| **Gianni CAMISA** | Fiscal code: CMSGNN60E02D612R<br>Born in Florence (FI) il 02/05/1960<br>**Managing Director** |
|---|---|

| *Company* | | *Position* |
|---|---|---|
| **ECOS Srl** | | **CHAIRMAN OF THE BOARD**<br>since 21/07/2010<br><br>**BOARD MEMBER**<br>since 21/07/2010 |
| Address: | Corso Romita 71 - 15057 Tortona (AL) | |
| Company situation: | ACTIVE since 12/01/1994 | |
| Business: | Production of software; software consultancy | |
| Share capital: | 10,200 Euro | |
| REA N.: | AL172344 | |
| Fiscal code: | 01600410060 | |
| **DERGA CONSULTING Srl** | | **BOARD MEMBER**<br>since 29/04/2009 |
| Address: | Via Lucia Fraschin 3 – 39100 Bolzano (BZ) | |
| Company situation: | ACTIVE since 24/02/1997 | |
| Business: | Production of software; software consultancy | |
| Share capital: | 99,500 Euro | |
| REA N.: | BZ153518 | |
| Fiscal code: | 00759940216 | |
| **PITECO S.p.A.** | | **BOARD MEMBER**<br>since 26/10/2012 |
| Address: | Via Mercalli 16 - 20122 Milano (MI) | |
| Company situation: | ACTIVE since 24/10/2003 | |
| Business: | Production of software; software consultancy | |
| Share capital: | 15,550,000 Euro | |
| REA N.: | MI1726096 | |
| Fiscal code: | 04109050965 | |
| **AGORA' MED Srl** | | **CHAIRMAN OF THE BOARD**<br>since 04/05/2012 |
| Address: | Via Ferrante Imparato 192 – 80146 Napoli (NA) | |
| Company situation: | ACTIVE since 19/05/1995 | |
| Business: | Creation of graphics for web environment | |
| Share capital: | 100.000 Euro | |
| REA N.: | NA537779 | |
| Fiscal code: | 03018811210 | |

| **BELTOS Srl** | | **CHAIRMAN OF THE BOARD**<br>since 07/02/2014<br><br>BOARD MEMBER<br>since 07/02/2014 |
|---|---|---|
| Address: | Via di Capiteta 22 – Pisa (PI) | |
| Company situation: | ACTIVE since 28/02/2012 | |
| Business: | Administrative-management consultancy and corporate planning | |
| Share capital: | 100,000 Euro | |
| REA N.: | PI176240 | |
| Fiscal code: | 01457570065 | |

| **SINERGIS Srl** | | **CEO**<br>since 24/04/2012<br><br>BOARD MEMBER<br>since 24/04/2012 |
|---|---|---|
| Address: | Località Palazzine 120/F – 38121 Trento (TN) | |
| Company situation: | ACTIVE since 24/05/1990 | |
| Business: | Production of software; software consultancy | |
| Share capital: | 129.010 Euro | |
| REA N.: | TN172914 | |
| Fiscal code: | 03188950103 | |

| **DEXIT srl** | | **BOARD MEMBER**<br>since 15/04/2013 |
|---|---|---|
| Address: | Via Gilli 2 – 38121 Trento (TN) | |
| Company situation: | ACTIVE since 31/03/2003 | |
| Business: | Installation, maintenance and reparation of office machinery and IT equipment | |
| Share capital: | 700,000 Euro | |
| REA N.: | TN180601 | |
| Fiscal code: | 01829680220 | |

| **DDWAY Srl** | | **CEO**<br>since 30/11/2012<br><br>**BOARD MEMBER**<br>since 30/11/2012 |
|---|---|---|
| Address: | Via di Spini 50 – 38121 Trento (TN) | |
| Company situation: | ACTIVE since 17/02/1986 | |
| Business: | Production of software; software consultancy | |
| Share capital: | 6,750,000 Euro | |
| REA N.: | TN212293 | |
| Fiscal code: | 07374190580 | |

## Commercial characteristics and marketing-mix policies

DEDAGROUP S.p.A. has its administrative and trading headquarters in Trento in Località Palazzine 120/F - Frazione Gardolo, in a property that is leased from its sister company LILLO S.p.A. The area used as offices is large, circa 4,000 sqm, and there is also a basement and an area used as a car park. The premises has a system for generating electrical energy through solar panels (with a nominal power of 200 kwh) that is able to cover circa 70% of overall energy needs .

The following are local trading offices:

- Office in Trento in Via Segantini 16/18, adjacent to Via Dogana 3/5
- Office in Terranuova Bracciolini (AR) in Via Ottava Strada Poggilupi 62, former HQ of PUBLICA TOSCANA Srl.
- Office in Bergamo (BG) in Via Maglio del Lotto 36, where until 2013 the “BankUp” product was developed. 10 employees currently work there.
- Branch office Bolzano (BZ) in Via Bruno Buozzi 8, where there is still an office, which is due to be closed at the end of the sale of the business division to DELTA INFORMATICA S.p.A. which should take place by April 2014.
- Bank software development office in Rende (CS) in Contrada Cutura 1.
- In Cesena (FO) in Piazzale Gennaro Biguzzi 20/1 there is an office and development laboratory for “BankUp” within the European market.
- Office and development laboratories of the “Stealth” software in Padova in Via San Crispino 28, Cassina Dè Pecchi (MI) in Via Roma 108 - Palazzina F, Casalecchio di Reno (BO) in Via Del Lavoro 71 (where the subsidiaries SYNERGIS and DDway are als based).
- In Naples in Via Ferrante Imparato – Pal. D2 192 there is an office (where AGORÀ MED Srl and DDway are based).
- Office and software development laboratory for Government Authorities in Palermo in Via Crispi 1, where DELISA SUD Srl had its registered offices.
- Office in Fidenza (PR) in Località Pieve di Cusignano 17, where a technician works.
- Offices and development laboratories of the “Folium” solution for Government Authorities in Rome in Via Paolo di Dono 73 where DDway and ECOS are also based. About 300 employees work here.
- Office in Turin in Via Pianezza 289 where DDway is based.

- There was an office in Ivrea (TO) in Corso Vercelli 163, the former HQ of  SINTECOP; this has now recently been transferred to Colleretto Giacosa (TO) in the  "Bio Industries Park", although this branch office does not yet appear in the official documentation.

- As of December 2012 it has an office in ZAC PARIS Rive Gauche 118/122 Avenue De France 75013 Paris, where two employees are based.

At a consolidated level DEDAGROUP also has another three premises, through the subsidiary DEDAMEX, in Durango (Mexico) - Paseo de Las Palmas 306 (registered offices), Guadalajara (Mexico) and Mexico City. In Mexico there are offices and development laboratories of the "BankUp" solution for the Mexican market and, going forwards, the American market by independently managing the delivery of the projects, the maintenance of the software  and the customer service department. About fifty resources work here (all Mexicans), that are split into sales and technical staff and circa 10 units specialising in development activities.

DEDAGROUP operates in the IT sector as a global supplier: its main business is that of "Added Value Solution Provider" that develops applicative solutions in its specialist markets (Banks, Government Authorities and private companies) and creates integrated projects for corporate management through the supply of software, services and infrastructure components.

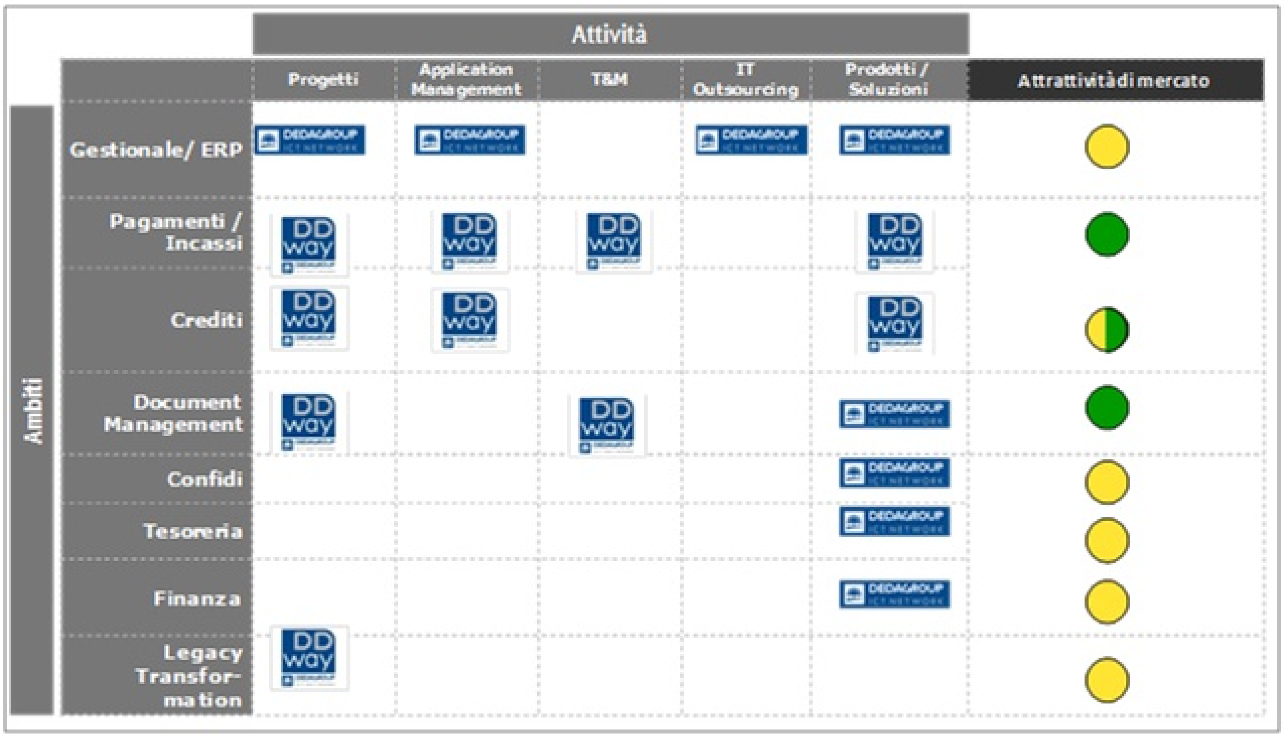
The DEDAGROUP Group is organised in strategic units that are differentiated on the basis of the reference market (Banks and Financial Institutions, Government Authorities, Fashion and Industrial & Consumer) and in the assets provided.

- ***BANKS AND FINANCIAL INSTITUTIONS***

In this sector the Group's mission is the design and development of solutions and services to support the process of change that is taking place within the banking sector, towards an integrated and multi-channel bank model.

DEDAGROUP offers integrated and optimised IT systems, as well as specialist solutions for specific vertical compartments. The business sectors are "Retail Banks and Branches of Foreign Banks", "Private Banking Italy and Abroad", "Retail Banking Abroad", "BCC and Rural Cooperative Banks", "Credit Guarantee Consortia", "Financial Intermediaries (SIM/SGR)".

The customers, circa 250, include leading national and foreign banks such as INTESA SAN PAOLO, DEUTSCHE BANK, CAJA POPULAR OBLATOS, THE ROYAL BANK OF SCOTLAND, BARCLAYS BANK, BCC of medium/small dimensions as well as main insurance companies such as GENERALI, ALLEANZA TORO, ZURICH and ALLIANZ.




With regard to the banking sector, the Group relies on two main proprietary software solutions:

- “BankUp” is a core banking system that is able to manage all of the back and front office processes of a multichannel bank and stems from the experience acquired by DEDAGROUP in the segment of cooperative credit. It is the product with which the Gruppo began in 2009 the strategy of internationalisation in the banking sector with the incorporation of DEDAMEX. In the future, the Group plans to commercialise the solution in the US, where this a vast reservoir of Credit Unions (circa 14,000 popular institutions and cooperative credit institutions).

- “BankPay” is a suite for the management of receipts and payments developed by DDway in the Milan laboratory and offered to large and medium sized banks.

The initiatives for the integration of the offer in the banking sector are:

- “*BankInsight*” and “*BankInsight for BankUp*” – In the context of the verticalization of the across the board know-how, the federate ECOS, the point of reference for business intelligence/analytics, has developed two solutions for the management of the performance analysis in the banking sector, which can be integrated to the BankUp suite and the main core banking systems.

- “*BankIn*” – From the union of DDway’s know-how in the “banking and insurance” sector the solution for the management of “Banks and Insurance Companies” was developed which it offers to both banks and insurance companies.

- "*SAP for Insurance*" - Still within the context of the verticalization of the across the board know-how, the federate DERGA CONSULTING is involved with DDway in the Italian transaltion of the SAP ERP.

## ➢ ***GOVERNMENT AUTHORITIES***

DEDAGROUP presents itself as a the partner of choice for Italian Government Authorities, thanks to an integrated GIS / ERP offer. It offers solutions for e-government, dematerialization, performance evaluation, the management of the territory and the environment, and is able to accompany the Government Authority in its process of innovation.

The Government Authority customer portfolio comprises circa 1.400 names, 980 Municipalities and 69 Health Boards.

| | Attività | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Ambiti | Consulting | Progetti / System Integration | Applicat. Manag. | T&M | IT Outsourc. | Prodotti / Soluzioni | Help desk | Attrattività del Mercato |
| Gestionale / ERP | DEDAGROUP, DDway | DEDAGROUP, DDway | DDway | DDway | | DEDAGROUP | | |
| Gestione debiti | | | | | | | | |
| Gestione pagamenti | | | | DDway | | | | |
| Gestione dati / reporting | DDway | DDway | | DDway | | | | |
| Document managem. | DEDAGROUP | DEDAGROUP, DDway | DDway | | | DEDAGROUP, DDway | | |
| GIS | DEDAGROUP | DEDAGROUP | | | | DEDAGROUP | | |
| Desktop managem. | | | | | DEDAGROUP | | | |
| Applicativi mainframe | | DDway | | | | | | |
| Applicazioni web | | DDway | DDway | DDway | | | | |

With regard to Government Authorities , DEDAGROUP can count on two proprietary solutions and specific know-how:

- "Civilia" is a management system for the Public Entity which covers all areas of activity of the Municipality of Provincial Authority.

- "Folium" is a software solution for the management of the IT protocol and the implementation of dematerialization projects for the Entities. It can be used in ASP mode and is suited for being provided as a service.

- “GIS know-how” for geo-referenced and territorial information systems represented by SINERGIS.

- “System integration know-how” provided by DDway.

With regard to Government Authorities the Group expects to exploit the opportunities offered by the “Digital Agenda” and protect the “Civilia” management asset from a potential reduction in the State’s administrative layers (elimination of the Provinces) and the number of municipalities (processes of aggregation, unions/consortia of municipalities), repositioning “Civilia Web” as the orchestrator of the services that the local Government Authorities provide for citizens and companies by interacting with the single databases (Civil Registry, Cadastre, Property Registry) which are the foundations of the implementation of the “Digital Agenda”.

- ***FASHION & RETAIL***

With regard to the fashion market, the main product is the “Stealth” solutions (which covers 60% of the Italian market), a software for the management of production and logistics of Fashion companies, which include clothing as well as leatherwear and footwear brands. The solution was improved and developed for the management of retail stores, whether these be mono-brand or multi-brand stores, i.e. “Stealth Retail”. Circa 180 customers have chosen Stealth including GUCCI, PRADA, GUESS, GEOX, FENDI, DOLCE & GABBANA and BOTTEGA VENETA.

The strategies to further improve the leadership position of Stealth can be summarised as follows :

- *“FashionInsight for Stealth”* - ECOS has developed an instrument panel for performance management which allows the already evolved business intelligence functions of “Stealth” to operate alongside a reporting system (which can be mobile, e.g. accessed via (iPad) that is fundamental for distributing the control of information in the sales networks.

- “*Planning and predictive analysis*” - The business analytics side will be further developed with the improvement of the retail planning instruments and the development of predictive analysis instruments.

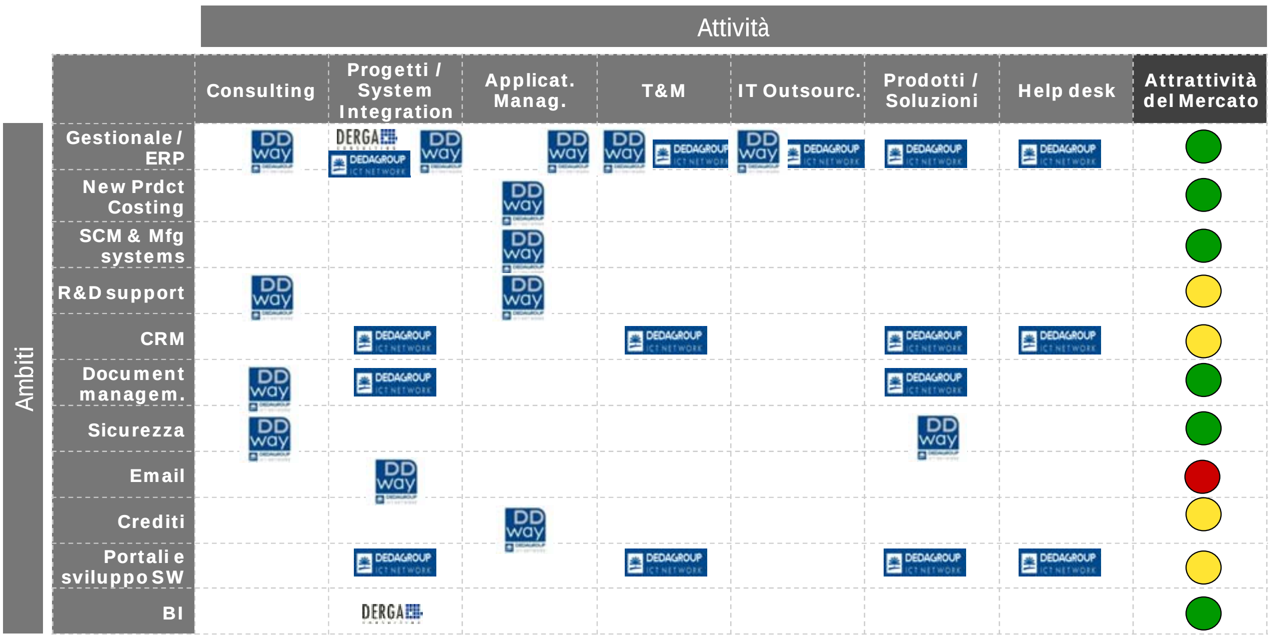
- “*StealthLite*” - In order to extend the Italian market, which is already highly penetrated in the upper range segment, a “Light” solution is being offered for medium sized companies. The solution presents the same functional coverage as “Stealth” but is offered with a methodology of simplified project which allows a reduction in the time necessary for the implementation and to obtain higher margins.

- "*Stealth as a Service*" - The "as a service" version is the natural consequence of the process of standardization developed for "StealthLite". It is destined mainly to the market of the "Fashion SMEs" but has an interesting potential also for fashion houses who can use it to digitize the companies within the supply chain they interact with.

➢ ***INDUSTRIAL & CONSUMER***

DEDAGROUP proposes to satisfy the requirements, in terms of IT, of various business models, in particular with regard to the flexibility of the IT structure, the speeding up of the "time to market", the efficient management of the R&D processes, the IT security, the exploitation of the new relationship opportunities with markets, consumers and supply chains offered by the spread of mobile devices and social collaboration models, which translate into the requirement to do business "in zero time and zero space".

The customer portfolio has circa 1,800 names..




With regard to the "Industrial & Consumer" segment the Group can count on a specific know-how which are:

- “<u>SAP</u>” - The federate DERGA CONSULTING is the leading partner of SAP ITALIA for the mid-market level.

- “<u>Research & Development and Product Costing</u>” - DDway has a consolidated experience which it has mainly developed in the “pharma” and “automotive” sectors, and in system integration in support of the Research & Development sectors, in particular in the area of planning and product cost control e.

- “<u>IT Architecture</u> and <u>Business Technology</u>” – These are covered by the “CAST” division, which deals with the architecture of the IT systems, both on premise and cloud, supported with a partnership with the main international IT vendors and numerous certifications. An additional asset are the data centres owned by the subsidiary MC-LINK, which are situated in Italian territory, connected by national broadband backbone and ISO 27001 certified, on which the Group’s cloud solutions and service are based.

- “<u>Business Analytics</u>” – Thanks to the company ECOS, DEDAGROUP can add to its experience in controlling, reporting and data warehouse know-how of evolved analytics in planning, simulation and “big data”.

- “<u>Web, Mobile, Social</u>” - The federate AGORÀ MED is able to provide web-based solutions to support digitalization strategies of business models, not just in terms of communication and digital marketing, but also in multi-channel terms: rewarding programmes, mobile payment systems, e-commerce, social commerce.

The interventions in this segment aim to reduce the dependence of revenue flows to the retail activity. In particular:

- *“IT Transformation”* - DDway Manufacturing and the CAST division aim to offer consultancy and analysis services, on the one hand, and complex and well-structured IT services through outsourcing or as a service, enabling the “technological” business to acquire a lower risk profile (deseasonalising of sales, high margins, recurring revenue model).

- *“BusinessInsight”* - ECOS is developing a suite of its own packaged software for the management of the planning, controlling and reporting processes that are typical of some industrial sectors (like banks and fashion) or some company processes (like HR planning).

- *“IT security”* - DEDAGROUP aims to consolidate its experiences on the issue of IT security and to offer “cyber security” solutions.

- *“Electronic Content Management*” – An ECM centre was created with the objective of consolidating the experiences of the Group with regard to dematerialization, management of documentation and electronic invoicing.

- *“PLM and Research & Development*” – By integrating the know-how on the R&D processes and the experience on the Product Lifecycle Management solutions DEDAGROUP has developed an offering of PLM solutions.

The sale model adopted by the Group is almost exclusively direct. In the context of Government Authorities the sale take space through participation in public tenders, managed by dedicated account managers dedicated to specific customer segments (in the case of the Central Government Authorities, or to Territories, in the case of the Local Government Authorities).  There are only a few distribution agreements of the software products of the “Civilia” suite in the case of Local Government Authorities.

The sales model is of the direct variety also for “banks”, “insurance companies”, “industrial and consumer” and “fashion” segments, which is managed with the direct involvement of the top management of the individual managers of the group’s companies.

In the same way as the CAST division, which has its own Sales department that addresses, with direct vendors and account managers, the segment of “large” and “mid size” customers also supporting the other departments for sales and negotiations focusing on business technology. The sales department for CAST also has the task of managing relations with the technology vendors (IBM, CISCO, ORACLE, etc.) and their distributors (COMPUTER GROSS, AVNET, etc).

With regard to the foreign sales organisation, DEDAMEX operates with its  local account managers, supported by an International Sales Leader. The French branch is managed by a Sales Director with the support of local pre-sales team. The sales and promotion activities US are managed, at the moment, directly by the mangers of the International Business.

All of the sales teams are supported by process consultants: in fashion for the manufacturing, operations and logistics activities, in banks for the issues of risk management and compliance, as well as credits and payment systems, in the pharma sector for compliance, document management processes, etc.

DEDAGROUP has concentrated its marketing & communications activities two principles, i.e. to further improve the value profile of the Group and promote the Group’s solutions, through the presence in trade magazines (more than 900 articles and interviews), participation in sector events such as the FINAL CONGRESS OBSERVATORY MOBILE PAYMENT & COMMERCE in Milan (20 February), CONFIRES in Florence (26/27 February), SPIN 2014 (23/24 June), EVOLUTION OF THE CREDIT PROCESS IN THE CONFIDI CONSORTIUM in Milan (8 April), EQUIPEMAG RETAIL FAIR in Paris (16/18 September), FINAL CONGRESS ON DIGITAL BUSINESS INNOVATION ACADEMY in Milan (3 December).

The valuation expressed by the clients is particularly satisfying when it comes to the solutions and professionalism of DEDAGROUP as emerged from the “customer satisfaction survey” in 2013 (the first to be done as a Group), which improved compared to 2012 (in which 75% of the customers considered DEDAGROUP as a “very” or “quite” reliable partner.). 89.1% of the sample reported being “completely satisfactory” or “quite satisfied” with DEDAGROUP.

Internally, there is a focus on spreading the culture of integration; “DEDAFLASH” falls within the context, the fortnightly coverage of the Group with more than 23 "issues", the circulation of “WeDEDA”, the digital house organ of the Group for customers, partners and analysts and numerous internal events. In fact, even in 2013 there has been the edition of “IGNITION”, a Group event, which 500 people took part in directly while the remaining part of the population was able to follow the works live via streaming from all the Group’s offices. “IGNITION” allowed the management to present the new Industrial Strategy Plan and the guidelines of the Group’s new organisational model.
In 2012 in all the Group’s offices there was a deployment of an advanced integrated video-communication system; in 2013 a saving of the staff transfer costs of 5/7% was achieved (against the forecasted level of 10%).

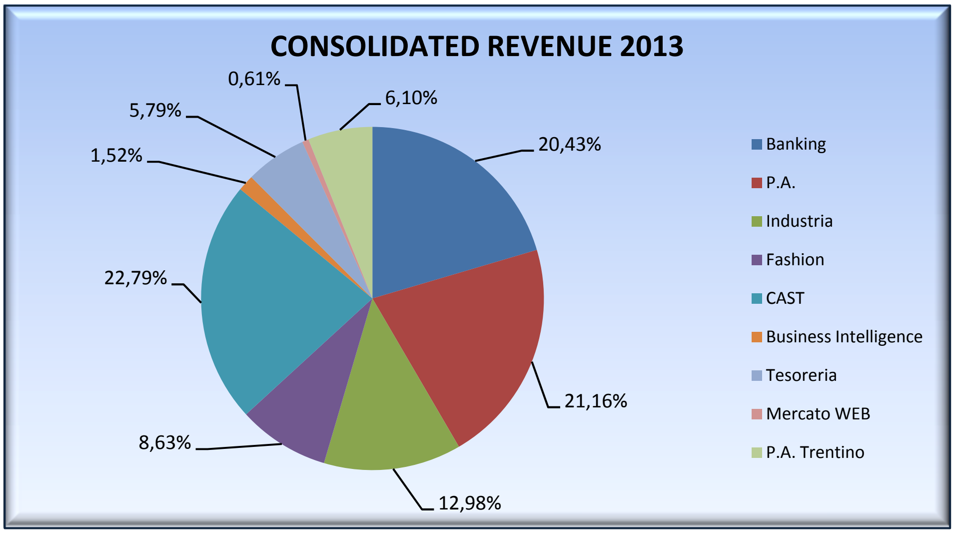
In 2014 the marketing activity will focus on the launching of a new “digital offering platform", which is not just website but which includes a genuine “go-to-market” model, i.e. “SIMPLYDEDA.IT”. There are 4 types of solutions that can be promoted through the platform: software packaged by DEDAGROUP or third parties; international hardware and software vendors that are potentially interchangeable, IT managed services and "as a service" infrastructure solutions, services and training with an operational slant.

In order to grasp new growth and differentiation opportunities in the market, new partnerships are being set up with innovative or niche parties and technologies. In the previous financial years collaborations were set up with emerging companies like HUAWEI for data centres (a collaboration which for the time being has not generated the expected results) and QUANTUM. There are agreements in place with DELOITTE CONSULTING Srl, BIP (a management consultancy company specialising in business integration and innovation) and EMC (with regard to the digitalization project of historic manuscripts being carried out in the Vatican).

## Size

✓ *TURNOVER*

DEDAGROUP S.p.A. closed the 2013 financial year with revenues of Euro 83.5 million, with a growth of more than 30% compared to 2012, which is mainly attributable to the incorporation which took place during the course of 2013 of DEDANEXT Srl (2012 revenues of Euro 15.6 million) and SINTECOP S.p.A. (2012 revenues of Euro 3.1 million). However, net of these operations, DEDAGROUP S.p.A. would have experienced a growth anyway, which is quantifiable as circa +2/3%.




At a consolidated level, 2013 closed with a turnover of Euro 191.3 million, highlighting a growth of 62.3% compared to 2012, when total revenues were Euro 117.9 million. This growth is also obtained through the acquisition of DDway Srl at then end of 2012.

As emerges from the diagram, in 2013 the Group achieved 22.79% of the turnover with the "CAST Division" and 27.3% in the "Government Authority" segment (against 25% in 2012), of which 6.1% is attributable to the Trento Government Authority. 20.4% is attributable to the "Banking" area, while the "Fashion" sector made up 8.6% of revenues. Finally, the "Industry" sector accounts for circa13% of revenues.

With regard to the "CAST Division" there has been a reported increase especially in revenues linked to cloud services to customers in 2013 (the customers that have been acquired include ARTONI TRASPORTI); there are also promising forecasts for the ongoing financial year. Specifically DEDAGROUP constructs "private cloud" (infrastructure, software, network and management of services) for a customer who in turn pays an annual fee but is invoiced on a monthly or quarterly basis. The minimum duration of the contract is 3 years with a predefined period for extension. The services provided by DEDAGROUP are "Platform as a service", "Infrastructure as a service" and "Software as a service". These services provide margins of circa 30%.

Looking at the DEDAGROUP margins per business areas it emerges that the margins in the software area amount to circa 15% (with peaks of 42% with regard to the PITECO software treasury and 25% for the "Stealth" product), 25% for integration services and 15% for the "technology and services" area, excluding cloud services (with which the margins for the segment would be circa 20%).

- ✓ *WORKFORCE*

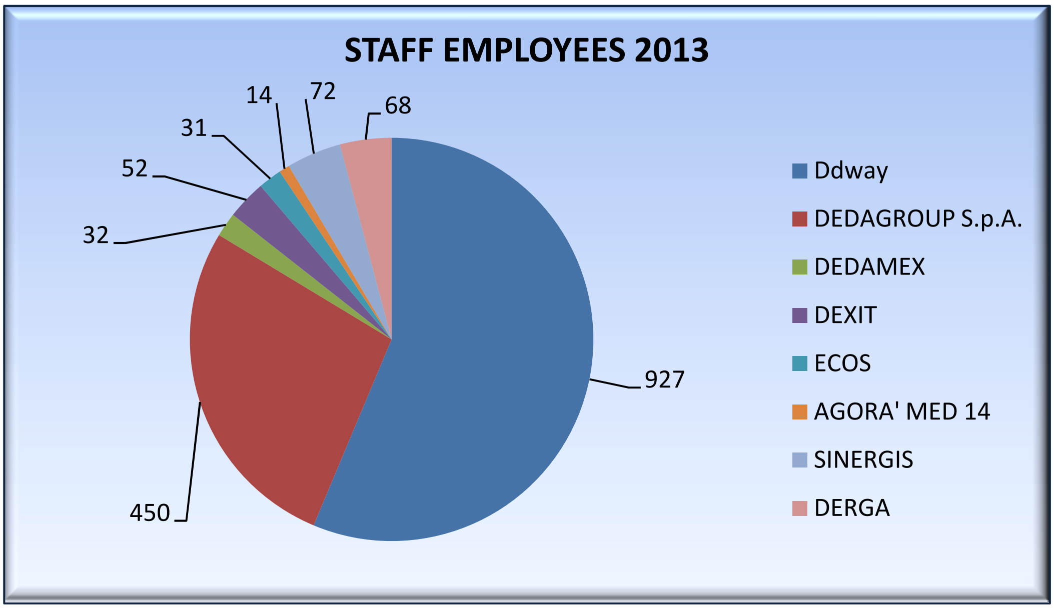
DEDAGROUP S.p.A. currently has a workforce comprising 450 employees, divided between the sales area (39), professional area (354) and "other" (57). The "CAST" division employs 104 staff, divided between 14 managers, 22 assistant managers and 68 white-collar employees. The "Banks" sector has 121 employees, of which 2 managers, 6 assistant managers and 113 white-collar employees. The "Government Authority" division employs 166 staff including 2 managers, 17 assistant managers and 147 white-collar employees. Two members of staff operate in the "Markets" area (a manager and a white-collar employee).

In 2012 the staff costs amounted to Euro 17.8 million, accounting for 29,1% of the "value of production" (a percentage which remained essentially stable in 2013).

The acquisition of DDway required a reorganisation which also affected the workforce which was too large for requirements.

At consolidated level at 31 December 2013 DEDAGROUP employed more than 1,600 units, of which 56% within DDway and 27% in DEDAGROUP S.p.A.

To date, outwith with the consolidation perimeter we have the companies BELTOS with its current level of 17 employees, PITECO with 66 employees and DEDAGROUP FRANCE with 2.



In 2013 more than 100 new professional certifications were obtained (on a total of more than 830) and for the fourth consecutive year the TOP EMPLOYER ITALIA certification was obtained. The continual search for specific know-how has led to the group investing in a new platform, called “SkillA” (as well as on new operating processes) for the management, mapping and development of resources.

The Group has also hired about 100 new collaborators in specific professional areas, with the aim of strengthening in the segment of “high added value” offers and solutions. In fact, a consultancy group was set up in the segment of Governance, Risk and Compliance; the account and project management teams were strengthened in the Italian Banks segment; the DEDAGROUP FRANCE was staffed with sales and presales personnel; finally the specialist delivery teams of the CAST division were also strengthened.

- ✓ *STRUCTURE AND INVESTMENTS*

From an analysis of the financial statement data, relating to the 2012 financial year, for the parent company DEDAGROUP S.p.A. alone there are fixed assets, net of the amortization and depreciation provisions, of Euro 40.6 million, of which circa Euro 4.8 million is for intangible fixed assets, Euro 7.6 million for property, plant and equipment and Euro 28.1 million of fixed financial assets. This represents 49% of overall commitments. Compared to 2011 (when it amounted to a total of Euro 30.5 million), the fixed assets have increased 32.9%.

With regard to the intangible fixed assets there has been an overall decrease of circa Euro 442 thousand, following investments of Euro 2.1 million and amortizations of Euro 2.5 million. The investments made in the financial year include Euro 1 million of capitalised research and development costs sustained for the development and innovation of existing IT systems (development and innovation of “BankUp”, that are multilingual and multi currency for small sized foreign banks, the “Semiramis” project, i.e. the adaptation to the Italian market of the existing international software, new implementations of “Customer Pro” in a mobile and web context). There were also investments of Euro 784 thousand for the purchase of user licences for the software used within the company. The intangible fixed assets also include goodwill of Euro 555 thousand relating to the acquisition of business divisions in 2007 and 2011 (“Innovation Blue” and “Open Source”) and the merger deficit that arose (in 2011) following the incorporation of INTEGRA.

Property plant and equipment (Euro 7.6 million) increased on the whole by circa Euro 2 million, with new investments of Euro 4.9 million (in particular we report the investment, Euro 3.4 million, in hardware equipment that was necessary to sustain the rental and maintenance business), disinvestments of Euro 708 thousand and depreciation of Euro 2.8 million. The group does not own any properties.

Fixed financial assets are Euro 28.1 million, of which shareholdings of Euro 25.1 million (with an increase compared to the previous financial year of more than Euro 8,4 million with the acquisition of the stake in DDway, the increase of the stake in DEXIT, the recapitalization of SINERGIS, the increase in capital in DEDAMEX and the recapitalization in AGORA’ MED). The fixed financial assets also include financial receivables of Euro 3 million (which from the statutory financial statement are instead included amongst current assets). These are tax receivables (reimbursement of IRES), beyond the financial year , of Euro 776 thousand and “prepaid taxes” of Euro 2,2 million.

At the end of 2012, looking just at the financial statement of the parent company, it emerges that there is an insufficient balance between sources and uses. The Shareholders’ Equity can in fact guarantee the coverage of 35% fixed assets; the result is a fixed asset to equity capital margin that is negative by circa Euro 26 million. Not even the contribution of the consolidated liabilities (equal overall to Euro 5.5 million), is able to guarantee the full coverage of this gap. A more correct evaluation of the balance at a structural level, would require the consideration of the entire Group context, and not just the situation of DEDAGROUP S.p.A. At a consolidated level, at the end of the financial year 2013, the Shareholders’ Equity of Euro 12.7 million cannot guarantee the full coverage of the fixed assets; the result is in fact a fixed asset to equity capital margin that is negative by circa 20.4 million, a gap which is nevertheless suitably covered thanks to the contribution of the consolidated liabilities. There is therefore a sufficient structural balance between sources and uses, that will be further strengthened in the future with the contribution of new finances (capital increases and issuing of bonds) that have been made, or will be made, between 2013 and 2014.

## Organisation

Since January 2014 a new organisation of the Group and its main units and companies was defined, favouring the size of the markets and promoting the full empowerment of the individual units on the entire management and operating cycle.

This model has led to the creation of the four “market ” units, governed by prominent individuals from the Group’s Management:

I. Deputy General Manager Banks and Financial Institutions (Roberto ZANETTI), Industrial and Consumer (Gianni SPADA)

II. Deputy General Manager Fashion and Retail (Cosimo SOLIDA)

III. Deputy General Manager Government Authorities (in realtity it comprises different professional figures for the specific aspects for the reference segments General Manager SINERGIS (Gianni CAMISA), Management of Local Government Authorities (Paolo ZANELLA) and Manager of Business Development Government Authorities.

IV. Deputy General Manager International Business (Alessandro POCHER)

These are in turn supported by a Deputy General Manager CAST Cloud Applications and Technological Services (Paolo ANGELINI), that operates across the board in all the Group’s reference markets, with an offer of solutions focusing on business technology.

These market coverage and "front end" customer focused units are also supported by specialist units in terms of know-how and capacity to integrate vertical solutions: Electronic Content Management, Treasury and Cash Planning, SAP solutions, Business & Advanced Analytics, Web Design, Mobile Business Applications & Social Computing.

The governing of the Group’s key processes is entrusted to a team of group staff members, that is split into 5 central departments:

A. HR Management (Giovanni PIROLA)

B. Administration, Finance and Control Management (Marco RAOSS)

C. General Affairs (Renato TOSCANA)

D. Marketing and Communication Management (Mariangela ZILLER)

E. Strategic Planning Management, Project Control and IT Systems (Osvaldo GANDOLFO)

One of the most important interventions that took place in 2013 involved the creation of a new division within DEDAGROUP S.p.A. dedicated to technological solutions, cloud computing and the provision of application solutions in “as-a-service” mode. The new CAST division, which is an acronym of Cloud Applications Services and Technologies is therefore the result of the operational centralisation of the group companies operating in the world of technologies and managed services and the provision of ERP Applications services in an innovative manner.

## Certifications and patents

DEDAGROUP S.p.A. currently has the following certifications:

1. UNI EN ISO 9001:2008 (from IMQ S.p.A.) issued on 31 January 1997 and expiring on 4 March 2016. The processes certified are: design, implementation and supply of integrated IT systems (including HW and SW) for companies, banks and Government Authorities; Design and development of software solutions; Provision of training, technical assistance, system and application services; Maintenance and management in outsourcing mode of IT systems, ASP, Disaster Recovery.

2. ISO 27001:2005 for the Cloud Solutions and Services Division of Località Palazzine 120/F Frazione Gardolo Trento and Data Centre in the registered offices in Via Fersina 23 Trento. The certification was issued on 03.06.2013 and expires on 02.06.2016. The regulation, which is renowned globally, defines the requirements of a system for the management of the security of information. DEDAGROUP CAST guarantees the confidentiality of the information, that is accessible only to authorised parties; the integrity of the information, safeguarding its accuracy and completeness; the availability of the information, that is accessible when requested and/or necessary.

3. PQE (Pharma Quality Europe) Certification in the Pharma segment for the Trento data centre.

4. On 21 March 2014 the NSF was concluded positively which was commissioned by CISCO for the CMSP (Cloud & Managed Services Provider) certification.

As well as CAST/Cloud & Managed Services the following services were also Audited:

- Cloud Sourcing IaaS
- Cloud Sourcing DRaaS

The strengths highlighted are:

- Participation of the team
- Impressive investment in team know-how
- Documentation and Reporting of the systems offered/supplied

- ITAS Cloud Sourcing video which demonstrates a very high level of Customer Engagement
- In-depth economic/financial analyses both from an internal and external (customer) perspective

There follows a list of the other corporate certifications, at a consolidated level:

| Corporate certifications | | |
|---|---|---|
| **Company** | **Type** | **Certification** |
| DDG | EMC | Install, configure and fully deploy and manage the EMC RecoverPoint solution in complex SAN environments |
| DDG | VMWare | VSPP Enterprise |
| DDG | MICROSOFT SPLA | SPLA |
| DDG | VMWare | vCloud Powered |
| DDG | ISO 27001 | - |
| DDWAY | MICROSOFT | Gold Application Development |
| DDWAY | ORACLE | Diamond Partner |
| DDWAY | SAS | Silver partner |
| DDWAY | SAP | Service Partner |
| DDWAY | ESRI | Business Partner |
| DDG | IBM | System Z, System i, System P , Storage, Tivoli TSM |
| DDG | CISCO | Data Center Storage Network Infrastructure, ATP - Unified Computing System |
| DDWAY | MICROSOFT | Silver Data Platform |
| SINERGIS | ESRI | ESRI ITALIA BP SILVER PREMIUM |
| SINERGIS | ESRI | ESRI AMERICA BP SILVER |
| SINERGIS | TOM TOM | TOMTOM Business Partner |
| SINERGIS | - | SAFE SOFTWARE Business Partner; |
| SINERGIS | SCHNEIDER | SCHNEIDER ELECTRIC (TELVENT) Business Partner; Exclusive national distributors, |
| SINERGIS | BLOM | BLOM Business Partner |

DDway Srl has a ISO 9001: 2008 certification that was issued on 01.03.1998 and which expires on 20.11.2015 for the analysis, design, realisation, installation and assistance service of IT solutions, application services, application management, system integration and business process outsourcing. Design and supply of managerial and management consultancy services and supply of professional services and technical assistance in the context of the information technology sector.

## Business sector

The sector in which the company operates, that of IT services and software, continues to undergo a recession because of the lack of investments in new projects by user companies and because of the downgrading of the professional fees applied by suppliers on IT services, while a new IT (Cloud Computing) is emerging from the growing demand of customers who are increasingly aiming to reduce acquisition costs.

The Italian market (sell in) of the software and IT services is valued in 2013 at Euro 11,718 million, a reduction of 0.6% from 2012.

Despite the consistent growth in Cloud Computing, even in 2013 there was a negative trend in the market to an extent that is not too dissimilar to that which occurred in the two previous years. Internal demand for software is satisfied mainly by importing products from American global software corporation. Exports of software and turnover achieved abroad by multinationals in Italy are instead quite limited and around 8% of the total specific turnover.

For 2014 a change of direction is forecast with a slight growth in the market (+0.5%), which will reach the value of Euro 11,780 million, on the back of the development of the cloud computing services and a very slight recovery for software.

The main characteristics which negatively influence the sector demand in the national market are:

- limited innovative investments by user companies
- reduction in spending by consumers
- general liquidity crisis by customer companies

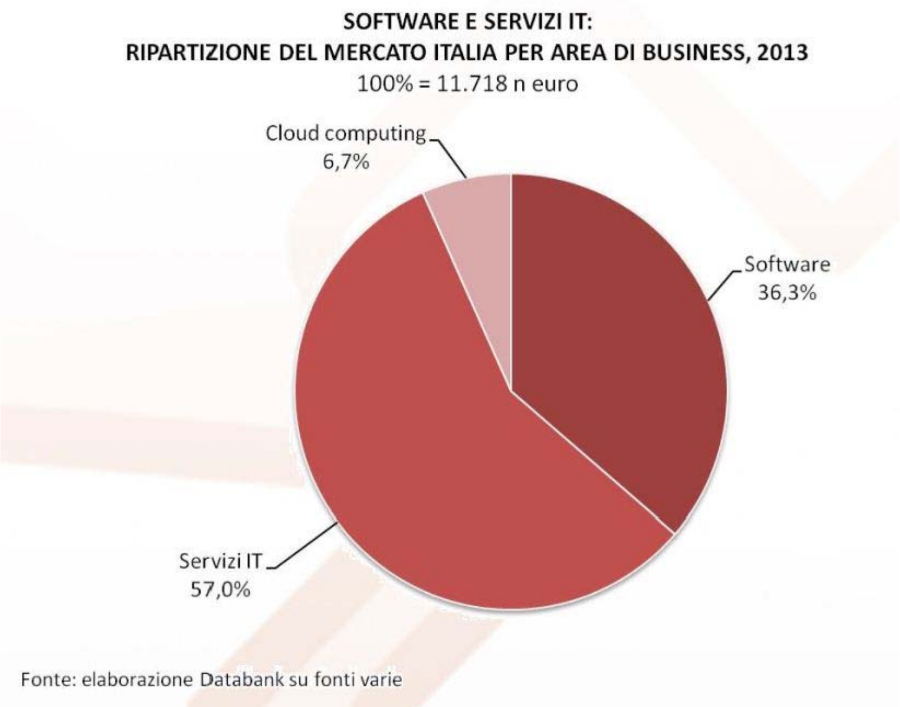
While those that influence it positively are:

- a growing use of cloud computing by user companies
- progressive reduction in professional fees in IT services

The traditional IT market (software and IT services) is continuing its recessionary phase because of a lack of investments in new projects by user companies and because of the down-pricing of professional fees by suppliers for IT services, while a new IT (Cloud Computing) has emerged with interesting growth prospects because of the growing demand of customer companies that are increasingly focused on reducing acquisition costs. With regard to final sectors, the worst trends have been registered with Government Authorities, local entities and health, i.e. those that were most involved in the policies for the reduction of public expenditure. Demand for software and IT services is heavily linked to government policies to incentivise the use of new technologies and their development with companies and consumers. Often companies' investments in IT technologies are facilitated by specific laws. The large business opportunities deriving from the Digital Agenda, promoted by the EU in May 2010 which establishes the objectives to be reached by 2020 for the growth of the EU. The main interventions are to take place in the following sectors: digital identity, PAdigital/Open data, digital education, digital health, digital gap, electronic payments and digital justice.  It would therefore be beneficial for the companies in the sector, to kick-start the Roundtable again on broadband for the infrastructure developments that would promote the development of new services and IT applications for Government Authorities, companies and citizens. The main emerging trends are: Cloud computing (as the collection of technologies that allow all IT resources “infrastructure, platforms and applications” as a service through the web) and social intelligence (i.e. Business Intelligence applied to the world of social networks), which includes instruments such as: web monitoring, sentiment analysis, semantic analysis and social analytics. These are all instruments which function as a support to listen, understand and interact both with existing and prospective customers. This data can then be subsequently integrated from the data coming from traditional marketing channels and the CRM.

In terms of international demand, the global market for software and IT services is valued in 2012 at USD 908 billion and registered a growth of 2.7% compared to 2011 (Source: Assinfrom/Net Consulting). Software had the best performance and with an increase of 3.7% was around the USD 318.8 billion mark thanks to investments in specific areas (security, storage management, management of big data). With an increase of 2.2% IT services have reached USD 589.2 billion thanks to a progressive use by customer companies of cloud services because of the greater complexity of existing IT systems. The most important markets are the United States (more than 39% of the total) and Japan (6.7% of the total). The European market for software and IT services is valued in 2012 at Euro 224.2 billion and increased slightly (+0.3%) compared to 2011. There was a positive trend for software thanks to the middleware component, while IT services fell slightly (-0.2%) because of a reduction in new projects and the erosion of professional fees in certain countries. Germany, United Kingdom and France represent the main markets. Exports of software and turnover achieved abroad by multinationals present in Italy are instead quite limited and represent around 8% of the total specific turnover. The positive performance in 2012 (+8.4% in the sample that was analysed) was a result mainly of the growth in revenues achieved by verse foreign subsidiaries of Italian groups (IT ENGINEERING INGEGNERIA and REPLAY) in the offer of IT services.

With regard to supply for the sector, the number of significant companies present in Italy in Software and IT Services is currently circa 4,200 with a specific employment level of around 80,000 units. The greater presence of operators is to be found within the software and IT services areas, in particular in the offer of application software and in application management.  The number of operators present in the area of cloud computing is still limited but growing rapidly. The sector is characterised by the presence of multinationals (American and European), operating in Italy with their own commercial branches. There is also an important presence of groups with Italian capital that are active in international markets through subsidiaries. The level of concentration is medium. The first four companies-groups had a market share of 35.6% in 2013, which represented a slight increase. The geographical area with the highest concentration is the north of Italy with a presence of circa 57% of the sector’s companies. The fundamental role played by the Lombardy region should also be noted as this is where 25% of the main companies operating in the market are based.




The software segment at a global level is characterised by the dominance of large size companies that are mainly American (Microsoft), except for the German company SAP. However, there is also a sizeable number – but smaller than the number of American companies - of mid-sized Japanese and English companies. The segment of IT services is dominated at a global level by IBM and Accenture, followed by a moderate group of French (ATOS, CAP GEMINI) and English companies. The German market is dominated by the services division of DEUTSCHE TELEKOM AG (T-System), while in 2011 the IT division of Siemens (SIEMENS BUSINESS SYSTEM) was sold to the French company ATOS.

The main distribution channel for software products is direct sale to the end customer, followed by distribution through third parties like: System integrator, VAR - value-added-reseller and independent software suppliers. In relations with clients of larger size, like Government Authorities, banks and large companies direct sales are even more important. Large-scale retailers, large-scale specialist retailers and large IT chains, are the main distribution channels for the consumer segment. The SaaS (Software as a Service) distribution model is consolidating as a new means of distribution, since it is becoming increasingly widespread. Constant reduction in demand and the following budgets for companies means that competitive relations are all the more focused on price but also on the differentiation of products/services. The phenomenon of down-pricing (in particular on professional fees) as a competitive strategy has generated a reduction in revenues and margins for projects that will be difficult to recover in the short-run.

The opportunities for the companies in the sector can be highlighted in terms of:

- growing demand in the medium term
- rapid obsolescence and a resulting need to replace products by companies
- need for IT instruments to optimise and contain companies’ costs
- high-level differentiation for products and services
- support for investments in innovative goods and service by companies and in particular small and medium-sized enterprises

The threats for the companies in the sector can be summarised as follows:

- continuation of the economic crisis which involves all sectors
- stagnation of household consumption
- reduction in IT budgets for the professional segment (banks, tlc, etc)
- increasing competition
- continual reduction of the hardware market
- phenomenon of down-pricing in IT fees

Informazioni

# Profilo economico-finanziario

## Bilancio riclassificato

| ECONOMIC-FINANCIAL INFORMATION<br>*Notes: only the balance sheets with a comparable reclassification are given*<br>*AMOUNTS EXPRESSED IN THOUSANS OF EUROS* | | | | | | |
|---|---|---|---|---|---|---|
| | | | | 2012 on production | | |
| Profit and Loss Account | **31/12/2010** | **31/12/2011** | **31/12/2012** | **subject (%)** | **sector (%)** | **2012/2011 (%)** |
| **Turnover** | **65.101** | **69.799** | **61.002** | **99,73%** | **99,45%** | **-12,60%** |
| + Variation stocks of products under processing and semi finished | 0 | 0 | 0 | 0,00% | 0,04% | n.c. |
| + Increase assets for internal job | 1.507 | 1.419 | 0 | 0,00% | 0,28% | -100,00% |
| + Contribution for the year | 352 | 446 | 163 | 0,27% | 0,22% | -63,45% |
| **= Production** | **66.960** | **71.664** | **61.165** | **100,00%** | **100,00%** | **-14,65%** |
| - Purchases | 37.193 | 37.304 | 25.972 | 42,46% | 6,85% | -30,38% |
| + Variation raw materials | 283 | -676 | 1.100 | 1,80% | -0,09% | n.c. |
| - Costs for services and thirdparties goods | 11.357 | 12.136 | 14.530 | 23,76% | 48,13% | 19,73% |
| **= Added Value** | **18.693** | **21.548** | **21.763** | **35,58%** | **44,93%** | **1,00%** |
| - Staff costs | 17.205 | 18.454 | 17.824 | 29,14% | 36,48% | -3,41% |
| **= EBITDA** | **1.488** | **3.094** | **3.939** | **6,44%** | **8,44%** | **27,31%** |
| - Depreciations tangible assets | 2.299 | 2.696 | 2.838 | 4,64% | 1,59% | 5,27% |
| - Operative provisions | 84 | 275 | 0 | 0,00% | 0,79% | -100,00% |
| - Provisions on intangible assets | 2.255 | 2.449 | 2.502 | 4,09% | 3,65% | 2,16% |
| + Result other income/expenses | 1.335 | 503 | 1.494 | 2,44% | 2,35% | 197,02% |
| **= Operative result (EBIT)** | **-1.815** | **-1.823** | **93** | **0,15%** | **4.76%** | **n.c.** |
| **Financial result** | **5.026** | **4.782** | **-565** | **-0,92%** | **0,33%** | **n.c.** |
| + Net financial income | 5.615 | 5.826 | 517 | 0,85% | 0,62% | -91,13% |
| - financial expenses | 589 | 1.044 | 1.082 | 1,77% | 0,95% | 3,64% |
| **= Result of the year** | **3.211** | **2.959** | **-472** | **-0,77%** | **4,43%** | **n.c.** |
| - Adjustment financial activities | -1.300 | -1.118 | -869 | -1,42% | -0,70% | n.c. |
| + Result extraordinary activities | -175 | -1.098 | 213 | 0,35% | -0,13% | n.c. |
| **= Result before taxes** | **1.736** | **743** | **-1.128** | **-1,84%** | **3,59%** | **n.c.** |
| - Taxes | -101 | -373 | 56 | 0,09% | 2,24% | n.c. |
| **= Net result** | **1.837** | **1.116** | **-1.184** | **-1,94%** | **1,35%** | **n.c.** |
| + Other items | 0 | 0 | 0 | 0,00% | n.c. | n.c. |
| **= Profit / Loss of the year** | **1.837** | **1.116** | **-1.184** | **-1,94%** | **1,35%** | **n.c.** |
| **Cash flow** | **7.366** | **6.878** | **3.402** | **5,56%** | **13,44%** | **-50,54%** |

| ECONOMIC-FINANCIAL INFORMATION<br>*Notes: only the balance sheets with a comparable reclassification are given*<br>*AMOUNTS EXPRESSED IN THOUSANS OF EUROS* | | | | | | |
|---|---|---|---|---|---|---|
| | | | | 2012 on assets | | |
| **ASSETS** | **31/12/2010** | **31/12/2011** | **31/12/2012** | **subject (%)** | **sector (%)** | **2012/2011 (%)** |
| **Assets** | **67.020** | **70.517** | **82.806** | **100,00%** | **100,00%** | **17,43%** |
| **Fixed assets** | **34.307** | **30.510** | **40.552** | **48,97%** | **35,23%** | **32,91%** |
| Intangible Assets | 5.229 | 5.283 | 4.842 | 5,85% | 15,45% | -8,35% |
| Tangible Assets | 6.783 | 5.626 | 7.617 | 9,20% | 8,21% | 35,39% |
| Financial Assets | 22.295 | 19.601 | 28.093 | 33,93% | 11,57% | 43,32% |
| **Current Assets** | **32.713** | **40.007** | **42.254** | **51,03%** | **64,77%** | **5,62%** |
| Stocks | 2.585 | 2.615 | 3.767 | 4,55% | 3,48% | 44,05% |
| Receivables | 23.979 | 32.674 | 29.971 | 36,19% | 44,24% | -8,27% |
| Other short-term assets | 5.995 | 4.710 | 8.425 | 10,17% | 10,30% | 78,87% |
| Liquidity | 154 | 8 | 91 | 0,11% | 6,75% | 1037,50% |
| | | | | 2012 on liabilities | | |
| **LIABILITIES** | **31/12/2010** | **31/12/2011** | **31/12/2012** | **subject (%)** | **sector (%)** | **2012/2011 (%)** |
| **Liabilities** | **67.020** | **70.517** | **82.806** | **100,00%** | **100,00%** | **100,00%** |
| **Shareholders' funds** | **14.484** | **15.672** | **14.488** | **17,50%** | **29,19%** | **17,50%** |
| Share capital | 962 | 962 | 962 | 1,16% | 9,36% | 1,16% |
| Other reserves | 11.685 | 13.594 | 14.710 | 17,76% | 19,20% | 17,76% |
| Profit / loss previous years | 1.837 | 1.116 | -1.184 | -1,43% | 0,62% | -1,43% |
| **Consolidated funds and debts** | **7.639** | **6.610** | **5.549** | **6,70%** | **17,19%** | **6,70%** |
| M/L debts towards banks | 3.733 | 3.180 | 2.225 | 2,69% | 4,31% | 2,69% |
| M/L funds and other debts | 3.906 | 3.430 | 3.324 | 4,01% | 12,88% | 4,01% |
| **Short-term liabilities** | **44.897** | **48.235** | **62.769** | **75,80%** | **53,62%** | **75,80%** |
| Short-term debts towards banks | 11.470 | 13.194 | 15.418 | 18,62% | 7,90% | 18,62% |
| Debts towards suppliers | 21.280 | 21.876 | 20.262 | 24,47% | 26,52% | 24,47% |
| Other liabilities | 12.147 | 13.165 | 27.089 | 32,71% | 19,20% | 32,71% |

| ECONOMIC – FINANCIAL RATIOS | | | | |
|---|---|---|---|---|
| | 31/12/2010 | 31/12/2011 | 31/12/2012 | Sector 2012 |
| **Development ratios** | | | | |
| Variation % turnover | n.c. | 7,20 | -12,60 | 1,54 |
| Variation % production | n.c. | 7,00 | n.c. | 1,56 |
| Variation % added value | n.c. | 15,30 | -1,00 | 1,03 |
| Variation % assets | n.c. | 5,20 | 17,30 | 2,69 |
| Variation % shareholders' funds | n.c. | 8,20 | -7,60 | 5,13 |
| **Profitability ratios** | | | | |
| R.O.S. (%) | 5,84 | 5,74 | 1,00 | 5,41 |
| R.O.I. (%) | 7,10 | 6,10 | -0,70 | 4,84 |
| R.O.E. (%) | 12,70 | 7,40 | -7,90 | 4,60 |
| Cash flow / assets (%) | 11,00 | 10,00 | 4,40 | 6,38 |
| Turnover (revenues / assets) | n.c. | 1,01 | 0,80 | 1,00 |
| Financial costs / revenues (%) | 0,90 | 1,50 | 1,77 | 0,96 |
| **Productivity ratios** | | | | |
| Revenues for employee (€/000) | 187,1 | 207,7 | 178,4 | 146,80 |
| Added value for employee (€/000) | 53,7 | 64,1 | 63,6 | 66,32 |
| Staff cost for employee (€/000) | 49,4 | 54,9 | 52,1 | 53,85 |
| **Cash flow management** | | | | |
| Current ratio (%) | 72,9 | 82,,9 | 67,3 | 120,80 |
| Acid test (%) | 67,1 | 77,5 | 61,3 | 116,27 |
| Average days of stock | n.c. | n.c. | 16,9 | 12,44 |
| Days of customers credit | n.c. | n.c. | 186,2 | 158,83 |
| Days of suppliers credit | n.c. | n.c. | 187,3 | 169,34 |
| Net working capital (€/000) | -12.284 | -8228 | -20515 | n.c. |
| **Financial structure** | | | | |
| Margin of treasury (€/000) | -14.769 | -10.843 | -24.282 | n.d. |
| Margin of structure (€/000) | -19.823 | -14.838 | -26.064 | n.d. |
| Debt ratio | 3,36 | 3,28 | 4,49 | 2,08 |
| Tangible shareholders' funds / total financial debts (%) | 73,50 | 74,10 | 44,00 | 162,32 |
| Short-term debts on production | 0,67 | 0,67 | 1,03 | 0,54 |

| FINANCIAL RESULTS | | | |
|---|---|---|---|
| | **31/12/2010** | **31/12/2011** | **31/12/2012** |
| Net self-financing | 0 | 6.533 | 3.931 |
| - Variation working capital | 0 | 2.932 | -2443 |
| **= NET RESULT OF THE YEAR (A)** | **0** | **3.621** | **6.374** |
| - Tangible and intangible net investments | 0 | -4.057 | -5.624 |
| - Net investments on financial assets | 0 | -1.143 | -8.976 |
| **= NET FLOWS FROM INVESTMENT ACTIVITIES (B)** | **0** | **5.200** | **14.600** |
| **NET FINANCIAL RESULT (C = A - B)** | **0** | **-1.579** | **-8.226** |
| + Net capital increases | 0 | 0 | 0 |
| + Variation M/L financial debts | 0 | -553 | -924 |
| + Variation bt financial debts | 0 | 1.986 | 12.193 |
| **= NET FLOWS FROM FINANCIAL ACTIVITIES (D)** | **0** | **1.433** | **11.269** |
| **VARIATION OF LIQUIDITY (C+D)** | **0** | **-146** | **3.043** |

# Consolidated financial statements

✓ Consolidated economic-financial information at 31/12/2013

| ECONOMIC-FINANCIAL INFORMATION | | | | | |
|---|---|---|---|---|---|
| **Profit and loss account** | **31/12/2012** | **% su ricavi** | **31/12/2013** | **% on revenue** | **2013/2012 (%)** |
| **TOTAL REVENUE** | **117.884** | **100,00%** | **191.346** | **100,00%** | **62,32%** |
| **MOL (EBITDA)** | **8.623** | **7,31%** | **17.089** | **8,93%** | **98,18%** |
| - Deprecetation and amortization | 7.599 | 6,45% | 9.258 | 4,84% | 21,83% |
| **EBIT** | **1.024** | **0,87%** | **7.831** | **4,09%** | **664,75%** |
| - Financial income and charges | -1.238 | -1,07% | -724 | -0,38% | -42,49% |
| - Extraordinary income and charges | -267 | -0,23% | -15.916 | -8,16% | 5746,07% |
| **PROFIT BEFORE TAXES** | **-481** | **-0,41%** | **-8.809** | **-4,60%** | **1727,59%** |
| - Taxes | 1.140 | 0,97% | -4.866 | -2,54% | -526,84% |
| **PROFIT/LOSS** | **-1.621** | **-1,38%** | **-3.943** | **-2,06%** | **143,24%** |

✓ Consolidated economic-financial information at 31/12/2013

| ECONOMIC-FINANCIAL INFORMATION | | | | | |
|---|---|---|---|---|---|
| **Assets** | **31/12/2012** | **% on assets** | **31/12/2013** | **% on assets** | **2013/2012 (%)** |
| **FIXED ASSETS** | **28.208** | **19,99%** | **32.998** | **24,90%** | **16,98%** |
| Intangible Assets | 13.476 | 9,55% | 16.426 | 12,39% | 21,89% |
| Tangible Assets | 9.733 | 6,90% | 8.622 | 6,51% | -11,41% |
| Financial Assets | 4.999 | 3,54% | 7.950 | 6,00% | 59,03% |
| **CURRENT ASSETS** | **112.912** | **80,01%** | **99.546** | **75,10%** | **-11,84%** |
| Stocks | 6.505 | 4,61% | 15.449 | 11,66% | 137,49% |
| Receivables | 95.957 | 68,00% | 80.934 | 61,06% | -15,66% |
| Liquidity | 7.744 | 5,49% | 1.334 | 1,01% | -82,77% |
| Prepayments and accrued income | 2.706 | 1,92% | 1.829 | 1,38% | -32,41% |
| **TOTAL ASSETS** | **141.120** | **100,00%** | **132.544** | **100,00%** | **-6,08%** |

| ECONOMIC-FINANCIAL INFORMATION | | | | | |
|---|---|---|---|---|---|
| **Liabilities** | **31/12/2012** | **% sul totale passivo** | **31/12/2013** | **% sul totale passivo** | **2013/2012 (%)** |
| Shareholders' funds | 9.452 | 6,70% | 13.135 | 9,91% | 38,97% |
| Funds | 25.491 | 18,06% | 17.035 | 12,85% | -33,17% |
| TFR | 16.270 | 11,53% | 15.209 | 11,47% | -6,52% |
| Bonds and financial debts | 21.555 | 15,27% | 21.244 | 16,03% | -1,44% |
| Debts towards suppliers | 35.463 | 25,13% | 39.520 | 29,82% | 11,44% |
| Other debts | 25.945 | 18,39% | 21.943 | 16,56% | -15,42% |
| Prepayments and accrued income | 6.944 | 4,92% | 4.458 | 3,36% | -35,80% |
| **TOTAL LIABILITIES** | **141.120** | **100,00%** | **132.544** | **100,00%** | **-6,08%** |

## Amendments/adjustments of economic financial and balance sheet results

As stressed repeatedly, 2013 was not a particularly easy year for DEDAGROUP, as it was characterised by significant efforts by the management and the company organisation on the whole to promote the integration and consolidation of DDway - which was acquired at the end of the 2012 financial year - within the Group context. Despite this DEDAGROUP was able to consolidate its presence in the reference markets and thus achieve a significant growth in turnover (the financial year was closed with revenues of Euro 191.3 million, i.e. a growth of 62.3% per to the previous financial year); it should also be noted that, even with the same perimeter the group would have enjoyed an improvement in its turnover, that can be quantified in the region of +5%. The other hand to thousand and 13 was characterised by income margins that were not completely in line with the expectations and ambitions of DEDAGROUP (even though the extraordinary costs relating to the restructuring process of DDway were covered entirely thanks to the use of reserves that had been previously set up, the financial year closed with a significant net loss of Euro 3.9 million); in particular should be noticed that that reduction registered in terms of gross margins by the parent company, a fact which is in any case should attributable to causes that are considered non-recurring which should not therefore repeat themselves during the course of the 2014 financial year and thus facilitate a significant recovery in terms of margins. It should also be noted that during the course of 2013 the company intensified its efforts in the progressive internationalisation of its business in order to better exploit the opportunities offered by international markets (in this regard it is worth considering the consolidation of its position in Mexico as well as the first approaches towards the American banking market and the French market, especially in terms of the “fashion and retail” segment).

In many respects 2014 will be seen as a “year zero” for DEDAGROUP, i.e. a financial year in which the group can commence to reap the rewards of the significant investments it is made in recent years. Despite the continuation of an economic context for the sector which is certainly not favourable the company expects for the next three-year period 2014/2016 a significant growth in turnover and a corresponding improvement in margins which should allow it, directly as of 2014, to close the year with a net positive result. It should be noted how at least in part both the increase in turnover and improvement in income margins can be explained by the consolidation of the result of PITECO, a company in which DEDAGROUP S.p.A. will increase its shareholding during the course of 2014, characterised in 2013 by revenues of circa Euro 11 million and margins which I will always been particularly satisfactory. In more detail DEDAGROUP expects to grow in all the various economic sectors within which it operates.

From a financial perspective investments that have been made will inevitably lead to a worsening of the indebtedness.

In this regard, the owners have decided to support the company’s process of growth and development especially through a major increase in equity. During the course of 2013 first increase in capital was made, that was entirely subscribed and paid up between the end of 2013 and January 2014, which provided for the coffers of DEDAGROUP new equity totalling Euro 7 million (with a part attributable to the value of the new shares issued and a part relating to the “share premium” for these shares); the increase was in part used to provide coverage for the losses generated for the two year period 2012/2013 and in part fed in to the shareholders equity. During the course of the first semester of 2014 a new increase in capital was authorised unsubscribed totalling Euro 6 million.

Alongside the introduction of new equity, the management has decided to resort, during the course of 2014, to new alternative sources of financing: more specifically three distinct bond loans will be issued.

On the whole we shall see, at least during the course of 2014 and 2015, a worsening of the net financial position (including on the basis of the expected increase for the consolidation within the group of PITECO. The overall indebtedness will in any case remain within the control thresholds, i.e. will be sustainable without excessive repercussions for DEDAGROUP.

# Valuations

Valuations

## Grading

*The grading expresses a valuation on the individual analysis areas, the combined effect of which is expressed in the value of the Cerved Group Score.*

### Analyst Valuation

*It express in a summary form the opinion of the Cerved Group analyst on the overall situation for the company.*

- Positive
- Some criticalities
- Negative
- Very negative

### Economic-Financial situation

*Evaluates the reliability connected with the economic and financial situation of a company on the basis of the financial statement, placed within its current and prospective reference system*.

- High security
- Security
- High solvency
- Solvency
- Moderate Solvency
- Low solvency
- Moderate risk
- Risk
- High risk
- Very high risk

### Negative events

*Evaluates the importance of negative events noted for companies and connected entities.*

- Absent
- Minimal
- Limited
- Serious
- *Very serious*

### Payment times

Expresses the promptness of the company’s payments towards its suppliers based on the Payline system.

- Standard
- Mainly standard
- Protracted
- Delays
- Significant delays

### Risk connected to the number of consultations

*Evaluates the degree of risk in relation to the requests for information made to Cerved Group weighted on the basis of the nature of the company and its sector.*

- Lack of signs of risk
- Weak signs of risk
- Signs of risk

### Structural profile

*Evaluates the reliability connected to the company details, sector and size on the basis of the official information available within the Company Registry.*

- Lack of signs of risk
- Potential signs of risk

Valuations

# Qualitative Analysis and Rationales

| | |
|---|---|
| **Sector: 5** | The company operates in a sector that has some risk elements. When viewed as a whole the situation in the sector has some negative elements: demand trends, external factors, level of competition make it a context that is not easy for companies to operate in. |
| **DEMAND PROSPECTS FOR THE SECTOR**<br>4<br>**4:** Modest growth prospects | DEDAGROUP operates in a sector characterised by a demand that is affected by a prolonged crisis in investments by companies in the IT sector. A modest recovery is expected as of 2014 on the back of an economic recovery and a restarting of the cycle of investments by the Italian economic system. |
| **LEVEL OF PRODUCT DIFFERENTIATION**<br>3<br>**3:** Quite high. There are relevant variables other than price. | The company operates in a sector characterised by an offer of products and services that is increasingly specialised to the requirements of customer. Price has a significant bearing for the Hardware market. |
| **CYCLICITY OF DEMAND**<br>6<br>**6: Cyclical sector**. | From an analysis of demand trends for the sector a certain level of cyclicity emerges, that is strongly linked to the general performance of the economy as well as public an private investments |
| **PRODUCT LIFE CYCLE**<br>5<br>**5:** Sector with prospects of slight increase in demand. | The degree of saturation of the activities carried out by the company varies on the basis of the different business lines in which it operates . Against a fall in demand in the Hardware market, there are interesting growth prospects in the Cloud Computing segment. |
| **VULNERABILITY OF THE SECTOR**<br>5<br>**5:** When viewed as a whole the relevant variable are not very positive. | While on the whole the sector has some criticalities (economic stagnation, crisis in investments, etc,), the companies appears to be able to offset these problems through a high level of specialisation it has acquired over time in the market segments in which it operates. |
| **LEVEL OF COMPETITION WITHIN THE SECTOR**<br>7<br>**7:** High intensity of competition. | The company operates in a sector characterised by a competitive based mainly on price and on the differentiation of the products/services offered. The crisis in demand has accentuated the phenomenon of La down-pricing of professional fees. |
| **CONTEXT OF THE COMPETITION**<br>4<br>**4:** Mainly national. | The company operates almost exclusively at a national level. However an intense strategy of internationalisation is underway: in 2014 the share of the export business should reach 5% of total turnover, while for the next years sales abroad, against a consolidated turnover of Euro 300 million, should rise by 10%. |

**NEGOTIATION CAPACITY**

5

**5:** The companies in the sector generally have a marginal bargaining power with suppliers and/or customers.

Bargaining power with suppliers is low with multinationals because of the strong upstream integration of their production processes, low with a small number of national producers. In a context of falling demand the bargaining power of customers has increased.

**OVERALL ENVIRONMENT**

5

**5:** Slightly unfavourable. There are slightly negative external elements.

On the whole, the environment the company operates in is characterised by various unfavourable external factors: prolonged reduction in demand, high competitive pressure and constant need for infrastructure investments.

## Positioning: 2

The company has a very good position in the market accompanies by significant strengths.

**COMPETITIVE POSITIONING**

2

**2:** Company with good positioning in the market.

The company has a good positioning in the sector in which it operates, thanks to the offer of proprietary software solutions in the different business areas with niche products: e.g. PITECO is the leader in Italy in the segment of industrial treasury.

**COMPETITIVE ADVANTAGE**

2

**2:** High and defendable competitive advantages

The large and diversified product/services portfolio on offer along with the quality of this has allowed the company to set itself apart significantly within the reference market.

**QUALITY OF THE PRODUCTION FACTORS**

1

**1:** The company has quality certifications à.

The company is certified according to regulations ISO 9001: 2008, ISO 27001: 2005 (for the CAST division) and PQE (Pharma Quality Europe) in the Pharma segment for the data centre in Trento. On 21 March 2014 the NSF audit commissioned by Cisco was successfully completed for the per CMSP (Cloud & Managed Services Provider) certification.

**PRODUCTION DIVERSIFICATION**

2

**2:** Good diversification strategy.

The company has adopted diversification strategies compared to its competitors, based on the offer of industrial assets in different markets and an integrated supply chain of solutions that have allowed it to consolidate its customer portfolio.

**SIZE OF THE COMPANY**

4

**4:** Suitable company size

The company is characterised by a size that allows it to structure its product offer in a manner that corresponds to market expectations.

## Proprietà: 4

We do not report any problems deriving from the ownership of the company.

### OWNERSHIP OF SHARE

Company linked mainly to members of the PODINI family, who are present in numerous diversified entrepreneurial ventures: high level of management skills shown over the years i.

**4:** Absence of problems deriving from the ownership of the shares.

## History: 4

The company has a good history.

### PAST HISTORY OF THE COMPANY

The company has a positive experience in the sector and is led by management with proven managerial and entrepreneurial skills.

**3:** The company has a positive experience in the sector.

## Eco-Fin Analysis: 4

Company characterised by equity structures that are on the whole solid and balanced financial conditions; on the whole it has good income generating capacities and an ability to honour commitments although there is a degree of sensitivity to macroeconomic changes.

### FINANCIAL MARKETS

The company has a good capacity to access credit and has ample credit facilities with financial institutions, deriving from its current positive income and financial situation.

**4:** Satisfactory capacity to access financial markets

### ECONOMIC AND FINANCIAL VALUATION

The company is characterised by an income and financial profile that is sufficiently solid which guarantees a fair capacity to face financial commitments that have been undertaken.

**2:** Solvency

## Quality of financial statements: 2

The company has a certified financial statement. We have no remarks to report. The information abundant and complete and prudential criteria has been used in the preparation of the financial statement.

**AUDITORS**

The auditing of the accounts was entrusted to the Board of Statutory Auditors, that therefore are responsible for all the supervisory and controlling functions on accounts.

2

**2:** No significant objections by the auditors.

**VALUATION CRITERIA FOR THE FINANCIAL STATEMENT**

The company uses criteria for the preparation of the financial statement that are inspired by prudential principles.

2

**2:** The company uses valuation criteria that is prudential.

**COMMUNICATION**

The company is characterised by a more than suitable level of transparency in the preparation of its financial statements and in communications to the market.

2

**2:** Excellent level of information: ample, transparent, prompt and credible .

*The Cerved Rating Agency rating is an opinion on credit worthiness that expresses in a summary form the capacity to make reimbursements or the probability of insolvency of the party being evaluated.*

*Cerved Rating Agency issues solicited ratings, i.e. evaluations on the credit reliability that have been asked for directly by the party being analysed. The rating that is issued is subject to continual monitoring until the specified expiry date. Up to said date Cerved Rating Agency guarantees the updating of the official and proprietary information relating to the evaluated company and, where possible, immediate notification to the customer of any change in the rating that is assigned to.*

*The Cerved Rating Agency rating does not represent investment advice or a form of financial consultancy; it is not equivalent to a recommendation for the sale and purchase of securities or for holding specific investments, not does it provide details relating to the opportunities for an investor to make a given investment.*