

RATING PUBBLICO

DEDAGROUP S.p.A.

Date of first rating issuing: 4th April 2014

Date of rating re-issuing: 28th June 2015

Chief analyst: Tiziano CAIMI

Support analyst: Milena MIRANDA

President of the Rating Committee: Cristina ZUDDAS

DEDAGROUP Società per Azioni

Località Palazzine, 120 - Gardolo
38121 Trento (TN)

Report Analitico Rating

RATING	3
RATING AND PROBABILITY OF INSOLVENCY	3
OVERALL JUDGMENT	4
POINTS OF STRENGTH	7
POINTS OF WEAKNESS AND FACTORS OF RISK	8
RISK ANALYSIS	9
FUTURE TREND	11
SCENARIOS	13
RATING FACTORS	14
TREND	14
NEGATIVE DATA	17
SECTOR AND COMPETITIVE CONTEXT	18
COMPETITIVE POSITION	22
QUALITY OF CUSTOMER PORTFOLIO	25
LEVEL OF CUSTOMER CONCENTRATION	27
ECONOMIC-FINANCIAL EVALUATION	28
INCOME AND FINANCIAL SITUATION	29
SHORT-TERM CREDIT RELATIONS	32
QUALITY OF MANAGEMENT	33
INFORMATION	34
COMPANY PROFILE	34
ECONOMIC-FINANCIAL PROFILE	48

Rating

Rating

Rating and probability of insolvency

The rating is an opinion on the ability of a subject to meet its engagements and is based on objective elements matched with subjective evaluations expressed by a rating analyst. Cerved Group issues long-term ratings giving judgments on the reliability of the debtor that are not linked with technical debt structure.

Rating and probability of insolvency

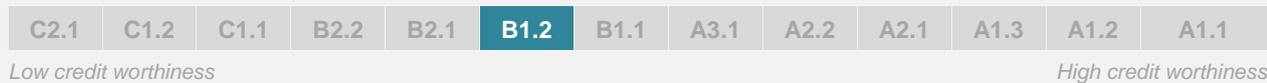
It is the evaluation on the ability of an economic subject to meet its financial engagements within the agreed terms.

Rating:

Good credit worthiness (B1.2)

Enterprise characterized by a suitable ability to meet its financial engagements. Credit risk is relatively limited.

Subject



Rating

Overall judgment

DEDAGROUP has been active for more than thirty years in the IT sector and has been able to progressively widen its competences and geographical presence through a constant growth regarding internal and external lines (that is to say through strategic mergers and acquisitions of other enterprises of the sector that were often complementary as far as know-how and market shares are concerned). Actually, its origins go back to DATOR Srl and DELTA INFORMATICA S.p.A. established in the early '80s and mainly active at regional level (Trentino Alto Adige). An important change took place in 2000, when family PODINI, already successively active in the sector of retail trade, decided to widen their business taking over DATOR Srl and DELTA INFORMATICA S.p.A. that were merged during 2001 in order to establish DEDAGROUP.

Through the control of SEQUENZA S.p.A., DEDAGROUP is par of LILLO (owned by the PODINIS and active on the market with the trade name "MD DISCOUNT"), an industrial group which has been active as a retailer for many years and which has been able to reach remarkable turnover levels, together with satisfying margins and profits, as well as a high level of shareholders' funds and a solid financial structure.

Starting from 2008, also thanks to the new company management, DEDAGROUP began a new course and implemented a new process that brought it to be one of the first ten players (of Italian capital) in the national IT sector. Over the years it has managed to establish well-oiled business relations with a wide range of customers through the development of tailor-made software solutions (a real competitive advantage against its main competitors). Nowadays, the Group is specialized in the production of software for Banks, central and local Public Institutions, enterprises working in the sector of fashion and to keep under control the liquidity level of public and private companies; it also offers widespread software used by industrial companies to carry out and control their "core processes". DEDAGROUP has a customer portfolio including more than 250 Banks, insurances and financial institutions, about 1,400 Public Institutions, more than 180 enterprises of the fashion sector (all the most important names of the National fashion, such as: GUCCI, PRADA, VERSACE, DOLCE & GABBANA) and more than 1,800 first-rate industrial and commercial companies (FIAT, FERRARI, DOMPE' FARMACEUTICI, FERRERO, LAVAZZA, etc.).

Even if the economic context of its sector is still unfavourable (the general economic crisis striking the whole Italian production system caused a reduction of the investments in new technologies and also in the IT sector), DEDAGROUP registered a growing trend also in 2014 which was developed thanks to far-reaching strategies developed by its management in order to implement all the investments and necessary choices to become a more and more important player in its sector of activity. Over these last few years the subject has paved the way to ensure a structural and business growth following the logic that dimensions do count within such a competitive market; particularly remarkable are the efforts carried out to buy companies that could bring added value not only in terms of higher turnover, but also of higher margins and profit as well as market niches (among them DDWay, a previous branch of the multinational company CSC, and the investments carried out in order to further develop PITECO, which since 2008 was already partially owned by DEDAGROUP, an undisputable leader in the sector of software for treasury). The subject also implemented a very aggressive process of internationalization of its business,

as it is convinced that many foreign markets could offer interesting business opportunities even if at first sight they could appear not so alluring. Following this policy, it established a subsidiary in Mexico - DEDAMEX, through which DEDAGROUP is successfully exporting its Bank software "BankUp" to small Mexican credit institutions; thanks to a tailor-made strategy, the subject would like to sell the same product also to the US market of Credit Unions (through its subsidiary DEDAGROUP NORTH AMERICA and the purchase, in early 2015, of the American company EPL), the establishment of commercial offices and agreements and joint venture (DERGA MIDDLE EAST) with local players, which are necessary to penetrate some foreign markets (such as France and Pakistan, above all as far as the fashion sector is concerned, and the Arabian peninsula as far as the diffusion of SAP applications is concerned). Moreover, a model of federative business was implemented and it is based on competence and specialisation in order to ensure its customers a wider and wider range of products with added value, as well as to increase the efficiency of its operative structure with a following cost reduction and margin increase.

At consolidated level, 2014 was closed with a turnover as high as 193.6 million Euros, increased by about 13% compared to the previous year. The carried-out actions aimed at improving operative efficiency also gave the chance to obtain better margins; EBITDA was in fact as high as 12.5 million Euros and the gross margin was, in turn, around 6.3%, that is to say that it increased by 5% compared to the previous year. Net profit amounted to 190,000 Euros, which is a positive result highlighting a strong trend reversal compared to the losses of the last two years. Even if data are slightly lower than the forecast of their Business Plan, they confirm that the development path followed by the Group is the right way to reach an ongoing increase of its actions (both in terms of competences and offered solutions, and in terms of reached markets and geographical areas), moreover they can also maximize profits through a constant cost reduction.

In the near future, DEDAGROUP is keen on investing on two main development enhancers. The first one is focused on a wider and wider use of integrated solutions on a remarkable number of customers to push cross-selling and up-selling, as contained in the Industrial Plan; the main goal is to back up an "application" presence with an offer of technological services or "digital business". The other one calls for a constant development of its International business, wholly exploiting background activities and the analysis of foreign markets begun in 2013 and even before; the choice to make use of software that are able to be tracked in several Countries, but also to compete with the best solutions available on international markets, already gives DEDAGROUP the possibility to boast its own solutions in more than 40 Countries all over the world (suffice it to think about software STEALTH and BankUp software, the solution of "Tresyrery and Cash Management" offered by PITECO, the "FlexCMP" solution bought with IDEA FUTURA). The openly declared goal of the management is to reach, already in 2015, an export share as high as 15% of the total revenues of the Group (thus getting closer to the target of the Industrial Plan which provides for 20% of revenues from foreign operations and customers in some years). Moreover, big efforts will be done in the sectors of marketing and communication, mainly in order to strengthen and diffuse the brand (not through traditional channels but in ways that make the most of the ability of the enterprise to "do" and to "generate results" for its customers). Last but not least, a particular attention will be given to the development of a particular work environment, full of resources able to develop and share new competences and also strongly motivated to reach the best goal for the enterprise.

The development process experienced by DEDAGROUP over the last few years brought to a remarkable growth of the Invested Capital, from 11.3 million Euro in late 2012 to 62.9 million Euro of late 2014. The need to support the substantial investment plan made it necessary to find new sources of financing. The shareholders haven't miss any opportunity to finance the structural growth through shareholders' funds. Already in late 2013 the share capital was increase by 7 million Euros (both through nominal value of the new issued shares and their surcharge). In the first months of 2014 another capital increase of more than 5 million Euros took place. During 2014 DEDAGROUP implemented the issuing of five debenture loans (one of them, wholly subscribed for 5 million Euros, is convertible), for a total amount of about 22.2 million Euros; it has to be noted that the use of these "alternative" sources of financing gave DEDAGROUP the chance to be less dependent on Bank credit (in 2014 short-term Bank credit decreased, whereas M/L-term Bank credit highly increased), and above all to get a high visibility on financial markets. Therefore, the Group has always been able to properly manage its development path, also under the financial point of view; in fact in late 2014 a suitable structural balance was reached even if indebtedness was quite high. In the near future the actions implemented by its linked company PITECO (whose shares will be soon traded on the AIM market) together with the ability to generate a positive cash-flow should bring to an improvement of the NFP starting from 2015.

All in all, its structural factors ensure a suitable ability to meet financial engagements, both at short-term and at medium-long term, thus highlighting a positive credit worthiness. It can anyway be improved in the future if the development process will lead to the implementation of all the points listed in the Business Plan, that is to say a further and remarkable growth of turnover along with an improvement of margins and results, as well as positive cash-flow that can bring to a progressive contraction of the current financial debts.

Rating

Points of Strength

- High management ability to duly develop and manage the rapid process of growth
- Offer of owned software solutions in the different business areas
- Exclusive competences and software for each market; it is present in market niches, too
- Ongoing investments to increase its presence on foreign markets
- Constant investments on training, consolidation of competences and development of the professionalism of the Group that gave it the chance to keep the certificate of “Top Employer Italia” for five years in a row
- During 2014 the necessary restructuring process of DDway was successfully completed in a short time and with quite limited extraordinary costs (that were widely covered by the ad-hoc funds previously established); DDway is now wholly integrated in the Group and can play a very important role within DEDAGROUP
- The enterprise has a good customer portfolio characterized by a quite limited risk level and improved compared to the previous year
- Notwithstanding a sector context which is not very favourable, DEDAGROUP has shown a trend of constant and remarkable growth over the last few years, partially thanks to the widening of its consolidation perimeter
- The enterprise can rely on a solid ownership that never misses the opportunity to contribute with new funds
- Shareholders' funds, together with consolidated liabilities, manage to ensure a suitable coverage of fixed assets; therefore the structure is duly balanced
- The enterprise can rely on a good visibility on financial markets, as witnessed by the positive feedback given to the debenture loans issued in 2014

Rating

Points of weakness and factors of risk

- Brand value: notwithstanding all the efforts, it is still necessary to further decrease the difference between the real value of the offered products and the one perceived by the market
- Slowness and incertitude concerning the allocations on contract by Public Administration
- Notwithstanding all the undisputable improvements carried out in 2014 (with an improved gross margin, at consolidated level, of almost 5%), it is still necessary to further decrease the incidence of general costs in order to get higher margins

Rating

Risk analysis

Credit risk

DEDAGROUP is not particularly exposed to the credit risk. This is witnessed by the amount of bad debts which is usually very low. The credit risk linked with the credit lines towards counterparts is linked with normal commercial operations and is monitored thanks to well-oiled procedures of evaluation and credit issuing. On 31st December 2014 there were no remarkable increases of credit risk which were not covered by suitable funds.

Exchange risk

The company is slightly exposed to the risk of changes of Exchange rates as it mainly trades in Euros.

As far as interest rates are concerned, the company decided not to sign any particular insurance against increases of interest rates.

Liquidity risk

Thanks to a positive cash-flow, the wide diversification of financing sources and the availability of suitable credit lines, the company can make use of suitable funds in order to cope with its financial engagements at short and medium term.

Risk of customers concentration

The particular positioning of the Group, which has been active on several kinds of markets, such as: enterprises, Public Administration, Banks and insurances, strongly reduces the risks of excessive concentration of activities on few customers.

Market risk

The market of IT solutions and consultancy is strictly linked with the general economic trend of industrialized countries because it mainly offers "business to business" services. The current economic context had and could still have direct consequences on the activity, economic, monetary and financial situation of the Group.

Competition risk

The market of enterprises supplying IT solutions is very competitive and changes very quickly. The offer must be constantly updated or the Group can be exposed to a heavy “down-pricing” by competitors of bigger dimensions which are able to managed high volumes with low added value, thus causing negative influences on the activity, economic, monetary and financial situation of the Group.

Rating

Future Trend

In 2014 DEDAGROUP experienced a tangible growth of turnover and results and got closer to the whole profitability of the Group. The goals set by the management were reached only partially, above all as far as intermediate and final results are concerned. In fact, even if gross margins are higher than the previous year and there is no chance to register in the P&L account a part of the “badwill fund” concerning DDway, also 2014 was closed with a quite high loss. In the near future the efforts of the management will have to be focused on a further decrease of costs, together with an improvement of intermediate margins. The good results concerning the operative efficiency are anyway not enough and other efforts must be made to further diminish general costs (video-communication, telephones, car rental, network management, IT systems); the goal is to limit them by exploiting the bigger dimensions of the Group and the better agreements reached with suppliers. It is also important to further decrease the incidence of labour costs, above all with an action of harmonization of staff contracts within the Group (particularly concerning DDway), that will bring to a cost saving as high as 700,000 Euros per year. Moreover, in 2015 the Group will take advantage of the restructuring process of DDway which has been completed.

The business perspectives of the Group seem to be very promising. In the near future DEDAGROUP will take advantage of the long coveted market revamp (with an overall increase of National investments and, in particular, in the IT sector), of a reduced financial burden on the markets with, in turn, a higher availability of credits and liquidity, moreover the Public Administration will be forced to begin the process of “digital transformation”. DEDAGROUP is ready to cope with the challenges of the market thanks to its high competitive advantages, above all the possibility to offer innovative and state-of-the-art solutions to lead the digital transformation, as well as the wide range of developed solutions (its own software solutions, added-value services, technological services); it is also able to meet the needs of different market sectors (thus minimizing the risk coming from being active on just one kind of market), to be actively present on all the issues concerning “new computing” with first-rate experiences and know-how developed in such areas as “cloud”, “social”, “mobile”, “big data” and everything which has to do with web and e-commerce.

Moreover, DEDAGROUP wants to invest in two other areas to further develop its business activities. The first one concerns a higher and higher diffusion of integrated solutions among a significant number of customers to push cross-selling and up-selling. The second one is about a growing internationalization of the Group. During 2014 DEDAGROUP accelerated the project of penetration into the US Bank sector (in particular the Credit Unions) thanks to the diffusion of “BankUp” software; it has to be underlined that in early 2015 the Group took over EPL Inc. through its subsidiary DEDAGROUP NORTH AMERICA (the investment concerning this operation was quite limited if compared to the real potential of the American enterprise and, above all, the strategic importance it can reach in the process of diffusion of DEDAGROUP in the US). EPL Inc. registered a turnover as high as 16 million Euros, it has a staff of about eighty professionals of the sector and a deep knowledge of the context of the Credit Unions (its customer portfolio includes about ninety customers active in the sector of the Credit Unions, in 22 American States). Always with reference to the penetration of US market, in 2015 important results are expected following the agreement signed in 2014 with NATIONAL FEDERATION OF COMMUNITY

DEVELOPMENT CREDIT UNIONS. Also DEDAMEX developed some important projects (and in 2014 registered a remarkable turnover) and is now independent as far as the acquisition and management of complex projects on the Mexican markets are concerned. The development potential is high also in the Middle-Eastern area; in August 2014 DERGA CONSULTING signed a partnership with a company of Gruppo MIDIS (reference point for IT sector in Middle East) to establish a joint venture called DERGA MIDDLE EAST, that launched its activity of development and promotion in Dubai and Saudi Arabia (in early 2015 the first contracts were signed in order to implement "SAP" solutions for local customers with a value of more than 2 million Dollars). Also the activity linked with the sector of fashion goes on at International level thanks to new projects in Pakistan, Egypt and Easter-European Countries. The development of the activities in France is more difficult (the local branches of the Group managed only lately to get a project of in "Stealth" implementation for a French company). Finally, the acquisition of IDEA FUTURA (and of its Swiss subsidiary IDEA FUTURA Sagl), DEDAGROUP can now rely on a conspicuous presence on the Swiss market which is characterized by a big potential. The Group was already active in Switzerland through ECOS, that has a rich customer portfolio, and through DERGA, taking care of the projects of "SAP" roll-out for fist-class Swiss enterprises of the energy and "food and beverage" sectors.

The implementation of all these projects should bring DEDAGROUP to register a turnover of almost 231 million Euros in 2015, along with an improvement of margins. EBITDA should be of about 21 million Euros and gross margin about 9%. The growth of the profit is almost sure, in addition to the above-mentioned actions aiming at decreasing operative costs, the positive contribution of the American subsidiary EPL, the expected improvement of the results registered by DDway (after the restructuring process), the complete development of some high-margin projects (actually already signed in 2014 but implemented during the following year because of delays not caused by DEDAGROUP), the wider and wider offer of services with a high added value. Following the forecasts of the Group, the net result in 2015 should be as high as 5.5 million Euros, also thanks to the possibility to register in the P&L account a part of the "bad-will fund" concerning DDway, that is to say more than 2 million Euros and to start using a part of the tax refund of the Group, about 2 million Euros (the total amount being around 9 million Euros, due to the previous losses of DDway).

Moreover, the backlog of the enterprise at the end of 2014 (142 million Euros), mainly composed by maintenance fees, services affecting several years and already signed contracts) together with a remarkable commercial pipeline (264 million Euros, 27 million of which with a high probability of success and 60 million with a medium probability) are a proof of the positive feedback of the market to the solutions proposed by DEDAGROUP (in 2014 new customers were added to the portfolio and new projects were developed in many sectors), and make it possible to reach the business/profit targets contained in the industrial plan of the management.

Rating

Scenarios

Rating indications in case of a more unfavourable scenario

The most unfavourable scenario, apart from catastrophic events, concerning the subject and its activity sector, could bring the rating to B2.1, corresponding to a situation of vulnerability for the subject (with a high "Probability of Insolvency" swinging between 3.51% and 6.70%).

Rating indications in case of a more favourable scenario

The most favourable scenario concerning the subject and its activity sector could bring to an upgrading, taking into account the operative development of the company, as well as its structural limits, thus bringing its credit worthiness to a higher class - A3.1, corresponding to a situation of safety with a lower credit risk than the current one (with a very low "Probability of Insolvency" swinging between 0,40% and 0.77%).

Rating Factors

Rating Factors

Trend

DEDAGROUP is active in a sector that is still showing some difficulties because of the general economic crisis and that is also influenced by the problems at National level. In fact, the National IT market keeps on showing a certain stagnation; moreover, during 2014 there was a decrease of about 2%. The general situation is characterized by a still low investment propensity in the IT sector and thus the competition gets fiercer and fiercer; the unavoidable impact is lower gross margins and diminishing professional tariffs.

Notwithstanding these conditions, DEDAGROUP is partly protected from the effects of this recession and the turbulences of the markets it is active on, thanks to the strategic choices taken during the years by the management and, above all, to its competences that give it the chance to constantly create some added value for its customers; at consolidated level, DEDAGROUP has in fact been able to show a constant and remarkable turnover growth over the last years.



* "Costs of Production" taken from consolidated accounts; it is different from the data contained in the chart at page 41 and explained in this report because of a different reclassification of the item "other revenues".

In 2014 the turnover increase was as high as +13% (consolidated turnover amounted to 193.6 million Euros as they also include a positive "variation of work in progress upon orders" as high as 427,000 Euros and 724,000 Euros of "costs saving"). A deeper analysis will show that the growth is also linked with a wider consolidation perimeter (through the merger of PITECO, IDEA FUTURA and A SOFTWARE HOUSE) and is widespread throughout all the markets served by the Group. The "Industrial & Consumer" department registered the higher yearly growth reaching +35%, followed by "Financial Institutions" (+10%), that could take advantage by the remarkable development of activities abroad; "Fashion & Retail" and "Public Administration" had a lower but still significant growth (+4% and +1,5% respectively). The

growth registered in all segments is the result of the offer integration and measures concerning the operative structure carried out during 2014. A lot of projects include several departments or even companies of the Group in order to offer the customers integrated solutions with a higher added value. It is interesting to notice that all the enterprises of the Group gave their contribution to the increase of results during 2014: the growth of the Group, in fact, took advantage of the positive trend of DEDAGROUP S.p.A. but also of the positive performances of all the enterprises of the network. The activity developed on foreign countries has been playing a more and more important role; in particular, the contribution of the turnover of the foreign subsidiaries in Mexico and in the US, totalling an amount of more than 4 million Euros (compared with 1 million Euros registered in 2013), confirms that the process of internationalization began some years ago is giving the expected results. A further confirmation is the turnover increase at Group level as high as 2/3% in 2014

The measures taken over the last years and aimed at rationalizing the activities within the Group, reaching a higher operative efficiency and, in turn, diminishing general costs, gave the first results already in 2014. Gross margin is higher than 6% (in relation to the "value of production") which means that it increased by 5% compared to the previous year. Also in this case, all the performances of the several companies are positive; an important role was played by the recovery of DDway which, after many years with a negative EBITDA, in 2014 registered a positive gross margin (even if it amounted to a few thousands Euros) and confirmed all the positive results already shown in the last three months of 2013. Another important contribution was given by PITECO (a company characterized by an EBITDA of almost 40% and that entered the perimeter of consolidation in 2014) along with the relevant recovery concerning the margins of the technological business.

Amortizations and provisions (totalling more than 16 million Euros) increased compared to the previous year and are a detriment to EBITDA. Therefore, EBIT has a positive value of 701,000 Euros only because of "other income/expenses" slightly lower than 4.4 million Euros (including the use of the "fund on losses of DDway" for an amount as high as the 2014's consolidated loss, that is to say around 3.3 million Euros). The financial result shows a negative reading of around 2.7 million Euros and is lower than in 2014 as financial expenses more than doubled (2.9 million Euros against 1.3 million Euros in 2013); also in this case the increase was caused by the different perimeter of consolidation. The extraordinary result contributed with a profit slightly lower than 3.8 million Euros which was reached thanks to the decision to register in the P&L account a part of the residual "badwill fund" (3.4 million Euros) concerning DDway and the end of the restructuring activities of DDway. Profit after tax amounts to 190,000 Euros, it is limited but improving compared to the high losses of the last two years.

In 2014, also the mother company was characterized by a positive trend, the turnover increased from 76.3 million Euros in 2013 to 87.9 million Euros (including the "variation of work in progress upon orders" as high as 1.2 million Euros and "costs saving" of 697,000 Euros), showing an increase by 15.2%. All the measures taken by the management to cut operative costs have not reached all the expected goals in terms of higher margins; in fact, EBITDA amounts to 4.4 million Euros, corresponding to a gross margin of 4.8%, almost the same as in 2013. It has to be underlined that the results of the mother company did not entirely meet the target contained in the expected budget mainly because some important projects were postponed to 2015, in particular those referred to the Public Administration (both because of the slowness and incertitude concerning the allocations on contract and by the further limits concerning the

expenses of town halls and local authorities), but also to some other kinds of customers (for example, the project developed for the Vatican concerning “disaster recovery”, which should bring to a gross margin of around one million Euros). Therefore, DEDAGROUP S.p.A. is characterized by a positive EBITDA which is anyway still not enough to close the accounts with a profit, given the high incidence of amortizations and a financial result lower than previous year, in 2014, in fact, the loss amounted to about 3.3 million Euros.

Rating Factors

Negative data

Negative events

No protests have been found neither on the company, nor on its linked subjects.

Bankruptcies and bankruptcy procedures

No Bankruptcies and/or severe Bankruptcy Procedures have been found against the enterprise, nor against its linked subjects.

Prejudicial actions

From our press review, which includes the daily analysis of almost 100 national, regional and above all provincial daily papers, we found no negative elements on the above-mentioned enterprise.

Negative press review

From our press review, which includes the daily analysis of almost 100 national, regional and above all provincial daily papers, we found no negative elements on the above-mentioned enterprise.

Rating Factors

Sector and competitive context

DEDAGROUP is active in a sector that is still showing some difficulties because of the general economic crisis and that is also influenced by the problems at National level. The national IT sector is clearly stagnant; during 2014 there was a decrease of about 2% compared to previous year. In 2014 the sector al "IT software and services" reached the amount of 14.780 million Euros at national level moreover.

The trend of the demand of the sector is linked with the National economic situation which, between 2013 and 2014 showed a decrease of GDP, of sales of consumers goods and investments carried out by families and enterprises

The area of "IT Services" accounts for 70% of the total and has been constantly decreasing over the last three years because of the decreasing development of services, system integration and ICT outsourcing, penalized by the fall of professional tariffs. In this area there was also a strong increase of cloud computing. In 2015 a further decrease of National demand is expected.

The "Software" area accounts for 30% of the total and showed a more dynamic trend in 2014, mainly thanks to application software. This trend will go on in 2015, too. Among the several target markets, only utilities have a positive trend, whereas the sector of telecommunications is stable and other sectors are decreasing, such as: finance, Public Administration and Health Care, commerce, industry and consumer goods.

The market of software and IT services is characterized by some trends which are becoming more and more powerful and that could become real technological paradigms.

The main emerging trends are:

- Business Intelligence and Business Analytics, which are linked to the strong growth in the volume of data which is leading enterprises to draw more attention to the efficient management and use of this kind of information. The systems of Business Intelligence and Business Analytics give the enterprises the chance to gather and use data in a more targeted way to develop predictive analysis and define reference scenarios to support their strategic decisions;
- Big Data is a term referring to the explosion of data and information experienced over the last year due to the diffusion of mobile devices, Smartphone and tablets, both in the business sector and as far as private consumers are concerned, along with the boom of web and social media. This huge quantity of data is extremely complex and dynamic, therefore it must be managed with specific tools and solutions enabling to transform Big Data into Smart Data, that is to say data from which relevant information with an added value for business can be extracted;
- "Socialytics", linked with the unstoppable growth of the volume of unstructured data created through social media. These data are full of strategic information for the marketing sector and therefore can be analyzed through social intelligence and analytics technologies, that tightly

integrate social networking technologies and business analytics and that is the reason why they are defined as processes of "socialytics";

- "Consumerization" of IT, is a phenomenon through which the private use by individuals of their personal technologies on the workplace influences the adoption of new technologies in the workplace itself. The wider and wider diffusion of Smartphone, tablets and notebooks, along with Social Networks and other services, can offer the enterprises the opportunity to exploit this phenomenon to implement interfaces and applications on the workplace that are already well known by the users.

At international level, the world market of software and IT services shows a growing trend, above all thanks to the remarkable increase of outsourcing services linked with data centre and cloud, thus balancing the limited increase of traditional services, such as system integration and application management. As far as the results of local markets are concerned, North America is still the most important market, followed by Asian and Pacific area and by Europe. In terms of growth the best trends were registered in the emerging countries, such as Asian and Pacific area and Latin America, that grew by 6.6% and 5.8% respectively. Italian IT operators managed to exploit these International dynamics with the goal to increase their activity and turnover. The analysis of the revenues coming from export or other activities carried out abroad by Italian enterprises or their branches in foreign countries clearly shows a constant increase mainly linked with the strategy to focus the efforts on emerging markets and with a remarkable potential (e.g. Latin America). The revenues realized outside Italy account for more than 8% of the total and has been constantly increasing over the last years.

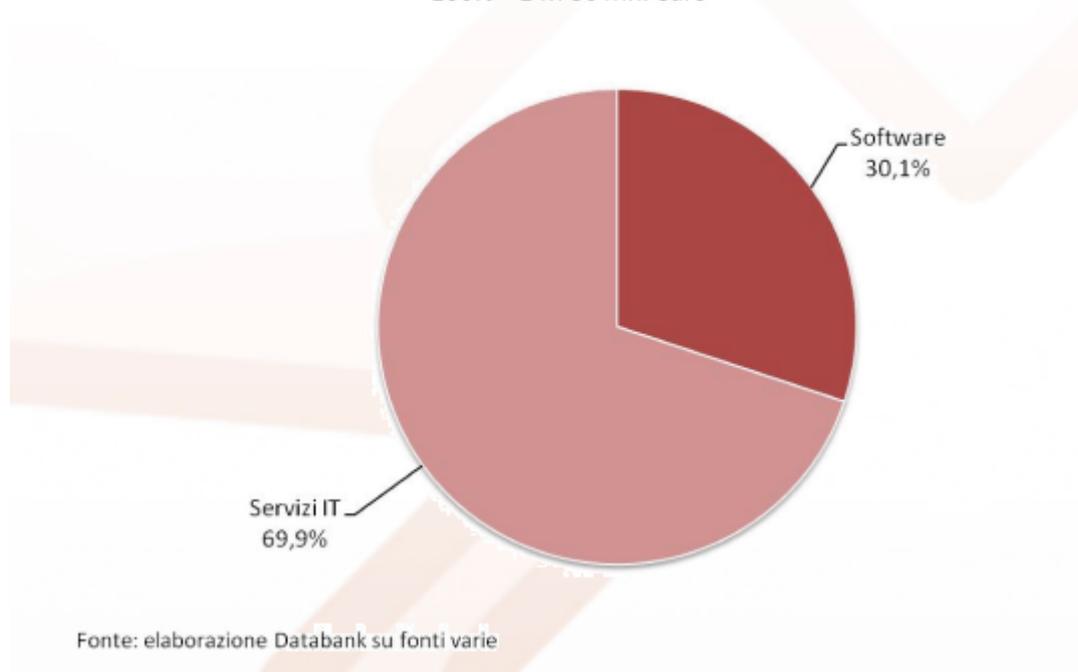
In Italy the sector is characterized by the presence of several operators of different kind and dimension, they can be the branch of a multinational company or medium or small-sized Italian company. The majority of these enterprises is active both in the software and services sectors, taking advantage of the big synergies arising between these two markets. Only a small part is specialize only in one of the two sectors.

The area of IT Services is populated by many operators, in particular in the sector of development and implementation, system integration and consultancy. On the contrary, the area of cloud computing is growing but still has a limited number of operators.

The Software area has a lower number of enterprises compared with the services area; the main specialization sectors of these latter are application software and application management

Here below you can find the division of the Italian market following business areas in 2014.

**SOFTWARE E SERVIZI IT:
RIPARTIZIONE DEL MERCATO ITALIA PER AREA DI BUSINESS, 2014**
100% = 14.780 Mn. euro



The sector of Software and IT Services in Italy offers opportunities linked with:

- Demand sustained by the natural cycles of substitution of products and solutions
- Supply of products and services in Outsourcing and through new modes such as Cloud Computing
- Strong expansion of the App sectors for mobile devices
- Higher awareness among the enterprises of the role played by IT in the strategies of growth
- Development and completing of the Digital Agenda.

The enterprises of the sector can be threatened by:

- Current economic crisis and following decrease in investments in ICT
- Strong decrease of prices and, in particular, of Professional Tariffs as far as services are concerned, thus bringing to a reduction of margins
- Very high competitive pressure
- High concentration of the market and remarkable difficulties for small and medium-sized enterprises to compete with multinational companies.

The overall scenario is characterized by a still low investment propensity in the IT sector, therefore the competition becomes fiercer and EBITDA and professional tariffs constantly decrease. On the contrary, the perspectives concerning the growth of "Digital Business" are more promising.

Rating Factors

Competitive position

DEDAGROUP S.p.A. is active in a sector with the following competitors:

- Italian commercial branches of the main IT operator at world level (from the US, Japan and European Countries) offering hardware, software and services which, since the '80s, have sustained the diffusion of IT technologies starting from the first PCs to the current web-services
- Around ten big Italian companies/groups established in the '80s that develop, manage and implement complex IT systems of public organizations and big-sized enterprises
- Around forty medium-sized Italian companies/groups active at National level and specialized in the development of software and IT services in the different application areas or in some economic sectors (e.g. Public Administration, industry, finance, etc.)
- Almost 4,000 small Italian companies active at local level as suppliers of IT systems and services and mainly focused on small and medium-sized enterprises across Italy

The main global IT operators active in Italy through their branches are divided into 3 groups:

- Global IT Vendor (e.g.. IBM, Hewlett Packard and Oracle), with a wide range of hardware, software products and IT services that are able to develop solutions based on products and services supplied by the corporation. The offer includes both hardware and software for the management of IT systems of any kind and for the control and management of complex enterprise processes;
- International IT Service Company (e.g.. Accenture, NTT and CapGemini), with an offer focused on advanced professional services and strong competences on IT technologies, they are also "main contractors" of big IT systems able to develop and manage complex solutions for big enterprises in all the development steps. These companies mainly work on the market in a direct way;
- Global Software Corporation (Microsoft, Sap, CA and Sas), with an offer focused on software products. Microsoft is world leader of operative systems for PCs and office software and its targets are enterprises, private people, companies of any dimension, professionals and consumers. The other players are instead focused on specific sectors with products and application "suite" for the management of databases and processes. On the Italian market these companies work indirectly through software houses and system integrators.

The main strategies used by the operators follow three main directions: improvement and development of the offer, evolution of the models of "go to market" and acquisitions of smaller and specialized enterprises.

Notwithstanding the general economic difficulties, DEDAGROUP managed to improve its market position in 2014 thanks to an effective “network” business model: they added to the old departments of Financial Institutions, Industrial and Consumer, Fashion and Retail, Public Administration other “cross” sector departments, both in Italy and abroad, following the areas characterized by high innovation and growth (Cloud, Enterprise Content Management, Treasury and Cash Management, Business Analytics, Digital Business and Extended ERP Solutions).

The growth experienced on all the markets is the result of offer and operative integration that lead to innovative solutions that can be offered to the end customers or tailor made to meet specific needs. As far as Fashion is concerned, Stealth solution was added to a tailor-made offer of technological services and cloud for the management of owned technologies and re-sellers network, such as GEOX and BENETTON.

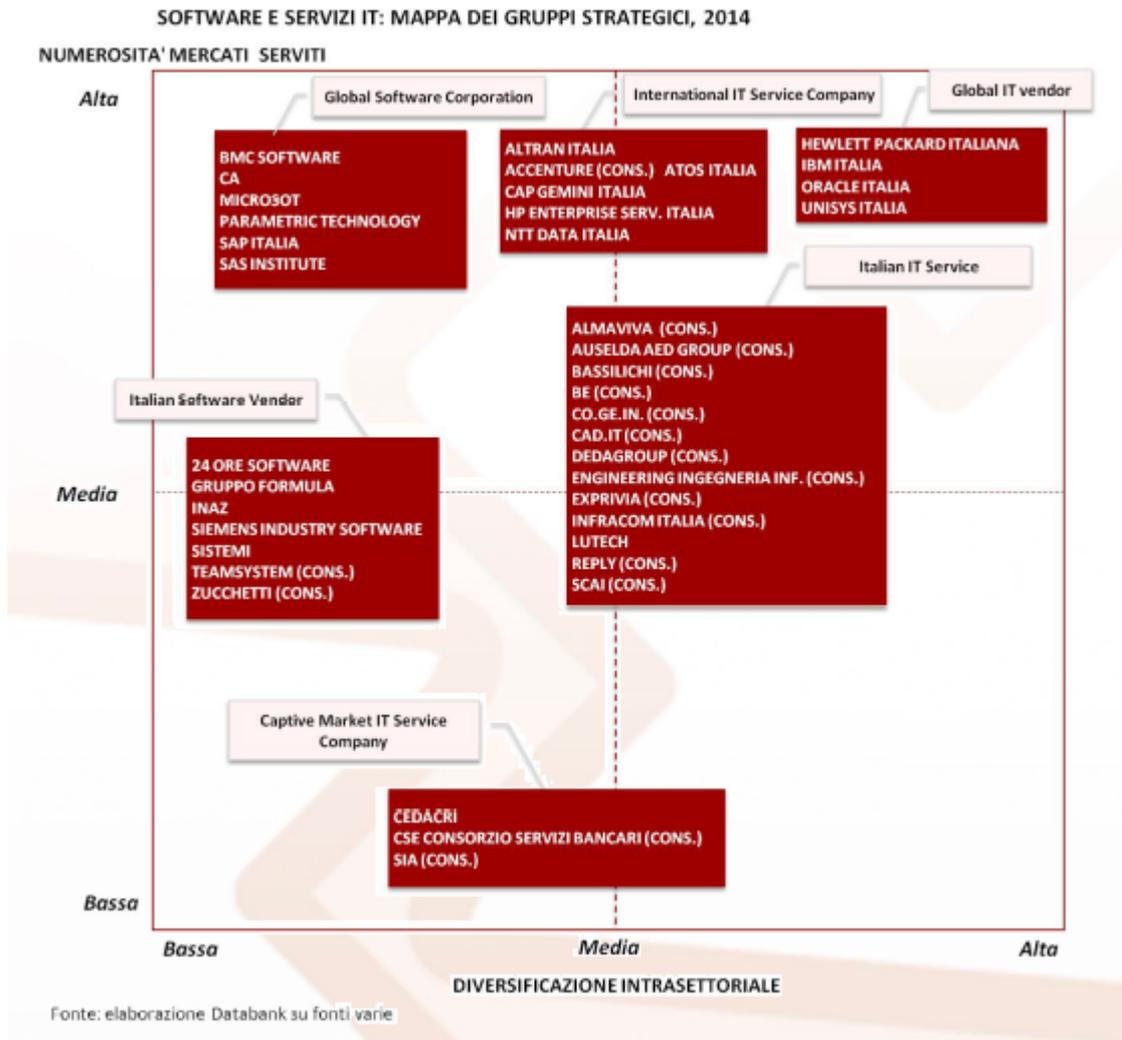
The company is able to forecast the sector trends and since 2014 it has implemented an offer repositioning towards Digital Business, an area rich of business opportunities and offering interesting margins.

In 2014 the growth of the Group continued also abroad, above all in North American thanks to its solution Bank up. Through its subsidiary Dedagroup North America, in fact, it took over EPL Inc based in Alabama and that sells I-Power, a complete suite covering the whole range of operations of the Bank institutes of the Credit Unions (from front-end to back office). The Group wants to exploit the synergy between the two software in order to support the digital transformation of business and Bank processes. The goal is to integrate the two platforms, that is to say the accountancy of Bank up, which is ideal for the front office, with I-Power, more efficient on the front end but weaker on accountancy. This integration will give the Group the chance to offer integrated IT systems to all credit institutions, not only to Credit Unions.

Here below you can find a map of strategic groups taking into account the following variables:

- intra-sector diversification, that is to say the presence in one or more business areas (software products, IT services, cloud computing);
- number of served markets, that is to say the presence in one or more economic sector.

Therefore, 6 strategic groups of suppliers can be outlined, following business models, range of products and degree of specialization.



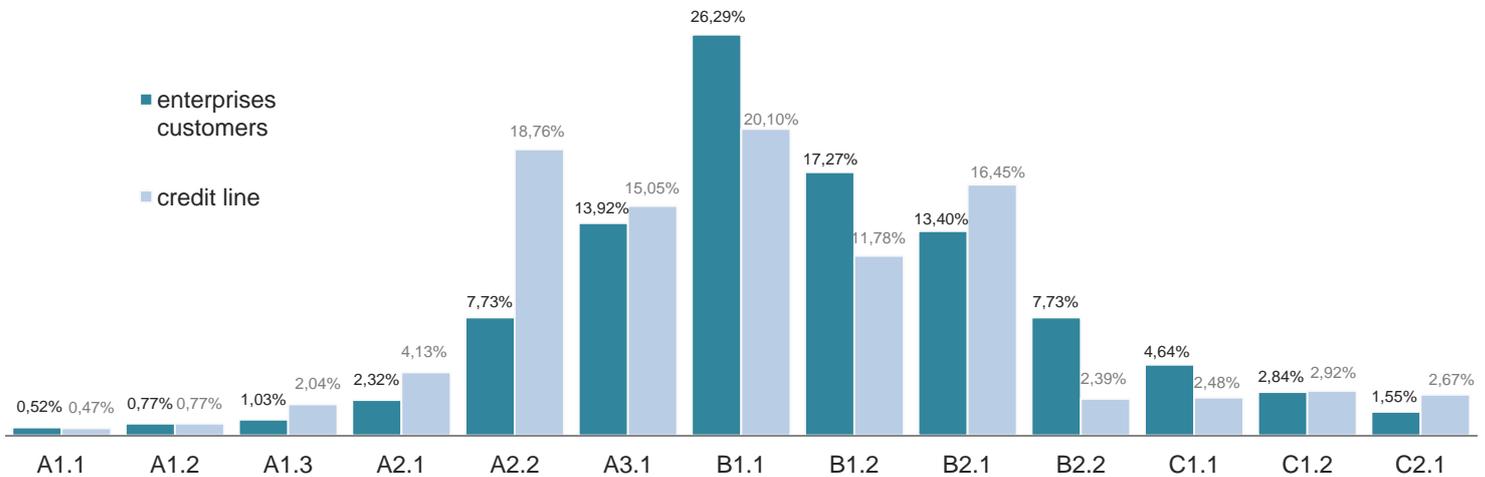
The map of strategic groups highlights the most common behaviour of IT operators on the markets of software and IT services. As far as the number of served markets is concerned, bigger operators, in particular the Italian branches of multinational companies, have the widest and most developed range of products and thus they rank first in the map. The Italian companies of medium or big dimension are just below and rank in a medium position.

Rating Factors

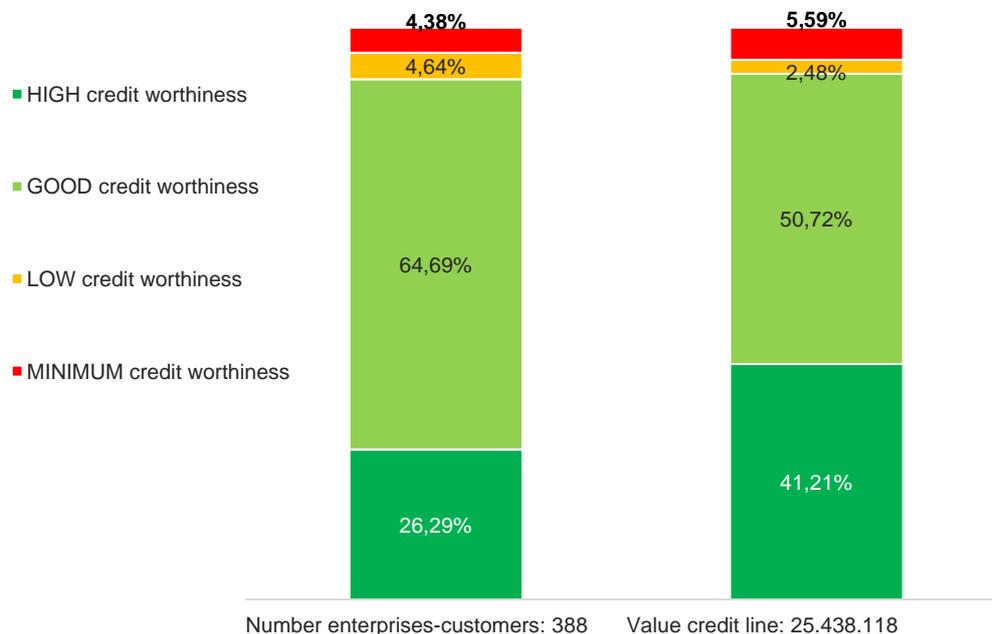
Quality of customer portfolio

Following the data supplied by DEDAGROUP S.p.A. concerning its customer portfolio of Italian customers up to 31/12/2014, an analysis on its degree of risk was carried out following the number of customers and the amount of their credit lines. The first chart shows the distribution of the number of the enterprises-customers and the credit lines in the database following CGR (Rating Cerved Group) class, whereas the second chart shows the subdivision of the enterprises-customers and the credit lines in the customer portfolio following the class of credit worthiness.

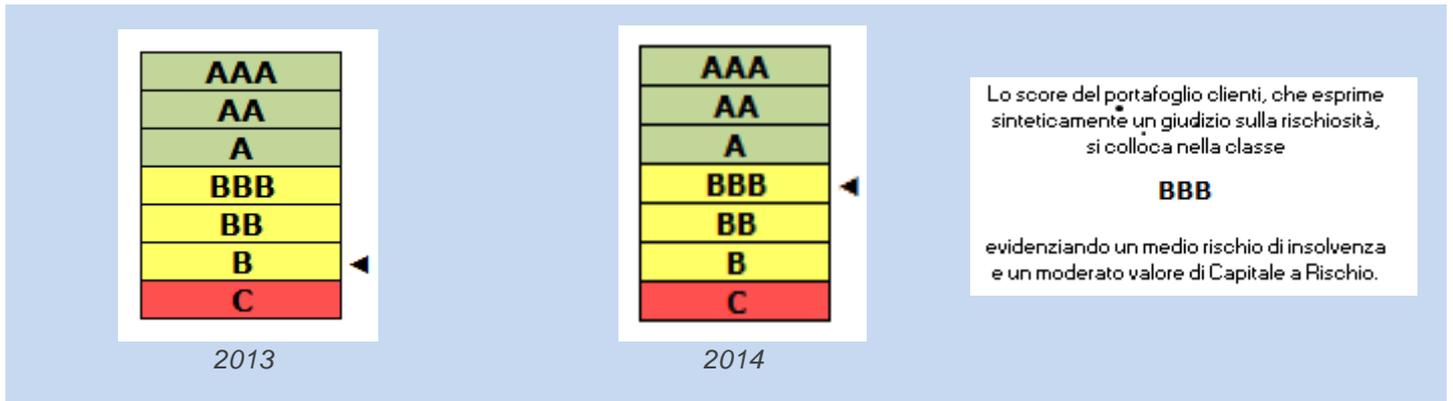
Distribution of customers and credit lines following rating classes



Risk level of customer portfolio



The analysis shows that almost 91% of the enterprises-customers have a “high” or “good” class of credit worthiness, 4.64% of them have a “low” class of credit worthiness and the other 4.38% have a “minimum” class of credit worthiness. Moreover, more than 91% of the credit lines agreed by DEDAGROUP concerns enterprises with a “high” or “good” credit worthiness. Therefore, the situation is better than at the end of 2013, above all as far as the “value of credit line” is concerned (at the end of 2013, in fact, the percentage of credit lines given to enterprises with a “high” or “good” credit worthiness was lower than 80%).



The score of the customer portfolio summarizes an evaluation on the degree of risk and falls within the “BBB” class (on 31st December 2013 it was in “B” class) showing a limited risk of insolvency and a moderate value of the capital at risk, that have both remarkably improved if compared to the situation on 31st December 2013. The estimated loss is expected to amount 946,000 Euros, that is to say 3.7% of the credit lines (in late 2013 this percentage was higher than 7%). The good level of the customer portfolio is the result of a careful financial analysis which is carried out on a customer before agreeing upon a credit line.

Rating Factors

Level of customer concentration

DEDAGROUP S.p.A. has a medium/low level of customer concentration; on 31/12/2014 the first ten customer accounted for 35.9% of the turnover. The concentration is even diminishing compared to the previous year, when the turnover registered with the first ten customers accounted for 40%. It has to be noted that among the first ten customers there are three affiliated companies: DDway, DEXIT and DEDAGROUP NORTH AMERICA (with which DEDAGROUP S.p.A. has a total turnover of about 12 million Euros. PHOENIX INFORMATICA BANCARIA was the first customer also in 2014 as it reached a turnover of almost 8 million Euros).

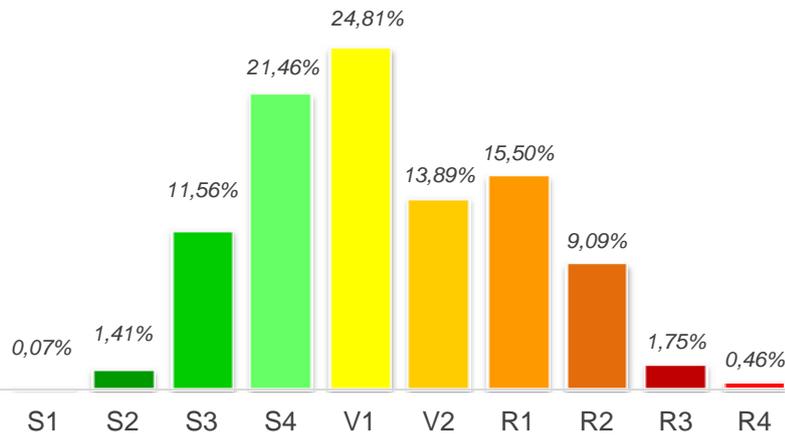
The customer portfolio of DEDAGROUP S.p.A. is mainly made of Italian companies. It is quite diversified under the point of view of the sectors the customers are active in, such as Banks, insurances, Public Administration and vendors of technology as well as industries of several sectors. This represents a form of protection as a possible turnover decrease caused by the crisis of a sector can be counterbalanced by the sales towards a completely different one.

31 December 2014			31 December 2013		
NAME	TURNOVER	%	NAME	TURNOVER	%
PHOENIX INFORMATICA BANCARIA S.p.A.	7.982.620	7,67	PHOENIX INFORMATICA BANCARIA S.p.A.	8.167.054	18,27
UBI SISTEMI E SERVIZI S.C.P.A.	6.180.709	5,94	INFORMATICA TRENTINA S.p.A.	1.878.426	4,20
DDWAY Srl	6.166.771	5,93	ITAS MUTUA	1.843.792	4,13
NTT DATA ITALIA S.p.A.	3.849.028	3,70	SININFORMEX S de RL de CV	981.540	2,20
DEXIT Srl	3.532.651	3,40	XCHANGING ITALY S.p.A.	903.895	2,02
DEDAGROUP NORTH AMERICA Inc.	2.223.870	2,14	PROVINCIA AUTONOMA DI BOLZANO	885.725	1,98
INFORMATICA TRENTINA S.p.A.	2.195.794	2,11	UBI SISTEMI E SERVIZI S.C.P.A.	881.964	1,97
ITAS MUTUA	1.863.841	1,79	ATOS WORLDGRID S.p.A.	860.254	1,92
NTT DATA Italia S.p.A.	1.829.826	1,76	GDF SUEZ ENERGIA ITALIA S.p.A.	841.800	1,88
ALEMEA TECHNOLOGY Srl	1.568.992	1,51	GESTIONE SERVIZI BP S.C.P.A.	674.243	1,51
Total first 10 customers	37.394.102	35,94	Total first 10 customers	17.918.693	40,09
Others	66.653.429	54,06	Others	26.772.646	59,91
Total amount	104.047.530	100,00	Total amount	44.691.339	100,00

Rating Factors

Economic-financial evaluation

It represents the distribution of the enterprises of the sector following the categories of economic-financial risk and compares the risk of the enterprise with the one of the sector over the last three years.



		PI 1 year
31/12/2014	○ ○	1,65%
31/12/2013	○ ○	1,66%
31/12/2012	○○	0,59%

○ subject ● sector

- S1 Sicurezza elevata
- S2 Sicurezza
- S3 Ampia solvibilità
- S4 Solvibilità
- V1 Solvibilità moderata
- V2 Solvibilità bassa
- R1 Rischio moderato
- R2 Rischio
- R3 Rischio elevato
- R4 Rischio molto elevato

If we consider the latest financial year, the subject ranks in the V2 category of the economic and financial assessment scale. This is evidence of a risk level which is in line with the average level of the sector in which it operates.

Rating Factors

Income and financial situation

At the end of 2014 and at consolidated level, DEDAGROUP has a suitable amount of shareholders' funds that have been increasing over the last years as a result of the remarkable contributions made by the shareholders (they reached 24.3 million Euros thus double the value of 2013), they account for 13.6% of the overall sources. The general structure is well balanced: its own means are more than enough to cover to high fixed assets (65.9 million Euros) as confirmed by the "margin of structure of II level" showing a positive reading as high as 12.8 million Euros.

Credits towards third parties amounted to about 154 million Euros at the end of 2014 which is quite significant even if can be sustained by the structure and consistent with the turnover of the company. The "debt ratio" is as high as 6.33 and is decreasing compared with the previous year.

Consolidated liabilities reached a total amount of 54.5 million Euros and increased by 60.4% compared to the previous year; they also account for 30.6% of the sources. Within them, financial debts amount to 31.9 million Euros and remarkably increased since the previous year where they "just" amounted to 1.7 million Euros. This increase is due to the bond issuing (all of them with a five-year expiry date) carried out during the year by the mother company DEDAGROUP S.p.A. and that gave the chance to gather a total amount of about 22.2 million Euros on financial markets. More in details, a loan reserved to the employees was issued (deliberated for 5 million Euros and subscribed for 1,272,000 Euros), a loan reserved to shareholders (deliberated for 5 million Euros and subscribed for 900,000 Euros), two mini-bonds for a total amount of 15 million Euros (one amounting to 5 million Euros was subscribed by FONDO EUREGIO MINIBOND managed by PENSPLAN INVEST SGR and by MEDIOCREDITO TRENINO ALTO ADIGE, the other one, amounting to 10 million Euros, was guaranteed by BANCA POPOLARE DI VICENZA as arranger and issue), last but not least a convertible loan was issued (deliberated for 5 million Euros and wholly subscribed). Also Bank loans at M/L-term are increasing mainly because of the development of the perimeter of consolidation; at the end of 2014 DEDAGROUP registered at consolidated level 11 Bank loans (4 of them concerning the mother company, 6 concerning the new subsidiaries IDEA FUTURA and A SOFTWARE FACTORY and the highest one, amounting to 9 million Euros, concerning PITECO), for a total amount of 10.8 million Euros (of which, 2 million Euro are to be refunded within the end of 2015 and can therefore be considered as "short-term Bank debts", the other 8.8 million Euros will be refunded after 2015). The increase of financial debts at M/L-term is partially counterbalanced by the decrease of "funds and other M/L-term debts", which diminished from 32.2 million Euros in 2013 to 22.5 million Euros tank to the decrease of the fund established in the past to cover the losses of DDway (at the beginning it amounted to 26.5 million Euros, whereas in 2014 it reached 2.4 million Euros).

In 2014 current liabilities reached 99.3 million Euros, increased by almost one million Euros compared to the previous year; it accounts for 55.8% of overall sources. Short-term financial debts amount to 14.2 million Euros (and decreased by 39.2% compared to the 23,5 million Euros registered in 2013). Among them there are also "financial debts towards associated companies" as high as 2.3 million Euros and "debts towards other financiers" as high as 300,000 Euros. It is interesting to notice that current Bank liabilities, amounting to 11.6 million Euros, decreased by almost 42% (in particular, financing on current

account decreased by half compared to 2013). Commercial debts amount to 55.3 million Euros and increased by +29.4%, in line with the growth of purchases/services. Among them, a small part (about 600,000 Euro) concerns infra-group relations; pre-payments reached the amount of 5.2 million Euros.

A deeper analysis shows that the Group in 2014 was characterized by a remarkable growth of *Fixed Capital* (more than 27 million Euros) following the widening of the perimeter of consolidation (above all due to the acquisition of the majority of PITECO). Out of the 65.9 million Euros of the *Fixed Capital*, around 24.5 million Euros are linked with the goodwill (mainly coming from the surplus concerning the merger of ALTO into PITECO). The decrease of commercial credits (thanks to a higher collection efficiency) against an increase of commercial debts (in line with the growth of purchases/services) brings to a decrease of the *operative working capital* by more than 5 million Euros, even if stocks are higher, because of a higher amount of orders in progress. Over the last three years there was also a constant decrease of *M/L- term Funds and other liabilities* (from 41.8 million Euros at the end of 2012 to 22.6 million Euros in 2014), the “fund to cover the losses of DDway” was created in 2012 for a total amount of 26.5 million Euros and has been used over the last three years to counterbalance the costs of the restructuring of DDway, at the end of 2014 it amounted to 2.4 million Euros. *Invested Capital* has been constantly growing in these last three years, from 11.3 million Euros to 62.6 million Euros, a clear confirmation of the quick and remarkable development of the Group since 2012, concerning both its internal and external lines. The ownership has not missed any opportunity to sustain and finance this growth through high shareholders’ funds, necessary to increase liquidity and reliability and implement the strategies. After the Capital increase that took place between late 2013 and early 2014 (as high as 7 million Euros), in March 2014 another Capital increase was agreed up, through the issuing of 141,176 new shares for a total value of 6 million Euros (later on subscribed and paid-up for 124,182 shares and a value of 5.3 million Euros). New sources of financing has also been used, such as the bonds issued in 2014, that gave the opportunity to gather new funds and enabled DEDAGRUOP to be less dependent from Banks and get a high visibility on financial markets.

At the end of the year the *NFP* was negative for 38.6 million Euros (it amounted to -20.2 million Euros in 2013), therefore it decreased by 16.4 million Euros. DEDAGROUP implemented some actions aimed at improving the subdivision of financial debts between short-term and M/L-term ones. In fact, if the *short-term NFP* decreased by almost 12 million Euros (because of a strong decrease of current Bank debts), the *M/L term NFP* amounted to “only” -1.7 million Euros in 2013 and reached 31.9 million Euros in 2014. The analysis of the ratios *NFP/EBITDA* (3.09) and *NFP/SHAREHOLDERS’ FUNDS* (1.59), both increasing, shows that in 2014 DEDAGROUP registered at consolidated level a sufficient financial balance that can anyway be improved in the near future.

A similar trend was registered in 2014 by the mother company DEDAGROUP S.p.A. as far as income and expenses are concerned. *Fixed Capital* (increased by more than 12 million Euros, above all because of new participations (IDEA FUTURA, A SOFTWARE FACTORY) and the majority share of PITECO, but also thanks to the new investments implemented in software and “owned solutions”). The increase of *operating working capital* was lower as assets and liabilities increased in a similar way. The growth of the *Fixed Capital* influenced the growth of *Invested Capital* that increased from 47.8 million Euros in 2013 to 59 million Euros in 2014. *Net Shareholders’ Funds* increased from 17.8 million Euros to 20.8 million Euros thanks to the new investments of the shareholders. DEDAGROUP S.p.A. shows a negative *NFP* as high

as 38.2 million Euros (it amounted to -30 million Euros in 2013). The analysis of the ratios *NFP/EBITDA* (8.70) and *NFP/SHAREHOLDERS' FUNDS* (1.84) are both slightly decreasing compared to the previous year and confirms that the financial structure of the mother company is characterized by a worse balance than the Group as a whole. Anyway, it has to be underlined that the *NFP* is negatively influenced by the infra-group debts, without them it would amount to -27.2 million Euros, thus accounting for a less negative overall situation.

Rating Factors

Short-term credit relations

As far as short-term credit relations are concerned, nothing detrimental has been found against the subject.

From the commercial point of view, the Gruppo DEDAGROUP has not a high credit risk, also because of the implemented strategy that calls for well-oiled procedures aimed at evaluating the reliability of its commercial partners. This is fitness also by the usually low percentage of bad debts in its portfolio. The “private” sector does not show any problem concerning this topic, whereas some difficulties are caused by the orders signed with the “public” sector. As far as payments are concerned, the subject has a good reputation on the market; it usually pays its strategic suppliers within 30/60 days - that also have a high negotiation power – whereas those suppliers that are not considered as strategic are paid at long term.

All in all DEDAGROUP does not show any relevant negative note concerning liquidity (the implementation of “cash pooling” within the Group made the management of liquidity easier, thus limiting possible difficulties). Sometimes, there are some liquidity shortages, above all at the end of the year (November/December), as the total amount of commercial credits is higher in this part of the year due to the seasonal natures of some specific sectors.

DEDAGROUP is anyway duly supported by the credit system both at short as well as at medium – long term. The use of credit lines is kept under control and does not show any particular tension.

Rating Factors

Quality of management

The judgment on the management is widely positive, both in terms of high technological and managerial competences. The ability to catch all the opportunities offered by such a difficult and constantly evolving market, to develop strategies ensuring a competitive advantage not only in the present but also, and above all, at M/L term, the careful management of the process of restructuring and integration carried out for DDway and for the Group as a whole, together with the ability to support a business development at international level are the key elements for the success of DEDAGROUP.

The managers draw a particular attention to the human resources and make all the efforts to build a positive and stimulating environment, so that everybody is motivated to work for a common goal, being the development and growth of the enterprise.

Information

Information

Company profile

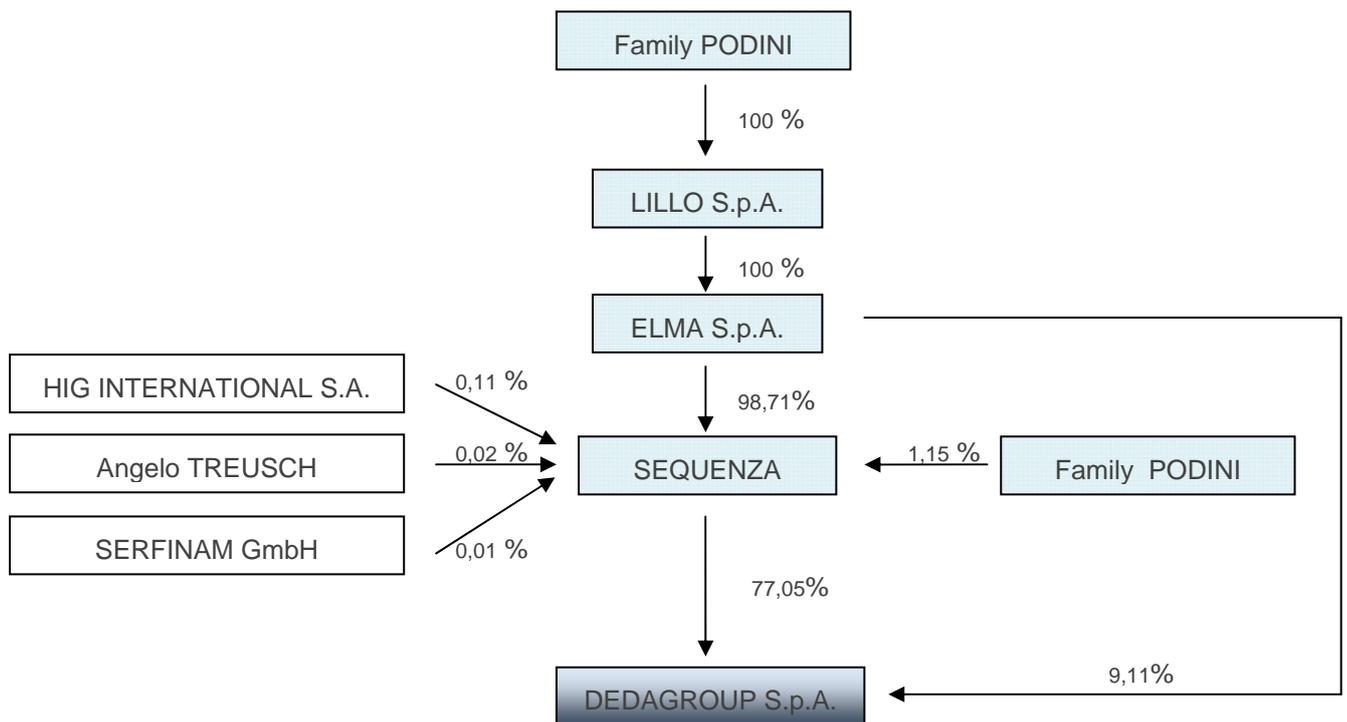
Identification details

Name	DEDAGROUP
Address	Località Palazzine 120 (Gardolo) – Trento (TN)
Telephone	+39 0461 997111
Fax	+39 0461 997110
Website	http://www.dedagroup.it
E-mail	info@dedagroup.it
Certified E-mail	DEDAGROUP@LEGALMAIL.IT
Legal Form	JOINT-STOCK COMPANY
Status	Operative
Date of establishment	19/11/2001
Active since	19/11/2011
Paid-up share capital	1.309.182,00
Reg. number / registered on	TN 175519, registered on 30/11/2001
Tax ID	01763870225
VAT number	01763870225
Istat Code	62.09.09
Nace Code	62.01
Rae Code	830
Sae Code	430
Secondary branches	21

Ownership

The approved Share Capital amounts to 1,409,182 Euros, whereas the subscribed and paid-up is as high as 1,309,182 Euros. It is divided into ordinary shares with the value of 1 Euro each.

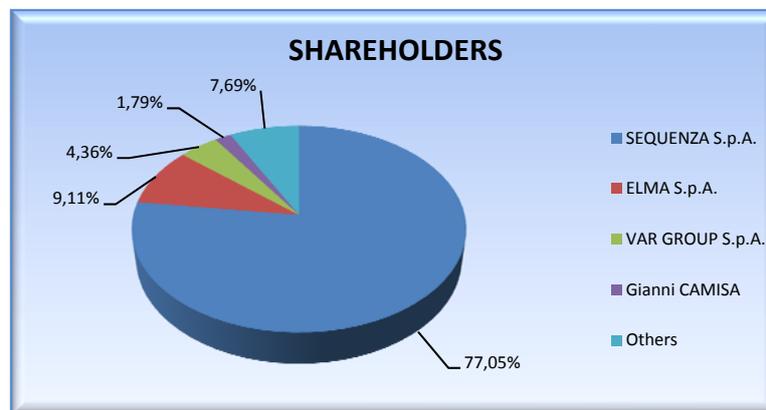
Previously, it amounted to 961,600 Euros, on 10th December 2012 the Board of Directors voted an increase by 46,875 Euros (with a surcharge of 1,453,125 Euros, so that shareholders' funds could reach 1.5 million Euros), this operation actually took place when VAR GROUP S.p.A. became part of the group (it is owned by Gruppo SESA, traded at the national stock exchange and leader in the sector of distribution of IT solutions at added value for enterprises). This Capital increase was subscribed and paid by VAR GROUP in January 2013. At the end of this operation, the Share Capital amounted to 1,008,475 Euros. On 25th November 2013 the Board of Directors voted a further Capital increase through the issuing of 176,525,000 new shares, with a total surcharge of 6,884,475 Euros (so that shareholders' funds could reach 7,061,000 Euros). A part of this increase (that is to say 153,139 shares, with a surcharge of 5,972,421 Euros, for a total value of new means as high as 6,125,560 Euros) was subscribed and paid up in December 2013. The rest (23,386 shares, for a total value of new means as high as 935,440 Euros) was subscribed and paid-up in January 2014.



In March 2014 another Capital increase was voted and 141,176 new shares were issued for a total value of about 6 million Euros. This increase was subscribed and paid-up for 124,182 shares. Within the end of 2015, SEQUENZA will make use of its option to wholly convert its loan signed in 2014 (for a total amount of 5 million Euros), with the subscription of 100,000 new ordinary shares; after this operation the Capital will be subscribed and paid-up for a total amount of 1,409,182 Euros.

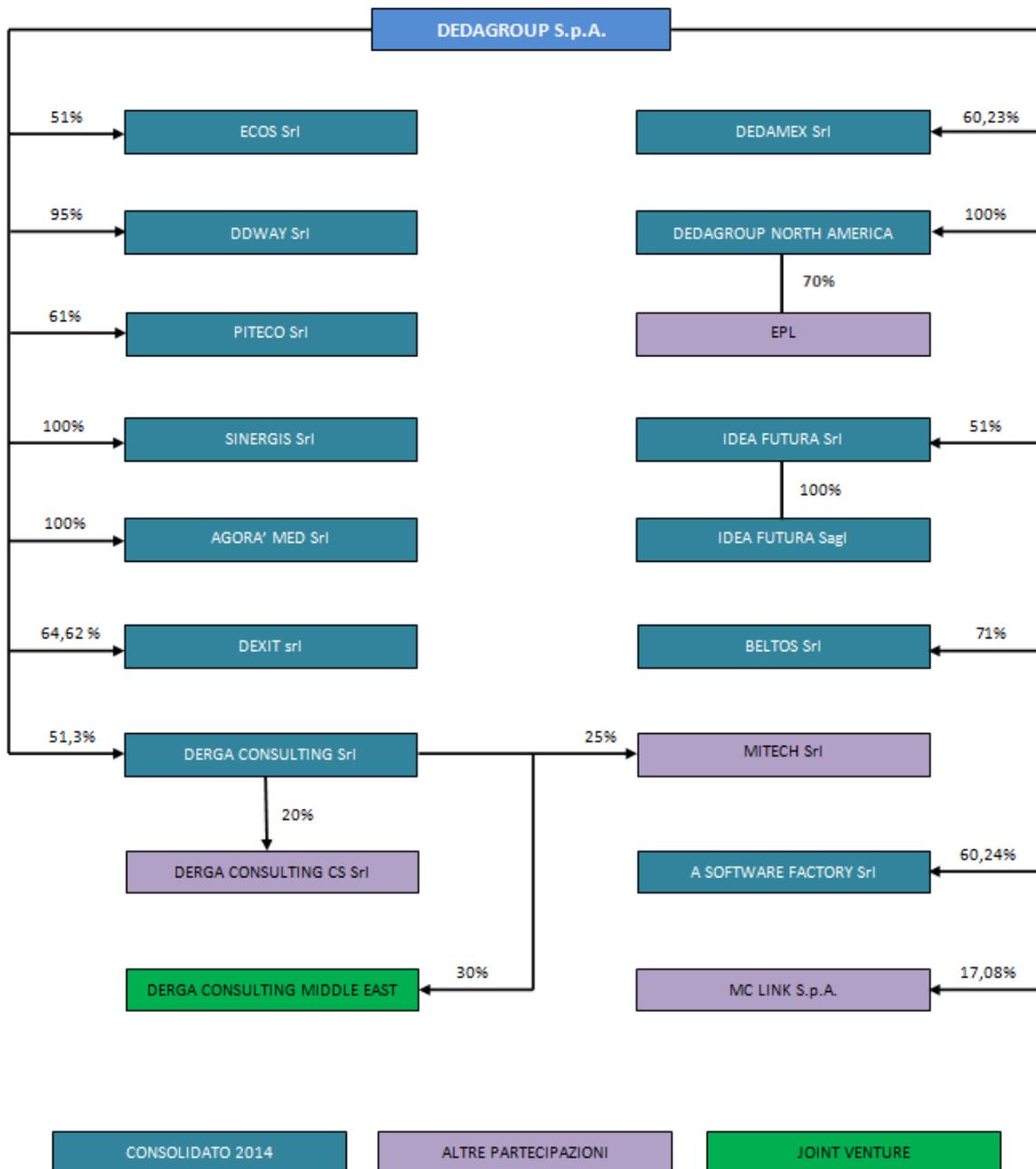
The subject is actually owned by the members of the PODINI family that through SEQUENZA S.p.A. (77.05%) end partially through ELMA S.p.A. (9.11%) own 86.16% of the shares of DEDAGROUP.

The official shareholder is SEQUENZA S.p.A. (Tax ID 02215750213), that owns 77.05% of the shares. The registered office is in Rome - Via Paolo di Dono 73, the company is mainly active as a holding and in the sector of integrated logistics, since 2011 it has also been active as an energy manufacturer through renewable sources. As far as logistics is concerned, SEQUENZA S.p.A. is active as an “outsourcer” for its mother company - LILLO S.p.A. (active in the sector of retail sale of food and non-food products, it also manages a chain of “Hard Discount” supermarkets across Italy with the trade name “MD DISCOUNT” and “LD MARKET”). More in details, SEQUENZA S.p.A. manages the process of warehousing and transportation in three distribution centres in Gricignano d’Aversa (CE), Dittaino (EN) and Bitonto (BA). SEQUENZA S.p.A. has a subscribed and paid-up capital as high as 65 million Euros; its main shareholder is ELMA S.p.A. (CCIAA of Bolzano REA n° 124094 – Tax ID 01480200219), owning 98.71% of the shares. ELMA S.p.A. is a real-estate/holding company owned by LILLO S.p.A. (CCIAA of Caserta REA n° 144144 – Tax ID 06744850634), directly and indirectly owned by the members of the PODINI family. SEQUENZA S.p.A. in 2014 registered a net profit of more than 4.8 million Euros and a turnover of about 15.8 million Euros (increased by 6.7% compared to the previous year) and an EBITDA close to 67%.



ELMA S.p.A. is also owned by the PODINI family and owns 9.11% of the shares. Among the minority shareholders there is also the above-mentioned VAR GROUP S.p.A. (Tax ID 03301640482) since January 2013, that owns 4.36% of the shares. Gianni CAMISA, current Managing Director of DEDAGROUP, owns 1.79% of the shares. There are other minority shareholders (directors, former directors and others) owing a total of 7.69% of the shares.

Group and Participations



▪ **Variations occurred in 2014 (and in the first months of 2015) concerning the perimeter of consolidation**

- The participation by 36% in DELISA SUD Srl (Tax ID 04834560825) was definitely sold. In the first semester of 2013 DEDAGROUP S.p.A. acquired a branch of production - “development lab for PAL software” of DELISA SUD, a company based in Palermo (PA), up to 2012, DEDAGROUP S.p.A. was its majority shareholder as it owned more than 50% of the shares. This operation caused the sale of 16% of the shares and made it

possible to DEDAGROUP to control the above-mentioned lab (including its resources and know-how); moreover DELISA SUD does not fall within the perimeter of consolidation any longer (as it was no longer considered as strategic for the development plan of DEDAGROUP).

- In January 2014 (thanks to an investment of about 300,000 Euros) 80% of the share of BELTOS Srl were bought (Tax ID 02042940508), based in Pisa (PI). In April 2014, DEDAGROUP S.p.A. sold 9% of the Capital; nowadays the participation in BELTOS is therefore as high as 71%.
- On 6th August 2014 DEDAGROUP S.p.A. sold 3% of its shares of DDway to SEQUENZA; after this operation DEDAGROUP owns 95% of the shares of DDway. Later on, SEQUENZA sold its minority share in DDway (5%) to the Managing Director of DEDAGROUP: Gianni CAMISA.
- On 29th April 2014 DEDAGROUP S.p.A. bought from SEQUENZA 40% of the shares of PITECO reaching a participation as high as 61%. Since 2014 PITECO has therefore entered the perimeter of consolidation of Gruppo DEDAGROUP. SEQUENZA still owns 20% of the shares. The operation was closed with a total amount of 8.8 million Euros (SEQUENZA therefore registered a surplus of about 2.6 million Euros).
- On 29th June 2014 DEDAGROUP S.p.A. bought for 400,000 Euros 51% of the shares of IDEA FUTURA Srl (Tax ID 02047381203), a company active since 2000 and based in Castenaso (BO), it is a very innovating player in the world of web services and solutions.
- On 6th August 2014 this subject bought (for a total amount of 120,000 Euros) 60.24% of A SOFTWARE FACTORY Srl (Tax ID 01261280620), active since 2002 and based in the province of Benevento.
- DERGA CONSULTING bought 25% of the shares of MITECH Srl.

▪ ***Subsidiaries of DEDAGROUP S.p.A.***

I. **DDway**

The company has been active since February 1986, previously called CSC ITALIA Srl, as the Italian branch of the multinational company CSC – Computer Sciences Corporation. In late 2012 it was bought by DEDAGROUP and the name was modified into DDway Srl.. The operation took advantage from the need of CSC to disinvest in some geographic areas with an estimated low growth and profitability and in some activities that were no longer considered as strategic with reference to its core business. Therefore, DEDAGROUP could buy an enterprise with a similar structure and organization but with a different know-how from its own (therefore strategic to give DEDAGROUP remarkable

opportunities of development and growth, as well as of internationalization thanks to the fame and visibility of CSC at global level), at a very favourable price, if the actual potential of DDway is taken into consideration.

It also has to be underlined that CSC ITALIA Srl was not duly managed, organization costs were too high and did not give the enterprise the chance to close with a profit. For this reason, a complete restructuring process was necessary in order to increase the level of efficiency of DDway. In order to cope with these difficulties, CSC invested (before the sale) some 26.5 million Euros to be registered as liquidity which were considered as indispensable to implement the internal restructuring process; this amount was registered in the consolidated accounts of DEDAGROUP as “badwill” and progressively used between 2012 and 2014 to cover the losses of DDway (at the end of 2014 this fund was still as high as 2.4 million Euros).

The reorganisation plan is almost complete and, up to now, its secondary effects are limited; in 2014 it caused the firing of 174 people among employees and managers (therefore, the staff was reduced from 937 to the current 792). Nowadays, there is still a “surplus” of about 86 employees, for whom redundancy funds were used up to July 2015 (half of them would now leave the company by signing a “new” and more favourable plan of incentives, whereas for other forty employees another kind of redundancy fund will be used). In 2015 also 5 managers should leave the company. DDway can rely on a fund that at the end of 2014 amounted to 4.5 million Euros, 1.8 million Euros of which were accrued during 2014), and is considered by the management as sufficient to cope with the costs of the reorganization of the staff.

The restructuring brought to lower staff costs and, in the near future, it will also bring to the decrease of the general costs of the Group; above all, thanks to the concentration in a single location of the useless branches of linked companies, to the renegotiation of rent contracts and supply contract of general services. DDway also managed to keep alive all its relations with old customers and also conquered new ones, thus increasing its turnover (in 2013 DDway registered a turnover as high as 66.3 million Euros, increased by 10% compared to 2012).

The acquisition of DDway was really strategic for DEDAGROUP as it completed its development plan. In fact this acquisition brought the Group a wide first-level customer portfolio and enabled DEDAGROUP to offer a set of software solutions (such as the application “Stealth”, indisputable leader in the sectors “fashion” and “retail”) and top-level industry competences, other than the ones already developed by the Group. From the competition point of view, the acquisition of DDway enabled the Group to rank among the first 10 national players and offered development opportunities at international level. DEDAGROUP could also increase its market share.

In 2014 DDway showed a great growth compared to the previous year, after 8 years closed with a negative reading, it closed the accounts with a positive EBITDA as high as 138,000 Euros, thus confirming the recovery signals registered throughout the year. This

result was reached notwithstanding a slight turnover decrease (-1% - from 66.2 million Euros in 2013 to 65.2 million Euros) and thanks to a successful restructuring and reduction of costs. Further operations of reduction of costs were implemented in 2014 (with effects starting from 2015) and concern the harmonization of staff costs in order to meet the policy of the Group. On 31st December 2014 DDway could rely on a backlog of about 41 million Euros.

II. PITECO

PITECO S.p.A. (Tax ID 04109050965) - Pianificazione TEsoreria COmputerizzata – is a company based in Milan which has been active for over 30 years in the production of software for the management of company treasury (an activity that, following the growth of the number of enterprises and more severe rules about payments, is becoming more and more important). In this market, PITECO has a leadership role (it accounts for 50% of the market shares in terms of value with just one potential competitor – SAP – that anyways shows a disadvantage at National level as its software has not been specifically developed for the Italian market, unlike the one offered by PITECO). PITECO has a customer portfolio with more than 1,200 names with many National companies active in different sectors and has a real potential in terms of turnover/profit.

Over the years, the subject has shown a gradual increase of profitability linked with the maintenance subscriptions invoiced already in January and constantly increasing thanks to the growth of the customer portfolio and the implementation of new technologies within the enterprises. The one is also able to generate positive and remarkable cash-flow because of the complete amortization of its own software.

During 2012, Gruppo DEDAGROUP, that already had some participations in PITECO since 2008 (with a minority share of 30%), decided to use its option and acquired the majority share of PITECO. The operation was carried out through the “vehicle” new-co ALTO Srl (Tax ID 02767370212), owned by 66% by SEQUENZA S.p.A. (mother company of DEDAGROUP S.p.A.), by 8% by SAN MARCO IMMOBILIARE Srl, by 7% by DEDAGROUP S.p.A. and the remaining 19% is owned by third parties (10% is owned by MEDIOCREDITO TRENINO ALTO ADIGE and 9% by three “old” managers with 3% each). The operation was carried out with a total amount of 34 million Euros, 12 million Euros were financed through a “senior” loan issued by a group of Banks, 3.4 million Euros were financed through a “vendor’s loan” (already refunded), 3 million Euros through shareholders financing (2 million Euros came from SEQUENZA and 250,000 Euros from DEDAGROUP S.p.A. both deferred compared to the Bank loans and 750,000 Euros from the other shareholders and can be paid within the end of 2015), whereas the remaining 15,550,000 Euros were gathered through the Share Capital of ALTO Srl itself. On 8th July 2013 the operation was completed and ALTO Srl was merged into PITECO. Moreover, in 2013 DEDAGROUP S.p.A. increased its share in PITECO S.p.A. bringing it from 7% to 21%, when it bought from SEQUENZA S.p.A. a number of shares corresponding to 14% of the Share Capital (in the meanwhile SEQUENZA S.p.A. already

bought from SAN MARCO IMMOBILARE all the shares this latter owned in PITECO S.p.A. – as high as 8% of the Share Capital) against a payment of about 2.3 million Euros. After this operation, PITECO was owned by 60% by SEQUENZA, by 21% by DEDAGROUP S.p.A., by 10% by MEDIOCREDITO TRENINO ALTO ADIGE and by 9% by “old” managers. As already said, on 29th April 2014 DEDAGROUP bought from SEQUENZA its shares in PITECO as high as 40% reaching 61% of the shares. In the first months of 2015, MEDIOCREDITO TRENINO ALTO ADIGE sold its shares (as high as 10% of the share capital) to Marco and Maria Luisa PODINI (now owning 4.5% of the shares each) and to “old” managers (who increased their participation in PITECO to 10%).

The consolidation of PITECO gave DEDAGROUP a quite interesting customer portfolio, a high potential of integration and cross-selling and remarkable performances. PITECO closed 2014 with an EBITDA of almost 4.9 million Euros (with a gross margin higher than 40%) and a turnover as high as 11.6 million Euros, increased by 7.1% compared to the previous year.

It has also to be underlined that in 2015 PITECO will carry out some significant operation that will give it the chance to improve its NFP and will positively influence the development potential. First of all, the “senior” financing issued in 2012 by a group of Banks so that Gruppo DEDAGROUP/SEQUENZA could buy the majority of PITECO (it amounted to about 9 million Euros at the end of 2014) was refunded and “compensated” by a new mortgage as high as 7 million Euros and can rely on more favourable conditions. In the near future also the financing of the shareholders will be paid back (750,000 Euros) and the deferred financing issued by DEDAGROUP (250,000 Euros), both issued in 2012 and concerning the purchase of the majority of PITECO. At the end of July 2015 PITECO will be listed at the stock exchange, its shares will also be traded at the AIM della Borsa Italiana. The operation will be carried out in two steps: the first one concerns the issuing of “new” shares on the market for a total value of about 8.5 million Euros (5 million Euros of which will be reserved to “Institutional Investors” and 3.5 to the retail market), the second step concerns an offer of sale made by SEQUENZA (as high as 1.5 million Euros) and by Marco and Maria Luisa PODINI for a part of their shares. At the end of this process, DEDAGROUP will anyway own the majority of the shares of PITECO (about 52%), whereas the traded shares will amount to 20% of the Capital. The last operation concerning the issuing of convertible bonds for a total amount of 5 million Euros, 3 of which destined to institutional investors and 2 destined to SEQUENZA (that can actually be subscribed through the conversion of the deferred credit of this latter towards PITECO). All the above-mentioned operation should bring PITECO new liquidity for a total amount of 13.5 million Euros, thus leading to a better NFP and, above all, giving the company the opportunity to support a heavy investment plan already voted by the management in order to enhance growth at National level (thanks to the development of internal activities but also to the careful purchase of interesting enterprises already active on the market) as well as at international level (with a particular focus on the American market, on which PITECO is already trading but its activity still has to be duly developed).

III. DERGA CONSULTING

DERGA CONSULTING is one of the first three Italian of SAP. In particular, it is the first partner as far as the mid-market is concerned (particularly relevant is the experience developed in the “food&beverage” sector). DERGA CONSULTING owns, in turn, 20% of DERGA CONSULTING CS Srl (Tax ID 04472330655), based in Battipaglia (BA) and taking care of the local market.

In 2014 the turnover kept on increasing and paved the way for a further growth in 2015 (thanks to many and prestigious projects achieved during 2014). Last year was closed with a total turnover of 16 million Euros, increased by 10% compared to the previous year (and matching the development plan of the year), and an EBITDA higher than 900,000 Euros. 2015 will take advantage of 2014's backlog and by the launching of DERGA MIDDLE EAST in Dubai and in Saudi Arabia. At the end of 2014 the company could rely on a backlog amounting to 17.9 million Euros.

DERGA CONSULTING MIDDLE EAST was established in August 2014 by the joint venture between DERGA CONSULTING and MDS TECH (Gruppo MIDIS), a reference point for IT in Middle East with more than 150 linked companies and more than 3500 employees all over the world. DERGA CONSULTING MIDDLE EAST, based in Dubai, takes care of consultancy and implementation of SAP solution (ERP, Business Intelligence, mobility, Cloud, etc.) in Middle East for industries of several sectors as supermarkets, mechanic, chemical, services and utilities enterprises. During the first months of 2015 DERGA CONSULTING MIDDLE EAST signed the first contracts concerning the implementation of SAP solutions for important local customers for a total value of more than 2 million Dollars.

IV. DEDAMEX

DEDAMEX, established in 2009, was actually the first step towards a real internationalization of DEDAGROUP. DEDAGROUP now owns 60.23% of DEDAMEX (percentage increased in 2013), whereas the other 39.77% is owned by SIMEST, a company supplying assistance to Italian enterprises in the internationalization process (within 2017 DEDAGROUP must anyway take over all the shares of SIMEST).

Nowadays, DEDAMEX has three headquarters (Durango, Guadalajara and Mexico City) and is completely independent from the management, commercial and technical point of view (whereas marketing activities are carried out with the co-operation of the mother company) and was established with the specific goal to act locally and sell within the Mexican market the software “BankUp”, that is to say a Bank core system that is able to manage all the processes of back office and front office of a multichannel Bank. The Mexican market is actually rich of opportunities as its economy is growing and there are

many Banks of cooperative credit (target customers for this programme), together with the need (as clearly requested by the Mexican Central Bank in exchange for the extension of the guarantee on deposits also to Banks of cooperative credit) of these latter to use innovative instruments that can offer a higher efficiency in terms of management of IT flows.

Nowadays DEDAMEX has fifty employees and is able to operate on behalf of the Banks as an “outsourcing centre” (in addition to the implementation of the software already carried out for the operations of migration) and a customer portfolio of medium/big customers (among them CAJA POPULARES DI GUADALAJARA) as well as other 30/40 Banks of smaller dimensions. During 2013 DEDAMEX managed to sign important contracts with new customers; in particular with COOPDESARROLLO (one of the main Mexican Banks) and many Rural Banks, among CAJA HERENCIA RURAL DE MORELIA, CAJA TEPORAKAS DE GUERRERO based in Chihuahua and CAJA SOLIDARIA VICENTE GUERRERO based in Durango. In the sector of the “Cajas Populares” an important merger among 4 small Banks took place. Last but not least, DEDAMEX developed a project always based on the platform “BankUp” to implement the IT system of a financial company based in Mexico City and specialized in the issuing of multi-circuit debit and credit cards.

In 2014 the activity of DEDAMEX reached an interesting turnover. Now the Mexican company is completely autonomous as far as the development of complex projects and finding new customers in Mexico is concerned. In the near future DEDAMEX will also have the chance to rely on important synergies with the recently acquired American company EPL.

V. DEDAGROUP NORTH AMERICA

DEDAGROUP NORTH AMERICA Inc. was established in November 2013 with registered office in New York, second foreign subsidiary (after the Mexican DEDAMEX) owned at 100%. This operation is linked with the will to approach the American market of small Banks of cooperative credit, that is to say the “Credit Unions” with its product “BankUp” which had already been successfully sold at national level, in some Eastern European Countries and later on in Mexico. The potential market included about 15,000 customers (about 7’000 “Credit Unions” and about 7,000 “Local Community Banks”, that is to say small “popular Banks”), with more than 100 million current accounts and a penetration as high as 40% of economically active US population. Therefore, DEDAGROUP signed a privileged agreement with one of the local Federations of the Credit Unions - NATIONAL FEDERATION OF COMMUNITY DEVELOPMENT CREDIT UNIONS – an important federal institution including about 250 “Credit Unions”. The agreement concerns the implementation of four pilot projects for associated “Credit Unions”: LOWER EASTSIDE PEOPLE’S CREDIT UNION and NEIGHORHOOD TRUST FEDERAL CREDITI UNION based in New York, ASI FEDERAL CREDIT UNION based in New Orleans and CARTER FEDERAL CREDIT UNION based in Shreveport (Louisiana).

It has to be underlined that, in order to speed up the process of US market penetration, DEDAGROUP NORTH AMERICA acquired in early 2015 70% of the shares of *EPL Inc*, which has been active for more than 35 years in the sector of credit unions helping them through the path of innovation and technological renewal with its top product “i-POWER”, a complete suite covering the whole range of operations of this kind of Banks. Thanks to the new capital and technological support of DEDAGROUP, EPL could wholly take advantage of this agreement. The company follows about ninety customers from its offices in Birmingham (Alabama) and Honolulu (Hawaii) and from data centers in Atlanta and Dallas, thus developing a turnover as high as 16 million Euros. DEDAGROUP could therefore increase its potential customers including not only the credit unions but also other US financial intermediaries with a would-be penetration on the Latin-American market. The old shareholders (since 1977, when it was established, the company is owned by 7 credit unions and a league of credit unions), keep 30% of the shares. During 2014 the American operations of the Group (that is to say the ones implemented in Central America and in the US) reached a turnover of 4 million Euros (in 2013 they accounted for “just” one million Euros). The drivers of this positive performance are to be found in the full operative and commercial maturity of DEDAMEX, but also in the launch of the commercial operations of DEDAGROUP NORTH AMERICA. In terms of margins it has to be underlined that the two companies registered a clear-cut positive performance reaching an EBITDA higher than 400,000 Euros.

VI. BELTOS

In January 2014 the subject bought 80% of the shares of BELTOS Srl (Tax ID 02042940508), a company based in Pisa (PI) and active in Tuscany, with a customer portfolio of high standing offering solutions and services in the sectors of business intelligence, “cloud” and outsourcing. Its customers are mainly Italian and foreign multinational companies usually working in the manufacturing and fashion sectors. In April 2014, DEDAGROUP sold 9% of the shares, thus decreasing its participation in BELTOS to 71%.

In 2014 the enterprise consolidated its trend. Its turnover increased to 1.8 million Euros against one million Euros in 2013, and its EBITDA reached a positive value after only two years of activity. In 2015 its backlog amounts to about 1.1 million Euros.

VII. IDEA FUTURA

On 29th June 2014 DEDAGROUP bought 51% of the shares of IDEA FUTURA Srl (Tax ID 02047381203), a company active since 2000 with Headquarters in Castenaso (BO) and representing a player of innovation and state of the art in the world of web services and solutions. Particularly important is its solution “FlexCMP” which is an integration platform and a powerful “Content Management System” that enables to “webize” any kind

of legacy system and to “mobilize” it on any last-generation device. This powerful and innovative platform has given IDEA FUTURA the opportunity to manage integration project for several kinds of activity, such as Public Administration, Supermarkets and enterprises offering services. IDEA FUTURA closed 2014 with a positive EBITDA as high as 221,000 Euros and a turnover of almost 1.3 million Euros; net profit amounted to 35,000 Euros. In the near future IDEA FUTURA should bring an important acceleration to the development of “digital” business in co-operation with AGORA’ MED, BELTOS and ECOS.

IDEA FUTURA owns, in turn, 100% of the shares of *IDEA FUTURA Sagl* (established in 2013), a Swiss company based in Lugano. This participation gives DEDAGROUP the chance to work within a very important market (the potential of the Swiss market is really high and the average margins of foreign projects is also more alluring). Actually, it is also an opportunity to open new sale channels (increasing cross selling abroad) and to support other solutions of the Group that already proved to be successful on other foreign markets (“Stealth” or the solutions offered by PITECO or SAP managed by DERGA).

VIII. A SOFTWARE FACTORY

On 6th August 2014 the Group bought 60.24% of A SOFTWARE FACTORY Srl (Tax ID 01261280620), active since 2002 and based in the province of Benevento. This acquisition plays an important role not only for the remarkable turnover of the company and its customers including local Public Authorities, but also for the high potential and know-how in terms of development of new software platforms for the Public Administration and of application domains.

IX. SINERGIS

SINERGIS has very wide competences in the sector of geographic information, from “open geo data” to the management of complex geographic databases. Over these last few years it has also further developed its know-how in the management of technological networks (energy, optic fibre, gas and water supply), particularly promising in the coming years.

The enterprise tends to exploit the synergies with the other companies of the Group more and more in order to promote an integrated offer with high added value at regional and local level. The main goal is to take advantage from the implementation of the “Agenzia Digitale Italiana”. SINERGIS almost reached a positive net result in 2014 after many years closed with a loss (a positive net result should be registered in 2015). Turnover reached an amount of 8.8 million Euros with an EBITDA increased to 430,000 Euros. The good results were reached thanks to two factors: the clear-cut commercial push towards sectors with a higher growth (in particular focusing its activity on all the initiatives

concerning the “Agenda Digitale”, as the management of local environment, tax collection, integrated management of administrative processes for building authorizations, local and environmental monitoring, but also towards some highly innovative areas such as the management of technological networks of multi-utilities companies through geo-reference platforms) and the availability of state-of-the-art GIS solutions in some key segments of the already supplied markets. 2015’s backlog amounts to 6.3 million Euros.

X. DEXIT

In 2012 DEDAGROUP S.p.A. increased its participation in DEXIT, a company that since 2010 has been managing the fleet of device of the Provincia Autonoma di Trento (and many other customers and Authorities). DEDAGROUP, following the decision taken by its shareholder ALDEBRA S.p.A. to sell its shares (14.52%) of DEXIT, and during 2012 made use of its option to increase its participation to the current 64.62% (against an investment of 590,000 Euro).

The subject is following a path of territorial expansion exploiting the opportunities coming from the Group it belongs to (in fact, it is participating in several competition and tenders along with other enterprises of DEDAGROUP). DEXIT registered a positive performance in 2014: EBITDA as high as 900,000 Euros even if its turnover slightly decreased compared to 2013 (that is to say 8.2 million Euros against 9 million Euros of 2013 and 9.5 million Euros contained in the forecast budget). Anyway, it has proved to have a very good management ability regarding the installed software and a good operative efficiency on supplied services. 2015’s backlog amounts to 9.2 million Euros.

XI. ECOS

ECOS is the company of the Group taking care of the segment of “business analytics” and “business intelligence” (in addition to its know-how in the sectors of “controlling”, “reporting” and “data warehouse”, it has also developed some competences of “analytics evolute” in the field of planning, simulation and “big data”), an interesting sector in terms of dynamism as far as innovation, competence and technology are concerned and, therefore, with high growth potential. ECOS is one of the main players on this market.

ECOS works with leading National industrial groups, both public and private, active in the sector of healthcare, manufacturing, supermarkets. It keeps on improving its ability to offer “pre-configured” solutions on state-of-the-art technological platforms that give the customers the chance to manage their activities of “forecasting” and “economic planning” in the best way. Also ECOS is exploiting the synergies developed among the companies of the Group, such as the ones with DDway: during 2013 ECOS developed “FashionInsight” for “Stealth”, which is a tool for performance management enabling the most advanced functions of intelligence of “Stealth” to work with a system of reporting at “mobile” (iPad) level, too; this is fundamental to share sale information in the sale

network. Moreover, ECOS is working with the “Bank” division and the “International business” division of the Group to develop some modules of intelligence to be integrated to “BankUp” which will be soon launched on the American market.

In 2014 ECOS gave its contribution to the development of banking, fashion and insurance markets and integrated its solutions and competences in the sector of “treasury and cash management”. 2014 was the year of consolidation even if there were some difficulties: its turnover slightly decreased as well as its margins (its turnover amounted to 3.1 million Euros and EBITDA “only” to 132,000 Euros); the whole year was focused on the investments on “pre-configured” solutions and services on some markets (“fashion” and “banking insight” or “HR insight”). Some other major projects were developed that negatively influenced the margins. At the end of 2014 some correction measures were taken in order to increase sales, better check orders and internal efficiency and to promote the sale of “pre-configured” solutions with a definitely higher margin than customized services.

XII. AGORA' MED

AGORA' MED is a company able to offer “web-based solutions” to support digitalization strategies of business model, not only for digital marketing communication, but also for multichannel communication (programmes of “rewarding”, systems of “mobile payment”, “e-commerce”, “social commerce”).

Already during 2013, AGORA' MED proved to be able to seize all the integration and development opportunities offered by the new Group structure, thus contributing in an active way to many negotiations, tenders and reaching potential customers on all the markets.

In 2014 AGORA' experienced a year full of activities linked with the development of “Digital Business” to which it gave a fundamental contribution, integrating its offer with the one of IDEA FUTURA. This gave AGORA' the chance to consolidate 2013's results and to reach a total turnover of 1.4 million Euros (against the one million Euros of 2013), as well as to remarkably improve its margins (EBITDA amounted to 120,000 Euros, whereas it showed a negative reading in 2013). In 2015 a further improvement should take place and net result should even be higher than in the past, thanks to the many works in progress and an even higher integration with the other companies of the Groups, along with the undisputable growth of the “Digital Business” world. 2014's backlog amounted to about 800,000 Euros.

Information

Economic-financial profile

- Abridged accounts DEDAGROUP S.p.A.

ECONOMIC-FINANCIAL INFORMATION						
<i>Note: only the balance sheets with a comparable reclassification are given</i>						
<i>AMOUNTS EXPRESSED IN THOUSANDS OF EUROS</i>						
Abridged Profit and Loss Account	31/12/2012	31/12/2013	31/12/2014	% on production	Sector average 2014	2014/2013 (%)
Turnover	61.649	76.262	87.881	96,56%	99,36%	15,24%
+ Var. stocks of products under processing, semi finished and finished	0	0	0	0,00%	0,03%	n.a.
+ Increase assets for internal work	1.035	3.553	3.017	3,31%	0,38%	-15,09%
+ Contribution for the year	163	53	116	0,13%	0,23%	118,87%
= Production	62.847	79.868	91.014	100,00%	100,00%	13,96%
- Purchases	25.972	37.034	48.888	53,71%	7,34%	32,01%
+ Variation raw materials	453	147	1.367	1,50%	-0,03%	829,93%
- Costs for services and third-parties goods	14.382	15.489	15.973	17,55%	46,80%	3,12%
= Added Value	22.946	27.492	27.520	30,24%	45,83%	0,10%
- Staff Costs	17.824	23.614	23.132	25,42%	37,59%	-2,04%
= EBITDA	5.122	3.878	4.388	4,82%	8,24%	13,15%
- Depreciations tangible assets	2.502	3.466	3.636	3,99%	3,77%	4,90%
- Operative provisions	0	524	407	0,45%	1,02%	-22,33%
- Depreciations intangible assets	2.838	3.336	3.103	3,41%	1,57%	-6,98%
+ Result other income/expenses	242	182	605	0,66%	2,33%	232,42%
= EBIT	24	-3.266	-2.153	-2,37%	4,21%	-34,08%
Financial result	-563	-821	-1.192	-1,31%	0,30%	45,19%
Net financial income	517	529	439	0,48%	0,52%	-17,01%
Financial expenses	1.082	1.351	1.627	1,79%	0,83%	20,43%
+/- Profit/loss on changes	2	1	-4	0,00%	n.a.	-500,00%
= Result of the year	-539	-4.087	-3.345	-3,68%	3,91%	-18,16%
- Adjustment financial activities	-869	-400	-207	-0,23%	-0,24%	-48,25%
+ Result extraordinary activities	281	-575	-90	-0,10%	0,87%	-84,35%
= Result before taxes	-1.127	-5.062	-3.642	-4,00%	4,53%	-28,05%
- Taxes	57	-790	-373	-0,41%	2,28%	-52,78%
= Net result	-1.184	-4.272	-3.269	-3,59%	2,25%	-23,48%

ECONOMIC-FINANCIAL INFORMATION

Note: only the balance sheets with a comparable reclassification are given
AMOUNTS EXPRESSED IN THOUSANDS OF EUROS

ASSETS	31/12/2012	31/12/2013	31/12/2014	% on total assets	Sector average 2014	2014/2013 (%)
Assets	82.973	94.640	114.752	100,00%	100,00%	21,25%
Fixed assets	40.553	47.020	59.459	51,82%	35,17%	26,45%
Intangible assets	4.842	10.616	11.166	9,73%	15,73%	5,18%
Tangible assets	7.617	7.594	8.510	7,42%	7,75%	12,06%
Financial assets	28.094	28.810	39.783	34,67%	11,68%	38,09%
Current assets	42.420	47.620	55.293	48,18%	64,83%	16,11%
Stocks	3.767	3.194	6.619	5,77%	3,39%	107,23%
Receivables	30.453	35.573	37.776	32,92%	41,59%	6,19%
Other short-term assets	8.109	8.470	9.462	8,25%	13,09%	11,71%
Liquidity	91	383	1.436	1,25%	6,76%	274,93%
LIABILITIES	31/12/2012	31/12/2013	31/12/2014	% on total liabilities	Sector average 2014	2014/2013 (%)
Liabilities	82.973	94.640	114.752	100,00%	100,00%	21,25%
Shareholders' funds	14.488	17.842	20.786	18,11%	28,87%	16,50%
Share Capital	962	1.162	1.309	1,14%	8,64%	12,65%
Other reserves	14.710	20.952	22.746	19,82%	19,46%	8,56%
Profit /loss previous year	-1.184	-4.272	-3.269	-2,85%	0,76%	-23,48%
Consolidated funds and debts	5.550	5.640	26.852	23,40%	16,36%	376,10%
Mlt debts towards Banks	2.225	1.330	22.878	19,94%	2,63% *	1.620,15%
Mlt funds and other debts	3.325	4.310	3.974	3,46%	13,72%	-7,80%
Short-term liabilities	62.935	71.158	67.114	58,49%	54,78%	-5,68%
Short-term debts towards Banks	30.734	35.160	22.118	19,27%	6,94% *	-37,09%
Debts towards suppliers	21.379	28.876	36.168	31,52%	26,49%	25,25%
Other liabilities	10.822	7.122	8.828	7,69%	21,35%	23,95%

* Percentage taking into consideration only "Bank debts", whereas other financial debts are included in "Mlt funds and other debts" (as far as consolidated liabilities are concerned) and in "Other liabilities" (as far as short-term liabilities are concerned)

FINANCIAL RATIOS				
	31/12/2012	31/12/2013	31/12/2014	Sector average 2014
Development ratios				
Variation % turnover	-12,02%	23,70%	15,24%	3,91%
Variation % production	-12,64%	27,08%	13,96%	3,98%
Variation % added value	5,14%	19,81%	0,10%	6,47%
Variation % assets	16,99%	14,06%	21,25%	4,60%
Variation % shareholders' funds	-7,55%	23,15%	16,50%	4,61%
Profitability ratios				
R.O.S. (%)	0,04%	negative	negative	4,77%
R.O.I. (%)	0,06%	negative	negative	6,66%
R.O.E. (%)	negative	negative	negative	7,69%
Cash flow / assets (%)	0,74	0,81	0,77	1,02
Turnover (revenues/assets)	1,76	1,77%	1,85%	0,83%
Production ratios				
Revenues per employee (€/000)	179	211	202	140
Added value per employee (€/000)	67	76	63	70
Staff costs per employee (€/000)	52	65	53	50
Cash-flow management				
Current ratio (%)	67,40%	66,92%	82,39%	118,35%
Acid test (%)	61,42%	62,43%	72,52%	114,23%
Average days of stock	18,6	12,7	22,9	11,86
Days of customers credit	150,2	141,9	130,7	151,84
Days of suppliers credit	167,8	167,6	168,2	166,88
Financial structure				
Margin of treasury (€/000)	-24.282	-26.732	-18.440	n.a.
Margin of structure (€/000)	-26.065	-29.178	-38.673	n.a.
Margin of structure of II level (€/000)	-20.515	-23.538	-11.821	n.a.
Debt ratio	4,73	4,30	4,52	2,13
Short-term debts on production	1,00	0,89	0,74	0,55

ECONOMIC-FINANCIAL INFORMATION			
ASSETS AND LIABILITIES (€000)	31/12/2012	31/12/2013	31/12/2014
Intangible assets	4.842	10.616	11.166
Tangible assets	7.617	7.594	8.510
Participations and financial assets	28.094	28.810	39.783
Fixed Capital (A)	40.553	47.020	59.459
Stocks	3.767	3.194	6.619
Commercial credits	30.453	35.573	37.776
Other assets	2.307	2.318	4.078
Short-term assets (B)	36.527	41.085	48.473
Commercial debts	-21.379	-28.074	-36.168
Other liabilities	-10.822	-7.924	-8.828
Short-term liabilities (C)	-32.201	-35.998	-44.996
Net operative current capital (D) = (B) - (C)	4.326	5.087	3.477
Funds and other M/L liabilities (E)	-3.325	-4.310	-3.974
INVESTED CAPITAL = (A) + (D) - (E)	41.554	47.797	58.962
Shareholders' funds	-14.488	-17.842	-20.786
Short-term Net Financial Position	-24.841	-28.625	-15.298
M/L-term Net Financial Position	-2.225	-1.330	-22.878
Net Financial Position	-27.066	-29.955	-38.176
TOTAL ASSETS (Shareholders' funds + Net Financial Position)	-41.554	-47.797	-58.962

NET FINANCIAL POSITION			
(€000)	31/12/2012	31/12/2013	31/12/2014
Liquidity	91	383	1.436
Current financial credits	5.802	6.152	5.384
Short-term financial debts	-30.734	-35.160	-22.118
Short-term net financial position (A)	-24.841	-28.625	-15.298
M/L-term financial credits	0	0	0
M/L-term financial debts	-2.225	-1.330	-22.878
M/L-term net financial position (B)	-2.225	-1.330	-22.878
NET FINANCIAL POSITION = (A) + (B)	-27.066	-29.955	-38.176
<i>NFP / EBITD</i>	<i>5,28</i>	<i>7,78</i>	<i>8,70</i>
<i>NFP / SHAREHOLDERS' FUNDS</i>	<i>1,87</i>	<i>1,69</i>	<i>1,84</i>

- Abridged consolidated accounts (Gruppo DEDAGROUP)

ECONOMIC-FINANCIAL INFORMATION					
<i>Note: only the balance sheets with a comparable reclassification are given</i>					
AMOUNTS EXPRESSED IN THOUSANDS OF EUROS					
Abridged Profit and Loss Account	31/12/2012	31/12/2013	31/12/2014	% on production	2014/2013 (%)
Revenues	113.197	171.328	193.621	97,02%	13,01%
+ Variation stocks of products under processing, semi finished and finished	0	0	29	0,01%	n.a.
+ Increase assets for internal work	1.305	4.253	4.840	2,43%	13,80%
+ Contribution for the year	178	211	1.069	0,54%	406,64%
= Production	114.680	175.792	199.559	100,00%	13,52%
- Purchases	41.749	46.194	60.790	30,46%	31,60%
+ Variation raw materials	-658	59	1.280	22,82%	n.a.
- Costs for services and third-parties goods	27.912	46.707	45.533	47,36%	102,36%
= Added Value	44.361	82.950	94.516	47,36%	13,94%
- Staff costs	38.274	80.151	82.015	41,10%	2,33%
= EBITDA	6.087	2.799	12.501	6,26%	346,62%
- Depreciations tangible assets	3.750	5.364	9.473	4,75%	76,60%
- Operative provisions and credit devaluations	365	755	2.823	1,41%	273,91%
- Depreciations intangible assets	3.483	3.997	3.859	1,93%	-3,45%
+ Result other income/costs	2.535	15.708	4.355	2,18%	-72,28%
= EBIT	1.024	8.391	701	0,35%	-91,65%
Financial result	-1.238	-1.180	-2.720	-1,36%	130,51%
Net financial income	20	145	174	0,09%	20,00%
Financial expenses	1.259	1.280	2.904	1,46%	126,88%
+/- Profit/loss on changes	1	-45	10	0,01%	-122,22%
= Result of the year	-214	7.211	-2.019	-1,01%	-128,00%
- Adjustment financial activities	-1	-301	-6	0,00%	-98,01%
+ Result extraordinary activities	-266	-16.778	3.770	1,89%	-122,47%
= Result before taxes	-481	-9.868	1.745	0,87%	-117,68%
- Taxes	1.087	-4.857	1.555	0,78%	-132,02%
= Net result	-1.568	-5.011	190	0,10%	-103,79%
Third parties' net result	476	-47	-31	-0,02%	-34,04%
= Profit/loss of the year of the Group	-2.044	-4.964	221	0,11%	-104,45%

ECONOMIC-FINANCIAL INFORMATION

*Note: only the balance sheets with a comparable reclassification are given
AMOUNTS EXPRESSED IN THOUSANDS OF EUROS*

ASSETS	31/12/2012	31/12/2013	31/12/2014	% on total assets	2014/2013 (%)
Assets	141.120	143.159	178.046	100,00%	24,37%
Fixed assets	30.682	38.609	65.920	37,02%	70,74%
Intangible Assets	13.476	15.777	42.948	24,12%	172,22%
Tangible Assets	9.733	9.254	12.105	6,80%	30,81%
Financial Assets	7.473	13.578	10.867	6,10%	-19,97%
Current assets	110.438	104.550	112.126	62,98%	7,25%
Stocks	6.505	11.257	22.287	12,52%	97,98%
Receivables	76.966	82.432	77.925	43,77%	-5,47%
Other short-term assets	19.223	9.912	6.433	3,61%	-35,10%
Liquidity	7.744	949	5.481	3,08%	477,56%
LIABILITIES	31/12/2012	31/12/2013	31/12/2014	% on total liabilities	2014/2013 (%)
Liabilities	141.120	143.159	178.046	100,00%	24,37%
Shareholders' funds	9.453	11.096	24.287	13,64%	118,88%
Share Capital	962	1.162	1.309	0,74%	12,65%
Other reserves	10.059	14.945	22.788	12,80%	52,48%
Profit/loss previous years	-1.568	-5.011	190	0,11%	-103,79%
Consolidated funds and debts	44.204	33.942	54.453	30,58%	60,43%
Mlt debts towards Banks	2.443	1.710	31.869	17,90%	1763,68%
Mlt funds and other debts	41.761	32.232	22.584	12,68%	-29,93%
Short-term liabilities	87.463	98.121	99.306	55,78%	1,21%
Short-term debts towards Banks	19.182	23.463	14.239	8,00%	-39,31%
Debts towards suppliers	35.391	42.714	55.265	31,04%	29,38%
Other liabilities	32.890	31.944	29.802	16,74%	-6,71%

ECONOMIC-FINANCIAL INFORMATION

ASSETS AND LIABILITIES (€000)	31/12/2012	31/12/2013	31/12/2014
Intangible assets	13.476	15.777	42.948
Tangible assets	9.733	9.254	12.105
Participations and financial assets	7.473	13.578	10.867
Fixed Capital (A)	30.682	38.609	65.920
Stocks	6.505	11.257	22.287
Commercial credits	76.966	82.432	77.925
Other assets	7.215	5.854	4.427
Short-term assets (B)	90.686	99.543	104.639
Commercial debts	-35.391	-42.714	-55.265
Other liabilities	-32.890	-31.944	-29.802
Short-term liabilities (C)	-68.281	-74.658	-85.067
Net operative current capital (D) = (B) - (C)	22.405	24.885	19.572
Funds and other M/L liabilities (E)	-41.761	-32.232	-22.584
INVESTED CAPITAL = (A) + (D) - (E)	11.326	31.262	62.908
Shareholders' funds	-9.453	-11.096	-24.287
Short-term Net Financial Position	570	-18.456	-6.752
M/L-term Net Financial Position	-2.443	-1.710	-31.869
Net Financial Position	-1.873	-20.166	-38.621
TOTAL ASSETS (Shareholders' funds + Net Financial Position)	-11.326	-31.262	-62.908

NET FINANCIAL POSITION

(€000)	31/12/2012	31/12/2013	31/12/2014
Liquidity	7.744	949	5.481
Current financial credits	12.008	4.058	2.006
Short-term financial debts	-19.182	-23.463	-14.239
Short-term net financial position (A)	570	-18.456	-6.752
M/L-term financial credits	0	0	0
M/L-term financial debts	-2.443	-1.710	-31.869
M/L-term net financial position (B)	-2.443	-1.710	-31.869
NET FINANCIAL POSITION = (A) + (B)	-27.066	-29.955	-38.621
<i>NFP / EBITD</i>	<i>0,31</i>	<i>7,20</i>	<i>3,09</i>
<i>NFP / SHAREHOLDERS' FUNDS</i>	<i>0,20</i>	<i>1,82</i>	<i>1,59</i>

- Consolidated Forecast 2014/2017 (Gruppo DEDAGROUP)

Consolidated forecast 2014/2017								
ABRIDGED P&L (in million Euros)	2014 *	% on revenues	2015	% on revenues	2016	% on revenues	2017	% on revenues
TOTAL REVENUES	202.342	100,00%	231.707	100,00%	238.106	100,00%	256.231	100,00%
Costs of production	(187.241)	92,54%	(210.279)	90,75%	(212.331)	89,17%	(226.430)	88,37%
EBITDA	15.101	7,46%	21.428	9,25%	25.775	10,83%	29.800	11,63%
Provisions and depreciations	(12.266)	6,06%	(15.743)	6,79%	(16.436)	6,90%	(16.228)	6,33%
EBIT	2.835	1,40%	5.685	2,45%	9.338	3,92%	13.572	5,30%
Financial result	(2.261)	1,12%	(2.312)	1,00%	(1.950)	0,82%	(1.959)	0,76%
Extraordinary costs/income	1.883	0,93%	2.016	0,87%	(2.016)	0,85%	551	0,22%
PROFIR BEFORE TAXES	2.457	1,21%	5.389	2,33%	9.405	3,95%	11.062	4,32%
Taxes	(1.732)	0,86%	(1.150)	0,50%	(2.115)	0,89%	(2.970)	1,16%
NET PROFIT	726	0,36%	4.239	1,83%	7.289	3,06%	8.091	3,16%

* These data are forecasts (therefore they are different from those of the chart on page 51 and cannot be compared, also because of different kinds of reclassification)

Consolidated forecast 2014/2017

ABRIDGED B.S. (in million Euros)	2014 *	% on total assets/liabilitie s	2015	% on total assets/liabilitie s	2016	% on total assets/liabiliti es	2017	% on total assets/liabiliti es
Fixed assets	63.630	35,89%	68.427	37,84%	62.738	34,99%	54.957	30,64%
Current assets	112.060	63,21%	110.225	60,95%	114.352	63,78%	122.219	68,14%
Accrued income	1.595	0,90%	2.196	1,21%	2.196	1,22%	2.196	1,22%
TOTAL ASSETS	177.285	100,00%	180.848	100,00%	179.285	100,00%	179.371	100,00%
Shareholders' funds	24.558	13,85%	37.899	20,96%	44.988	25,09%	52.879	29,48%
Banks	36.829	20,77%	29.495	16,31%	23.071	12,87%	8.399	4,68%
Debts	89.188	50,31%	94.993	52,53%	96.145	53,63%	103.748	57,84%
Funds for risks and expenses	10.954	6,18%	3.629	2,01%	1.062	0,59%	1.062	0,59%
Severance pay	13.931	7,86%	13.008	7,19%	12.197	6,80%	11.460	6,39%
Accrued liabilities	1.823	1,03%	1.823	1,01%	1.823	1,02%	1.823	1,02%
TOTAL LIABILITIES	177.285	100,00%	180.848	100,00%	179.286	100,00%	179.372	100,00%
NFP	36.829	n.a.	29.495	n.a.	23.071	n.a.	8.399	n.a.
WORKING CAPITAL	22.871	n.a.	15.232	n.a.	18.207	n.a.	18.470	n.a.

* These data are forecasts (therefore they are different from those of the chart on pages 52/53 and cannot be compared, also because of different kinds of reclassification)

The rating issued by Cerved Rating Agency is an opinion on the credit worthiness that summarizes the reliability or the insolvency probability of the subject.

Cerved Rating Agency issues solicited rating, that is to say evaluations on credit reliability requested by the subject itself. The issued rating is subject to an on-going monitoring until 27/06/2016. Until this date Cerved Rating Agency guarantees the update of official and owned information concerning the subject and, if necessary, the immediate communication to the customer of possible modifications of the given rating.

The rating issued by Cerved Rating Agency is not an investment advice, nor a form of financial consultancy; it is not a recommendation for the purchase or sale of shares or for making particular investments, nor gives it any advice to a particular investor to make a particular investment.